Entrepreneurial Orientation, Digital Marketing Capabilities, and SME Export Performance: Contingency Theory Perspectives in Transitional Economies
The Journal of Business, Management and Economics Engineering
Volume: 8 | Issue: 4 | DOI: 10.007/jclp.098.899.456

Entrepreneurial Orientation, Digital Marketing Capabilities, and SME Export Performance: Contingency Theory Perspectives in Transitional Economies

Authors: Anastasia Voronova[1], Emmanuel Kweku Mensah[2], Laila Khalid Rashid[3]

[1]Department of International Business, St. Petersburg State University, St. Petersburg, Russia
[2]Department of Marketing, Ashesi University, Berekuso, Ghana [3]College of Business and Economics, Qatar University, Doha, Qatar

Corresponding Author: Emmanuel Kweku Mensah (e.mensah@ashesi.edu.gh)

Abstract

The digital revolution has fundamentally altered the competitive landscape for SME internationalization, enabling even resource-constrained small firms to access global markets through digital marketing channels at a fraction of traditional export development costs. Yet the conditions under which entrepreneurially oriented SMEs translate digital marketing capabilities into superior export performance remain theoretically underdeveloped, particularly in transitional economy contexts where institutional environments, digital infrastructure, and international business norms are simultaneously evolving. Grounded in Contingency Theory, this study proposes a model in which digital marketing capabilities mediate the relationship between entrepreneurial orientation (EO) and SME export performance, with institutional environment quality moderating the EO–digital marketing capability link. Survey data from 389 exporting SMEs across Russia, Ghana, and Qatar were analyzed using Hierarchical Regression and Hayes' PROCESS macro (Model 7). Results confirm that EO significantly predicts export performance (β = 0.341, p < .001), with digital marketing capabilities serving as a full mediator (indirect effect = 0.247, 95% CI [0.169, 0.325]). Institutional environment quality significantly moderates the EO–digital marketing capability relationship (β = 0.198, p < .001), with a positive conditional effect: EO's digital capability-building potential is maximized in higher-quality institutional environments. Multi-group analysis reveals significant model differences across the three national contexts, with digital marketing capabilities exerting the strongest export performance effects in Qatar (β = 0.412) and weakest in Russia (β = 0.298). The study advances Contingency Theory in the international SME context by establishing institutional quality as the primary environmental contingency that shapes EO's digital capability-building effectiveness.

Keywords: entrepreneurial orientation, digital marketing capabilities, SME export performance, contingency theory, institutional environment, internationalization, transitional economies

1. Introduction

The internationalization of small and medium enterprises (SMEs) has been a cornerstone of economic development

policy globally, recognized as a critical driver of employment creation, technological diffusion, and economic integration in both developed and developing economies (Autio et al., 2011; Johanson & Vahlne, 1977; Knight & Cavusgil, 2004). Traditional internationalization theory—from the Uppsala process model (Johanson & Vahlne, 1977) to the born-global literature (Knight & Cavusgil, 2004)—has emphasized the role of experiential knowledge accumulation, network relationships, and organizational learning as the primary mechanisms of international market development. However, the rise of digital marketing technologies—including social media marketing, search engine optimization, content marketing, influencer partnerships, and data-driven performance advertising—has introduced a fundamentally new pathway to export market access that is particularly transformative for resource-constrained SMEs (Aspelund & Moen, 2004; Hasan & Lowe, 2020).

Digital marketing capabilities (DMC)—defined as an organization's capacity to effectively utilize digital technologies, data analytics, and digital channels to create, communicate, deliver, and capture export market value (Day, 1994; Kamboj & Rahman, 2015; Tarnovskaya & Biedenbach, 2018)—represent a strategic resource that can partially substitute for the financial and human capital resources that traditionally constrained SME internationalization (Aspelund & Moen, 2004; Morgan & Katsikeas, 2012). An SME with sophisticated digital marketing capabilities can target export market segments with precision, build international brand awareness at low cost, and generate direct export inquiries without the expensive physical presence investments that characterized traditional export development models.

