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ORIGINAL EMPIRICAL RESEARCH

Strategic goal accomplishment in export ventures: the role of capabilities, knowledge, and environment

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Abstract The management literature suggests that setting strategic goals facilitates the identification of appropriate business strategies and focuses management attention and available resources on their accomplishment, enabling subsequent goal realization. Yet the literature also indicates that firms often find it difficult to realize their strategic goals and may find it even more challenging to do so when operating in foreign markets. However, little is known empirically about the extent to which strategic goals enable desired strategic positions to be achieved and factors that may affect this relationship. We examine this important issue using primary data from a sample of exporting manufacturers. Results support the existence of previously theorized strategic goal–realized strategic position gaps and show that these negatively impact performance. Thus, simply setting strategic goals does not necessarily aid in accomplishing the desired outcomes, and any failure to do so is costly. Drawing on organization theory, we find that internal capabilities and knowledge, and external market factors play important roles in minimizing such strategic goal–realized strategic position gaps. Specifically, we show that businesses with stronger architectural capabilities, those with higher levels of internationalization, and those operating in less dynamic market environments are better able to realize their intended strategic objectives and thereby enjoy superior performance.

Keywords Strategic goals · Architectural capabilities · Internationalization · Performance

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A fundamental role of an organization's leaders is to set strategic goals to guide the actions of managers and employees (e.g., Hambrick 2007; Kaplan and Norton 2000). The psychology and management literatures provide a rationale for why setting strategic goals should aid subsequent strategy development and goal realization (e.g., Anderson et al. 2010; Locke and Latham 2002). However, in practice, gaps between desired strategic goals and subsequent goal accomplishment outcomes have been widely identified (e.g., Miller 1997; Mintzberg and Waters 1985; Narasimhan and Jayaram 1998). The press is littered with examples of firms that have been unable to achieve strategic goals set by their top managers (e.g., *The Economist* 2011). For example, Tata Auto's goal to sell more than one million of its new model, Nanos per year in India and emerging market countries by producing at low cost and pricing at the equivalent of less than $2000 was quickly abandoned in the face of tepid consumer response. Such failures can be costly in terms of both resources wasted and benefits from alternative resource deployments forgone (Noble and Mokwa 1999; Nutt 1999). For example, Best Buy's failure to achieve its goal to build a differentiated

U.K. market position with 200 stores (it reached a total of 11) and its subsequent pull-out from the U.K. are estimated to have cost the company over $300 million. Yet, little is known about why some businesses may be better than others at translating their strategic goals into realized positional advantages, thereby enhancing their performance outcomes (e.g., Dobni and Luffman 2003; Shinkle 2012).

Drawing on organization theory, we examine the role of key internal and external factors in enabling strategic goal realization in manufacturers' export ventures. This is a theoretically interesting and managerially relevant context for a number of reasons. First, requiring fewer resources and involving lower risks than other entry modes, exporting is the most widely-used way that firms engage internationally (Leonidou and Katsikeas 1996). Second, exporting is a key driver of economic activity and firm growth—with firms continuing to export even when they also engage in other forms of internationalization (e.g., Nemkova et al. 2015). Third, due to greater forecasting difficulties and diminished control over implementation levers, it may be particularly difficult to realize desired strategic goals when dealing with marketplaces distant and different from the firm's home market (e.g., Fang et al. 2007; Johanson and Vahlne 2009). Fourth, export ventures are marketing-based strategic business units (SBUs) of the firm responsible for marketing a single product (or line) to a specific foreign market (Cavusgil and Zou 1994).[1] They therefore represent an excellent context for studying important strategic marketing problems (e.g., Morgan et al. 2012).

This study confirms the existence of significant gaps between export ventures' intended strategic goals and the strategic positions they subsequently realize. This is important because we find that export ventures that achieve desired strategic goals exhibit significantly stronger financial performance than those that fail to do so—by a magnitude of 12% in the case of differentiation goals and 19% in the case of cost goals. Thus, having strategic goals does not necessarily lead to competitive advantage, and any failure to achieve advantage is costly. Understanding the factors that help close strategic goal–realized positional advantage gaps is therefore of both theoretical and managerial importance. In this study, we show that to achieve strategic goals and deliver maximum results, firms also need to deploy certain capabilities, possess specific experiential knowledge, and match environmental contingencies.

Specifically, this study makes three primary contributions to the literature. First, we find that an important cause of export ventures' inability to realize intended strategic goals is weaknesses in their architectural capabilities—that is, the planning and implementation processes used to orchestrate the acquisition and deployment of resources (Morgan et al. 2003). As shown in Table 1, prior studies have examined direct effects of capabilities or their mediating role in relationships of organizational resources with positional advantages and/or performance outcomes. We extend knowledge by investigating the moderating effects of capabilities on intended export strategic goal–realized positional advantage links. Our results show that export ventures with stronger architectural capabilities are significantly better able to realize their intended strategic objectives. This identifies a new mechanism through which architectural capabilities create value and provides insight for managers on how they can reduce and even overcome commonly observed strategic goal realization problems.

Second, the literature reports equivocal findings regarding internationalizations' role in influencing firm performance. We contribute to this research stream by demonstrating that a firm's experience-based knowledge of operating in international markets better enables its export ventures to realize their desired strategic goals. Specifically, we find that degree of internationalization—the intensity and scope of the firm's foreign operations and markets—has a beneficial effect on export ventures' ability to translate desired strategic objectives into subsequently realized strategic positions. This suggests that such experiential knowledge enhances decision makers' ability to execute strategy content that is aligned with desired strategic goals and the market environment. Our findings deepen understanding of the importance of internationalization and identifies a new mechanism by which it may be linked with firm performance—by providing experiential knowledge that can help firms' export ventures achieve greater strategic goal realization benefits.

Third, we identify that a key aspect of the external environment—the rate of change in the export marketplace—weakens export ventures ability to realize intended strategic goals. Theoretically, business strategies need to be aligned with the environment in which they are deployed if desired goals are to be achieved (Porter 1996). Prior research has examined the moderating role of environmental conditions in relationships of resources and capabilities with business performance outcomes (e.g., Kirca et al. 2005; Kumar et al. 2011; Wilden and Gudergan 2015). We extend this stream of research by showing that businesses operating in less dynamic market environments are significantly better able to realize their intended strategic objectives. This contributes to knowledge of how goal realization relates to the environmental imperatives faced by the firm and helps managers better understand and potentially avoid frequently observed strategic goal realization problems.

[1] Given variations among both product lines and export markets, different export ventures of the firm adopt dissimilar marketing strategies and perform differently. The export venture is therefore the preferred unit of analysis as it produces more accurate and reliable findings than firm-level investigations that aggregate all of the firm's foreign market ventures (Cavusgil and Zou 1994; Myers 1999).

Table 1 Representative literature review

Study	Context	Internal factors	External factors	Performance-enhancing mechanism
Blalock & Simon (2009)	International	Production capabilities, absorptive capacity, and complementary capabilities	Within-industry FDI	Weakening (production capabilities) and strengthening (absorptive capacity and complementary capabilities) the positive effect of FDI on firm productivity
Blocker et al. (2011)	International	Proactive and responsive customer orientation, quality, service support, and personal interaction capabilities	Controls (annual customer spend, governmental, regulatory, and political country factor)	Direct and interaction (proactive × responsive customer orientation) effects on customer value
Chen et al. (2014)	International	Differentiation capability	Controls (product category, cultural distance)	Direct effects on IJV performance
Fang & Zou (2009)	International	Marketing dynamic capabilities	Market dynamism, controls (cultural distance)	Direct effects on competitive advantage and performance, market dynamism as moderator
Ju et al. (2013)	International	Technological capability	Industrial uncertainty, controls (industry growth rate and concentration)	Direct and interaction effects on performance returns
Knight & Kim (2009)	International	International business competence	-	Direct effects on international performance
Morgan et al. (2012)	International	Architectural and specialized marketing capabilities	Controls (business type, target export market)	Direct effects on strategy implementation effectiveness
Murray et al. (2011)	International	Marketing capabilities	Market turbulence, competitive intensity (moderators in the MO–capabilities link)	Direct and interaction effects on competitive advantage and product and strategic performance
Yalcinkaya et al. (2007)	International	Exploitation and exploration capabilities	-	Direct effects on product innovation and market performance
Weerawardena et al. (2015)	International	Internal learning, network learning, marketing, and market learning capabilities	-	Direct effects on innovation performance and early internationalization
Zhou et al. (2010)	International	Network and knowledge capability upgrading	Controls (technology dynamics, market uncertainty)	Direct and interaction effects of newness on international performance
Zhou et al. (2012)	International	Marketing capabilities	International market type (developed vs. emerging market), control (industry)	Direct effects and international market type moderator on international growth
Angulo-Ruiz et al. (2014)	Domestic	Customer-oriented marketing capability	Control (industry concentration and category)	Direct effects on financial performance
Grewal et al. (2013)	Domestic	Market orientation	Technological turbulence and market dynamism	Direct and interaction effects on firm and new product performance
Drnevich & Kriauciunas (2011)	Domestic	Ordinary and dynamic capabilities and capability heterogeneity	Environmental dynamism and controls (industry, extent of change, and business group)	Direct and interaction effects on firm performance
Krush et al. (2015)	Domestic	Marketing capability (inter- and intra-organizational) dispersion and customer responsiveness	-	Enhances marketing's influence and customer responsiveness, which in turn enhance marketing strategy implementation success, relationship portfolio effectiveness, and business unit performance
Kumar et al. (2011)	Domestic	Market orientation	Market and technological turbulence, competitive intensity and controls (industry growth rate and category, GDP)	Direct effect on sales and profitability and moderating effect of turbulence

