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The role of corporate image in business-to-business export ventures: A resource-based approach

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ABSTRACT

Although a growing body of studies suggests that good corporate images have strategic value for the firms that possess them, no research to date has looked at the role of corporate image in export markets. To fill this gap in the extant literature, this study draws on the resource-based view and insights from qualitative interviews to develop a model that links an exporter's financial resources and relationship management capabilities with its corporate image advantage and its performance in the export market. Findings reveal that both financial resources and relationship management capabilities are significant contributors of corporate image advantage, which, in turn, is an important determinant of superior export performance. The study concludes with a discussion of the implications of the findings for marketing theory and practice and suggestions for future research.

1. Introduction

Exporting is a common and relatively low-risk way for small and medium-sized firms to gain access to foreign markets, expand their revenues, and safeguard their local market position (Bello & Gilliland, 1997; Peng & York, 2001; Salomon & Jin, 2008). The value of worldwide exporting has now exceeded $8.5 trillion dollars per annum and accounts for over 20% of world GDP (International Monetary Fund, 2006; World Bank, 2006). Further, export trade is expected to continue to grow as a result of increasing globalization, liberalization of national policies, intensifying domestic market competition, and developments in communication, transportation, and information technologies (Albaum & Duerr, 2008; Hill, 2005). International business scholars have embraced this trend, and identifying managerial characteristics, organizational factors, environmental forces, and strategic marketing elements that affect export behavior and success has been the subject of sizeable empirical research over the last three decades (see Aaby & Slater, 1989; Leonidou, Katsikeas, & Samiee, 2002; Madsen, 1989; Zou & Stan, 1998).

Within the export marketing literature, an emerging stream of studies adopts the resource-based view (RBV) of the firm to examine the role of competitive advantage in export market operations (Kaleka, 2002; Ling-Yee & Ogunmokun, 2001; Morgan, Kaleka, & Katsikeas, 2004; Morgan, Vorhies, & Schlegelmilch, 2006; Piercy, Kaleka, & Katsikeas, 1998; Zou, Fang, & Zhao, 2003). According to the RBV, firms with resources and capabilities that are valuable, rare, and difficult to imitate and substitute can attain a competitive advantage position and enjoy sustained superior performance (Barney, 1991; Grant, 1991; Peteraf, 1993). Drawing from this theoretical perspective has helped enrich the export marketing literature and expand our knowledge base on the role of competitive advantage in explaining behavioral and performance differences across exporting firms.

Nonetheless, there is a noticeable lack of studies within the RBV line of reasoning investigating corporate image advantage in export markets. Although theorists suggest that interdisciplinary research and cross-fertilization efforts are particularly desirable for topics that are in the early stage of development such as corporate image (Brown, Dacin, Pratt, & Whetten, 2006), research on this topic and RBV remain disjoined. This oversight is important because organizational image may constitute a type of sustainable competitive advantage by virtue of its potential for value creation—theoretical claims and empirical evidence suggest good corporate image triggers positive costumer product judgements and responses (e.g., Brown & Dacin, 1997; Gurhan-Canli & Batra, 2004; Sen & Bhattacharya, 2001)—and its intangible character which makes replication by competing firms difficult (Aaker, 1996; Ghemawat, 1986; Hall, 1993). Also, this research void is surprising considering that an organization's desired positioning as perceived by its key stakeholder groups is a pivotal strategic decision (Varadarajan, DeFanti, & Busch, 2006) and obtaining a better understanding of corporate image thus constitutes an urgent research priority (Brown & Dacin, 1997; Brown et al., 2006). Further, the process of achieving competitive advantage in foreign markets may be different from that in the domestic market, due to the existence of significant differences in cultural, social, economic,

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political, technological, and allied factors between the two market environments (Kaleka, 2002; Roth & Morrison, 1992).

In an effort to fill this gap in the extant literature, this study draws on RBV theory and insights from qualitative interviews to investigate sources of corporate image advantage and its performance implications in export markets. We organize this article as follows: First, we define corporate image. Then, we provide an overview of the RBV and subsequently explain our research model. We suggest that export financial resources promote export relationship management capabilities and that both export venture financial resources and relationship management capabilities are contributors of export venture corporate image advantage, which in turn is related positively to export venture performance (see Fig. 1). Next, we describe the research methods used to test the hypotheses and present the empirical results. Finally, we discuss the implications of the findings for international marketing theory and practice and provide suggestions for further research.

2. Corporate image

One of the most important strategic-level problems that corporate managers face concerns the positioning of the organization with respect its various audiences or constituencies (e.g., members and/or employees, shareholders, customers, suppliers, governmental entities, and the business community). Key questions for managers include what stakeholders actually think of the company and what the company wants/believes others think of the company. At the heart of these questions lie the concepts of corporate reputation and image, respectively. Following Brown et al.'s (2006) organizing framework, we distinguish between intended image (i.e., the mental associations about the organization that the organization wants important audiences to hold) and construed image (i.e., the mental associations that organization members believe others outside the organization hold about the organization).

