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Constituents of Dynamic Marketing Capability: Strategic Fit and Heterogeneity in Export Performance

Abstract

Research in exporting often theorizes the importance of what constitutes dynamic marketing capability (DMC). Moving forward there is a clear need to embed this theorization into the strategic fabric of the firm and establish a clear link, as well as understanding, of the combined contribution of its underlying dimensions to the export performance of the firm. Using the theoretical lens of Resource Based View and Dynamic Capability, this paper provides such a strategic treatise in exploring how underlying dimensions of DMC can be understood within a higher-order DMC strategy and its influence upon the export performance of firms from an emerging market. Empirical results from 315 exporters representing eight industries from Bangladesh find that the DMC is a second-order latent construct consisting of four marketing capabilities: proactive market orientation, brand management capability, new product development capability, and customer relationship management capability. Additionally, this study identified three clusters of firms and showed that enthusiastic embracers characterized by high levels of activity across marketing capabilities such as proactive market orientation and brand management capability achieve better performance than other clusters of firms.

Key words: Resource Based Viewed; Dynamic capability; Dynamic marketing capability; Export; Firm performance; Emerging market, Strategic Configuration

1. Introduction

Continued globalization has stimulated international trade and influenced a growing number of organizations to engage in the internationalization process through exporting activities (Buckley & Strange, 2015). The total value of goods and services exports was US\$26.22 trillion in 2019 (World Bank, 2021a). Exporting provides firms an opportunity to access knowledge from elsewhere, which can serve as an effective means of organizational learning (Bratti & Felice, 2012). Governments in emerging markets actively encourage exporting and consider export performance as one of the most important indicators of firms' technological sophistication (Pham, Le Monkhouse et al. 2017). Despite the aforementioned advantages, an exporter from emerging market faces significant challenges to design effective knowledge management processes in the export markets (Martin and Javalgi 2019). High levels of uncertainty, risks and institutional differences across multiple country markets drive the complexities and challenges of today's export environment (Murray, Gao, & Kotabe, 2011). In addition, such exporters need to monitor frequent changes in consumer demands and preferences, new guidelines imposed by the regulators both in their home and importing nations on the product design or on the manufacturing process that exporting firms need to comply with on an ongoing basis (Lages, Silva and Styles, 2009). Under such circumstances, exporters from emerging markets need to constantly accumulate and upgrade market knowledge that can help them to cope up with changes and innovate products and services to equip them to face such unpredictable challenges.

Extant studies have established the role of marketing as a turn-around mechanism to create and sustain competitive advantage (Helfat & Winter, 2011; Kaleka & Morgan, 2017). In particular, it is the creative application of marketing resources and capabilities that can support a firm's survival and growth strategy when it faces both the internal and external business environment

(Kaleka & Morgan, 2017). Dynamic Marketing Capability (DMC) is often considered a key differentiator strategy for firms facing these uncertainties and challenges that it brings (Morgan, 2012). DMC is commonly defined as the process by which a firm can absorb new knowledge-based resources and transform them into knowledge management processes to generate commercially viable products/ services to the target markets, and continuously reconfigure such marketing capabilities in order to bring agility according to market demands (Bruni & Verona, 2009; Peteraf, 1993; Wang & Hsu, 2018). However, achieving this capability is particularly challenging for exporters from emerging markets for several reasons. For example, often such firms lack the necessary resources such as infrastructure, technology, brand equity or even the market-based knowledge that are crucial to keep themselves updated with the changes in consumer demands in the western world (Fang and Zou, 2009; Lu, Zhou, Bruton, & Li, 2010). This hinders such exporters in their initiative to acquire knowledge or its usage to develop long-term strategy in their target export markets. In addition, often exporters primarily concentrate on chasing short-term opportunities such as becoming a sought-after outsourcing partner for their western clients rather than taking the necessary steps to integrate knowledge-based marketing resources or capabilities that can adapt themselves with the changes in the international business environment (Lages et al, 2009; Spyropoulou, Katsikeas, Skarmas, & Morgan, 2018, 2017).

In relation to continuously changing market conditions, most studies showed how DMC as an organisation's knowledge-based capability supports value offerings for the customers (Cacciolatti and Lee, 2016). In particular, a firm's knowledge is considered as a strategic firm-level resource and a source of competitive advantage (Kogut and Zander, 1996; Pereira and Bamel, 2021). Proponents of knowledge-based view (KBV) argue that knowledge is an intangible firm-level asset and a critical component of knowledge management system and dynamic capability, in

which its assimilation and application can offer firms to develop uniqueness in their offerings (Eisenhardt and Martin, 2000). Nevertheless, several research gaps exist in RBV-KBV and DMC literature, especially in the context of exports from emerging markets.

First, what is striking about DMC literature is that most studies focused solely on the theoretical foundation of DMC strategy and what constitutes DMC is rather addressed in an isolated way. For instance, strategists argue that DMC is composed individual components of a firm such as brand management capability that focuses on using marketing assets to grow and leverage brands (Morgan, 2012; Santos-Vijande, del Río-Lanza, Suárez-Álvarez, & Díaz-Martín, 2013); new product development process that involves creating new value offerings for target markets (Dacko, Liu, Sudharshan, & Furrer, 2008; Lages et al., 2009); customer relationship management activities that enables maintaining relationships with customers to improve business propositions (Morgan, Kaleka, & Katsikeas, 2004); and proactive market orientation that involves market exploration to develop better strategic fit for a firm that enable effective strategic implementation distinct strategy fit (Skarmeas, Lisboa, & Saridakis, 2016; Vorhies & Morgan, 2005). Although each of these individual capabilities are crucial for firms to maintain a competitive advantage, none of the studies investigate how efficiently firms can integrate knowledge management capabilities to create a higher-order strategic capability by which it can control proper alignment of business strategy with its business operations environment for tackling increasingly challenging business demands.

Second, exporters in emerging nations often must assimilate and integrate their limited resources from various internal sources such as how to develop new products catering to the evolving needs of western markets or their own unique capability to understand the dynamism in the market through market intelligence gathering. Such internal assets and capabilities need to

work in tandem to develop dynamic knowledge-based responses for making their own brand unique to foreign buyers, and at the same time maintain a close customer relationship so that they can remain as their ideal supplier. In essence, firms need to focus on identifying and reconfiguring processes that can transform their internal capabilities to more customer-facing functions. This requires closer integration of knowledge-based resources and capabilities pool in such ways that bring agility in knowledge-based response. From theoretical perspective, this needs a more integrated approach of DMC with KBV to understand the nuances of the challenges faced by exporters from emerging nations. Literature has explored how these theoretical strands can work together with the role of knowledge-based resources in the domain of international new ventures, in mobile technology context from emerging markets (such as Fletcher-Brown et al, 2020, Fletcher-Brown et al., 2020; Martin and Javalgi, 2019), but scholars (Pereira and Bamel, 2021) seek for more empirical validation that can integrate resource and knowledge-based views together with a firm's strategic alignment for effective strategic implementation. Despite several studies on RBV-KBV or DMC offer a disparate constellation of empirical insights, but lacks a cohesive framework focuses on exporters' strategic fit on designing DMC in ways that enable effective implementation of knowledge management processes from emerging nations context. This research makes an early attempt to address this gap in this new context.

Third, past research has often used configuration theory to explain how firms can integrate multidimensional organizational characteristics to achieve better performance (such as Malshe et al, 2017; Homburg, Jensen and Krohmer, 2008). For example, Vorhies and Morgan (2003) suggest a firm can achieve superior performance by having a correct balance between its strategic types and marketing characteristics. Homburg et al., (2008) use configuration theory to develop clusters of firms based on their marketing-sales interface. The nature of DMC strategy constitutes

multidimensional constructs of capabilities and each capability might require different sets of resource mix, so it is impetus to explore if there are some similarities or configurations among exporting firms on how they approach to develop DMC and how such configurations influence their performance. Hence, the second objective of this study is to explore possible DMC configurations, propose a taxonomy of firms on how they approach DMC, and how DMC configurations influence performance for exporting firms.

Fourth, to the best of our knowledge marketing capabilities have been discussed in various context (Santos-Vijande et al, 2012) but have not examined export marketing extensively. We argue that an insight into export marketing by firms from an emerging market such as Bangladesh is critical as global trade becomes increasingly important and complex This requires a move beyond the uni-dimensional approaches of marketing capability so that these firms can benefit from the synergies embedded in a strategic approach. For example, Morgan (2012) highlights that DMC comprises components including architectural capability that relates to the strategic marketing planning process within a firm and specialized marketing capability that involves implementation activities of the planning process. Adding such a pluri-signified appreciation of DMC strategy from an emerging exporting market to the puzzle of a firm's DMC is required for a more complete picture of the field. In order to address the above-mentioned research gaps, this paper aims to develop a higher-order appreciation of DMC strategy suitable for firms in the context of exports, and to examine how configurations of DMC strategy influence performance for exporting firms from Bangladesh. This aim shall largely corroborate the momentous of DMC anatomy to design effective export strategy and implement that in turn to realize performance heterogeneity. Overall, this research shall address following questions to untangle the research aims:

RQ1: To what extent an exporter can generate higher-order DMC strategy under the lens of RBV-KBV?

RQ2: To what extent an exporter can identify variation in underlying dimensions of DMC strategy to rectify taxonomy of DMC strategy?

RQ3: To what extent an exporter fine-grained configuration of higher-order DMC strategy provides effective export strategy implementation to bring difference in firm performance?

This paper makes the following research and practice contributions. First, past research has explored the role of firm-level capabilities (such as organizational learning) on export performance and on competitive advantage (e.g., Griffith and Dimitrova, 2014). However, highly uncertain business contexts such as exporting from emerging nations require firms to adopt a more comprehensive approach that involve integrating individual firm-level capabilities to create a more overarching structure. Past research has relatively overlooked this integration approach on how individual firm-level capabilities might interact and create a higher order DMC structure, particularly in the context of exporting firms in an emerging market context. This study fills this gap in the RBV and DC literature.