Table 1 (continued)

Study	Context	Internal factors	External factors	Performance-enhancing mechanism
Ramaswami et al. (2009)	Domestic	New product development, customer management, and supply chain management market based capabilities	Control (type of business)	Enhancing new product development, customer management, and supply chain management performance (direct and interaction effects)
Vorhies et al. (2011)	Domestic	Marketing exploitation and exploration capabilities, customer-focused marketing capabilities	Control (market type)	Enhance customer-focused capabilities (direct and interaction effects), which in turn enhance performance (direct effects)
Voss & Voss (2008)	Domestic	Customer, competitor, and supplier learning orientation	Competitive density and controls (pricing and market-level heterogeneity)	Direct effect on firm performance and moderating role of competitive density
Wilden & Gudergan (2015)	Domestic	Dynamic (sensing and reconfiguring) and operational (marketing and technological) capabilities	Market, competitor, and technological turbulence, control (industry)	Dynamic capabilities enhancing operational capabilities (direct effects and turbulence moderator), which in turn enhance performance
This Study	International	Architectural capabilities, Internationalization	Market dynamism, competitive intensity	Moderating effects on strategic goal–realized strategic position gap

Theory framework

Strategic goals and their accomplishment

There is broad agreement in the management literature that an organization's performance is a function of its strategic behavior, and that an organization's strategic behavior is driven by its strategic objectives (Greve 2008; Shinkle 2012). The literature posits that organizations establish strategic goals in order to (1) communicate strategic direction and priorities to managers and employees and (2) provide measures of success (e.g., Feigenbaum et al. 1996; Henri 2006; Simons 1991). Analogous research on the effect of goals on individuals and teams shows that goal setting improves subsequent goal achievement in three ways, by directing attention and effort, motivating greater effort, and leading to search for—and use of—task-relevant strategies and knowledge (e.g., Anderson et al. 2010; Locke and Latham 2002).

In organization theory and practice, goals are hierarchical in nature (e.g., Greve 2008; Shinkle 2012). Leaders—typically the firm's CEO and/or Top Management Team—select goal criteria and identify required performance levels for the organization's overall performance goal(s) (e.g., Marginson 2002; Simons 1991). These are translated into SBU performance goals that, if achieved, will deliver the required firm-level performance (e.g., Goold and Quinn 1990; Kaplan and Norton 1995). At the SBU level, managers then identify the strategic position goals that will best enable the SBU's required performance outcomes to be achieved. While such strategic goals may be firm specific, their underlying nature is rooted in the positional advantages pursued, namely cost and differentiation (Porter 1996). Thus, in establishing strategic goals, SBUs aim to achieve strategic positions of two broad types in their product markets—cost-based and differentiation-based advantages (Campbell-Hunt 2000). For example, in single-business firm contexts, Southwest Airlines aims to be the low cost but friendly airline, Wal-Mart to provide everyday low prices on the widest selection of goods, and McDonald's to offer basic but good tasting fast-food meals at low prices. In each case the desired strategic position goal is selected to guide the behavior of managers and employees in the expectation that if they are achieved they will deliver the level and type of performance outcomes required (e.g., Menguc et al. 2007; Spanos and Lioukas 2001).[2]

Thus, strategic goals concern the desired positional advantages by which managers anticipate being able to deliver required performance outcomes (Lovas and Ghoshal 2000). SBU managers then make resource deployments designed to attain these desired strategic goals (e.g., Aaker 2013; Hofer and Schendel 1978). However, while

[2] Early theorizing suggested that while possible, pursuing both cost and differentiated advantage positions may lead to lower performance, but later theorists (e.g., Hill 1988; Murray 1988) view the pursuit of the two different strategic positions as not mutually exclusive, and show they can even be complementary. Firms with a mix of cost- and differentiation-based positional advantages have also been shown to be common (e.g., Campbell-Hunt 2000). Given this, we treat them as independent. The insignificant correlations between both cost- and differentiation-based goals and strategic positions observed in our data support this approach.

the management literature posits that firms' goals influence their strategic behavior, it has also been observed that firms are frequently unable to realize strategies that deliver desired strategic positions (e.g., Mintzberg and Waters 1985; Noble and Mokwa 1999).

Although studies examining the strategic goal–subsequent positional advantage relationship are sparse, organization theory suggests that factors both internal and external to the firm may facilitate or impede this goal realization process. From an organization theory perspective, an organization's effectiveness—the degree to which desired organizational goals are achieved—is a function of its ability to absorb environmental uncertainty (e.g., Lewin and Minton 1986; Nadler et al. 1997). From an internal perspective, the literature highlights the role of available resources and capabilities in processing and dealing with environmental uncertainty (Audia and Greve 2006; Wiklund and Shepherd 2003). Externally, the literature suggests that the level and type of environmental uncertainty that must be absorbed by an organization is largely driven by the characteristics of the marketplace in which it operates (e.g., Lawrence and Lorsch 1967; Tushman and Nadler 1978).

From this perspective, resources are the stocks of tangible (e.g., plant, equipment) and intangible (e.g., knowledge, reputation) assets available, while capabilities are the processes by which firms identify and acquire needed resources and transform them into realized marketplace value offerings (Feng et al. 2017; Kozlenkova et al. 2014). The literature suggests that knowledge is a particularly valuable "meta-resource" since it can enhance the deployment value of other available resources (Morgan 2012). For example, Day (1994) posits that achieving desired strategic objectives requires strong market-based knowledge and experience if strategies that are well-aligned to both strategic objectives and the marketplace are to be designed and executed. From this perspective, international business theorists (e.g., Johanson and Vahlne 2009) point to the significance of accumulated experiential knowledge of foreign operations in helping firms achieve positional advantage in overseas markets. The literature suggests that the firm's involvement in international markets is a key experience-based market knowledge asset that may play an instrumental role in export strategic goal realization and performance outcomes (e.g., Lu and Beamish 2006; Morgan et al. 2003).

From a capabilities perspective, the literature highlights that it is the capabilities by which organizations develop strategies and acquire and deploy the resources required for strategy execution that explain inter-firm performance variations (Morgan 2012). Such capabilities are identified as "architectural" (e.g., Danneels 2002; Henderson and Cockburn 1994) and concern the higher-level processes used to formulate and implement strategic decisions by coordinating the organization's lower-level capabilities and connecting them with their required resource inputs (e.g., Bharadwaj et al. 1993; Vorhies and Morgan 2005). These enable organizations to reduce environmental uncertainty by planning appropriate combinations of available resources to deploy into their marketplaces and executing these planned resource deployments, delivering realized value offerings for target markets (Day 2011; Morgan 2012). This suggests that a key driver of an organization's ability to achieve desired strategic goals is the capabilities it uses to translate strategic goal decisions into appropriate strategies, tactics, and resource deployments in ways that match the marketplace environment.

As key sources of environmental uncertainty, target marketplace factors could also influence an organization's ability to realize strategy in ways that accomplish desired goals (e.g., Miller and Friesen 1983; Morgan 2012). Strategic management scholars posit that an organization's environment presents uncertainty that contains both opportunities and threats, and that organizational performance is a function of the selection of goals and strategies that align with these environmental conditions (Bourgeois 1980; Qi et al. 2011). Thus, the extent to which strategic goals are realized may be affected by the environment in which the organization operates. Here, we focus on market dynamism and competitive intensity as key marketplace characteristics that may affect strategic goal accomplishment, as both have been shown to be key sources of environmental uncertainty affecting organizational conduct and performance (Kumar et al. 2011; Wilden and Gudergan 2015).

