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Relative institutional maturity of export markets and export performance: The moderating roles of managerial capabilities and export intensity

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Abstract

This study combines institutional theory with the capability perspective to investigate how the institutional characteristics of export markets served by firms from a post-transition economy affect their export performance. We analyse a dataset of 500 exporting firms from Poland, a post-transition economy, by using regression analyses. This research aims to explore how the relative institutional maturity of a firm's export markets affects performance, as well as to establish the moderating role of managerial capabilities and export intensity for this performance effect. Relative institutional maturity is negatively associated with export performance only for exporters characterised by both low managerial capabilities and low export intensity. For firms with greater export exposure, this negative effect disappears, suggesting that accumulated international involvement may partly offset the challenges of operating in more institutionally mature markets.

Keywords

- relative institutional maturity
- managerial capabilities
- export intensity
- export performance
- post-transition economies

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Introduction

The issue of foreign market choice in a firm's internationalisation process has preoccupied international business (IB) and international marketing (IM) scholars for a long time (Baena-Rojas et al., 2021; Vahlne & Johanson, 2017). For exporting firms, decisions related to the geographic presence are of vital importance as they affect their export performance (Freeman & Styles, 2014; Freeman et al., 2012). Traditionally, research has concentrated on market entries into specific countries (e.g., Stouraitis et al., 2017) and their performance outcomes (Trąpczyński & Banalieva, 2016), while overlooking the perspective of an exporter's overall geographic presence and its characteristics. These markets can be more or less developed in terms of institutional and economic characteristics than the home market of an exporter, a fact which bears distinct implications for an exporter's performance.

While it has been broadly acknowledged that the institutional characteristics of foreign markets, as well as the institutional distance between countries, affect the patterns and outcomes of firms' international operations (van Hoorn & Maseland, 2016), the majority of existing studies do not take into account whether distance is caused by institutionally more or less developed foreign countries (Hernández & Nieto, 2015; Trąpczyński & Banalieva, 2016; Zaheer et al., 2012). In fact, performance varies greatly between individual firms in markets with less mature institutions. In these, market-based advantages matter less than the ability to cope with a less transparent and stable institutional environment (Chan et al., 2008), and firms from economies which underwent or are undergoing institutional transition might be more capable of coping with less mature environments (Cuervo-Cazurra & Genc, 2008). At the same time, the ability to cope with relatively more developed, mature export markets might be contingent on the exporter's capabilities (Trąpczyński, 2018) or the scale of export operations (Barłożewski & Trąpczyński, 2021).

We address the aforesaid gaps in the export market selection literature by drawing on the institution-based and capability-based perspectives to provide new empirical evidence on how exporters with different degrees of foreign

market maturity relative to their home market perform in their international activities, taking into account the moderating roles of managerial capabilities and export intensity. In doing so, we place our study in the empirical context of exporters from a post-transition economy, since managers of such firms are often enthusiastic about international expansion, particularly towards ambitious, well-developed markets in order to gain legitimacy and absorb new knowledge (Crescenzi et al., 2015). However, success in moving into advanced markets is far from guaranteed, and may be moderated by several firm-level antecedents (Cui & Jiang, 2012). These firms' choices concerning the share of institutionally more mature markets in their export market presence, i.e. the share of more and less developed export markets, may actually differ from the conventional strategic choices of advanced country firms, which is due to the still limited international experience, limited capabilities or a different level of factor market development conditions in their home economies, among other factors (Kim et al., 2015).

This paper is structured as follows. First, we develop a conceptual framework based on institutional theory and the capability perspective, as well as literature on the implications of a firm's internationalisation degree. Next, we present our methodology in order to subsequently proceed with empirical tests of our conceptual model and its hypotheses. After presenting our results, we discuss the theoretical implications, practical recommendations, and directions for future research.