Second, this research directly answers the call for research that can extend resource and KBV perspectives together (Pereira and Bamel, 2021) in a high risk, dynamic and challenging context faced by exporting firms from emerging countries in an oligopsonic market where a handful of western buyers dictate the market dynamics. In doing so, this study empirically demonstrates how DMC with KBV can be integrated and contributes to the growing body of literature in this domain.

Third, this study adopted configuration theory to integrate multidimensional organizational characteristics to develop the higher order DMC structure for exporting firms in emerging markets

and examine how such configurations can influence firm export performance. We also proposed a taxonomy of firms based on their approach towards adopting DMC and how this can influence policymaking to develop export orientations of such firms from emerging markets.

Fourth, this paper contributes to the body of export marketing literature that uses RBV-KBV and DC perspective as the backdrop by proposing and empirically verifying the holistic construct of DMC strategy in the context of an emerging market, Bangladesh. Emerging market firms face higher complexity in terms of the institutional, political, and competitive framework and this drives their allocation, acquisition and the management of specific resources, knowledge and capabilities in different ways as compared to firms in developed countries (Guillen, 2000; Popli, Ladhani, & Gaur, 2017). Such differences make it necessary to delineate and specify the contexts and contextual factors with respect to emerging-market firms venturing into advanced economies. Accordingly, further studies are needed to understand the taxonomy of DMC and export performance in the context of exporting firms from Bangladesh that is part of fastest growing emerging markets (Haroon 2021).

1.1 Why Bangladesh is a Suitable Setting for DMC Configuration Strategy

We have chosen Bangladesh as empirical setting to study the constituents of DMC and its strategic configuration towards export performance. This is a particularly suitable context as Bangladesh is an emerging market in the Asia-Pacific region (The Daily Star, 2021), and Bangladeshi organisations see exporting as a lucrative internationalisation process for their rapid growth in international markets contributing \$46 billion to the country's GDP (World Bank, 2021b). This study has selected eight export-oriented industries (textile, handicraft & furniture, leather goods, IT, plastic goods, finished leather, ceramics and light engineering) in Bangladesh, as together they contribute a significant export revenue to more than 34,659.32 million US\$ in the

fiscal year of 2017/18 (EPB, 2020). The multi-industry sample chosen in this study not only ensures generalizability of results but also captures greater variability in how individual firms develop their DMC without losing idiosyncrasies of individual industries. The total value of exports from Bangladesh increased from \$40.56 billion in 2018 to \$46.36 billion in 2019 (World Bank, 2021b). This reflects both the export growth and dynamism in the market and on its complexities.

However, several organisations are not able to achieve positional advantages in export markets as they appear to lack the ability of accumulating market-specific knowledge along with utilising properly marketing resources. This is particularly crucial for exporter from emerging market like Bangladesh who lack efficiency to maintain an effective alignment of knowledge absorption practices and knowledge management systems apart from increasing cost of doing business abroad and relative foreign market experiences. In the emerging market context of Bangladesh, exporters can be benefitted through having an arrangement of knowledge management marketing capabilities to respond swiftly to uncertain market conditions. Therefore, Bangladesh is a suitable context to examine the internal structure of DMC strategy and its structural influence export performance of firms from emerging market.

2. Literature review

2.1 Resource based view, Knowledge-based view and Dynamic Capability: Emergence of Dynamic Marketing Capability

The resource-based view (RBV) is considered to be one of the most widely used theories in management studies (Nason & Wiklund, 2018). A number of research streams have used RBV such as knowledge transfer in mergers and acquisitions (e.g., Ahammad, Tarba, Liu, & Glaister,

2016), innovation, alliances, international business and knowledge management. In addition, a number of theories and perspectives have evolved from the RBV such as dynamic capabilities (Teece, Pisano, & Shuen, 1997), relational view (Dyer & Singh, 1998) and knowledge-based view (KBV) (Kogut & Zander, 1992). KBV argues that a firm need to “access and integrate market specific specialized knowledge” to sustain its resource heterogeneity and achieve competitive advantage (Grant, 1996; Pereira and Bamel, 2021). The RBV and KBV have been applied to other research streams, such as social entrepreneurship and sustainability (e.g., Nair & Bhattacharyya, 2019), outsourcing and offshoring (e.g., Pereira, Munjal, & Ishizaka, 2019), emerging market context (e.g., Fletcher-Brown et al., 2020), big data management (e.g., Xu, Frankwick, & Ramirez, 2016) and open innovation (e.g., Santoro, Vrontis, Thrassou, Dezi, & Change, 2018). In marketing literature, RBV has been used to identify potential marketing resources along with deploying marketing resources in such a way that support the formulation of marketing strategies (Lages et al., 2009, Santos-Vijande et al., 2013). RBV reveals that the formation and implementation of an organization’s competitive strategy is influenced by the possession of a variety of marketing resources and marketing capabilities. Such studies argued that firms achieve performance differentials in a competitive environment with an idiosyncratic bundle of knowledge-based resources by transforming them into knowledge management processes for making better value propositions in the targeted export markets. The success of effective international strategy implementation and international operations for a firm are contingent on its adaptability to tackle uncertain market environments, and thus the firm needs to bring international marketing effectiveness through adapting changes in its absorbed resources and knowledge management systems.

This paper draws upon a dynamic capability view of international organisations to develop a new conceptualization of dynamic marketing capability. The dynamic-capability (DC) view stresses the importance of reconfiguring capabilities to achieve a competitive advantage in conditions of high-level market uncertainty. The underlying process of dynamic capability considers higher-order capabilities that are involved in rebuilding and reconfiguring ordinary capabilities to attain positional advantage in the markets (Garri, Spicer, Pereira, Temouri, Malik & Tarba, 2020). Several previous studies have defined the term dynamic capability and also shown its influence on performance. For instance, according to Teece et al. (1997) an organization's "ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments" reveal the roots of dynamic capabilities, and the function of DCs are the true determinants of the organization's long-term competitive advantage. Other scholars (Eisenhardt and Martin, 2000) showed DC follows path dependent repeated pattern that enable the organization to alter resources and capabilities systematically to adjust in a changing market environment.

RBV is concerned with achieving superior performance when market demands do not fluctuate excessively (Morgan, Feng, & Whitley, 2018). The vibrant nature of international markets causes an organisation to reconfigure its capabilities and develop long-term international strategies. This encourages marketing researchers to examine the mutual influence of RBV-KBV and the DC on the long-term growth and survival of international organisations. In export market contexts, the application of resources and capabilities can be improved by emphasising the dynamic capability view (Li, He, & Sousa, 2017). However, typically RBV and the DC view are not enough to explain how international organisations can accumulate and implement market-based knowledge for effective implementation of business strategies. This is crucial as a firm's

efficiencies in implementing business strategy is influenced by its adaptability reconfigure resources and processes to the needs of its target markets' environment. Thus, a new school of thought called 'dynamic marketing capability' has emerged that describes the importance of market-based knowledge management processes more clearly. This paper argues that RBV-KBV and nature of DC views are the key theoretical foundation for the development of dynamic marketing capability strategy.

2.2 Underlying dimensions of Dynamic Marketing Capability: Knowledge Management Systems

Marketing and strategy scholars have used dynamic capability theory quite extensively to explore how firms can achieve superior performance (e.g., Barrales-Molina, Martínez-López, & Gázquez-Abad, 2013; Bruni and Verona, 2009; Morgan, 2012; Konwar et al, 2017). According to Wang & Hsu (2018), dynamic capability defined as an organization's higher-order competency that involves in reconfiguring ordinary capabilities such as modifying innovativeness to improve firm's performance. Nonetheless, theorists introduced a new school of thought called 'dynamic marketing capability' to explain more adequately management of market specific knowledge-based resources with their changing market environment (Kachouie, Mavondo, & Sands, 2018).

Marketing theorists separated the function of general marketing capabilities and dynamic marketing capability concepts in several ways. When the market is stable the basic feature of marketing capability (MC from here after) is satisfying a marketing mix approach to achieve positional advantage (Glaum & Oesterle, 2007)., In a time of unpredictable market environments, it is challenging for the organization to search for and seize global opportunities simply through possessing knowledge of typical marketing efforts that pertained to a classical marketing mix approach (Weerawardena, Mort, Liesch, & Knight, 2007). In relation to the criticism of MCs,

researchers conceptualized DMC as the responsiveness of business to respond to changes in the market conditions and the efficiency to integrate cross-functional business processes in ways that offer customer value (Baralles-Molina et al, 2014; Fang and Zou, 2009; Morgan, 2012). The nature of DMC is not contingent only on satisfying the established marketing-mix approach, instead this involves upgrading knowledge-management capabilities for implementing marketing strategies.

Literature identifies (Falasca, Zhang, Conchar, & Li, 2017; Sluyts, Matthyssens, Martens, & Streukens, 2011;) two critical characteristics for business processes to be classified as dynamic marketing capability: the ability to acquire and use knowledge, and the ability to integrate cross-functional disciplines leading to better resource utilization. Baralles- Molina et al., (2014) explain firms use two different types of capabilities to acquire and use market knowledge: sensing capability as the ability to gather new market intelligence, and learning capability as the ability to use new market knowledge. They propose such capabilities as two of the key underlying processes used by firms to face current and future customers' needs. Hence, how a firm acquires market knowledge, understand the changes in customer demands and exploit such changes to innovate products is crucial to achieve competitive advantage and is a critical component of DMC. Marketing experts (Merrilees, Rundle-Thiele, & Lye, 2011; Murray, Gao, & Kotabe, 2011) confirm that higher-order MCs are the key knowledge management systems that exporters can adopts to realize greater business efficiency, in particular B2B contexts.

On the other hand, success of firms depends on their ability to integrate resources from cross-functional disciplines in order to achieve efficiency in their market delivery process (Eisenhardt & Martin, 2000). Fang and Zou (2009) argue that firms can deliver better customer value by taking a cross-functional approach thereby achieving higher performance through resource combination, integration and deployment. Therefore, it is the cross-functional approach

leading to better resource utilization that is a critical component of DMC strategy. Table 1 gives a summarized review of the literature in this area.