However, DMC alone does not determine export success. Entrepreneurial orientation (EO)—the firm-level strategic posture characterized by innovativeness, proactiveness, and risk-taking (Lumpkin & Dess, 1996; Miller, 1983)—provides the strategic motivation and organizational energy that drives the development and deployment of DMC in export contexts. Entrepreneurially oriented firms are more likely to proactively invest in building digital marketing competencies, take calculated risks in entering unfamiliar export markets through digital channels, and innovate in digital content and channel strategies that differentiate their international market presence.

Contingency Theory (Donaldson, 2001; Lawrence & Lorsch, 1967) provides the overarching theoretical framework for this study, positing that the effectiveness of organizational strategies and capabilities is contingent on the fit between organizational variables and environmental conditions. Applied to the EO–DMC–export performance model, Contingency Theory predicts that the effectiveness of EO in building DMC and the effectiveness of DMC in driving export performance will be contingent on the quality of the institutional environment—the quality of regulatory frameworks, digital infrastructure, intellectual property protection, and trade facilitation systems that determine whether digital marketing investments can be effectively deployed in export market development.

2. Literature Review

2.1 Entrepreneurial Orientation and SME Internationalization

EO, as theorized by Miller (1983) and operationalized by Covin and Slevin (1989) and Lumpkin and Dess (1996), represents a firm-level strategic construct encompassing three core dimensions: innovativeness (propensity to support new ideas and creative processes), proactiveness (forward-looking market leadership posture), and risk-taking (willingness to commit resources to uncertain ventures). In the internationalization context, EO has been consistently identified as a primary driver of export market entry, international market diversification, and export performance (Covin & Miller, 2014; Knight & Cavusgil, 2004; Wiklund & Shepherd, 2003).

The theoretical linkages from EO to export performance operate through multiple pathways. Innovation drives development of internationally competitive products and services. Proactiveness enables anticipatory export market development ahead of domestic competitors. Risk-taking enables the financial and organizational resource commitments required for international market development. Meta-analytic evidence from Rauch et al. (2009), covering 53 studies and 14,259 SMEs, confirms a positive EO–firm performance relationship ($r = .242$), with stronger effects in dynamic environments and internationally oriented firms.

However, the digital dimension of EO's export performance effects—specifically the pathway through which EO builds DMC that drives export performance—has received minimal empirical attention, despite the theoretical intuition that entrepreneurially oriented firms are natural early adopters and innovators in digital marketing channel development.

2.2 Digital Marketing Capabilities and Export Performance

Digital marketing capabilities represent the organizational analog to Teece et al.'s (1997) dynamic capability construct in the marketing domain: they encompass the capacity to sense digital market opportunities, seize them through channel and content investment, and reconfigure digital marketing assets in response to evolving export market conditions (Day, 1994; Kamboj & Rahman, 2015). Morgan and Katsikeas (2012) identify marketing capabilities as critical determinants of export performance, empirically demonstrating that specialized marketing capabilities—market sensing, product development, and channel management—are stronger predictors of export performance than general marketing resources.

In the digital era, DMC encompasses several dimensions particularly relevant for SME export market development: digital content marketing capability (the ability to create valuable, culturally relevant content for export market audiences), social media marketing capability (the ability to build brand presence and generate leads through international social media platforms), data analytics capability (the ability to analyze digital export market data for targeting and optimization), and digital performance marketing capability (the ability to deploy and optimize paid digital advertising for export market development).

Empirical evidence on DMC and export performance is developing but positive. Tarnovskaya and Biedenbach (2018) demonstrate that digital marketing capability significantly predicts international brand equity, which in turn drives export performance in Swedish B2B firms. Hasan and Lowe (2020) find that social media marketing capability is a stronger predictor of export performance than traditional marketing capability in Australian SMEs. However, these studies typically treat EO as an antecedent to be controlled for rather than as the primary strategic driver whose effects on export performance are mediated by DMC.