1. Theoretical background and hypotheses

1.1. Relative institutional maturity-export performance relationship

In international business, institutions matter in two closely related ways. Firstly, the institutional quality of a country in itself shapes the opportunities and constraints facing firms operating there. Stronger formal institutions support more predictable transactions, clearer rules, better protection of property rights, and more reliable governance, whereas weaker institutional settings are associated with greater uncertainty, information asymmetries, and higher transaction costs (North, 1990; Scott, 2001). Secondly, beyond the quality of a single environment, firms also face the challenge of operating across countries whose institutional conditions differ from those of their home market. This has given rise to extensive literature on institutional distance, which argues that cross-country institutional differences influence in-

ternational expansion decisions and subsequent performance outcomes. As van Hoorn and Maseland (2016) note, institutional research in international business has largely revolved around these two assumptions: that institutional profiles matter, and that institutional distance matters.

Much of the institutional distance literature has focused on the magnitude of cross-country differences and has reported mixed performance implications. On the one hand, larger institutional distance has often been associated with higher uncertainty, adaptation costs, and liabilities of foreignness, which undermine firm performance (Xu & Shenkar, 2002). On the other, some studies have argued that institutional distance may also create opportunities for arbitrage, capability development, or better strategic decision-making, and thus may enhance performance under certain conditions (Nachum et al., 2008). As Trąpczyński and Banalieva (2016) summarise, these contradictory findings stem in part from treating institutional distance symmetrically and focusing mainly on its magnitude rather than on whether the foreign environment is institutionally more or less advanced than the home country. Konara and Shirodkar (2018) make a similar point by arguing that prior work on institutional distance and performance has largely ignored the issue of direction, even though moving "up" and "down" the institutional ladder may have distinct implications.

Recent studies that do differentiate the direction of institutional distance show that this distinction is consequential. Hernández et al. (2015) demonstrate that the choice implications of regulative distance differ depending on whether firms enter countries with lower or higher levels of regulatory development than their home country. Hernández et al. (2018) likewise argue that firms may not face the same uncertainty when institutional differences have the same magnitude but the opposite direction. Moreover, they report that positive institutional distance makes locations more attractive, whereas negative distance makes them less attractive on average. In a more recent extension, Tang and Buckley (2022) also show that positive and negative institutional distance have asymmetric implications for the location and scale of outward investment. In the performance domain, Konara and Shirodkar (2018) argue that the implications of regulatory institutional distance are relatively more positive, or less negative, when firms are "climbing down" rather than "climbing up" the institutional ladder.

This directional logic is especially relevant for firms from transition economies. Trąpczyński and Banalieva (2016) emphasise that infant multinationals from post-transition economies such as Poland face particular challenges because their constrained firm-specific advantages must be deployed in host countries that may be either more or less institutionally developed than their home market. In this context, host countries with similar or lower levels of institutional development may yield better performances because firms can draw on experience forged under comparable institutional

conditions. Cuervo-Cazurra and Genc (2008) similarly argue that firms from developing countries may convert the disadvantage of operating in institutionally difficult home environments into an advantage when they expand into other difficult environments, due to already being accustomed to dealing with weaker institutions.

By contrast, entry into more institutionally mature economies, which are typically more economically developed and thus more competitive, is likely to impose additional burdens on exporters from post-transition economies. Firstly, more mature environments typically involve clearer and more stringently enforced rules, which raise the demands of compliance, quality assurance, and formal coordination. Secondly, stronger institutions tend to be associated with more sophisticated customers, more demanding intermediaries, and greater pressure to meet internationally recognised product, service, and certification standards (Cui & Jiang, 2012; Sarathy & Banalieva, 2014). Thirdly, routines and non-market capabilities developed in less mature home contexts often travel poorly upward, because relational mechanisms and informal coping strategies become less useful in more formalised environments. Konara and Shirodkar (2018) argue that climbing up the institutional ladder increases both learning and unlearning costs, as firms from weaker home-country environments must not only understand the local rules of the game, but also abandon home-based practices that fit less formal institutional settings. Hernández et al. (2018) likewise note that upward institutional distance can expose firms to greater uncertainty and lower familiarity despite identical absolute distance.