TABLE 1 HERE

After reviewing previous works on table 1, this study then implies that DMC strategy is a combination of certain underlying components, and therefore there appears a need to further understand better the anatomy of higher-order DMC strategy. Critically, we argue that it is important to explore how such individual DMC constructs as identified in literature can be combined to form a higher-order construct that not only complements each other but together produces a greater impact on performance. Therefore, the first objective of the study is to identify underlying dimensions of higher-order structure of DMC strategy suitable for firms in the context of B2B exports. Based on the literature, we postulate following proposition that is related to prime aim of this study:

P1: *Export marketing managers who emphasize modification on knowledge management systems tend to seize mid-level knowledge management marketing activities as being a more vibrant components of DMC strategy than do export managers who possess and practices generic marketing capabilities in an isolation.*

2.3 Higher-Order Structure of DMC Strategy

While previous studies (shown in table 1) have proposed a mixture of higher-order (i.e., DC or DMC) and mid-level (i.e., strategic and cross-functional MCs: market sensing, brand management capability, customer relationship management or new product development) marketing capabilities in DC domains (Morgan et al, 2018); this work proposes that there exists a complementary influence of such cross-functional marketing capabilities. As soon as the firm focuses on the interaction between mid-level MCs, it realizes complementary influence of MC portfolio, and that can generate greater value offerings compared to the value propositions from individual mid-level MCs (Morgan, Vorhies, & Mason, 2009). This view is supported by various studies (Baralles-Molina et al, 2014; Fang and Zou, 2009; Morgan, 2012) where repeatedly emphasized and theoretically argued that the individual marketing capabilities constituting DMC strategy often interact with each other to create a higher-order, overarching construct. The use of such higher-order structure with other marketing constructs is not uncommon in literature. For example, Fang and Zou (2009) argued that DMC is rather a combination of several business processes such as new product development and customer relationship management that give firms the capability to remain competitive and improve their performance. Similarly, Santos et al (2012 and 2013) postulate that brand management capability and organizational learning are composed of multiple underlying dimensions (i.e., low and middle-order sub-constructs), and together they can create higher-order latent structure that further influences better firm performance. Based on above criteria, marketing theorists (Barrales-Molina et al., 2013; Fang & Zou, 2009; Morgan, 2012) broadly used five types of mid-level capabilities in DC premise (shown in table 1), and these are: market orientation capability, customer relationship management capability, brand management capability, new product development capability and networking capability.

Whereas several underlying constructs that constitutes DMC strategy were discussed in the literature (e.g., Baralles-Molina et al, 2014; Fang and Zou, 2009), identification of such constructs in the context of export is rather limited. As explained earlier, ability to acquire knowledge-based resources along with integrate them in the business process using a cross-functional approach are the foundation of DMC strategy. Based on the proposed theoretical work of Morgan (2012) and Barrales-Molina et al. (2013), this research extends the conceptual study of DMC by developing a multi-dimensional DMC scale that comprises four dimensions, and the mid-level marketing capabilities are: 1. proactive market orientation (PMO) as the construct related to the knowledge and learning aspects of DMC; 2. New product development capability (NPDC), 3. brand management capability (BMC) and 4. Customer relationship management capability (CRMC). An exporter needs to develop this four mid-level MCs as sub-dimensions of higher-order DMC strategy for exploring and exploiting market demands. The broad implementation of mid-level MCs indicates the organization's ability to generate a well-articulation of DMC strategy for penetrating target markets rather than simply treating mid-level MCs in isolation. Figure 1 shows the conceptual, higher-order structure of our proposed DMC framework. Specifically, based on the application of various underlying components of DMC strategy, this study shall evaluate disparate typology of DMC strategy, and thus, following proposition will be examined in the present study.

P2: *Export marketing managers who seize mid-level marketing capabilities to form a fine-grained configuration of DMC strategy as being a more viable structure of organizational strategy implementation than do export managers possess knowledge management marketing activities in an unsuitable manner.*

FIGURE 1 HERE

2.3.1 Proactive Market Orientation (PMO)

Market orientation literature suggests that it is a firm's customer orientation, competitor orientation, and cross-functional coordination (Narver & Slater, 1990) combined with its intelligence generation, dissemination and responsiveness (Jaworski & Kohli, 1993) that gives them an edge over competition. Narver, Slater and MacLachlan (2004) extend this concept to include two additional dimensions: (a) responsive market orientation (RMO), that is the ability of firms to satisfy customers' current and expressed needs associated with market exploitation, and (b) proactive market orientation (PMO) that explains the ability of firms to satisfy customers' future and unexpressed/ latent needs associated with market exploration. However, we argue that the role of PMO is more crucial in a dynamic and uncertain situation (like in exports) as firms have to constantly manage today's business demands by adapting to the changes of tomorrow's business environment (Herhausen, 2016).

Although literature often suggests that RMO and PMO contradicts each other and firms lose out while maintaining a balance between them (Atuahene-Gima et al., 2005), there are studies that explain how the two constructs complement each other and together produce a positive effect on performance (Herhausen, 2016). The motivation for this has introduced the PMO as a core mid-level strategic marketing capability of DMC anatomy, rather than simply using individual market orientation (MO) constructs. In essence a firm's export efficiency can be attained by possessing PMO capability when it is complementary with other transformational knowledge management capabilities. However, past studies have failed to notice the effectiveness of PMO in terms of

explaining DMC constructs role in overseas operations. As export market is characterized by high degree of uncertainty (Fang and Zou, 2009), a firm has to act proactively on latent needs of its customers to maintain and grow its foreign market (Efrat, Hughes, Nemkovic, Souchon, & Changcoe, 2018). We believe that the effect of proactive learning strategy reinforces an exporter's DMC development processes. Thus, it is logical to propose that the interaction of PMO with other cross-functional marketing capabilities can promote the development of multi-dimensional DMC construct in export market environment.

2.3.2 New Product Development Capability (NPDC)

New product development capability (NPDC), defined as continuous process of triggering new ideas by exploiting and exploring knowledge, and then implement the learning to offer innovative products/ services satisfying customer demands. As a constituent of dynamic capability, (Dacko et al., 2008; Jin, Hewitt-Dundas, & Thompson, 2004) NPDC is often seen as one of the key constructs of DMC because of its cross-functional capability that involves integrating a range of organizational activities (Baralles-Molina et al 2014). In general, NPDC operates in cross-functional business processes that accumulate valuable information internally or externally, and then integrate the knowledge in such a way as to provide solutions in the markets (Fang and Zou, 2009). These processes include the converting of accumulated information by reconfiguring, leveraging and integrating resources and capabilities throughout the organization in order to introduce commercially viable products within distinct levels of the market environment (Tece, 2012). Previous studies indicated that NPDC is a crucial component that exporters use to maintain repeated product offerings in the export markets (Lages et al., 2009; C.-H. Wang, Chen, & Chen, 2012). As a mid-level marketing capability, NPDC promotes the modification of an organization's innovativeness to satisfy demands in export markets (Merrilees et al., 2011). Additionally, NPDC

encourages an organization to be proactive by exploring innovation instead of merely exploiting the strength of existing products. Lages et al., (2009) stated that such new product development capability is critically a success factor for the exporters competing in a highly challenging sector. Thus, we argue that NPDC has to be considered as one of the cross-functional components of DMC strategy that is relevant and crucial to the export context.

2.3.3 Brand Management Capability (BMC)

Brand management has been considered as an important capability for emerging market firms (Liu, Öberg, Tarba & Xing, 2018). Morgan (2012) defines BMC as the systems and processes used to develop, grow and leverage the brand assets of a firm. It is a comprehensive process that includes inputs from the functional areas within the marketing discipline (such as the marketing mix and market research) that can enhance the value of organizations and create strategic competitiveness in the market (Huang & Tsai, 2013). The function of BMC enables the organization in reconfiguring, combining and deploying knowledge management capabilities to improve the value of reputational assets. The core attributes of BMC including brand orientation, internal branding and brand management strategy is often considered non-imitable and therefore classified as a mid-level marketing capability (Santos-Vijande et al., 2013). Firms are then said to invest in BMC in order to develop a strong corporate brand that enables the ability of the organization to secure its competitive position in the market.

In the export sector, BMC has a significant influence as a strong brand leads to the organization's ability to launch and reap benefits from its new and innovative products within adverse market space (Beverland, Napoli, & Farrelly, 2010). For instance, in the consumer electronics sector, Apple's strong brand-building capability enables it to deploy new products and services (Apple watch, various iPhone's series) in the market to balance continuous growth and

survival in international markets. This suggests that BMC is able to create a platform for the exporter's growth and survival within export markets by building a strong and continuous corporate brand that is recognized by both importers and potential customers in the export markets. Therefore, we propose that BMC as a marketing capability is essential for the exporting firm to compete rival strategically.

2.3.4 Customer Relationship Management Capability (CRMC)

The term CRMC as a cross-functional MC refers to the ability of firms to identify, initiate and maintain relationship with profitable customers. This capability can be seen as a set of complex organizational process that acquires knowledge from existing and potential customers, and subsequently circulates the information into cross-functional business units so that the organization can leverage market value propositions (Boulding, Staelin, Ehret, & Johnston, 2005; Srivastava, Shervani, & Fahey, 1999). This largely improves the firms' performance (Morgan, 2012). In this CRMC phase, an organization does not rely only on gathering new ideas about products, rather it involves the customers in a series of experiments to comprehend the market's specific needs. Researchers (Merrilees et al., 2011) explained that CRMC is another type of mid-level market knowledge management process, which operates within cross-functional business units so as to maintain a connection between customer relationship management and customer satisfaction.

The role of CRMC then can be seen on several levels. First, it assists with identifying market-oriented learning for export-based industrial products under very challenging and dynamic changing market conditions. Second, with a better understanding of customer needs through CRMC, the absorbed customer-oriented knowledge supports the exporter by offering possible solutions for use in cross-functional business units across various stakeholders (Morgan et al., 2004). Furthermore, Fang and Zou (2009) identified CRMC as one of the core construct of DMC

strategy in the context of forming international joint ventures, and suggest that it involves cross-functional processes to balance relationship with not only customers but other channel partners. Next, the role of relationship capabilities based on information sharing within the organization often involves the importer at every strategic decision-making and this is key to building and maintaining long-term relationship to sustain its exports (Lages et al, 2009). And finally, by following better customer relationship management capabilities, an exporting organization can increase the retention rate of its customers, which in turn generates a higher level of export profitability. In that respect, we argue that by combining CRMC and other market knowledge management capabilities, export firms are better equipped to unravel customers' needs as well as furnish solutions for tackling adverse conditions in export markets.