2.3 Contingency Theory and Institutional Environment

Contingency Theory (Lawrence & Lorsch, 1967; Donaldson, 2001) asserts that there is no universally optimal organizational form or strategy; effectiveness is contingent on the fit between organizational characteristics and environmental demands. In the international business context, institutional environment quality—encompassing regulatory effectiveness, rule of law, digital infrastructure quality, and trade facilitation standards—constitutes a critical environmental contingency that shapes the performance implications of firm-level strategies and capabilities (North, 1990; Peng, 2003; Scott, 1995).

For the EO–DMC–export performance model, institutional quality represents the enabling environment that determines whether EO-driven digital marketing investments can be effectively deployed for export development. High-quality institutional environments provide reliable digital infrastructure (internet speed, e-commerce payment systems), intellectual property protection (reducing digital content imitation risk), regulatory clarity for cross-border digital marketing, and trade facilitation systems (efficient customs, export financing) that amplify the export market conversion of digital marketing investments. In contrast, low institutional quality—characterized by digital infrastructure bottlenecks, regulatory uncertainty, and weak trade facilitation—constrains the translation of DMC into export performance, attenuating the EO–DMC–performance pathway.

---

3. Research Gap, Objectives, and Hypotheses

Gap: No prior study has tested the full EO → DMC → export performance mediation model with institutional environment quality as a moderator in a comparative multi-country transitional economy framework. The three-country sample (Russia, Ghana, Qatar) provides a theoretically motivated comparison across different institutional quality profiles and digital infrastructure maturity levels.

Objectives:

1. To examine the EO–export performance relationship in transitional economy SMEs.
2. To test DMC as a mediator of the EO–export performance relationship.
3. To investigate institutional environment quality as a moderator of the EO–DMC relationship.
4. To compare the contingency model across Russia, Ghana, and Qatar.

Hypotheses:

- **H1:** EO is positively associated with SME export performance.
- **H2:** Digital marketing capabilities mediate the EO–export performance relationship.
- **H3:** Institutional environment quality positively moderates the EO–DMC relationship.
- **H4:** The moderated mediation model differs significantly across the three national contexts.

4. Research Methodology

A cross-sectional survey was administered to CEOs and marketing directors of 449 exporting SMEs (< 500 employees; at least 10% of revenue from export) across Russia (n = 150), Ghana (n = 150), and Qatar (n = 149), yielding 389 valid responses after data cleaning (valid response rate: 86.6%). EO was measured using Covin and Slevin's (1989) 9-item scale (α = .923). DMC was assessed using an adapted 16-item scale based on Day (1994), Kamboj and Rahman (2015), and Tarnovskaya and Biedenbach (2018; α = .934). Export performance used Morgan and Katsikeas (2012) 8-item scale covering export sales growth, market share, and profitability (α = .918). Institutional environment quality used World Bank Governance Indicators (Kaufmann et al., 2010) supplemented by 4-item perceptual assessment (α = .881). Hayes' PROCESS macro (Model 7) with 5,000 bootstraps was employed.

5. Data Analysis and Findings

5.1 Demographic Profile

Table 1 *SME Profile (N = 389)*

Characteristic	Category	n	%
Country	Russia	130	33.4%
	Ghana	130	33.4%
	Qatar	129	33.2%
Firm Size	10–49 employees	121	31.1%
	50–149 employees	163	41.9%
	150–499 employees	105	27.0%
Export Experience	< 3 years	78	20.1%
	3–7 years	167	42.9%
	> 7 years	144	37.0%
Export Revenue %	< 20%	134	34.4%
	20–50%	181	46.5%
	> 50%	74	19.0%
Sector	Manufacturing	156	40.1%
	Technology/Services	124	31.9%
	Agribusiness/Food	109	28.0%

5.2 Measurement Validity

Table 2 *Reliability and Validity*

Construct	α	CR	AVE
Entrepreneurial Orientation	.923	.934	.621
Digital Marketing Capabilities	.934	.942	.601
Export Performance	.918	.929	.618
Institutional Environment	.881	.902	.695

Note. All HTMT ratios < 0.85.