At the same time, most prior studies on the direction of institutional distance have focused on single foreign market entries, FDI locations, or subsidiary-level outcomes rather than on the broader foreign market patterns of exporters (Hernández & Nieto, 2015). Yet exporters rarely operate in only one foreign market. Their export activities unfold across a set of chosen destinations which, when taken together, reveal whether the firm's foreign market presence is concentrated in more or less institutionally developed countries. To capture this broader pattern, we refer to the relative institutional maturity of export markets, defined as the average directional difference between the institutional development of a firm's export markets and that of its home market. We use this label deliberately. In a single-home-country design, van Hoorn and Maseland (2016) warn that institutional distance may become conflated with host-country institutional profile effects. Accordingly, our construct is intended to capture the relative institutional maturity of the exporter's realised set of foreign markets, rather than to make stronger claims about pure distance effects in the abstract.

Building on the above arguments, we expect that as the relative institutional maturity of export markets increases, the export performance of a post-transition economy exporter will decline. A stronger focus on insti-

tutionally more mature export markets exposes exporters to greater demands for formal compliance, more sophisticated stakeholder expectations, and a weaker applicability of routines formed in less mature environments. Although such markets may offer long-term developmental opportunities, they are also likely to impose short-term performance penalties on exporters whose resources and routines were shaped in a post-transition context. Conversely, exporters whose foreign market presence is concentrated in institutionally similar or less mature environments should be better able to leverage home-grown capabilities and cope with contextual uncertainty, thereby achieving stronger export performance. At the same time, while we do not imply that there is an optimal level of institutional maturity, as various countries may adopt different paths leading to economic and social development, our argumentation concentrates on the relative nature of institutional settings as experienced by foreign entrants, and the challenges related to these differences.

Hence, on the whole, we posit that:

H1: The relative institutional maturity of export markets is negatively associated with export performance.

1.2. The contingencies of the relative institutional maturity-performance relationship

To explain why some exporters cope better with relatively more institutionally mature export markets than others, we first draw on the capability-based view of the firm. Rooted in the broader resource-based tradition, this perspective holds that firms differ not only in the resources they control but also in their ability to deploy, combine, and leverage those resources effectively in pursuit of superior performance (Barney, 1991; Collis, 1994). Extant international business research explicitly links firm capabilities to international success, while also stressing that such capabilities cannot be considered in isolation from the context in which they are deployed (Trąpczyński, 2018). Thus, the capability-based view and the institution-based view should be regarded as complementary, as the value of firm capabilities depends on the context in which they are implemented (Brouthers et al., 2008), while, conversely, these capabilities determine the ability to succeed in a given market. These capabilities are therefore best understood as organisationally embedded managerial capabilities that help exporting firms interpret foreign market requirements, coordinate external relationships (e.g. with distributors), and support foreign operations. This interpretation is consistent with Trąpczyński

(2018), who emphasises that the competitive advantage of Polish and other post-transition country firms is often increasingly tied to intangible and managerial resources such as relationships with customers, organisational know-how, brand and market image, employee knowledge and skills, and relations with business partners (Ramamurti, 2009).

Exporters differ in the managerial capabilities which they possess, and those differences matter more when firms operate in relatively more institutionally mature markets (Trąpczyński, 2018). Operating in institutionally more advanced markets requires firms to meet higher customer expectations, including the provision of more complex products and higher quality (Sarathy & Banalieva, 2014). Thus, exporters from transition economies may need to catch up and upgrade their capabilities in order to compete effectively in such settings (Ahuja et al., 2012). Moreover, firms from transition economies may find it difficult to adjust to the more formalised labour and capital markets of advanced economies, where market transactions rely more strongly on formal written contracts than on informal agreements. This drives up transaction costs (Ahuja et al., 2012). In consequence, capabilities related to foreign affiliate management, client handling, marketing approaches, product fit, and channel coordination become particularly important in more advanced environments, whereas weaker institutional settings may still allow firms to compensate for capability gaps through non-market tactics or home-grown familiarity with imperfect institutions (Cuervo-Cazurra & Genc, 2011).