2.4 Strategic Fit of DMC as a Cause of Performance in Export Markets

The export sector is a common means of entering international markets which enables firms to utilize excess capacity, improve production efficiency and to compete effectively in an increasingly globalized marketplace (Sousa & Bradley, 2008). Literature has suggested that in this sector, there exists complex interactions between various stakeholders involved in export activities and this impacts on the firms' performance (Liu and Vrontis, 2017). For instance, research has shown growing interest in evaluating the dominant antecedents of export performance such as an exporter's management, strategy, structure, and to a large extent, its capabilities and particularly marketing capabilities (Chen & Hsu, 2010). Substantial studies showed how individual marketing capabilities such as organizational learning, brand management, new product development and relationship management have positive influence on firm performance in the context of international joint ventures and exports (Lages et al, 2009; Santos-Vijande et al, 2013; Spyropoulou et al, 2017). Nevertheless, there appears limited research on how these individual

marketing capabilities when combined as sub-dimensions of an exporter's higher-order DMC strategy might influence in its effective strategy implementation that in turn lead to a source of competitive advantage.

We propose that export performance effects of strategic formality in DMC structure may vary according to exporters' strategic alignment with the environment. There is a wide variation of knowledge management capabilities that exporting firms might attach in a systematic way to constitute a higher-order DMC strategy (e.g., Spyropoulou et al, 2017; Lages et al, 2009) for examining performance, as they operate in a very different market environment. Marketing strategy research most often overlooks sources of performance heterogeneity derived from differences in strategic group membership or structure in general. Of particular there is a need for better understanding the process in which an exporter's knowledge management activities adapt to its export markets' environment. Accordingly, it is crucial to draw attention in Miles and Snow's (1978) organizational typology (i.e., analyzers, prospectors, defenders, reactors) so as to corroborate the association of strategic organizational typology with strategic-fit of higher-order DMC strategy. Finally, our aim of this study shall investigate following proposition:

P3: Export marketing managers who most efficiently interact mid-level marketing capabilities tend to view strategic fit of DMC configuration as being more viable to improve export performance than do marketing managers that inappropriately implement knowledge management strategy within export markets context.

3. Method

3.1 Empirical Context

Starting with extant literature, research design of this study used survey data to develop a taxonomy for higher-order DMC strategy of export-oriented firms involved in manufacturing & engineering/electrical products from an emerging country, Bangladesh. As firm-level strategies to support export strategies of developed countries significantly differ emerging economies (Chen, Sousa, & He, 2016), exporters from fast growing developing country like Bangladesh's export-oriented firms require better understanding on adopting knowledge management practices and other determinants to realize better export performance. The context of this study selected key respondents from eight industry sectors (e.g., textile, handicraft & furniture, leather goods, engineering & electrical products, plastic goods, finished leather, ceramics and light engineering) of Bangladesh, as cumulative exports made by these eight sectors showed significant growth in 2017/2018 fiscal year (EPB, 2020). For instance, in recent years Bangladesh is growing expertise in engineering and technological sectors, and that is evident in the case of an increased export earnings (USD\$41.93 million) from electrical and IT products/services sector during 2020-2021 fiscal half-year (The Daily Star, 2021).

Although researchers widely adopted manufacturing sectors in the IB literature, strategies for engineering/electrical related products exports received little attention in export performance research (Chen et. al., 2016). However, despite the nature of commercial technological products and manufactured goods is different, we adopted both to generalize the industry influence on export performance. While multi-industry sample were selected in this study, we did not include all types of exporters involved in manufacturing products and services, in which we excluded joint-venture firms and solely emphasize same business unit within the larger firm. Additionally, to

avoid liability of newness, this study excluded firms five years or less from the sampling frame (Mehrabi, Coviello, & Ranaweera, 2019). The reason is that young firms possess distinct operational strategies compared to larger firms, and we excluded them to comprehend knowledge management strategies occur within the same business unit of export-oriented firms. Using the same business unit for sample is crucial in view of the fact that exporters have various product line for export markets, and for different product line they often practice separate operational strategies. Collectively, the multi-industry variation in the environmental conditions of the sample ensures generalizability of results.

3.2 *Scale Development*

This research follows a rigorous scale development process to generate and validate scale of hierarchical reflective DMC construct for evaluating its intensity within export organizations. In particular, for modeling hierarchical reflective structure of DMC scale, this study adopts measurement items of mid-level marketing capabilities from previous studies whenever possible. The sampling design and scale development for this study was done in three stages based on the recommendations from literature (Churchill Jr, 1979; Parasuraman, Zeithaml, & Malhotra, 2005). Of note, the three-stage scale development processes (Table 2 highlights the process of items formation) are: a) semi-structured interview stage (scale development), b) pilot-testing stage (refine the scale), and c) final survey stage (apply all the relevant manifest variables).

In the first stage, we conducted face-to-face interviews with seven managers handling export ventures from our target eight industries. Their experience in managing export ventures ranged between five to thirty years. The designation of the sample included three CEO's, three

international marketing heads and one export compliance manager. The designation of respondents in the semi-structured interviews are different, but they dealt with compliance issue at the time of exporting, and so, their experience on marketing strategies is substantial. Between January and March 2015, we administered the interviews, in which the duration of interviews ranged between 40- 120 minutes. The interviewees had considerable export management experience to share opinions on the questions about: (1) resources and capabilities needed for exports; (2) process of managing compliance factors strictly to satisfy international customers; (3) how exporters learn, plan and respond to changes in market and consumer requirements, how new product development is institutionalized (as asked by foreign clients or done proactively within the organization); (4) how brand development investments are made, how customer relationship is handled; and (5) about the overall exporting experience.

The fieldwork interviews focused (shown in table 3) on specific areas of exporters' possession of market knowledge management mechanisms and marketing mix in B2B context, where researchers emphasized how an exporter realize effective export marketing strategy. Table 3 presents the summary obtained from interviewees' analysis on marketing priorities for exporters when they face external turbulence. In general, respondents often said they lose contracts due to lack of investment in infrastructure, insufficient marketing knowledge and lack of new product development skills. The findings of the interviews specified some of the best practice methods related to knowledge accumulation practices and knowledge management strategies exporters adopt to tackle such challenging issues. Overall, the interviews process provided a list of 27 questionnaire items deemed suitable to pre-test in pilot study stage.

Secondly, based on the interview feedback and established measures from literature, the study developed a draft questionnaire. Following the usual recommendations (Menor & Roth,

2007; Santos-Vijande, del Río-Lanza et al. 2013), three academics familiar with marketing strategy and international marketing literature assessed the face validity of the questionnaire, and they supported to screen an initial list of 27 items. These academics provided a valuable contribution to the discussion of the potential of export marketing strategies and they followed iterative refinement process to screen initial list of 27 questionnaire items where relevant past research works were taking as a basis for items modifications.

After rechecking the items by them, we removed five items from the list, considering confusion and/or duplicates items and assigned 22 items for pilot study. As export associations play important role in improving the success rate of their members' in the export markets, based on their suggestion regarding the key informants for data collection, we selected export professionals in the pilot test. Then the study piloted the questionnaire face-to-face with 15 professional experts from the targeted eight industries. The reason is that they are knowledgeable about export organizations strategic actions within developing nations. This provided additional face validity to the questionnaire items from the practitioners' viewpoint. Some modifications were made in terms of length of the questionnaire, wording, overlapping of few items. The process helps to prevent research bias at a priori level. Eighteen meetings with these academic and professional experts took place from April to June, 2015. They provided comments in the form of English language during individual meeting. The pilot study led to the formation of the final measurement scale with 22 items after refining several items for the five input variables, and the one output variable (shown in Table 5). The first-order input variables were measured with the level of agreement on a 7-point Likert scale (1= strongly disagree, 7= strongly agree), while an output construct namely 'export performance' is measured by 4 items on a 7-point Likert scale that used different level of agreement indicated by 1= very dissatisfied and 7= strongly satisfied. The study

conducted the requisite confirmatory factor analyses to test the measurement validity of the developed scale (see Table 5 for the items, their literature sources, and validity tests of the measurement items).

Finally, between July and September 2015, we performed a large-scale survey to finalize the scale and the confirmation of hierarchical reflective DMC construct. The final set of questionnaire includes all relevant items in English. In addition to the focal input and output constructs, the study also considered four control variables: size, age, market uncertainty and competitive intensity. Firm size (measured by number of employees) and age often dictate resource adoption and deployment capacities (H. Li & Atuahene-Gima, 2001). In particular, older and larger organizations tend to have more resources and capabilities to initiate changes in their marketing strategy (Majumdar, 1997). Competitive intensity that measures the degree of competition in the industry, that explains the dynamism in the industry also influence capability development and willingness of companies to engage in capability formation process (Narver et al, 2004; Morgan et. al., 2012).

TABLE 2 HERE

TABLE 3 HERE

3.3 Measuring Dependent Variable:

Export marketing researchers used multi-dimensional measurement items for export performance construct such as financial performance (Leonidou, Katsikeas, & Samiee, 2002) and strategic performance (Keh, Nguyen, & Ng, 2007). To date, the export marketing literature mainly focuses on respondents' subjective view of export performance, whereas researchers have often overlooked the objective view of export performance. It is recommended to apply subjective measure for export performance in earlier studies (Lu et al., 2010; Woodcock, Beamish, & Makino, 1994) when: a) organizations' financial measures are not publicly available' b) cross border accounting practices create challenges to settle the difference; c) difference in financial reporting and/or exchange rate between home and host countries. In order to discuss about the application of subjective measurement process of export performance Morgan et al. (2004) adopted three financial measurements (i.e., volume of export, export market share and profitability). Likewise, Zou, Fang, & Zhao (2003) applied subjective financial information measure to export performance, and those items are exporter's sales revenue, exporter's return on investment, exporter's profitability ratio and exporter's profit margin level. Similar to previous export marketing studies (Murray et al., 2011), we used subjective measures of export performance. In addition, past studies (Dess & Robinson Jr, 1984; Geringer & Hebert, 1991; Lu et al., 2010) recommended there exist a satisfactory correlation between subjective measures of organizations' performance and objective measures of organizations' performance. The majority of firms included in this research are not publicly traded on a stock exchange, and thus do not have to disclose their financials. Hence, this research measured the performance of such firms by adopting subjective measures. To capture exporting organizations' subjective view of performance, this study designed export performance construct by 4 items: growth performance, market share

performance, return on investment performance and customer satisfaction performance. The participants handling export functions were asked how satisfied they are with: growth in the export market, market share in the export market, return on investment through export sales and increase in customer satisfaction in the export market on a 7-point Likert scale by showing their views with 1= very dissatisfied, 7= very satisfied (based on Lu et al, 2010).