Figure 1 depicts our research model and the constructs examined to enhance understanding of firms' export venture strategic goal realization and its consequences. We address three categories of moderators of the goal realization processes: architectural capabilities (i.e., planning and implementation), internal knowledge (i.e., degree of internationalization), and environmental factors (i.e., market dynamism and competitive intensity). We focus on the moderating relationships of these factors in developing our hypotheses since the direct effect of strategic goals on strategic positions achieved is theoretically straightforward. We do not develop hypotheses for the direct effects of cost and differentiation advantages on performance as existing theory and evidence are clear with respect to how these strategic positions impact firm performance. Next, we develop the research hypotheses tested in this study.

The role of capabilities

Notwithstanding the effects of organizations' strategic goals on their strategic behavior, the literature indicates that many frequently fail to fully achieve their strategic objectives (e.g., Dimitras et al. 1996; Li and Guisinger

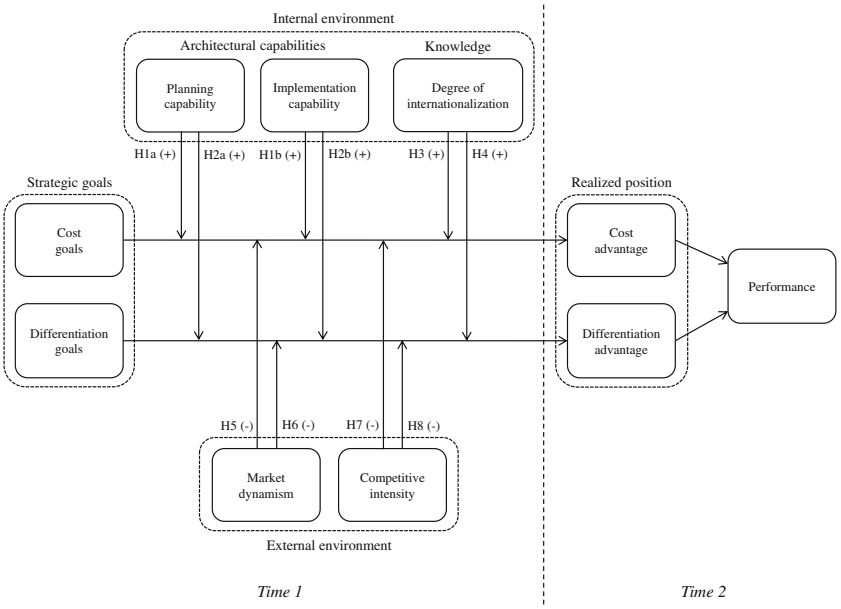

Fig. 1 Research model

1991). Our theory framework suggests that those with stronger architectural capabilities may be better able to deal with environmental uncertainty and thus reduce such strategic goal–realization gaps. The literature identifies two main types of architectural capabilities. First, *planning capability*—the processes by which an integrated set of "what" decisions specifying planned strategic behaviors designed to achieve desired strategic goals are developed (e.g., Teece et al. 1997; Vorhies et al. 2009). These include the routines used to segment the export marketplace, identify clear export targets, and develop credible export strategies designed to achieve desired strategic position goals (Day 1994). Second, *implementation capability*—the processes by which "how" decisions specifying the set of tactical actions necessary to realize planed strategic behavior and the resources required to enact them are made (e.g., Dobni and Luffman 2003; Grant 1996). This encompasses the processes by which the export venture shapes its organization design and resource deployments in ways that allow the actions needed to realize planned strategy to be accomplished in ways that match the marketplace environment (Day 1994).

Drawing from the literature on organizations' strategic behavior, we posit that failure to achieve desired strategic objectives may be a result of an export venture's inability to develop planned patterns of strategic behaviors that are (a) well-aligned with both its strategic objectives and marketplace environment, or (b) weaknesses in its ability to identify and realize tactical actions and resource deployments necessary to effectively execute planned strategic behaviors. This viewpoint is consistent with the goal-setting literature in psychology, which suggests that goal effects are dependent on an individual's ability to discover and implement appropriate task strategies (Baum and Locke 2004; Dholakia et al. 2007). An export venture with strong architectural capabilities has a greater ability both to develop appropriate strategies and to execute intended strategies and should therefore better realize its intended strategic objectives.[3] In effect, planning and implementation capabilities serve as the internal mechanism through which export ventures can absorb environmental uncertainty in ways that close the gap between intended strategic goals and realized advantage positions in foreign marketplaces. Thus:

H1: The export venture's (a) planning and (b) implementation capabilities strengthen the relationship between its intended cost goals and the cost position it achieves.

H2: The export venture's (a) planning and (b) implementation capabilities strengthen the relationship between its intended differentiation goals and the differentiation position it achieves.

The role of knowledge

A key source of exporters' market-based knowledge is the firm's level of internationalization, which reflects the scale (i.e., quantity of overseas business in relation to

[3] While architectural capabilities may reside at the firm level they are used and deployed at the business unit level, where competition with rivals takes place and most variance in inter-firm performance is explained.

overall business) and scope (i.e., number of foreign regions and countries) of its export operations (e.g., Lu and Beamish 2001; Tallman and Li 1996). By engaging in repeated interactions in a variety of foreign markets, a firm enriches its organizational routines, programs, and structures and stores experiential knowledge (Eriksson et al. 1997; Sheng et al. 2015). This knowledge encompasses both understanding of how to engage in export operations (e.g., how to deal with export trade credits, insure shipments, deal with reverse-logistics) and market-specific knowledge of foreign institutions and business practices (e.g., trustworthiness of specific intermediaries, import documentation requirements, taxation collection mechanism) (Fang et al. 2007; Lu and Beamish 2006). Knowledge of this kind is important because knowledge that enables competitive advantage in a firm's home market may not be equally useful in export marketplaces (Johanson and Vahlne 2009). For example, political, economic, and cultural differences necessitate that exporters are able to change the ways they do business from that used in their domestic market (e.g., Zou and Cavusgil 2002; Yang et al. 2012). Broad international experience can therefore help exporters avoid the misapplication of knowledge from the domestic market to other markets (Levitt and March 1988).

From this perspective, internationalization theory views involvement in and experience with international markets as a key knowledge resource (e.g., Salomon and Jin 2010). This may allow managers to better deal with uncertainty in the export marketplace by providing key export market-based knowledge that enables them to better identify which available strategy options best match the specific requirements of the target export market (e.g., Fang et al. 2007). Similarly, accumulated knowledge of export operations should guide decision-makers to frame tactical choices from a more realistic perspective and pursue tactics that are aligned with the needs of the specified export market (e.g., Morgan et al. 2012). Given the increased difficulty of successfully identifying and accomplishing required strategic goal realization tasks in export (versus domestic) markets, a high degree of internationalization may be particularly valuable in helping a firm's export ventures attain their intended strategic goals. Thus, we posit that:

H3: The firm's degree of internationalization strengthens the relationship between the export venture's intended cost goals and the cost position it achieves.

H4: The firm's degree of internationalization strengthens the relationship between the export venture's intended differentiation goals and the differentiation position it achieves.

The role of external environment

Researchers have long argued that as a key source of environmental uncertainty, the marketplace faced by an organization shapes the strategies it pursues and that organizational effectiveness results from the congruence of an organization's environment and strategy (e.g., Bourgeois 1980; Lawrence and Lorsch 1967). Marketplace characteristics can therefore be instrumental in helping or hindering an export venture's ability to absorb environmental uncertainty and thereby realize its intended strategic goals. We posit that the extent to which export ventures deliver desired strategic goals is contingent on two key export marketplace factors: market dynamism and competitive intensity.

Market dynamism refers to the rate of change in customer requirements and preferences (Arnold et al. 2011; Lee et al. 2015). Frequent, unpredictable, and rapid changes in customer preferences can pose significant challenges to strategic goal accomplishment. When foreign market demands are constantly changing, export ventures find it difficult to understand, evaluate, and track customer preferences and behavior (e.g., Blocker et al. 2011; Shi and Gao 2016). This impairs the accuracy of their forecasts, increases uncertainty and risk, diminishes the ability to predict appropriate actions, and thus weakens the link between strategic goal setting and goal realization. In contrast, more stable market environments are characterized by smaller and less frequent changes in customer preferences, which means that environmental uncertainty may not exceed the export venture's capacity to predict and control the consequences of its actions (March 1991). Such relative marketplace predictability should aid intended strategic goal realization since export ventures are better able to make and execute informed and well-aligned strategic decisions. Thus, we posit that:

H5: Export market dynamism weakens the relationship between the venture's intended cost goals and the cost position it achieves.

H6: Export market dynamism weakens the relationship between the venture's intended differentiation goals and the differentiation position it achieves.