This argument also intersects with the institutional notion of legitimacy, which is especially relevant for firms from post-transition and other less advanced home environments. Institutional theory emphasises that foreign firms face pressures to attain legitimacy vis-à-vis host-country stakeholders and institutions. The need to secure such legitimacy intensifies as institutional differences become more pronounced (Scott, 2001). Thus, exporters with superior managerial capabilities should be better equipped to secure legitimacy in relatively more institutionally mature markets. This is because they can manage relationships with customers and intermediaries more professionally, organise distribution channels more effectively, understand local market requirements better, and mobilise qualified employees and experienced managers in ways that signal reliability, professionalism, and local fit (Xu & Shenkar, 2002).

For firms from a post-transition economy, the relevance of such capabilities is even stronger because their home-grown routines do not always travel easily upward. Foreign buyers, distributors, or regulatory actors may expect more formalised and professionalised patterns of conduct, while the home-grown routines of exporters based on informal coping or non-market embeddedness may be less effective (Cuervo-Cazurra & Genc, 2011). Likewise, Konara and Shirodkar (2018) argue that moving upward into institutionally stronger environments increases adaptation costs because firms must not only

understand the host-country rules of the game but also cope with the need to unlearn home-environment practices that fit weaker institutional settings. They explicitly link this challenge to the capabilities developed under home--country regulatory conditions and their transferability abroad.

Accordingly, although the relative institutional maturity of export markets is expected to have a negative direct association with export performance, this adverse relationship should be weaker for exporters possessing stronger managerial capabilities. Firms with superior managerial capabilities should be better able to cope with the formalisation, demanding customers, stricter channel expectations, and legitimacy requirements characteristic of relatively more institutionally mature export markets. Put differently, managerial capabilities should help post-transition economy exporters translate presence in more advanced markets into less severe performance penalties than would be the case for exporters with weaker capabilities. This leads to the following hypothesis:

H2: Managerial capabilities moderate the relationship between the relative institutional maturity of export markets and export performance such that the slope becomes less negative as managerial capabilities increase.

Finally, we argue that the moderating effect of managerial capabilities depends on export intensity, such that it is strong for firms with less international exposure and fades away as the complexity of export operations increases. Export intensity reflects the depth of a firm's commitment to foreign markets. Deeper foreign involvement is often expected to allow firms to exploit their capabilities more broadly, spread fixed costs over a larger sales base, and benefit from scale, scope, and learning effects (Dhanaraj & Beamish, 2003; Filatotchev & Piesse, 2009). At the same time, a growing body of work suggests that the effects of stronger foreign commitment are not uniformly positive and that internationalisation may create as many managerial burdens as benefits, especially for firms like those from post-transition economies, which are still early in their international development (Barłożewski & Trąpczyński, 2021; Matysiak & Bausch, 2012; Verbeke et al., 2009).

The darker side of increasing export commitment lies in the fact that foreign market expansion heightens the complexity and coordination requirements of operating across borders. As foreign operations constitute a larger part of total sales, firms face stronger pressure to adapt products, service standards, and sales processes to the needs of foreign clients and intermediaries, while also ensuring internal consistency and efficient coordination of these activities (Barłożewski & Trąpczyński, 2021). From a certain point onward, the costs of product and market adaptation, dispersed coordination, and the integration of increasingly heterogeneous foreign activities may outweigh the benefits of further export expansion (Matysiak & Bausch, 2012).

These concerns are especially relevant for post-transition country exporters, which are often relative beginners in international expansion. Firms from such contexts frequently lag behind their advanced-economy counterparts and may face substantial barriers, such as limited information, financing constraints, and shortages of skilled personnel with foreign-market experience (Barłożewski & Trąpczyński, 2021; Svetličič & Jaklič, 2003). Moreover, firms from post-transition economies have tended to begin their expansion in institutionally or geographically close markets (Barłożewski & Trąpczyński, 2021; Trąpczyński & Banalieva, 2016). As export intensity rises, these firms become more dependent on foreign revenues and more exposed to the burdens of managing foreign operations on a larger scale. In such a situation, particularly when they move to institutionally more mature yet challenging markets, the marginal contribution of each additional foreign market to performance may decline, while managerial attention becomes increasingly stretched across multiple foreign relationships requiring significant investments in upgrading and adaptation (Barłożewski & Trąpczyński, 2021).