3.4 Data Collection

The study developed the sample frame in two stages. Due to the lack of established databases of exporters in Bangladesh, the researchers approached the eight different industry exporters' associations of interest. The researchers organized several presentations for senior officials of these associations explaining how this study might benefit their members so that members of respective associations could be motivated through them for participating in the survey. A shortlist of 700 exporting firms was generated from the membership database of these associations. The researchers contacted each firm multiple-times through phone call to (1) Identify if they are established exporters (five years or more); (2) Identify a key informant within the firm possessed knowledge on export strategies; (3) Explain the purpose of the study and how this might benefit the firm; (4) Explore their willingness to participate in the study. The majority of those who did not show interest to participate in the survey were 135 firms due to internal company policies, 50 firms have stopped exporting, and 70 firms have been in export business for less than five years making 300 firms ineligible as the potential participants out of 700 from the list.

The researchers mailed the questionnaire with return envelopes to management-level staff of each of the remaining 400 firms registered in the export associations, from July to September, 2015. To begin the questionnaire, respondents read a short explanation about importance of export marketing strategies and requested to share their insights on using marketing instruments within their firm for the last five years. Then, respondents were asked to evaluate their degree of awareness of adopting marketing capabilities encompassing four mid-level marketing capabilities; namely, (1) proactive market orientation process (adapted from Atuahene-Gima et al., 2005; 4 items), cross-functional marketing capabilities: (2) new product development capability (adapted from Merrilees et al., 2011; 4 items), (3) Customer relationship management capability (adapted from Orr et. al., 2011; 4 items), (4) Brand management capability (adapted from Santos-Vijande et. al., 2013; 3 items), measuring outcome variable of “export performance” (adapted from Lu et al., 2010), and an exogeneous variable; namely, market uncertainty (adapted from Bodlaj et al., 2012; 3 items). Most of the items were refined from existing literature based on suggestions of pilot test. Where items did not exist (e.g., CRMC), four items were generated from

Besides that, respondents were asked to share if they had earlier experience with managing export markets’ operation within last five years. Finally, respondent provided their standard demographic information such as age, gender, educational qualification, designation in the job, and number of years’ experience in managing export market operations. By using two reverse coded questions, researchers ensured attention to respondents during completing questionnaire.

Respondents also communicated through telephone calls twice to follow up returning the completed questionnaire, and in some cases supported the respondents whenever they felt doubts to share their opinions within the survey questions. After repeated reminders through telephone calls a total of 346 questionnaire returned, of which 31 were excluded due to partial completion of

the questionnaire. Thus, the survey covered a total of 315 valid questionnaires, representing return rate of 45%. Table 3 shows the sample composition. The majority of the respondents were above 36 years of age with job titles like CEO (37%) and export manager (20%) with 72% having exporting experience for more than 5-10 years. Following Morgan et al (2012), the study also conducted an informant validity check. The researchers approached 20 firms from the sample of firms with usable response to identify and collect data from a second informant. The average correlation on export marketing activities between the first and second informant ranged between 0.6 and 0.8 showing internal consistency of the data.

TABLE 4 HERE

3.5 Non-Response Bias Test

The study tested non-response bias in two stages. In the first stage, the sample was split into two groups: early and late responders. A sample of 158 responses were selected to do this. In the second stage, t-test between the two independent samples were conducted on the four DMC constructs and export performance. The findings show no significant difference between early and late responders. This shows non-response bias is not a systemic issue with the data.

3.6 Common Method Bias Test

Collecting data from a single informant always has the potential of common method bias. In essence, this study applied different response scales as a priori method of CMV test for independent and dependent measures such as " export performance items are measure by very dissatisfied=1 and very satisfied=7". As posteriori method, this study first follows correlation

matrix procedure by following Tehseen, Ramayah, & Sajilan (2017) recommendation. Table 7 reports the correlations among all first-order latent constructs used in the model, and the results showed latent constructs correlation not exceed 0.9 level ($r > 0.9$). By observing correlation matrix, this study claims CMV is not an issue with the data. Secondly, this study used marker variable procedure as another post hoc method of investigating the influence of CMV. Marketing scholars often used the marker variables approach in previous work (Jaramillo, Mulki, & Boles, 2011). In the second stage, "market uncertainty" a three items latent construct was selected as a marker variable (Hulland, Baumgartner, & Smith, 2018) that was linked to all first-order exogenous and endogenous latent constructs. Comparison between the unconstrained model with the fully constrained model showed no significant difference in χ^2 value (i.e., $\Delta\chi^2 = 60.76$, $p > 0.05$) and a very strong fit for unconstrained model (CFI=.962, NFI=.918). Thus, the findings provided empirical support that CMV does not inflate the linkage between marker variable and latent constructs used in the model.

TABLE 5 HERE

TABLE 6 HERE

3.7 Data Analysis Procedure

The study conducted the analysis in three stages. In the first stage, it establishes the higher-order measurement structure for DMC using multi-stage confirmatory factor analysis (CFA) models, in which we used SPSS AMOS (version 23) for testing fitness of the measurement models, reliability and convergent along with discriminant validity of the constructs were analyzed by confirmatory factor analysis. In the second stage, as the part of taxonomy procedures we explore variations within high-order DMC configuration structure using cluster analysis. Third stage explores how such DMC configurations lead to differences in firm performance using analysis of covariance (ANCOVA). To unfold classifications of underlying dimensions of DMC strategy and investigate difference in export performance between the clusters of higher-order DMC strategy empirically identified, we used SPSS statistical package (version 23). This tool supported us to conduct cluster analysis (i.e., hierarchical, K-Means method) and operationalize the analysis of covariance (ANCOVA) test.

3.8 Taxonomic Procedure

This study subsequently run taxonomy procedure through cluster analysis approach, which aims to organize the phenomena into a set of groups where members are homogeneous within each group but they are separated from each other (Rohm & Swaminathan, 2004). On the basis of a set of preselected constructs/variables, cluster analysis classifies cases that are comprised of constructs into different groups (Aroean and Michaelidou 2014). The cluster analysis is widely used method in different domains for classifying samples and reducing complexity of differences within populations as it does not require a priori assumption (Kimiloğlu, Nasir & Nasir, 2010).

To identify how firms can be classified as per their response to higher-order DMC construct and develop a taxonomy, we performed a multistep clustering approach (i.e., three decision-making stages) consistent with previous taxonomy works (Cannon & Perreault Jr, 1999; Homburg, Jensen, & Krohmer, 2008). First, to determine the number of clusters, we obtained hierarchical cluster solution by using average linkage method as it is less susceptible to the effects of outliers (Hair, Anderson, Tatham & Black, 1998). It was supplemented with Ward's algorithm after removing 10% of the observations as outliers using multivariate Mahalanobis distance $D^2/df > 4$ ($\text{sig} > 0.001$) (Cannon & Perreault Jr, 1999; Punj & Stewart, 1983). Past studies suggested that it is required to compare results by using two ways of clustering (e.g., Homburg et al., 2008). Both the clustering techniques resulted in a 3-cluster solution. To test the robustness of the 3-cluster solution, this study followed the procedure used by Homburg et al. (2008) to re-run the clustering algorithm with 4 independent random subsets with 50% of the data. Next, we computed percentage increase in agglomeration coefficient, where large changes indicated the point at which dissimilar clusters are forcefully combined (Hair et al., 1998). All the methods showed strong support for the 3-cluster solution.

The second stage involves assessing observations to clusters. We followed the multi-stage procedure as suggested by Homburg et al (2008) that involves Ward's method to determine the initial seed point followed by K-Means clustering approach (i.e., non-hierarchical method). Such fine tuning of assigning observations into clusters where the initial seed is obtained from hierarchical methods followed by K-Means clustering was observed as a powerful combination (Hair et al, 1998). The evidence from K-Means cluster analysis suggest three-cluster solution is most meaningful and interpretable.

The last stage evaluated the stability of the cluster assignment. Using a random split sample procedure, the study divided the sample into two halves and run the hybrid clustering (combining hierarchical followed by non-hierarchical process). Such split sample technique is a widely used method in literature to test the stability of cluster solution (e.g., Homburg et al, 2008 and 2012). Consistent with previous research work on cross validation process by McIntyre and Blashfield (1980), we examined the reliability of three-cluster solution. First, we identified cluster centroid by assessing one half of the data set using the hybrid process. Next, we assigned each object from the second half of the data set into the nearest centroid that were computed from the first half of the data set. Finally, kappa statistics were used to compare between the two solutions. The results showed strong support for the three-cluster solutions, and this clusters were adopted for further analysis.

4. Results

4.1 Higher-Order Measurement Structure for DMC

This study conceptualizes DMC as a four dimensional, second-order reflective latent construct that is comprised of four first-order latent constructs (PMO, CRMC, NPDC and BMC) (as shown in figure 1).

To verify the higher-order structure, the study conducted a first-order and a second order CFA following Santos-Vijande et al. (2012). The two stage measurement models reflect satisfactory fit indices, in which first-order (CFI= .951, AGFI= .874, $\chi^2/df = 2.115$, RMSEA= .053) and second-order CFA (CFI= .933, AGFI= .875, $\chi^2/df = 1.885$, RMSEA= .053) models confirm the higher-order (multi-dimensional) reflective structure of DMC. Using CFA, it is clear that the underlying constructs of DMC converges into a single higher-order latent factor.