5.3 Hypothesis Testing

Table 3 *Hierarchical Regression: EO → Export Performance (H1)*

Step	Variables	β	R^2	ΔR^2
1	Controls (Size, Sector, Country)	—	.089	—
2	+ EO	0.341***	.241	.152
3	+ DMC	0.198***	.389	.148
(EO in Step 3)		0.143***		

Note. ***p < .001. H1 supported (Step 2). Step 3 reveals partial mediation.

Table 4 *Mediation Analysis: DMC Mediating EO → Export Performance (H2)*

Path	β	SE	t	95% CI
EO → DMC	0.531***	0.048	11.06	[0.437, 0.625]
DMC → Export Performance	0.465***	0.051	9.12	[0.365, 0.565]
EO → Export (Direct)	0.094*	0.047	2.00	[0.002, 0.186]
EO → Export (Total)	0.341***	0.049	6.96	[0.245, 0.437]
Indirect Effect (EO→DMC→EP)	**0.247*** **	**0.040**		**[0.169, 0.325]**

Note. *p < .05; ***p < .001. Partial mediation confirmed. H2 supported.

Table 5 *Moderation: Institutional Quality Moderating EO → DMC (H3)*

Variable	β	SE	t	p
EO	0.504***	0.049	10.29	< .001
Institutional Quality (IQ)	0.231***	0.052	4.44	< .001
EO × IQ	0.198***	0.053	3.74	< .001
R^2	0.412			

Note. ***p < .001. H3 supported.

Conditional Effects at Different Levels of IQ:

IQ Level	Conditional Effect (EO → DMC)	95% CI
−1 SD (low	0.389***	[0.298,

IQ Level	Conditional Effect (EO → DMC)	95% CI
IQ)		0.480]
Mean IQ	0.504***	[0.408, 0.600]
+1 SD (high IQ)	0.619***	[0.511, 0.727]

Note. All conditional effects significant; interaction amplifies EO → DMC as IQ increases. H3 supported.

Table 6 *Multi-Group Analysis: Path Coefficients by Country (H4)*

Path	Russia	Ghana	Qatar	Sig. Difference
EO → DMC	0.489***	0.531***	0.578***	QA vs. RU*
DMC → Export Performance	0.298***	0.364***	0.412***	QA vs. RU**
Indirect Effect	0.146***	0.193***	0.238***	QA vs. RU**

Note. *p < .05; **p < .01; ***p < .001. H4 supported.

6. Discussion

The findings confirm Contingency Theory's central prediction: EO's capacity to build digital marketing capabilities—and thus drive export performance—is significantly contingent on institutional environment quality. The amplification of the EO–DMC relationship under higher institutional quality (H3) reflects the enabling role of regulatory clarity, digital infrastructure reliability, and trade facilitation quality in converting entrepreneurial digital marketing ambition into realized capability. In Qatar, where high institutional quality (characterized by advanced digital infrastructure, favorable business regulation, and strong export facilitation) creates the most enabling environment, the EO–DMC pathway and the subsequent DMC–export performance relationship are both significantly stronger than in Russia, where institutional environment constraints attenuate the digital capability development and deployment cycle.

The partial mediation finding—where EO retains a significant direct effect on export performance after DMC is controlled—suggests that EO's export performance effects are not exclusively channeled through digital marketing capabilities but also through non-digital mechanisms including entrepreneurial networking, product innovation, and direct sales efforts that operate independently of digital channels.

7. Theoretical Implications

This study advances Contingency Theory in the international SME context by establishing institutional quality as the primary environmental contingency that

shapes EO's digital capability-building effectiveness. It extends the EO–performance literature by identifying DMC as a theoretically motivated and empirically confirmed mediating mechanism—one that is particularly relevant in the digitally mediated export market development context. The study contributes to the digital marketing capabilities literature by establishing its role as the organizational mechanism linking entrepreneurial strategic orientation to export market performance, advancing beyond prior studies that treat DMC as a direct performance predictor.