To sum up, when export intensity increases, managerial capabilities must be deployed across a broader and increasingly demanding set of export markets. The exporter becomes more dependent on foreign buyers and intermediaries, thus its own managerial capabilities remain important. However, their marginal buffering effect on the negative relationship between the relative institutional maturity of export markets and export performance becomes less relevant as export intensity rises. Therefore, we propose that:

H3: The moderating effect of managerial capabilities depends on export intensity, such that it becomes weaker for high export intensity.

The hypothesised relationships are presented in Figure 1.

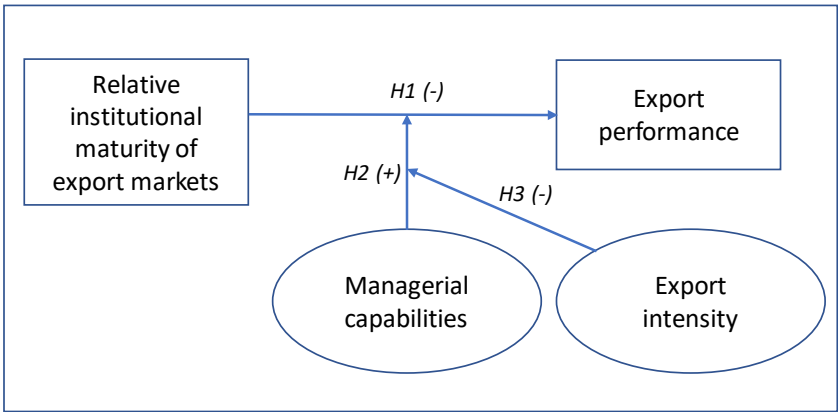

Figure 1. Conceptual framework of the study

Source: own elaboration.

2. Research design

2.1. Data collection and sample

To test the hypotheses, we analysed primary survey data collected from exporting firms located in Poland, a post-transition economy. The sampling frame was constructed using the BISNODE database, which provides comprehensive firm-level information on Polish companies. Firms were included in the sampling frame if they met several criteria. Firstly, firms had to be predominantly controlled by Polish owners. Secondly, they had to operate in industrial manufacturing sectors and generate the majority of their revenues from manufacturing activities. Thirdly, firms were required to export to at least two foreign markets, with exports accounting for a minimum of 10% of total revenues. Fourthly, firms needed to employ at least ten employees and demonstrate financial stability in the period prior to the survey (2017–2019).

Using these criteria, a total of 2,166 exporting firms were identified and contacted by a professional market research agency commissioned by the research team. Given the complexity of the survey and the traditionally low response rates of unassisted online surveys, the agency conducted telephone interviews with export executives responsible for their firms' international operations. Respondents typically held senior positions, such as export manager, international sales manager, or managing director. The use of key informants is consistent with prior export research, where senior managers are typically the most knowledgeable respondents regarding firms' export activities.

Data collection took place between September and November 2020. In total, 500 usable responses were obtained, corresponding to an effective response rate of approximately 23%. Table 1 provides an overview of the sample composition across firm size and technological intensity categories.

Table 1. Sample composition

Size	*N*	Low-Tech (%)	Medium--Tech (%)	High-Tech (%)	Avg. # Export Markets	B2B Market (%)	B2C Market (%)
Small	168	35	32	33	4	71	29
Medium	167	33	33	34	7	77	23
Large	165	33	34	32	14	78	22

Source: own elaboration.

The main difference between small, medium-sized, and large firms concerns the average number of export markets served, which increases with firm size. At the same time, the distribution of technological intensity across firm size categories is relatively balanced. Small firms show a somewhat higher share of B2C markets compared with larger firms, whereas medium-sized and large firms are more frequently active in B2B markets.