Here, we focus on construed corporate image from the perspective of the export manager of the firm. Our field interviews were instrumental in making this choice. They showed that managers automatically think of construed (rather than intended) image. As one export manager stated: “it is not a matter of opinion, image is a perception, but what counts lies in the mind of the receiver.” Given that the focus of this study is on investigating how managers think others see their firm (rather than how managers want others to see their firm), export managers were thus able to provide reliable information on construed corporate image. The importance of this standpoint is associated with theoretical claims and empirical evidence in the organizational behavior and strategic management literatures that suggest organizational decisions and actions are driven essentially by managerial perceptions of reality, rather than by the objective calibration of this reality (e.g., Child, 1972; Day & Nedungadi, 1994). Notwithstanding this, there is scant empirical attention to the study of construed corporate image (Brown et al., 2006).

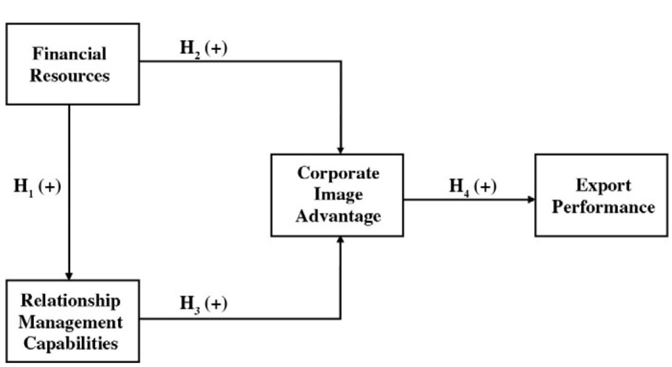

Fig. 1. Conceptual model.

Further, we focused on industrial export ventures. An export venture represents the individual export product-market efforts of the firm and, thus, is defined as a single product or product line exported to a specific foreign market (Cavusgil & Zou, 1994; Morgan et al., 2004; Myers, 1999). In business markets it is common for the company's name to also be the brand name across a range of product groups. This is especially the case for the small and medium size firms comprising our sample that export a limited range of industrial products under the company name which serves as an umbrella brand. Our pre-study qualitative interviews indicated that in these situations the image of the export venture coincides with the image of the company. As one export manager put it, “the image of our business is mirrored in the image of the product.” This resonates with Berry's (2000) contention that in some settings the company, rather than the product, becomes the primary brand.

Also, theorists suggest that corporate image exists in people's minds and a unanimously shared corporate image for any given organization does not exist because an organization has multiple stakeholder groups (e.g., Barich & Kotler, 1991; Fombrun, 1996; Garbett, 1988; Gregory, 1991). Our fieldwork interviews clearly indicated that export managers attend primarily to their perceptions of how foreign customers view the organization when they assess its construed image in export markets. As one export manager noted: “how key customers perceive us is a burning issue.” This is consistent with the literature that distinguishes between primary and secondary stakeholders on the basis of their direct and indirect impact on the cost and revenue structures of an organization, respectively (see for discussion Clarkson, 1995; Freeman, Wicks, & Parmar, 2004).

3. Resource-based view

The RBV of the firm has become one of the most widely accepted theoretical perspectives in the strategic management field (Newbert, 2007). RBV theory views firm-specific resources and capabilities as the cornerstone of competitive advantage and firm performance (e.g., Barney, 1991; Conner, 1991; Peteraf, 1993). Resources are the firm-controlled asset stocks that are used as inputs to organizational processes and constitute the raw materials available to the firm (e.g., Black & Boal, 1994; Makadok, 2001; Peteraf, 1993), while capabilities are a firm's complex bundles of skills that enable the firm to make the best use of its assets (Amit & Shoemaker, 1993; Day, 1994; Teece, Pisano, & Shuen, 1997). The deployment of the idiosyncratic bundles of resources and capabilities available to the firm can lead to positional advantages such as low-cost/price and differentiation (Barney, 1991; Grant, 1991). Specifically, a competitive advantage exists when a firm's offering can be produced/marketed at lower costs/price and/or is perceived to have superior value, relative to extant offerings by competitors (Conner, 1991; Day & Wensley, 1988; Hunt & Morgan, 1995). Positional advantages achieved by a firm are sustained by the inability of competitors to acquire and deploy a similar or substitute mix of resources and capabilities (Day, 1994; Dierickx & Cool, 1989; Mahoney & Pandian, 1992). Thus, the RBV emphasizes competitive advantage as central to explaining differences in performance outcomes across firms.

Though the RBV framework was originally developed in domestic markets, the export market context offers a fertile area for applying the RBV because it meets its two core assumptions: heterogeneity and immobility of resources/capabilities (Barney, 1991). Specifically, the RBV is based on the assumption of heterogeneity among firms. The more heterogeneous the firms are that compete in the market, the more critical resources and capabilities become to the achievement of positional advantages and enhanced performance results. Exporting firms are typically more heterogeneous than firms in domestic markets because they operate in different cultures (Morgan et al., 2006). Also, a firm's distinctive export capabilities are rooted in its employees' skills and knowledge with respect to the complex international market