The second environmental factor with a possible moderating role in the link between strategic goals and realized strategic positions is the degree of competition an export venture faces. Competitive intensity concerns the number of rivals in the export marketplace and the frequency and intensity with which they use marketing tools (e.g., pricing, promotion activities) to respond to competitive actions (Jaworski and Kohli 1993). Higher levels of competitive intensity therefore both creates greater marketplace uncertainty and makes it more difficult to determine and execute strategy options designed to deal with the uncertainty (Kumar et al. 2011).

When competitive intensity is low, an export venture may be better able to translate intended strategic goals into realized strategic positions since it has to deal with less uncertainty. For example, since customers have fewer alternatives and may be less able to easily switch suppliers, they are more likely to continue to purchase from the firm (Cadogan et al. 2003). Under such conditions, export ventures can better predict the outcomes of their strategic actions designed to pursue intended goals (Auh and Menguc 2005). In contrast, in highly competitive markets customers have a wider array of supplier choices. In addition, when rivalry is intense, the export venture has to constantly try to anticipate and respond to rivals' actions, and the results of its own planned behavior are more difficult to accurately predict (Auh and Menguc 2005; Murray et al. 2011). As a result, it may be harder for the export venture to realize its goals with respect to achieving positional advantages over rivals. Therefore, we posit that:

H7: Competitive intensity in the export market weakens the relationship between the venture's intended cost goals and the cost position it achieves.

H8: Competitive intensity in the export market weakens the relationship between the venture's intended differentiation goals and the differentiation position it achieves.

Methods

Empirical context

U.K. manufacturers' export product market ventures are the context for this study. We focus on a single export venture since a firm may have one or more products/lines sold to more than one foreign market. Different export ventures of the firm operate as distinct SBUs and may set different goals, pursue corresponding strategies, and achieve different strategic positions and performance outcomes. Thus, our export venture–level design enables us to control for potential firm-level confounds due to differences among a firm's multiple export ventures (e.g., Cavusgil and Zou 1994; Morgan et al. 2012). To enhance generalizability, we used a multi-industry sample of firms in the rubber and plastic products, machinery, textile mill products, apparel and similar goods, chemical and allied products, and electrical and electronic products industries. These sectors exhibit high involvement in exporting and cover a large volume of U.K. exports. Examining export ventures in diverse foreign market areas and different sectors also has advantages in variability in export venture practices, cross-firm variability within the same industry and within the same export target market area, and control over potential confounding factors in cross-national research.

Field interviews

As a first stage in our study, we conducted in-depth exploratory interviews with nine managers in different exporting firms to examine the relevance of the phenomenon studied, assess the face validity of our conceptual model, and gain research design insights. Managers noted that it was common not to fully achieve their strategic objectives in their export venture operations. As one stated, "In many cases we didn't manage to reach our targets in foreign markets for one reason or another and this is a big problem for us." Likewise, another commented, "We do have goals that we are striving to achieve … the problem is that often we can't reach them and this leads to inevitable disappointment." Further, our pre-study interviews showed that that an essential part of an export manager's responsibility is to formulate and execute export venture strategy (from goal-setting to assessing realized goal achievement) and to be well informed about the export market conditions and trends. Thus, export managers clearly have the knowledge required to report on the constructs in our theory framework. However, most interviewees confirmed that they were uncomfortable revealing financial information and were unwilling to provide access to internal performance reports.

Sample and data collection

Using a systematic random sample of 1200 exporters from Dun and Bradstreet, we contacted each firm to (1) identify that they were manufacturers with established export venture operations (five years or longer), (2) pre-notify the execution, purpose, and importance of the study, and (3) locate a knowledgeable key informant, check contact details, and request participation. Our screening identified potential respondents in 1032 firms. The remaining 168 firms could not be reached (39 firms), did not meet eligibility criteria (38 had been exporting for less than five years, 26 were intermediaries, 22 had stopped exporting), or were unwilling to provide eligibility assessment information (43 had corporate policy restrictions).

To limit potential problems associated with common method bias and causal inference, we used a longitudinal research design (Rindfleisch et al. 2008).[4] Specifically, we collected data on export venture strategic goals (i.e., cost and differentiation), architectural capabilities (i.e., planning and implementation), degree of internationalization, and export market characteristics (market dynamism and competitive intensity) at t_1 and on export venture realized strategy (i.e., realized cost and differentiation advantages) and performance 12 months later (t_2). Theoretical guidance is limited on the time lag

[4] The complex nature of the hypothesized moderating relationships we examine makes it unlikely that common method bias would create artificial interaction effects (Podsakoff et al. 2012).

required for the influence of strategic goals on subsequent strategic behavior and realized strategic position to manifest. We selected the temporal separation of 12 months because our exploratory interviews suggested that this is long enough for strategic goals to be realized and short enough to limit the likelihood of confounds due to possible intervening events.

We mailed the questionnaire to the key informant (typically an export manager) in each of the eligible 1032 firms, asking informants to respond for a specific export venture running for at least five years to avoid possible confounds (Morgan et al. 2004). To minimize respondent bias and ensure variation in responses, each informant was instructed randomly to respond with respect to the largest, third-largest, or fifth-largest export venture in terms of sales volume. If the firm had less than five (three) export ventures, the respondent was asked to focus on the one closest to the assigned rank. Reminder postcards and two additional mailings resulted in 476 responses. We excluded 22 questionnaires due to missing data and another eight failed our post hoc informant quality tests (discussed subsequently). Thus, we obtained 446 usable responses (of 1032 eligible firms) at t_1, a response rate of 43.2%.

To collect our t_2 data, we targeted all 446 firms that responded at t_1, employing three questionnaire mailings along with reminder postcards. After multiple telephone calls, 268 firms responded at t_2. We excluded six questionnaires due to missing data and dropped another nine because they failed our informant quality checks. Thus, the sample used for hypotheses testing consisted of 253 usable responses containing longitudinal data for a t_2 effective usable response rate of 56.7% (253 of 446 firms).

As a final step in ensuring data quality, we followed Kumar et al. (1993) and checked informant competency. The questionnaire included three items that assessed the informant's (1) knowledge of the export venture's activities, (2) involvement in the export venture's business decisions, and (3) confidence in completing the questionnaire. We dropped eight t_1 and nine t_2 respondents who scored lower than 4 (mid-point of the seven point scale) for one or more of these items. The average scores for informant competency at t_1 and t_2 were 5.81 and 5.67, respectively, indicating that informants were highly qualified and knowledgeable.

T-tests revealed no significant differences between early and late responders on study constructs and firm characteristics (annual sales, export-to-total sales ratio, years of exporting experience, and employee number). A comparison of the 253 sample firms with 50 randomly selected non-respondent firms also revealed no significant differences in terms of employee number, years of exporting, and export ratio. Thus, non-response bias does not appear to be a concern in this research. We assessed whether our final t_2 sample is representative of t_1 respondents by comparing the firms responding at t_2 with those responding at t_1 with regard to annual sales, export ratio, years of exporting, and employee number (e.g., Zhou et al. 2014). T-tests indicate no significant differences between the two groups.

Measure development

Following standard psychometric procedures we first specified the conceptual domain of each model construct. We then developed two draft questionnaires (for t_1 and t_2 data collection) based on the literature and insights from interviews with export managers. Four academics familiar with research on competitive strategy and international business assessed the content validity of the measures selected. Next, we refined the questionnaire through personal interviews with a further 10 managers who had significant experience in their firms' export venture activities. Finally, we conducted a pilot study using a sample of 48 managers in exporting firms, receiving 31 usable responses. We detected no particular problems with the clarity of instructions, response formats, or questionnaire length. We used multi-item measures for the key study constructs (see Appendix).

Measures

Strategic goals Strategic goals concern the desired positional advantages by which managers anticipate being able to deliver required performance outcomes. To measure the degree to which the export venture's strategic goals focus on achieving cost efficiencies and/or differentiated strategic positions, we adapted items from scales used by Doty et al. (1993) and Vorhies et al. (2009).

Architectural capabilities We tapped the export venture's *planning capability*, i.e., its ability to conceive plans that optimize the match among its goals, resources, and marketplace, and *implementation capability*, i.e., the venture's ability to transform planned strategies into realized strategic behaviors and resource deployments using items from Morgan et al. (2009).

Degree of internationalization To assess internationalization, we captured the two core aspects of export activity: (1) scale in terms of the proportion of export sales to overall sales and (2) scope in terms of the number of countries to which the firm exports and the geographic diversity of the firm's export activities. We thus asked respondents to indicate the export to total sales ratio, the number of export markets, and the geographically distinct regions to which they export (from a list of eight regions). The scores of these three elements were standardized and equally weighted to produce an aggregate score for degree of internationalization. The items were derived from Cadogan et al. (2009).

