

"A man is
great by
deeds, not by
birth"
-Chanakya

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**Performance Shortfalls, Learning-by-Doing, and Organizational Slack:
Implications for Exporting Behavior**

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Performance Shortfalls, Learning-by-Doing, and Organizational Slack: Implications for Exporting Behavior

Abstract:

The idea that exporting is the most preferred mode for internationalization and a widely used growth strategy by firms is well accepted. However, prior studies have acknowledged exporting as a resource-intensive activity, requiring dedicated infrastructure, management, systems and processes. Therefore, studies conclude that resource endowments influence export behavior. Surprisingly, Small and Medium Enterprises overcome the liabilities of smallness and limited resource to enter and succeed in international markets. Drawing from the behavioral theory perspective, we hypothesize that the exporting behavior is positively associated with “problemistic search”, “learning-by-doing”, and “slack search” rather than the absolute resources of the firm. Using panel data from 454 Indian textile manufacturing firms between 2008 and 2014, we find that “learning-by-doing” is positively associated with exporting behavior, and it also enhances the (non-linear) relationship between “slack search” and exporting. Unique to our study, we examine the relationship of the three variants of organizational slack with the exporting behavior. While the slack search–export relationship was supported in our study sample, we didn’t find significant support for the relationship between performance shortfall led problemistic search and exporting behavior. Taken together, our study aims to provide a comprehensive examination of the relationship between “search” triggered by performance shortfall, organizational slack, accumulated learning and the firm’s exporting behavior.

Keywords: SME internationalization; behavioral theory; problemistic search; organizational slack; organizational learning.



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