

# Predictive Strategic Factors in Export Performance in the Automotive Industry: The Mediating Effect of Innovation

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## **EXECUTIVE SUMMARY**

*The purpose of this chapter is to analyze the linkage between intangible resources and export performance, considering the mediating effect of innovation on it. The authors have adopted a quantitative methodological approach applied to a sample of Portuguese exporting companies from the automotive industry. The application of the structural equation model is highlighted, using partial least squares (PLS). The results allow us to conclude from the existence of a positive and direct impact of intangible resources on export performance and the mediator effect of innovation in this relationship. The main contribution of this study is the mediating effect of innovation on the relationship established between intangible resources and export performance concerning companies from the automotive industry.*

## INTRODUCTION

Globalisation has brought emerging challenges of productivity, flexibility and responsiveness of companies, with internationalisation presenting itself as a way to meet the challenges inherent to this process. Morgan, Vorhies and Schlegelmilch (2006) maintain that operating in international markets represents considerable challenges for companies and calls for their best capabilities.

The success of a company, expressed in its competitive advantage, therefore depends on the ability to detect and seize opportunities, on the combination of internal and external innovations, on the efficient transfer of technology between and within companies, on the protection of intellectual property, on the improvement of benchmarking, on the adoption of new business models, on conscious decision making, on the development of forms of imitation protection and on new ways of leading the global market (Porter, 2000). Innovation and knowledge transfer can thus be considered as competitiveness enhancers (Silva, 2007). In turn, Arbix, Salerno and Negri (2004) concluded from the existence of evidence that the competitiveness of companies would be positively influenced by technological innovations, following processes of internationalization. Some authors (Miller, 1983; Covin & Slevin, 1989) point out the fact that to achieve a sustainable competitive advantage it is necessary that the company continuously reinvents processes and strategies, launching new products, is proactive in the market and willing to take risks.

Starting from *Resource-Based View* (RBV) (Penrose, 1959; Amit & Schoemaker, 1993; Barney, 1995), this study aims to understand the impact of resources, specifically intangible resources, on export performance, as well as to analyze the mediation effect of innovation in these relationship. The strategic role of resources and capabilities and their impact on competitive advantage and performance has been emphasized by several contributions in the area (Morgan et al., 2006; Bakar & Ahmad, 2010).

In this context, exporting is a strategic option to access and diversify international markets for many companies (Monteiro, Soares & Rua, 2017, Rua, 2018a,b). The performance of exports has been studied in the context of RBV and DCV, which focus on strategic resources and capabilities (Rua, 2018a,b).

Stouraitis et al. (2017) state that the factors that trigger the growth of SMEs (including exports) still need to be investigated. On the other hand, the survival and expansion of companies and the consequent economic growth of many countries depend heavily on a better understanding of the determinants that influence export performance, which is still insufficiently investigated (Sousa et al., 2008). These authors go even further, stating that such an investigation should privilege the study of mediating variables. The present study is thus an answer to the challenge of these scholars.

The automotive industry, as one of the decisive engines for the country's development, through the significant boost to national exports, needs that in addition to productivity improvements, strong innovation policy is implemented to products, production and commercial processes.

Therefore, the purpose of this paper is to broad the boundaries of strategic management literature and test the following research questions: (1) *Does intangible resources positively influence small business' innovation?* (2) *Does intangible resources and innovation positively influence small business' export performance?* (3) *Does innovation mediate the relationship between intangible resources and export performance?*

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