External environment We measured *market dynamism*, i.e., the rate of change in the export venture market, including changes market demand, the composition of customers, and customer preferences, using items from Arnold et al. (2011). To capture *competitive intensity*, i.e., the extent to which rival companies in the target export market are able and willing to respond to the firm's actions, we used items adapted from Jaworski and Kohli (1993).

Realized strategic positions We measured the degree to which the export venture achieved *cost-based* and *differentiation positional advantage* using four-item scales of each construct. We adapted the items from prior research (Morgan et al. 2004) using insights from interviews with managers and discussions with strategic management and marketing scholars.

Financial performance We assessed financial performance using respondents' assessments of the venture's return on investment, return on sales, venture margins, and financial goals using items adapted from Morgan et al. (2009). We used self-report measures because (1) objective measures may be biased by the purpose for which they are produced (e.g., Gatignon and Xuereb 1997), (2) previous studies find corroboration between subjective and corresponding objective performance indicators (e.g., Ren et al. 2009), (3) the literature suggests that perceptions of reality, rather than the objective calibration of this reality, drive managers decisions and actions (e.g., Day and Nedungadi 1994), and (4) firms' public financial statements do not provide performance data for individual export ventures.[5]

Control variables We include a number of controls in our hypothesis testing models. *Exporter size*, measured as the natural logarithm of a firm's full-time employees, as operating in overseas markets requires resources and larger firms may have more resources (Lu and Beamish 2006). *Firm age*, the natural logarithm of the number of years the firm has been in operation, as firms that have been in existence longer have had more time to establish their market presence (Zaheer and Bell 2005). *Market growth*, as growing markets offer a higher probability of business success (Fang et al. 2011; Jin et al. 2016). *Technological and marketing capabilities*, as prior research has consistently identified these as primary drivers of a firm's performance (Eisend et al. 2016; Song et al. 2007; Wilden and Gudergan 2015). In addition, we used dummy variables to control for industry-specific effects.

[5] Absent secondary data sources, we contacted respondent firms to request information on sales volume and profit margins and were able to gather this data for 28 export ventures. Correlations between these objective data and the relevant survey indicators of export venture financial performance were .64 ($p < .01$) and .71 ($p < .01$), respectively, enhancing confidence in the validity of our key informant financial performance data.

Measurement model

We examined the psychometric properties of our scales using confirmatory factor analyses with maximum likelihood estimation. All items were modeled to load on their designated factor, and all latent variables were allowed to correlate. Results indicate that the measurement model represents a good fit to the data. The chi-square ($\chi^2 = 1568.72$) is significant ($p < .001$) with 1146 degrees of freedom, due to this test's sensitivity to sample size (Bagozzi and Yi 2012). Other fit diagnostics include a comparative fit index (CFI) of .95, a non-normed fit index (NNFI) of .94, an incremental fit index (IFI) of .95, a root mean square error of approximation (RMSEA) of .038, and an average off-diagonal standardized residual (AOSR) of .035. All factor loadings exceeded 0.65 and t-values exceeded 10.59, providing evidence of convergent validity. We assessed discriminant validity through model comparisons with ϕ freed versus fixed at 1 for all construct pairs (Gerbing and Anderson 1988). In all cases, the chi-square differences were significant at the .05 level. Finally, the average variance extracted of each construct exceeded the squared correlation between itself and any other construct, offering further evidence of discriminant validity (Fornell and Larcker 1981; Voorhees et al. 2016). Table 2 presents the correlation matrix for the study variables.

Results

Due to likely correlation of error terms in the hypothesis testing equations, we used seemingly unrelated regressions (SUR), which produces reliable estimates by accounting for the contemporaneous correlation of errors across equations (Zellner 1962).[6] We estimated three equations with cost advantage, differentiation advantage, and performance respectively as the dependent variables. We initially estimated the main effects model including the effects of cost and differentiation goals, cost and differentiation advantages, and the control variables. We then added the direct effects of moderators and finally the hypothesized interaction effects. For simplicity, we present only the main and full effects model results (see Table 3). Prior to calculating the interaction terms, the component variables were mean-centered to reduce multicollinearity. The results indicate that the full model has substantial explanatory power, with R^2 values .36 for cost advantage, 43 for differentiation advantage, and .26 for performance. Table 3 reports the

[6] We also used hierarchical regression analysis and SmartPLS to test our hypotheses. No material change in the direction and significance of the hypothesized links was found, enhancing confidence in our findings.

Table 2 Correlation matrix[a]

	1	2	3	4	5	6	7	8	9	10
1 Cost goals	1.00									
2 Differentiation goals	-.03	1.00								
3 Planning capability	.11	.17	1.00							
4 Implementation capability	.12	.11	.29	1.00						
5 Degree of internationalization	-.16	-.24	-.13	-.06	1.00					
6 Market dynamism	.02	-.11	-.11	-.22	.09	1.00				
7 Competitive intensity	.10	.16	.06	.15	-.15	-.09	1.00			
8 Cost advantage	.05	.04	.08	.05	-.08	.05	.10	1.00		
9 Differentiation advantage	-.03	.09	.21	.23	-.13	-.10	.01	-.05	1.00	
10 Performance	-.06	.01	.14	.20	-.02	-.03	-.12	.26	.36	1.00

[a] All correlations > ± .12 are significant at the .05 level; all correlations > ± .16 are significant at the .01 level

coefficients, t-values, standard errors, and significance levels, together with the χ^2 and R^2 values for each model.

The full model results show that while strategic goals have some beneficial effect on subsequently realized positional advantages in the case of differentiation goals, such benefits are not present in the case of cost goals. The results also indicate that the level of positional advantage achieved is a strong predictor of export venture financial performance. Thus, the negative impact of failing to achieve desired strategic positions is likely economically significant. To provide a calibration of this, we compared the performance of firms that achieved their desired strategic goals with those that did not.[7] T-tests revealed that firms that failed to achieve their cost goals exhibited a significantly lower level of financial performance than firms that accomplished their cost goals (4.25 vs. 4.76; $t = -3.76$, $p < .01$). For firms that failed to achieve differentiation goals, the financial performance gap was even larger (3.86 vs. 4.78; $t = -6.45$, $p < .01$). Thus, the failure to achieve desired strategic goals clearly has considerable negative performance consequences for the firms in our sample.

In terms of the hypothesized moderating relationships, the results provide support for H1a, which links the interaction of strategic cost goals and planning capabilities with subsequent cost advantage ($\beta = .15$, $t = 2.44$). We also find a positive interaction effect of cost goals and implementation capabilities on cost advantage achieved ($\beta = .20$, $t = 2.91$), as predicted in H1b. Figures 2 and 3 graph these significant interactions and clearly show that cost advantage positions better result from strategic cost goals for ventures with higher than lower planning and implementation capabilities, respectively. Consistent with H2a, we also find a positive interaction of differentiation goals and planning capabilities with subsequent differentiation advantage achieved ($\beta = .16$, $t = 3.31$). Likewise, there is a positive interaction effect of differentiation goals and implementation capabilities on differentiation advantage ($\beta = .24$, $t = 4.12$), as predicted in H2b. Figures 4 and 5 illustrate these interactions and show that both high planning and implementation capabilities strengthen the positive effect of differentiation goals on differentiation advantage achieved.

The results also lend support to both H3 and H4, which suggest that the strategic goal–realized advantage relationship for export ventures is contingent on the firm's degree of internationalization. The posited interactions of cost goals with degree of internationalization and differentiation goals with degree of internationalization are significant for cost advantage (b = .17, $t = 2.54$) and differentiation advantage (b = .15, $t = 2.42$), respectively. Figures 5 and 6 graph these significant interactions and show that advantage positions better result from strategic goals in export ventures in firms with higher, as opposed to lower, levels of internationalization (Fig. 7).

In line with H5, we find a negative interaction of cost goals and market dynamism with subsequent cost advantage ($\beta = -.15$, $t = -2.49$). Similarly, as predicted in H6, there is a negative interaction effect of differentiation goals and market dynamism on differentiation advantage ($\beta = -.15$, $t = -2.36$). Figures 8 and 9 illustrate that high market dynamism weakens the effect of cost and differentiation goals on cost and differentiation advantage, respectively. However, the results lend no support for H7, which links the interaction of strategic cost goals and competitive intensity with subsequent cost advantage ($\beta = .03$, $t = .46$). Likewise, no support is found for H8, which links the interaction of strategic differentiation goals and competitive intensity with differentiation advantage ($\beta = -.03$, $t = -.60$).

[7] We defined firms that achieved their strategic goals as those that scored at least as strongly on the cost or differentiation strategic goal scale as on the corresponding achieved strategic position scale.