Although the data were collected using a single survey instrument, several procedural steps were taken to reduce potential common method bias. Respondents were assured of confidentiality and anonymity, and the questionnaire contained clearly separated sections addressing different aspects of firms' international activities. In addition, a Harman's single-factor test indicates that no single factor accounts for the majority of the variance, with the first factor explaining only 20.35% of the total variance, suggesting that common method bias is unlikely to be a serious concern.

2.2. Variable measurement

2.2.1. Dependent variable

Our dependent variable, *export performance*, captures firms' perceived export outcomes during the period 2017–2019. Export managers were asked to evaluate their firm's overall export performance relative to expectations using a seven-point Likert scale (1 = "definitely below expectations", 4 = "in line with expectations", 7 = "significantly above expectations"). The overall assessment reflects a broad set of financial and strategic performance dimensions, including sales volume, sales profitability, return on investment in foreign market entries, financial liquidity, growth in foreign market share, marketing effectiveness, distribution effectiveness, firm image among clients, and overall satisfaction with export outcomes. Perceptual performance measures of this type are widely used in export performance research and have been shown to correlate strongly with objective performance indicators.

2.2.2. Independent variables

The main independent variable, *relative institutional maturity*, captures the relative institutional development level of export markets in a firm's portfolio of export markets compared with the home market. *Relative institutional maturity* was operationalised using directional institutional distance between Poland and each export market. Institutional distance was calculated using the

Heritage Index of Economic Freedom, which ranges from 0 to 100 and captures multiple dimensions of market-supporting institutional environments, including regulatory efficiency, trade openness, and property rights protection (Holmes et al., 2008).[3] Higher values indicate institutionally more mature market environments. The directional institutional distance between Poland and each export market was calculated using the Kogut and Singh (1988) index, while preserving the direction of distance, following the recommendation of Zaheer et al. (2012). Positive values indicate export markets that are more institutionally mature than Poland, whereas negative values indicate less mature markets. In line with the time frame of the *export performance* measure, index values were averaged over the period 2017–2019.

Managerial capabilities were measured using a multi-item scale adapted from Ruiz-Ortega et al. (2013). Export managers assessed the extent to which their firm possessed advantages relative to its closest domestic competitor in several areas, including building relationships with clients, customer database maintenance, access to distribution channels, market knowledge, employee motivation and qualification, and management team experience. Responses were recorded on a seven-point scale ranging from 1 ("much worse than competitors") to 7 ("much better than competitors").

The firm's *export intensity* was captured using foreign sales to total sales in 2019, as reported by survey respondents. This measure is widely used in international business research to capture firms' export intensity.

2.2.3. Control variables

Several control variables were included to account for alternative explanations of export performance. *Firm age* was measured as the number of years since the firm's founding. *Firm size* was captured using employment in 2019. *Technological capabilities* were measured using a multi-item scale assessing firms' relative strength in areas such as R&D investment, techno-

[3] While alternative institutional measures such as the Worldwide Governance Indicators (WGI) are commonly used in international business research, we rely on the Heritage Index of Economic Freedom because it captures broader dimensions of market-supporting institutional maturity that are particularly relevant for exporters, including regulatory efficiency, business freedom, trade freedom, and property rights protection (Holmes et al., 2008). In line with prior research emphasising the role of institutional environments for international business activities (e.g., Cuervo-Cazurra & Genc, 2008; Trąpczyński & Banalieva, 2016), the Heritage Index provides a composite and longitudinally comparable measure of institutional and economic development across countries. Moreover, our theoretical focus concerns exporters' exposure to institutionally more versus less mature market environments rather than governance quality alone, making the Heritage Index particularly suitable for capturing the broader notion of relative institutional maturity used in this study.

logical equipment, scale economies, manufacturing efficiency, patents, and technological know-how.

Export planning was measured using a four-item scale assessing the extent to which firms systematically evaluate export opportunities, define export objectives, and analyse export environments when making export decisions (Souchon et al., 2016). *Export centralisation* captures the extent to which export decisions require approval from top management and was measured using three items assessing the degree of centralised decision-making in export activities. *Foreign market knowledge* reflects firms' knowledge about export markets relative to the home market. Respondents evaluated their knowledge of foreign market conditions, customers, competitors, products, pricing and payment practices, communication practices, and distribution systems.

