Are you Culturally Intelligent? Export Performance and Alliance Portfolio Performance of SMEs: A Managerial Perspective

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Abstract

Why are some companies more successful in internationalization than others? Research in international business has tended to focus on macro-level factors, such as the “cultural distance” between home and host country. Micro-level factors, operating at the firm, or, individual-level, may well lead to differences in internationalization success. In this dissertation, I focus on one such factor: the “cultural intelligence” of the export manager. Individual managers play indeed a key role in major strategic decisions, especially within SMEs. I set out to explore a unique dataset of Italian SMEs to analyze how cultural intelligence, cultural distance, and export channels interactively influence export performance. I also investigate the role of the cultural intelligence of the managers in dealing with the cultural diversity of the firm’s export partners. Specifically, I analyze how cultural intelligence may help export managers manage cross-cultural relationships with the firm’s export partners, and turn cultural differences in superior alliance performance. My findings illustrate that cultural intelligence contributes to export performance and that this effect increases with cultural distance. This study’s results also suggest that the cultural intelligence of managers is needed mostly when the firm exports directly abroad and in culturally distant countries, rather than through foreign intermediaries. However, if the firm exports with the help of export partners, the higher the cultural distance between the home country and export countries and among the firm’s export partners, the more the firm needs managers with a high level of cultural intelligence to be successful. Finally, my findings highlight that measures of cultural intelligence that are specific to the situation (i.e. task-specific CQ and metacognitive CQ) matter more than general capabilities (i.e. general CQ) in explaining improvements in export performance and alliance portfolio performance. Together, the results of this research stress the importance of looking at individual-level variables, such as cultural intelligence, to explain the export activity of the firm and its outcome. Thus, they generally suggest that research in international business and alliance portfolio may benefit from bringing the individual manager back in.

Keywords: export performance, alliance portfolio performance, alliance portfolio diversity, export managers, cultural intelligence, cultural distance, export channels, cross-cultural relationships

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