Table 3 Results of SUR estimation

	Cost advantage				Differentiation advantage				Performance			
	Main effects model		Full model		Main effects model		Full model		Main effects model		Full model	
Independent variable	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*
Constant	2.67 (4.48)*	.60	3.41 (6.65)*	.51	2.02 (3.67)*	.55	3.30 (6.36)*	.51	.66 (1.36)	.48	.68 (1.41)	.48
Main effects												
Cost goals (CG)	.06 (.73)	.08	.06 (.85)	.07								
Differentiation goals (DG)					.01 (.19)	.07	.15 (2.17)*	.07				
Cost advantage									.22 (4.20)*	.05	.22 (4.22)*	.05
Differentiation advantage									.27 (5.18)*	.05	.26 (4.92)*	.05
Direct links of moderators												
Planning capability (PC)			.04 (.68)	.06			.06 (1.05)	.05				
Implementation capability (IC)			.10 (1.40)	.07			.11 (1.60)	.07				
Degree of internationalization (DI)			-.04 (−.61)	.07			-.05 (−.79)	.07				
Market dynamism (MD)			.04 (.73)	.05			-.04 (−.73)	.05				
Competitive intensity (CI)			.08 (1.32)	.06			.01 (.03)	.06				
Interaction effects												
CG x PC			.15 (2.44)*	.06								
DG x PC							.16 (3.31)*	.05				
CG x IC			.20 (2.91)*	.07								
DG x IC							.24 (4.12)*	.06				
CG x DI			.17 (2.54)*	.07								
DG x DI							.15 (2.42)*	.06				
CG x MD			-.15 (−2.49)*	.06								
DG x MD							-.15 (−2.36)*	.06				
CG x CI			.03 (.46)	.07								
DG x CI							-.03 (−.60)	.05				
Control links												
PC x IC			-.04 (−.83)	.05			-.10 (−1.86)	.05				
PC x DI			-.01 (−.15)	.06			.04 (.76)	.05				
PC x MD			.03 (.46)	.06			-.09 (−1.76)	.05				
PC x CI			-.08 (−1.41)	.06			-.01 (−.14)	.05				
IC x DI			.13 (1.79)	.07			.07 (.94)	.07				
IC x MD			-.07 (−1.12)	.06			.07 (1.19)	.06				
IC x CI			.01 (.29)	.06			.10 (1.70)	.06				
DI x MD			.01 (.23)	.05			.04 (.77)	.05				
DI x CI			.11 (1.79)	.06			-.09 (−1.46)	.06				
MD x CI			.01 (.27)	.06			.04 (.64)	.06				
Industry 1	.16 (.68)	.24	.19 (.89)	.22	.27 (1.11)	.24	.19 (.92)	.21	-.05 (−.23)	.19	-.04 (−.21)	.19
Industry 2	-.27 (−1.07)	.25	-.22 (−1.00)	.23	.14 (.56)	.25	-.01 (−.01)	.22	-.13 (−.61)	.21	-.13 (−.60)	.21
Industry 3	.01 (.03)	.26	.01 (.01)	.23	.33 (1.28)	.26	.25 (1.12)	.22	-.19 (−.87)	.21	-.18 (−.85)	.21
Industry 4	-.22 (−.95)	.23	-.34 (−1.66)	.21	.42 (1.79)	.23	.34 (1.66)	.21	-.10 (−.50)	.20	-.09 (−.47)	.20
Industry 5	-.08 (−.33)	.26	-.01 (−.03)	.24	.26 (1.00)	.26	.21 (.94)	.22	-.08 (−.39)	.22	-.08 (−.37)	.22

Table 3 (continued)

	Cost advantage				Differentiation advantage				Performance			
	Main effects model		Full model		Main effects model		Full model		Main effects model		Full model	
Independent variable	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*	Coefficient (t-value)	*Std. Err.*
Firm age	-.10 (−.99)	.10	-.05 (−.53)	.09	.21 (2.12)*	.10	.16 (1.89)	.09	.13 (1.53)	.08	.13 (1.57)	.08
Firm size	.16 (3.42)*	.05	.15 (3.52)*	.04	.02 (.39)	.05	-.01 (−.15)	.04	-.03 (−.61)	.04	-.03 (−.60)	.04
Market growth	-.05 (−.79)	.07	-.03 (−.55)	.06	.01 (.01)	.07	-.03 (−.45)	.06	.13 (2.27)*	.06	.13 (2.28)*	.06
Technological capabilities	.34 (5.58)*	.06	.25 (4.36)*	.06	-.02 (−.38)	.06	.02 (.33)	.05	.09 (1.71)	.05	.09 (1.70)	.05
Marketing capabilities	-.03 (−.37)	.07	-.09 (−1.21)	.07	.47 (6.30)*	.08	.25 (3.33)*	.07	.15 (2.28)*	.07	.16 (2.37)*	.07
χ^2	47.26*		144.91*		55.88*		190.08*		89.82*		87.42*	
R^2	.16		.36		.18		.43		.26		.26	

*$p < .05$

Discussion and implications

Our results show that while the setting of strategic goals can be valuable in achieving strategic positions that enhance financial performance, it is clearly insufficient in and of itself to drive complete realization of the desired positional advantage. To minimize such strategic goal–realized advantage gaps, our results show the value of planning and implementation capabilities in achieving both cost-based and differentiation strategic goals. Consistent with our theorizing, our findings suggest that planning capabilities help businesses identify and select among cost management areas and competitive differentiation moves that enable the achievement of both cost advantage and differentiated position strategic goals. In addition, implementation capabilities aid businesses in identifying, selecting and executing tactics designed to realize strategies in ways that deliver strategic position goals. In fact, the insignificant direct effects of these two architectural capabilities observed in our results suggest that reducing strategic goal–realized strategic position gaps is the key mechanism by which such planning and implementation capabilities create value for organizations that possess them.

Our study findings also reveal that the firm's level of internationalization helps its export ventures translate desired strategic goals into realized strategic positions. Both cost and differentiation goals-to-positional advantage relationships are strong, positive, and significant for export ventures in firms with greater foreign market involvement. This is consistent with our theorizing that experiential knowledge of international operations provides valuable knowledge of how to navigate foreign markets operations that enables a firm's export ventures to absorb uncertainty and better accomplish strategic objectives in export markets. Firms engaging extensively across foreign countries and regions gain significant operations knowledge and marketplace expertise (*The Economist* 2016). We show that such accumulated experience and knowledge

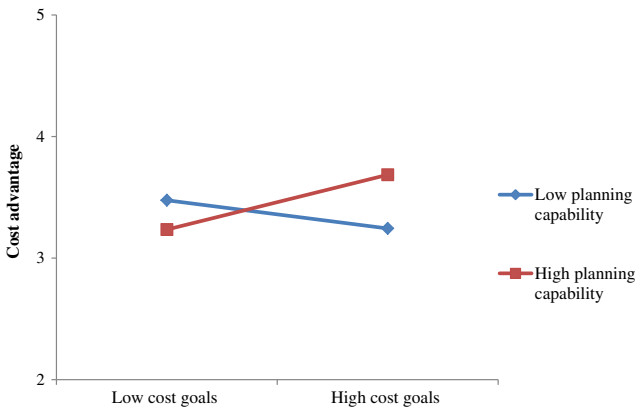

Fig. 2 Impact of planning capability on the cost goals–cost advantage link

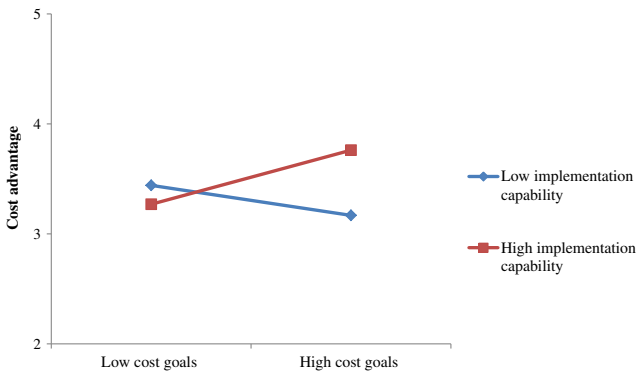

Fig. 3 Impact of implementation capability on the cost goals–cost advantage link

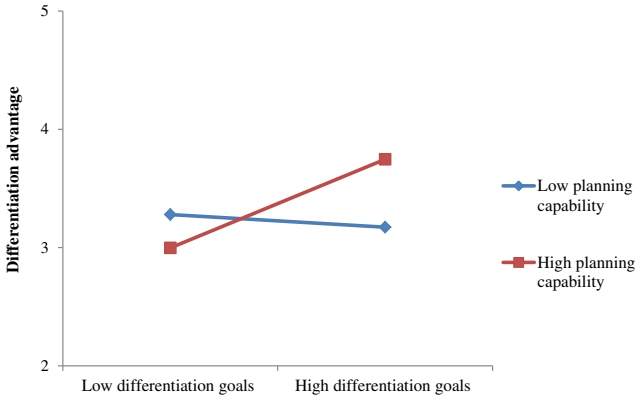

Fig. 4 Impact of planning capability on the differentiation goals–differentiation advantage link