Product complexity was measured using a seven-item scale capturing technological sophistication and adaptation requirements of firms' products. The items capture aspects such as technological advancement, the need for trained sales personnel, product innovativeness, service requirements, country-specific adaptations, specialised logistics requirements, and differentiation from competitors. Finally, *industry* was controlled for using NACE industry codes reported in the survey, which were recoded into three categories (low-tech, medium-tech, and high-tech industries) based on the OECD classification of technological intensity. Table A1 in the Appendix summarises all variable definitions and measurements.

2.3. Measurement validation

To assess the reliability and dimensionality of the multi-item constructs used in this study, we conducted reliability analyses and exploratory factor analyses using principal axis factoring (Hair et al., 2010). All multi-item constructs exhibit satisfactory levels of internal consistency. *Export planning* shows a Cronbach's alpha of 0.852, *export centralisation* an alpha of 0.869, *foreign market knowledge* an alpha of 0.932, and product complexity an alpha of 0.783. Exploratory factor analyses further confirm that the items for *export planning, export centralisation*, and *foreign market knowledge* load on a single factor, thus supporting the unidimensionality of these constructs. *Product complexity* shows evidence of a common underlying construct capturing overall product sophistication and adaptation requirements. Consistent with the conceptual coherence of the scale and common practice in export research, the items were aggregated into a single composite index. For each multi-item construct, composite variables were calculated as the mean of the corresponding survey items. Table A2 in the Appendix presents the reliability statistics and factor loadings for the multi-item constructs.

2.4. Estimation method

Prior to estimating the regression models, continuous predictor variables were mean-centred in order to facilitate the interpretation of interaction effects and reduce potential multicollinearity between interaction terms and their constituent variables (Aiken & West, 1991; Judd et al., 2017). The hypotheses were tested using ordinary least squares (OLS) regression models with heteroskedasticity-robust standard errors. Diagnostic tests indicated the presence of heteroskedasticity in the residuals (White test $p < 0.001$), which justified the use of robust standard errors. As a robustness check, we additionally estimated ordered logit models to account for the ordinal nature of the export performance measure. The results remain consistent with the OLS estimates. We therefore report the OLS models as our main specification due to the more straightforward interpretation of interaction effects. Interaction effects were examined by introducing multiplicative interaction terms between relative institutional maturity, managerial capabilities, and export intensity.

Table 2 reports descriptive statistics and pairwise correlations for all variables used in the analysis. The correlations do not indicate serious multicollinearity concerns among the independent variables, which is further supported by variance inflation factors well below conventional thresholds (mean VIF = 1.53).

3. Results

Table 3 reports the results of the OLS regression models explaining *export performance*. All models include heteroskedasticity-robust standard errors to account for potential heteroskedasticity. Model 1 presents the baseline model, including only the control variables. Among the controls, export planning shows a positive and statistically significant association with *export performance* ($\beta = 0.130, p < 0.01$), indicating that firms that engage in more systematic *export planning* tend to achieve better export outcomes. *Product complexity* also exhibits a positive effect ($\beta = 0.092, p < 0.05$), suggesting that firms offering more complex products may benefit from stronger *export performance*. The remaining control variables are not statistically significant.

Model 2 introduces the main independent variables. *Managerial capabilities* show a positive and statistically significant association with *export performance* ($\beta = 0.122, p < 0.05$), suggesting that firms with stronger *managerial capabilities* tend to perform better in export markets. In contrast, the