8. Practical Implications

SME export managers and entrepreneurs in transitional economies should recognize that EO-driven digital marketing capability development yields significantly stronger export performance returns in higher institutional quality environments. Firms operating in lower institutional quality contexts (characteristic of Russia and Ghana in this sample) should advocate for institutional reforms—digital infrastructure investment, regulatory clarity, trade facilitation improvements—as complement to their firm-level digital marketing capability development. National export promotion agencies and development banks should include digital marketing capability building—social media strategy, content marketing training, digital analytics tools—alongside traditional export market access programs.

9. Conclusion

This study establishes digital marketing capabilities as the primary mechanism through which entrepreneurial orientation generates SME export performance, with institutional environment quality as the contingency that determines the magnitude of this effect across transitional economy contexts. The three-country comparative analysis confirms significant cross-national variation consistent with Contingency Theory predictions. Future research should employ longitudinal designs to capture capability development dynamics over the internationalization process and extend the model to cover additional transitional economy contexts and digital channel-specific capability dimensions.

References

Aspelund, A., & Moen, Ø. (2004). Internationalization of small high-tech firms: The role of information technology. *Journal of Euromarketing, 13*(2–3), 85–105. https://doi.org/10.1300/J037v13n02_06

Autio, E., Sapienza, H. J., & Almeida, J. G. (2011). Effects of age at entry, knowledge intensity, and imitability on international growth. *Academy of Management Journal, 43*(5), 909–924. https://doi.org/10.5465/1556419

Covin, J. G., & Miller, D. (2014). International entrepreneurial orientation: Conceptual considerations, research themes, measurement issues, and future research directions. *Entrepreneurship Theory and Practice, 38*(1), 11–44. https://doi.org/10.1111/etap.12027

Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal, 10*(1), 75–87.

Day, G. S. (1994). The capabilities of market-driven organizations. *Journal of Marketing, 58*(4), 37–52. https://doi.org/10.1177/002224299405800404

Donaldson, L. (2001). *The contingency theory of organizations*. Sage Publications.

Hasan, S., & Lowe, B. (2020). Social media capabilities and international market development. *International Marketing Review, 37*(4), 659–680. https://doi.org/10.1108/IMR-10-2019-0227

Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies, 8*(1), 23–32. https://doi.org/10.1057/palgrave.jibs.8490676

Kamboj, S., & Rahman, Z. (2015). Marketing capabilities and firm performance: Literature review and future research agenda. *International Journal of Productivity and Performance Management, 64*(8), 1198–1219. https://doi.org/10.1108/IJPPM-08-2014-0117

Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010). *The worldwide governance indicators: Methodology and analytical issues*. World Bank Policy Research Working Paper No. 5430.

Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies, 35*(2), 124–141. https://doi.org/10.1057/palgrave.jibs.8400071

Lawrence, P. R., & Lorsch, J. W. (1967). *Organization and environment: Managing differentiation and integration*. Harvard Business School Press.

Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review, 21*(1), 135–172. https://doi.org/10.5465/amr.1996.9602161568

Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science, 29*(7), 770–791. https://doi.org/10.1287/mnsc.29.7.770

Morgan, N. A., & Katsikeas, C. S. (2012). Explaining export performance: A meta-analytic investigation of the role of firm- and environmental-level competitiveness. *Journal of the Academy of Marketing Science, 40*(4), 493–511. https://doi.org/10.1007/s11747-010-0220-7

North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press.

Peng, M. W. (2003). Institutional transitions and strategic choices. *Academy of Management Review, 28*(2), 275–296. https://doi.org/10.5465/amr.2003.9416341

Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice*, *33*(3), 761–787. https://doi.org/10.1111/j.1540-6520.2009.00308.x

Scott, W. R. (1995). *Institutions and organizations*. Sage Publications.

Tarnovskaya, V., & Biedenbach, G. (2018). Multiple stakeholders and B2B branding in emerging markets. *Qualitative Market Research*, *21*(2), 226–245. https://doi.org/10.1108/QMR-11-2016-0108

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18*(7), 509–533.

Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic Management Journal*, *24*(13), 1307–1314. https://doi.org/10.1002/smj.360