Additionally, Santos-Vijande et al. (2012) suggested that it is imperative to report higher degrees of Consistent Akaike's Information Criteria (CAIC) to show the merit of higher-order reflective latent constructs in first stage compared to second stage measurement model. The present study elicited lower CAIC (635.469) in second stage CFA model compared to CAIC (764.047) of first stage CFA model. This study confirmed that the second stage CFA model has achieved satisfactory fit indices, and overall, the measurement models support construct validity. Based on the CFA results, the present study shows that the DMC is a reflective second-order measure. We also administered a correlation matrix to comprehend whether or not multicollinearity is influencing the results of the second stage CFA. Table 7 shows that all latent constructs in second-order CFA model are below the cutoff point ($r < 0.9$) of multicollinearity (Gujarati, 2009). This concludes multicollinearity is non problematic for second stage CFA model, and higher-order latent constructs can be used to examine the measurement structure for DMC. Hence, the results show that DMC is a higher-order reflective construct composed of four latent sub-constructs CRMC, NPDC, BMC and PMO.

TABLE 7 HERE

The study also used the CFA results (Anderson & Gerbing, 1988) to test the measurement structure of the proposed DMC scale (see Table 5 and 6). Results show reliability of the scale (Cronbach's alpha all exceeds 0.7 with ranges between 0.778 to 0.902, composite reliability all exceeds 0.7 with ranges between 0.779 to 0.902), convergent validity (standardized loading of all items on

respective constructs exceeds the minimum with $t\text{-value} > 2.0$), and discriminant validity (AVE of all constructs exceed 0.5 with squared correlation between any two constructs is less than the AVE extracted by the constructs with minimum AVE= 0.541). This indicates that the model developed based on theoretical bases is reasonably specified and suitable to use in further analysis. **Strong evidence of higher-order structure of DMC strategy is found by corroborating the fit of measurement structure for higher-order organizational strategy, satisfying benchmark score of validity (i.e., discriminant, convergent) and reliability (e.g., Cronbach alpha value). Accordingly, we support the proposition 1.**

4.2 Cluster descriptors: Identifying the varieties in DMC configurations structure

The study identifies three varieties (or clusters) of firms based on their approach towards adopting higher-order DMC strategy. The section below explains three different clusters. The analysis of clusters reveals that each cluster is distinct in terms of the level of its knowledge management mid-level marketing capabilities engagement in emerging markets. Table 8 shows the profile of each cluster, and based on score we use the terms enthusiastic embracers, cautious adopters, and despaired laggards to name the clusters.

Cluster 1 (enthusiastic embracers): This cluster (57.8%) demonstrates the highest initiative in all underlying dimensions of higher-order DMC construct (except CRMC where it is medium). Such firms are extremely adept in managing mid-level marketing capabilities that can help them to reconfigure knowledge management practices by planning market operation proactively, constructing brands and developing new products for their customers and maintaining relationship with them. However, such firms possess medium levels of knowledge management competency

to maintaining relationship with customers. Most of such firms belong to contemporary export sectors such as engineering/electrical products, light engineering products, plastic goods, ceramics and textile where the firms require agility to meet the unexpressed needs of customers effectively. They achieve the highest level of export performance as compared to the other groups. This group represent organizational strategy of “analyzers” (Miles, Snow, Meyer, & Coleman Jr, 1978) that protects a stable set of customers and products through exporters’ dynamic marketing initiatives and take a careful approach to explore the market for responding quickly during turbulent business environment.

Cluster 2 (cautious adopters): This cluster (26%) shows medium-high levels of engagement with BMC, NPDC and CRMC but shows the lowest level of PMO activities. This shows that such firms continuously exploit opportunities in the market and at the same time maintains its current product/ market portfolio, while such firms in this group possess low levels of market planning abilities as they could grow through responsive to markets’ express needs. Their performance achievement is medium as compared to the other groups. Leather goods and handicraft exporters dominate such group as their traditional focus is to respond to change in knowledge management marketing competencies for satisfying new trends in the markets. This group represents “prospectors” type firm-level strategy (Miles, et al., 1978) who continuously seek to locate and exploiting new market opportunities.

Cluster 3 (despaired laggards): This group (16.2%) demonstrates the lowest-medium levels of engagement in managing higher-level DMC strategy within all aspects and simultaneously achieve lowest level of export performance. It is clear that this group does not show initiative to learn and understand the changes in the market, neither focuses on various mid-level marketing capabilities to respond to rapid changes instead of firms within this group show efficiency more in

stable business environment. Miles, et al., (1978) refer them as “reactors” that possess very little entrepreneurial skill along with light expertise in knowledge management marketing tactics. Overall, the results extract cluster solutions provide important insights into confirming proposition 2.

TABLE 8 HERE

4.3 Difference in Performance Based on Higher-Order DMC Configurations

The findings section in this phase explains how clusters based on DMC configurations differ in terms of achieving their business performance. We used ANCOVA to explore the between-cluster performance differences. Thus, we operationalized four independent ANCOVA with the four manifest items of export performance as the criterion variables. The ANCOVA test was controlled by the three contextual factors (i.e., size of firms, age of firms, competitive intensity of the industry where such firms belong to), whereas the resulting cluster (DMC configuration) was selected as independent variable. It is apparent from the table 9 that there was a statistically significant difference ($p < .05$) in higher-order DMC configuration towards export performance and that was confirmed by ANCOVA test. In particular, the test of between subject effects indicate that resulting clusters have a significant effect on four items of export performance. The ANCOVA test also revealed no difference ($P > .05$) in age of the business, size of firm, and competitive intensity across the four measurement items of export performance.

We also evaluated export performance differences between each pair of clusters by using Bonferroni procedure, as this test has less limitation with regard to difference in size between

clusters. The results obtained from table 8 indicated that cluster 1 (enthusiastic embracers) outperforms the other two clusters, whereas cluster 3 (despaired laggards) achieves the worst performance scores. Enthusiastic embracers demonstrate a higher level of involvement in proactive orientation strategy, innovativeness, and brand management system compared with the cautious adopters and despaired laggards to achieve better export performance. Nonetheless, cautious adopters emphasize higher level of customer relationship management strategy compared to other two clusters for realizing customers' needs and providing solution packages in the export markets. In reality, by participating in international fair cautious adopters are reflecting their global presence in front of customers' doors, and this happen due to exporters' better customer relationship management strategy. With regards to future business strategy, enthusiastic embracers demonstrate a stronger intention to act proactively within export markets, and respondents within this cluster are representing better export performance due to involvement in reconfiguring knowledge management marketing capabilities. This is not surprising as previous research (Krasnikov & Jayachandran, 2008) shows firms possessing higher-order marketing capability are likely to have superior performance. This further ANCOVA confirms significance of proposition

3.

TABLE 9 HERE

5. Discussion and Conclusions

This study conceptualized higher-order DMC strategy as a multi-dimensional construct. Our analysis confirmed DMC as a second-order reflective latent construct. More specifically, it

comprises four first-order constructs (PMO, BMC, NPDC and CRMC) that defines as mid-level/cross-functional marketing capabilities.

In order to establish any normative conclusions for our approach to higher-order DMC strategy, we evaluated the performance associations of DMC through a configurational approach, which classified our firms into 3 clusters. Our analysis showed that higher performance was mainly associated with exporters' practice of high-level of DMC strategy.

5.1 Research Contribution

This paper contributes to RBV-KBV and DMC research in three ways. First, past research has theorized (e.g., Morgan, 2012) and empirically verified (such as Bruni and Verona, 2009) individual elements of DMC. However, there exists a gap in the literature as how underlying components of DMC strategy might interact to support effective strategy implementation, particularly in the context of exporting firms from emerging economies. Using a two stage CFA model, this study demonstrates the multi-dimensional reflective nature of the DMC construct. In doing so, it enriches and extends the literature on the higher-order theoretical propositions of DMC strategy (such as Morgan et al., 2018; Baralles-Molina et al, 2014; Bruni and Verona, 2009; Fang and Zou, 2009; Morgan, 2012). On the same lines, past research has also explored the role of various marketing capabilities such as planning and implementation, international marketing capability (Li, Liu, and Bustinza, 2018) or relationship building in the export context but in isolation (e.g., Lages et al, 2009; Spyropoulou et al, 2017). Nonetheless, such capabilities are often cross-functional and require resource inputs from across the organization to satisfy effective strategic implementation. This requires a much more integrated approach. The findings of this study validate that by integrating four individual mid-level marketing capabilities in a systematic

way supports the formation of a higher-order DMC strategy by which effective strategic implementation of an exporter can be performed to face demands in the export market.

Second, past research shows the positive influence of marketing capability on firm performance (e.g., Krasnikov and Jayachandran, 2008). However, beyond that research is limited on whether firms can achieve better performance by concentrating on specific elements of their DMC and their interplay. This is significant as DMC is a higher-order multidimensional construct that require a cross-functional approach rather than disjointed effort to improve resource-capability configurations in individual marketing areas of the firm. We tackled this question through a configurational approach. Using cross-industry data, this study identified three clusters of firms and showed that the enthusiastic embracers characterized by high levels of activity across marketing capabilities such as PMO, NPDC and BMC are treated as an effective organization type for implementing strategy and achieving better performance than other clusters of firms. The three-cluster solution is consistent with extant strategic grouping literature (Miles, et al., 1978; Slater, Olson, & Hult, 2006). This provides additional justification to our conceptualization and construct identification of DMC strategy in the exporting context.

Some empirical evidence (Murray et al., 2011, Tan and Sousa, 2015) suggests that success in export performance may stem from exporters' ability to effectively align knowledge-based resources and capabilities instead of their focus on individual marketing mix capabilities. This raises a question on how export-oriented firms from emerging markets align their organizational strategic typology with the configurations of DMC strategy. As underlying dimensions of higher-level DMC strategy involves in the process of knowledge absorption and knowledge implementation mechanisms (Hoque, Ahammad et al. 2020), we have drawn attention to knowledge-based view to evaluate which archetypical configurations of DMC strategy as

knowledge management system can generate better value offerings in export markets from emerging economies. Finally, the result is in line with past work of Fletcher et al., (2013) that argued effective implementation of internationalization knowledge management system is contingent on a firm's structure of higher-order organizational capabilities. The findings of this study contribute to RBV-knowledge-based view by answering that the structure of higher-order DMC strategy for "enthusiastic embracers" enable exporters to mitigate difficulties in transferring knowledge-based resources across their cross-functional business units for improving export success.