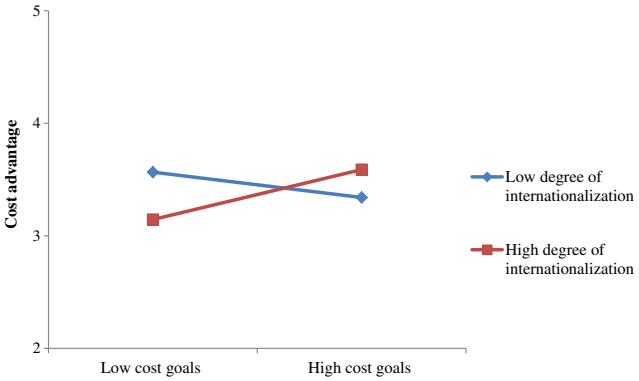

Fig. 6 Impact of degree of internationalization on the cost goals–cost advantage link

through greater involvement in export operations facilitates export venture strategic goal realization and thus helps firms further capitalize on the opportunities offered by globalization.

Further, our results show that an export venture's failure to achieve its strategic objectives in export markets is due in part to environmental conditions. Our findings suggest that businesses operating in turbulent export venture markets find it difficult to accurately forecast and effectively respond to market shifts, hindering strategic goal accomplishment. In contrast, relatively stable markets facilitate anticipation of and adjustment to export marketplace changes and better enable the achievement of cost- and differentiation-based positional advantages. Yet we also find that competitive intensity does not play a significant role in moderating the goal to positional advantage paths. Since export venture managers are typically cognizant of their export market rivals, this suggests that competitive intensity does not necessarily diminish their ability to predict rival's competitive moves and likely responses. The extent to which rivals in the export market are able and willing to respond to the export venture's actions may therefore be built into its strategic goal setting.

To provide insight into the relative magnitude and practical significance of our findings, we identified export ventures with high cost (differentiation) goals and divided our sample into high and low groups (median split) for planning capability, implementation capability, degree of internationalization, and market dynamism. We then compared the average cost (differentiation) advantage scores across groups. Export ventures with strong versus weak planning capabilities achieved 12.3% greater cost advantage and 18.2% greater differentiation advantage, while those with strong implementation capabilities improved their cost advantage position by 19.4% and their differentiation advantage position by 27%. Likewise, export ventures with high versus low degree of internationalization achieved 8.9% greater cost advantage and 3% greater differentiation advantage. In addition, ventures in low versus highly dynamic export markets had 4% better cost advantage and achieved 13.9% better differentiation advantage.

Implications for theory

Our study offers three major implications for understanding organizations' strategic goal accomplishment. First, we identify weaknesses in architectural capabilities as a key cause of export ventures' inability to realize strategic goals in export markets. Empirically, we show that ventures with stronger architectural capabilities are better able to realize their intended strategic objectives. This offers new insights into how

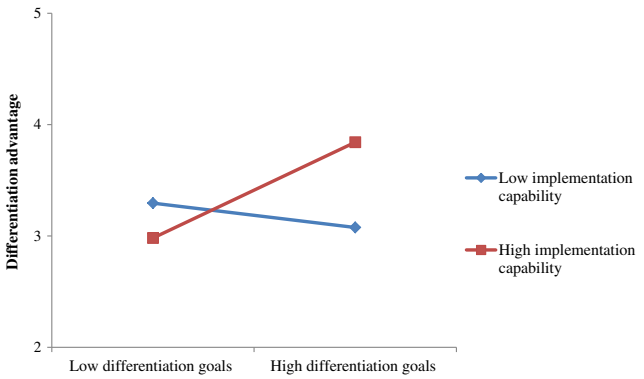

Fig. 5 Impact of implementation capability on the differentiation goals–differentiation advantage link

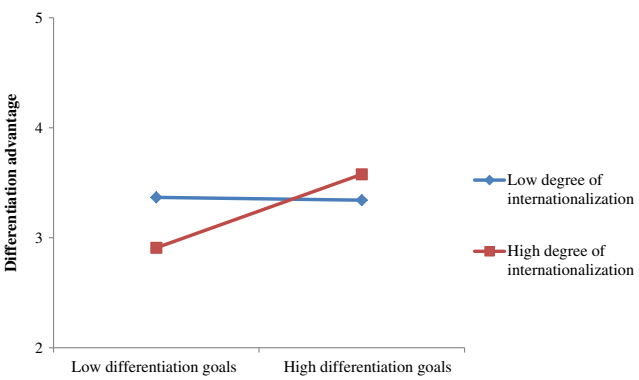

Fig. 7 Impact of degree of internationalization on the differentiation goals–differentiation advantage link

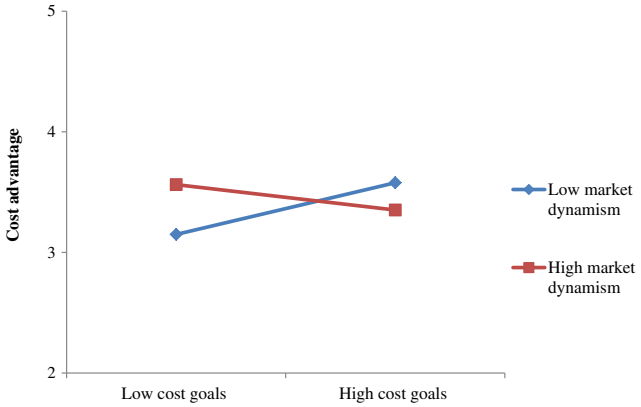

Fig. 8 Impact of market dynamism on the cost goals–cost advantage link

architectural capabilities contribute to business performance. Theoretically, capabilities impact performance by allowing firms to conceive of and execute value-creating strategies in pursuit of desired strategic goals. Yet, empirical research on capabilities has focused on its direct effect on performance outcomes. Our results indicate that the performance benefits of architectural capabilities in export ventures can be traced to their impact on the venture's ability to plan and execute export strategy decisions in ways that allow planned strategic position goals to be achieved. This reveals a theoretically interesting new mechanism by which capabilities contribute to performance outcomes.

Second, we contribute to international marketing and business knowledge concerning the value of internationalization and the mechanism by which it may be created. In the literature, internationalization has been primarily examined across all types of international firms, typically assuming that exporting is the first stage of internationalization (with multinationals that exhibit global market coverage being the final stage). Here, we show that a firm's degree of export development (i.e., internationalization *within* the exporting domain) plays a key role in enabling export ventures to close the gap between intended and realized positional advantages. Thus, we show that such "within stage" internationalization adds

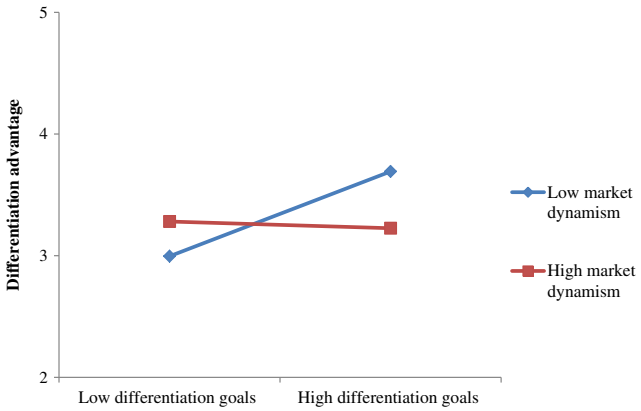

Fig. 9 Impact of market dynamism on the differentiation goals–differentiation advantage link

value for firms' export ventures and also identify a new path by which such international exposure and experience can be linked to firm performance—by better enabling the firm's export ventures to realize their strategic goals. These findings suggest both the existence and nature of knowledge-based economies of scope in firm's exporting operations.

Third, the literature posits that the translation of strategic objectives into well-aligned plans and realized resource deployments requires that firms adjust their goals and strategies to the varying environmental conditions that they face (Luo and Park 2001; Morgan 2012). We show that firms face greater difficulty in realizing intended export venture strategic objectives as dynamism increases in the target export market. Our differing findings regarding market dynamism versus competitive intensity indicate that marketplace unpredictability is likely the key environmental driver of export venture's problems in accomplishing strategic objectives.

Implications for practice

First, although the literature recognizes that organizations' strategic goals are frequently not fully realized, the scant attention to the questions of "so what?" and "why?" in prior studies provides little or no guidance for managers. Our results clearly show that managers should be concerned about any failures to achieve strategic goals as they significantly reduce financial performance. In addition, we show that in their efforts to enhance strategic goal realization in export markets, managers should seek to build and strengthen their organizations' architectural capabilities. In doing so, investments and improvement efforts should cover both planning and implementation capabilities. The literature suggests that such efforts could usefully focus on supporting projects aimed to (1) benchmark these capabilities across businesses to identify "best practices" (Vorhies and Morgan 2005), (2) codify such practices to lower barriers to their transfer among the firm's different export ventures (Szulanski 1996), and (3) train and develop employees to enhance the individual-level skills brought together by the routines underpinning firms' architectural capabilities (Day 1994).

Second, our results suggest that firms involved in exporting may benefit by expanding the scope of their exporting operations. Such increased internationalization allows the accumulation of experiential knowledge of export operations and export markets served. This enhances the firm's ability to realize intended strategic objectives in individual export ventures. In addition to engaging more in export activities, because experiential knowledge is often tacit and thus difficult to codify and communicate, managers should also strive to ensure that knowledge of international operations at the firm level is stored, processed, and dispersed across all of its export ventures. This will help maximize the value of the firm's export knowledge by helping each of its export ventures to better

accomplish their strategic objectives and thereby enhance financial performance.

Third, our results showing that strategic goals are harder to achieve in dynamic export markets suggest that market dynamism may be a useful criterion for managers in selecting which export markets to target. While managers often view marketplace change as presenting new opportunities, in the context of export ventures our results suggest that the associated uncertainty makes it harder for strategic objectives to be realized. The difficulties of operating in such markets may well outweigh the opportunity benefits they may seemingly present. Alternatively, for ventures already operating in volatile export markets, managers may need to explore additional or even alternative ways to deal with unpredictability. While planning and implementation capabilities and internationalization may still be valuable in such environments,[8] the overall strength of the strategic goals-to-realized strategic position relationship is significantly weaker in highly dynamic export markets. Managers may therefore wish to seek alternative (e.g., improvisation) or additional (e.g., enhanced agility) approaches to achieving desired strategic goals in such markets.

This study also has important implications for policymakers. Analysts have advocated that to narrow trade deficits, policymakers should not only focus on traditional approaches geared mainly to promote export initiation (*Wall Street Journal* 2012), but also support the continuation and improvement of exporter activities and performance (e.g., *The Economist* 2010; *Financial Times* 2012). Our results suggest that in doing so policymakers need to help exporters strengthen their architectural capabilities. For example, forming benchmarking consortia and facilitating inter-firm architectural capability benchmarking studies may aid the building of such capabilities. Creating dissemination mechanisms and knowledge-based development and training programs regarding best practices for export planning and implementation capabilities would also be a useful way to boost exporter performance. In addition, our findings regarding the role of internationalization within firms' exporting domain in enabling export venture goal realization and performance highlights the value of working with existing exporters to expand the scope of their exporting operations.

Limitations and further research

Two particular limitations of our study result from tradeoff decisions required in research of this type. First, while we carefully followed methodological guidelines for locating appropriate informants, ensuring key informant knowledgeability, guaranteeing anonymity, and designing our survey to maximize respondent objectivity, the potential still exists for informant bias in our data. Second, our study is limited to export ventures, for which there are no publicly available secondary data, limiting the ability to use such data for control purposes. In addition, by focusing on the moderating effects of architectural capabilities, internationalization, and export market characteristics on firms' ability to translate desired strategic goals into subsequent strategic positions, we were logistically limited in the number of controls we could collect data on through our questionnaire. Although obtaining data from secondary sources or multiple informants would be ideal, this is not possible in our export venture context. However, future research in other contexts could employ multi-informant primary data collection and secondary data-based research designs. This would also allow the external validity of our findings to be assessed. For example, research could assess the generalizability of our findings across different market environments (e.g., simple vs. complex, domestic vs. international) and industry settings.

Several avenues for new research also arise from our study. First, our results showing the contingent value of internationalization suggest that there are economies of scope in export operations that become realized through experiential knowledge that enhances the achievement of export venture strategic goals. However, we do not directly observe the mechanism by which this accomplished and future research should focus on exploring this. For example, to what extent is knowledge and experience associated with internationalization tacit vs. explicit? If it is mainly tacit, how can firms best disseminate such knowledge to better leverage it? For example, can rotating managers through different export ventures help leverage internationalization? In addition, we explore internationalization only within the exporting realm. Are similar strategic goal realization benefits also evident within other realms such as international joint ventures or foreign subsidiaries?

Second, our results support the direct and contingent value of strategic goal setting in achieving desired strategic positions. Although the management literature has long posited the value of such strategic goals, limited understanding exists of the mechanisms by which such goals may contribute to firm performance. In contrast, the literature on individual goal setting and its outcomes in psychology is well developed (see Locke and Latham 2002; Payne et al. 2007). Our findings suggest that strategic goals are more valuable when organizations possess stronger architectural capabilities, have higher levels of internationalization, and operate in less dynamic environments. However, we only examine the extent to which export ventures have clear strategic goals regarding desired strategic positions. What other goal criteria are important? For example, what is the effect of different levels of goal aspirations on subsequent strategic behavior? Are there inflection points beyond which goal aspiration levels become demotivating and counter-productive? These are theoretically and managerially important questions that could serve to further illuminate how firms' strategic goal setting contributes to their strategic behaviors and performance.

[8] A simple post-hoc split group analysis confirms that this is the case in our sample.

Appendix

The current goals of the export venture are to

Cost goals[a] (α = .86; mean = 4.33; sd = .91)
Invest in cost saving technology
Tightly control export venture selling and promotion expense
Emphasize export venture operating efficiency
Be the lowest cost provider in this export market

Differentiation goals[a] (α = .88; mean = 4.29; sd = 1.07)
Offer a higher-quality export venture product(s) than competitors
Emphasize building a strong brand image
Offer quick delivery and response to customer orders
Offer high levels of service quality

Please rate this export venture in comparison with its main competitors in each of the following.

Planning capability[b] (α = .89; mean = 4.49; sd = 1.25)
Ability to effectively segment this export market
Export planning skills
Setting clear export venture targets
Formulating creative export venture strategies
Thoroughness of export market planning process

Implementation capability[b] (α = .90; mean = 4.27; sd = 1.05)
Allocating export market resources effectively
Organizing to deliver export market strategies effectively
Translating export market strategies into action
Executing export market strategies quickly
Monitoring the performance of export market strategies

Degree of internationalization[c] (mean = 3.78; sd = 1.08)
Percentage of total sales turnover derived from exports
Number of export destination countries
Regions (number) to which the firm exports: Western Europe, Russia and Baltic countries, Asia, Eastern Europe, North America, Africa and Middle East, South/Central America

Market dynamism[a] (α = .90; mean = 3.55; sd = 1.17)
In this export market, customers' preferences change quickly over time
Market demand and consumer tastes have been unpredictable
In this export market, customers tend to look for new products and services all the time
This export market is very volatile and uncertain

Competitive intensity[a] (α = .90; mean = 4.26; sd = 1.07)
Competition in this export market is cutthroat
There are many competitive actions in this export market
Anything that one competitor can offer, others can readily match
Intense competition is a hallmark of this export market
One hears of a new competitive move in this export market almost every day

In comparison with your main competitors, how would you describe your current position in the export venture market in terms of

Cost advantage[b] (α = .91; mean = 4.25; sd = 1.19)
Unit production costs
Marketing expense
Raw material costs
Cost of goods sold

Differentiation advantage[b] (α = .89; mean = 4.83; sd = 1.21)
Product features
Brand image
On-time delivery to customers
Pre- and/or after-sales service quality

Export venture financial performance[b] (α = .89; mean = 4.51; sd = 1.06)
Return on investment
Return on sales
Export venture margins
Reaching export venture financial goals

During the last five years,

Market growth[a] (α = .81; mean = 3.96; sd = 1.06)

Customer demand has increased significantly in this export market
This export market has experienced significant sales growth
We have seen significant growth in overall sales revenue in this export market

Technological capabilities[b] (α = .87; mean = 3.85; sd = 1.17)
Manufacturing processes
Technology development capabilities
Production facilities

Marketing capabilities[b] (α = .84; mean = 4.33; sd = .96)
Knowledge of key market players (e.g., customers, competitors)
Effectiveness of advertising programs
Skills to segment and target markets

[a] Anchored by 1 ("strongly disagree") and (7 "strongly agree")

[b] Items were anchored by −3 ("much worse than competitors") and +3 ("much better than competitors")

[c] Formative scale

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