Collectively, the findings from this study provide an enhanced understanding of how export firms from emerging markets should maintain an effective alignment of mid-level marketing capabilities so that higher-order DMC strategy can adjust to adverse environmental changes. While a recent study (Buccieri, Javalgi & Cavusgil, 2020) shows the importance of dynamic marketing capabilities to enhance international new ventures' international performance, we explore three different patterns of DMC strategy such as enthusiastic embracers, cautious adopters and despaired laggards, in which these configurations support a firm to identify their firm-level strategic types as "analyzer or prospectors or reactors". These findings are consistent with a recent export capability literature (Efrat, Hughes et al. 2018) by confirming enthusiastic embraces' (i.e., cluster 1: analyzer strategic type) proclivities enable to adapt proactive market orientation, refine innovativeness in products, brand management system as well as customers relationship management process to stay competitive in export markets. Specifically, exporters' DMC typology that portrays export performance varies on the different patterns of adaptive behavior in managing their mid-level marketing capabilities within emerging markets. In doing so, this study directly answers the call for research that can extend resource and KBV perspectives together (Pereira and

Bamel, 2021) and with an application in a high risk, dynamic and challenging context faced by exporting firms from emerging countries.

5.2 Practice and Policy Implications

The study offers two insights to export marketing managers and policy makers responsible for developing the export infrastructure in the context of emerging exporting nations.

First, this research shows an exporting firm can improve its performance by paying close attention to two aspects: have good sensing of the current market and plan for any future market changes (PMO); and execute any strategies with much improved cross-functional DMC (BMC, NPDC and CRMC). The higher-order DMC structure developed in this study offers an important diagnostic tool for managers to benchmark their own approach against the best performers (enthusiastic embracers) in the industry.

Secondly, the findings provide further emphasis on how exporting firms can manage the business environment by prioritizing their resource investment decisions that focus on a unified approach to strategy formulation (PMO) and very importantly on implementation elements (BMC, NPDC, CRMC). Interestingly, our analysis directs us to recommend that, within exporting firms, managers should take good stock of their DMCs that are related to their marketing implementation effort and seek to improve them rather than seeking to be simply the best in sensing current and future market trends. Indeed, pursuing a leadership position in terms of sensing current and future market trends from a context of an exporting firm may be not only impossible but also damaging for the whole firm as it will deplete the firm of resources required for them to develop a really attractive profile for their international business partners (importers). Based on our research, best performance can be achieved by companies that acknowledge the importance of sensing current

and latent customer needs, but they manage to combine this with an implementation approach that includes establishing a brand that is reliable and trusted, a firm that constantly adopts new technology to deliver buyer standards in new products and a firm that takes a proactive approach in identifying and developing customer relationships in foreign markets.

From a policy makers' perspective seeking to assist firms facing similar challenges as exporters from Bangladesh, would certainly entail the creation of an infrastructure that supports existing good performers (e.g., enthusiastic embracers) but also motivate others (e.g., cautious adopters) to capitalize on the recommendations of this study. More specifically as policy makers are faced with limited resources, they could utilize the clustering approach in our study to identify different groups of exporters, thus allowing for a focused and highly customized intervention for each group. For example, enabling and relief mechanisms could be applied seeking to enhance the identification of international market trends in new product for each relevant industry. This would require, among others, government investment for example in exporting institutes in the country (thus *enabling* the collection and dissemination of export information to the country's exporters) and/or the provision of financial support for firms to attend international export trade shows and exhibitions (thus providing considerable *relief* to their limited financial resources). By the same token, exporting firms can be incentivized to improve the very critical DMC related to their strategic functional expertise in PMO, NPDC, BMC and CRMC. Government supported training and financial resources may be diverted to enhance such DMCs.

5.3 Limitations and Future Research

The study also has few limitations that future research in this area can address. First, the study has focused on conceptualization and empirical verification of DMC constructs but not considered the corresponding resource requirements to build such capabilities. Future research can

incorporate marketing resources such as knowledge, financial or reputational in the resource-capability transformation framework. Second, this study does not consider the fit between DMC development/ implementation with the strategic objectives of the firm (e.g., cost minimizer vs. profit maximizer) or with other organizational characteristics (such as top management commitment). Future research can consider exploring such factors in DMC formulation. Third, this study collected subjective performance data from a single informant, thus creating potential for common method bias. Although, the study conducted various tests to check that this is not systemic in the data, future research can incorporate multiple informants into the research framework for additional verification as well as incorporate objective performance data from companies' accounts and export records. Finally, this study was performed within the contextual industrial/market parameters of Bangladesh as an emerging exporting nation. As it was explained earlier, despite the unique contribution of this approach replication of the research in other emerging exporting nations will be advised to better establish a more thoroughly informed and contextually robust theory of DMC in exporting.

5.4 Conclusion

To summarize, this study answers two important research questions: what constitutes DMC and how individual constructs can be integrated to develop a higher-order latent DMC structure? How such latent structure influence performance? The study answered these questions in the context of exporting firms from Bangladesh. We explore exporters' knowledge management marketing capabilities, namely, PMO, CRMC, BMC and NPDC as clustering variables to develop a taxonomy of DMC strategy, and provides exploratory evidence into the adequacy of these strategic MCs' fine configuration for global markets penetration. Specifically, such constructs involve knowledge gathering and cross-functional strategic marketing expertise. Three

interpretable clusters were generated from the sample of this study: enthusiastic embracers, cautious adopters, and despaired laggards. Exporting firms can be clustered into these three groups based on their DMC strategy, wherein firms with proactive DMC approach have significantly better performance than others. In doing so, this study answers the call to extend resource and knowledge-based view research in a new context where exporters from emerging markets need to integrate their limited available knowledge-based resources and transform them into unique knowledge-management systems through which exporters interact with their unstable export markets environment, and the subsequent a well-balanced DMC strategy they adopt to meet the dynamic and volatile western buyers. Finally, this study has provided clear evidence for embedding this new theorization of DMC strategy into the strategic fabric of the firm by establishing a clear link with international performance.

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Table 1: Research streams of RBV, dynamic capability view & dynamic marketing capability view used in marketing literature

Authors	Research question and design	Conceptualization	DMC components considered	Research Findings
Falasca et al., 2017	Effects of DMC components on innovation performance: Quantitative research	Marketing dynamic capability act as mediator between customer knowledge management and product innovation performance	Customer knowledge management, DMC ^a	Customer's knowledge management capability, and the use of marketing dynamic capability have significant influence on attaining product innovation performance.
Fang & Zou, 2009	Effects of DMC components on organizational performance: Quantitative research design	Resource complementarity and organizational culture influence DMC for international joint ventures	Product development management, supply chain management, and customer relationship management	DMC is a higher-order multidimensional construct
Bruni & Verona, 2009	Effects of DMC components on organizational performance: Qualitative research design	Market knowledge can be an important source of capability reconfiguration in the product development process, and it facilitates reconfiguration of resources.	New product development; market knowledge and marketing resources	Market knowledge accumulation is importance source for a firm's MCs modification in ways to generate commercially valuable products and services.
Kaleka, 2011	The impact of marketing capabilities on performance: Quantitative research design	The conceptual model depicts that service advantage of a firm is contingent on tacit knowledge and financial resources through the indirect influences of higher-level MCs (Customer	informational, customer relationship, and product development ^a ; Experiential	An exporter possession of knowledge accumulation capability contributes directly to innovativeness and customer relationship management capability, in which the results revealed the importance of adopting both tacit knowledge along with financial resources to

		relationship management capability and product development capability), in which knowledge accumulation capability act as determinants for higher-level MCs.	Resources/ Tacit Knowledge, Financial Resources ^b	realize better export venture performance. However, little is known how an exporter can enhance knowledge accumulation capability, and what is not yet clear is the influence of ambidextrous learning process within the relationship between learning and capabilities deployment.
Morgan, Vorhies, & Mason, 2009	The impact of marketing capabilities on performance: Quantitative research design	The proposed model depicts the direct influence of responsive market orientation and specialized marketing capabilities on firm performance as well as the complementarity influence of market orientation and specialized MCs on firm's performance.	Specialized marketing capabilities and responsive market orientation	The findings support the notion that complementary linkage between market orientation and marketing capabilities are essential to explain better firm-level performance. Nonetheless, this study requires more clarity among the change in proactive and responsive market orientation capabilities.
Lages, Silva, & Styles, 2009	Quantitative	An export firm's performance is contingent on firm's learning capability, relationship capability and quality capability through it's the indirect influence of product strategy such as innovativeness and quality of products.	organizational learning, relationship, and quality capabilities	This study showed effects of the product strategy (i.e. innovativeness and quality) on export performance (in terms of relationship performance).
Morgan et al., 2018; Morgan, 2012;	Dynamic marketing capability Evolution: Theoretical paper	This study introduced large number of marketing related resources, capabilities and showed the complementary effect of resources and capabilities on performance.	Specialized marketing capability, cross-functional marketing capability, dynamic marketing capability,	MC has three level, namely, high-order (DMC or DC), mid-level (strategic and cross-functional), and low-order (specialized/tactical marketing skills). DMC as a function of market learning, resource reconfiguration together with capability enhancement function within cross functional business unit.

architectural
marketing
capability

Barrales-
Molina et
al., 2013

Dynamic
marketing
capability
Evolution:
Theoretical
paper

Underlying processes of DMC are sensing capability, learning and integrating capability. This study postulates that a firm's knowledge absorption capacity and knowledge management processes are specific components of DMC that the enablers of DMC should possess such as new product development capability and proactive MO.

PMO
NPDC

and

Researchers proposed a conceptualization of underlying processes, enabler, specific components and marketing enabler of DMC. This study showed NPDC and PMO are two crucial components of DMC that satisfies underlying process of DMC.

Table 2: Steps of scale development

<p>Stage 1: Defining the construct And confirm face validity of the conceptual model</p>	<ul style="list-style-type: none">• 7 face-to-face semi structured interviews for comprehending constructs and DMC's dimensions.• This process confirms DMC is a four-dimensional hierarchical reflective construct• This process supports to realize definitions of DMC's underlying dimensions that are related to literature review.
<p>Stage 2: Formation of items and purifying through experts' comments</p>	<ul style="list-style-type: none">• In this process 35 items generated along with 17 demographic questions• 15 export marketing experts (i.e., practitioners and scholars) were involved in assessing items' face and content validity• Initial assessment of items' reliability, factor loading, and items refinement.• 27 items represented 8 constructs are retained for final stage questionnaire
<p>Stage 3: Confirming the scale for constructs</p>	<ul style="list-style-type: none">• In this stage, survey to 315 export organizations' manager-level executives from a shortlist of 700 export organizations.• 27 items are retained for estimating reliability, confirmatory factor analysis and validity evaluations.

Table 3: Selective statements from semi-structured interviews

Underlying dimensions of DMC	Respondents' quotes
Market orientation	“...in our case as an export-oriented handicraft manufacturer, we put emphasis on proactive and responsive market orientation but the degree of resources investment differs in both cases”-international marketing manager (company A)
New product development capability	“...in our case, we repeatedly seek new ideas and hence employees from different business units bring commercially innovative ideas for supporting new product development”- CEO (company B)
Customer relationship management capability	“...we are trying to attend the international fairs to communicate with overseas potential customers. By attending international fairs, we accumulate valuable information about manufacturing process, production flexibility and cost minimization issue in apparel sector.”-compliance manager (company C)
Brand management capability	“...as a furniture exporter we are talking about brand reputation and brand image's importance within functional business units. This supports every employee to be aware about our corporate brand and they can represent explicitly our brand in international trade fairs”-merchandiser (company D)

Table 4: Sample composition

Respondents' information	Responses	Percent	Respondents' information	Responses	Percent
Job Title			Export experience		
CEO	148	47	5-10 years' experience	227	72.1
Marketing managers	62	19.7	11-15 years' experience	47	14.9
International marketing manager	70	22.2	16-20 years' experience	26	8.3
Merchandiser	35	11.1	21-30 years' experience	12	3.8
compliance manager					
<i>Total</i>	<i>315</i>	<i>100.0</i>	<i>Total</i>	<i>315</i>	<i>100.0</i>
Industry type			Sales from export		
Engineering/Electrical	24	7.6	Above 90%	181	57.5
Handicraft and furniture	59	18.7	75-90 %	20	6.3
Plastic goods	19	6.0	60-75%	14	4.4
Leather goods	47	14.9	30-60%	33	10.5
Finished leather	18	5.7			
Textile	134	42.5			
Ceramics	10	3.2			
Light engineering	4	1.3			
Total	315	100			

Table 5: DMC measurement model, items and their sources

Constructs' Sources	Constructs	Standardized parameter	t-value	Reliability		
				Cronbach's alpha	CR	AVE
Atuahene-Gima et al., (2005)	Proactive Market Orientation PMO1: We continuously try to discover additional needs of our potential customers of which they really value but never disclose to us	0.867 ^a	-----	0.902	0.902	0.697
Atuahene-Gima et al., (2005)	PMO2: We inspect users existing products complication to offer better solution to satisfy needs	0.85	18.991			
Atuahene-Gima et al., (2005)	PMO 3: We support customers to improve their expectation in the market through our suggestions.	0.822	18.022			
Atuahene-Gima et al., (2005)	PMO 4: We work closely with lead users who try to recognize customer needs earlier than key competitors' action of understanding customers' needs	0.800	17.275			
Orr et al., (2011)	Customer Relationship Management Capability CRMC 1: We repeatedly focus on meeting long term needs to retain customers in the export markets.	0.847 ^a	-----	0.841	0.841	.571
Orr et al., (2011)	CRMC 2: We routinely establish a "dialogue" by attending in international fairs to meet with target customers	0.803	15.533			

Orr et al., (2011)	CRMC 3: (-) We hardly invest on developing IT infrastructure to enhance quality of relationship with attractive customers.	0.686	11.818			
Orr et al., (2011)	CRMC 4: We apply innovative marketing and promotion methods to maintain loyalty among potential buyers compared to the rivals	0.673	14.583			
Santos-Vijande et al., (2013)	Brand Management Capability BMC 1: Our brand decisions are a very important element in the firm's business strategy	0.751 ^a	-----	0.778	0.779	.541
Santos-Vijande et al., (2013)	BMC 2: We have a well-coordinated, multidisciplinary team to manage its brand	0.706	10.863			
Santos-Vijande et al., (2013)	BMC 3: (-) We hardly invest in managing and promoting the reputation/image of our firm compared to key rivals	0.748	11.284			
Merrilees et al., (2011)	New Product Development Capability NPDC 1: We rapidly respond to solve customer's problems by presenting new solution package	0.820 ^a	-----	0.843	0.847	.582
Merrilees et al., (2011)	NPDC 2: We frequently upgrade capacity utilization process to reduce order lead time of product development	0.807	15.533			
Merrilees et al., (2011)	NPDC 3: We focus on improving plant efficiency to reduce production cost of product development	0.646	11.818			
Merrilees et al., (2011)	NPDC 4: We are better at adopting new technology to commercialize new ideas to satisfy buyers' standards	0.766	14.583			
Lu et al., (2010)	Performance in the export market EP 1: How satisfied you are with the growth level in the export markets (Growth profitability) ^a	0.876 ^a	-----	.841	0.841	.573

Lu et al., (2010)	EP 2: How satisfied you are with the market share position in the export markets (market share profitability)	0.800	16.170			
Lu et al., (2010)	EP 3: How satisfied you are with the return on investment level through export sales (return on investment performance)	0.639	12.069			
Lu et al., (2010)	EP 4: How satisfied you are with the increase in customers satisfaction level in the export markets (customer satisfaction performance)	0.691	13.358			
Bodlaj et al., (2012)	Market Uncertainty MKT 1: In our kind of business customer requirements vary significantly across different customer segments.	0.654 ^a	-----	.799	0.807	0.585
Bodlaj et al., (2012)	MKT2: In our kind of business, customers' product preferences change slightly over time.	0.843	10.602			
Bodlaj et al., (2012)	MKT 3: It is very difficult to predict demand for our products.	0.786	10.705			

Key: *PMO*= Proactive market orientation, *NPDC*=New product development capability, *BMC*= Brand management capability, *CRMC*= customer relationship management capability, *MKT*= Market Uncertainty

*a= In order to set the construct initial factor loading constraint to 1.

Table 6: Multilevel DMC structure

Factor	Dimensions	Standardized parameter	t-value	Reliability and convergent validity check
Second-order factor: DMC	PMO NPDC CRMC BMC	0.638 0.712 0.683 ^a 0.85	10.358 9.867 ----- 13.482	Cronbach's alpha= .887; CR= .814 AVE= .526

*Key: PMO= Proactive market orientation, NPDC=New product development capability, BMC= Brand management capability, CRMC= customer relationship management capability, DMC= Dynamic marketing capability, *a= In order to set the construct initial factor loading constraint to 1.*

Table 7: Correlation matrix for measuring discriminant validity

<i>First-order factors squared correlations</i>					
	CRMC	EXPERF	BMC	PORO	NPDC
CRMC	0.756				
EXPERF	0.618	0.757			
BMC	0.547	0.562	0.735		
PMO	0.324	0.320	0.382	0.835	
NPDC	0.484	0.575	0.561	0.701	0.763
<i>Second-order factors squared correlations</i>					
	EXPERF				DMCA
EXPERF	0.759				
DMC	0.721				0.725

Note: Square root of AVE for each column construct is reported in bold along the diagonal. Other relationships are the correlation between two constructs.

NPDC- New product development capability, CRMC- customer relationship management capability, PMO- Proactive market orientation, EXPERF- Export performance, DMC- dynamic marketing capability

Table 8: DMC clusters explanation

	Enthusiastic Embracers	Despaired Laggards	Cautious Adopters
<u>Percentage of observations</u>	57.8%	16.2%	26%
Engineering/Electrical	50%	16.7%	33.3%
Handicraft & Furniture	44.1%	18.6%	37.3%
Plastic goods	63.2%	15.8%	21.1%
Leather goods	53.2%	17.0%	38.9%
Finished Leather	33.3%	27.8%	29.8%
Textile	65.7%	14.2%	20.1%
Ceramics	90%	10.0%	0%
Light Engineering	100%	0%	0%
<u>DMC Constructs</u>			
PMO	High (5.997)	Medium (3.617)	Low (3.548)
BMC	High (5.638)	Low (2.637)	Medium (4.204)
NPDC	High (5.333)	Low (3.516)	Medium (4.943)
CRMC	Medium (6.653)	Low (3.784)	High (6.693)
Export performance	High (4.881)	Low (3.220)	Medium (4.771)
	N=182	N=51	N= 82

Key: PMO= proactive market orientation, NPDC=New product development capability, BMC= Brand management capability, CRMC= customer relationship management capability.

Table 9: ANCOVA of export performance differences among the three groups

Export Performance manifest variables	Predictors	F statistics	Partial squared	eta	Significant level
Growth profitability R ² = .210	Age of the Business	.181	.011		.671
	Firm size	.227	.001		.634
	CMI	8.453	.027		.054
	DMC	34.280	.182		.000
	DMC configuration				
Market Share profitability R ² = .162	Age of the Business	6.088	.019		.344
	Firm size	.905	.003		.342
	CMI	7.542	.024		.068
	DMC	21.351	.121		.000
	DMC configuration				
Return on investment R ² = .110	Age of the Business	4.999	.016		.260
	Firm size	.873	.003		.351
	CMI	2.340	.008		.127
	DMC	15.337	.090		.000
	DMC configuration				
Customer satisfaction performance R ² = .130	Age of the Business	1.132	.004		.288
	Firm size	0.167	.001		.683
	CMI	2.106	.007		.148
	DMC	19.940	.114		.000
	DMC configuration				

Key: CMI= competitive intensity, DMC= dynamic marketing capability

Figure 1: Internal anatomy of DMC in reflective measure