Table 2. Descriptive statistics and correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
Export performance	5.026	0.606	1												
Relative institutional maturity	0.000	0.398	–0.098*	1											
Managerial capabilities	0.000	0.795	0.106*	0.063	1										
Export intensity	0.000	0.192	–0.129*	0.175*	0.156*	1									
Technological capabilities	4.937	0.640	0.043	0.036	0.676*	0.097*	1								
Export planning	5.582	0.842	0.214*	–0.002	0.279*	–0.052	0.198*	1							
Firm age (log)	3.058	0.431	–0.075	0.066	0.017	0.184*	–0.079	–0.060	1						
Firm size (log)	4.775	1.249	0.037	0.011	0.642*	0.061	0.512*	0.234*	–0.033	1					
Export centralisation	4.741	1.446	0.002	–0.027	–0.269*	–0.067	–0.234*	0.059	0.006	–0.398*	1				
Foreign market knowledge	5.530	0.754	0.033	–0.009	0.251*	0.096*	0.104*	0.050	–0.036	0.136*	0.129*	1			
Product complexity	4.715	0.897	0.139*	–0.053	0.275*	–0.152*	0.341*	0.320*	–0.045	0.087	0.066	0.090*	1		
Industry (medium-tech)	0.33	0.471	–0.040	0.001	0.007	0.014	–0.051	–0.014	0.019	0.015	–0.062	–0.092*	0.012	1	
Industry (high-tech)	0.33	0.471	–0.005	0.012	0.097*	–0.054	0.124*	0.017	–0.008	0.017	–0.035	0.072	0.389*	–0.493*	1

Source: own elaboration.

coefficient for *relative institutional maturity* is negative but not statistically significant ($\beta = -0.117$, n.s.), indicating that higher *relative institutional maturity* does not systematically reduce *export performance* in the full sample. Thus, Hypothesis 1 does not receive direct support in the baseline specification. *Export intensity* exhibits a negative and marginally significant effect ($\beta = -0.324, p < 0.10$).

Model 3 adds the interaction term between *relative institutional maturity* and *managerial capabilities* in order to test Hypothesis 2. The interaction coefficient is positive but not statistically significant ($\beta = 0.080$, n.s.), suggesting that the moderating role of *managerial capabilities* cannot be fully understood without considering the firm's *export intensity*. Accordingly, Hypothesis 2 is not supported as a stand-alone two-way interaction.

Model 4 introduces the full three-way interaction between *relative institutional maturity*, *managerial capabilities*, and *export intensity*, providing a direct test of Hypothesis 3. The three-way interaction term is negative and statistically significant ($\beta = -1.045, p < 0.01$), indicating that the moderating effect of *managerial capabilities* on the relationship between *relative institutional maturity* and *export performance* depends on the *export intensity* of a firm.

To facilitate interpretation of this moderated moderation, we examine conditional marginal effects following the approach suggested by Aiken and West (1991). The results indicate that relative institutional maturity negatively affects *export performance* when both *managerial capabilities* and *export intensity* are low ($\beta = -0.386, p < 0.01$). Under these conditions, an increasing *relative institutional maturity* of a firm's export markets appears to impose coordination and complexity costs that outweigh potential benefits.

However, this negative relationship disappears when *managerial capabilities* are high ($\beta = -0.004$, n.s.) or when firms exhibit higher *export intensity* ($\beta = 0.209$, n.s. for low *managerial capabilities*; $\beta = -0.047$, n.s. for high *managerial capabilities*). In these cases, the effect of *relative institutional maturity* on *export performance* becomes statistically insignificant. These findings suggest that firms with stronger *managerial capabilities* or greater *export intensity* are better able to manage the complexity associated with increasingly stable, yet demanding markets in their overall geographic presence.

Figures 2 and 3 illustrate these conditional relationships. When *export intensity* is low (Figure 2), *relative institutional maturity* is negatively associated with *export performance* for firms with low *managerial capabilities*, whereas the relationship becomes flat for firms with high *managerial capabilities*. In contrast, when *export intensity* is high (Figure 3), *relative institutional maturity* shows only a weak relationship with *export performance* regardless of the level of *managerial capabilities*. Overall, our empirical evidence supports Hypothesis 3.

Overall, the results suggest that the performance implications of *relative institutional maturity* depend on firms' internal capabilities and their level

Table 3. Regression results

Variable	Model 1	Model 2	Model 3	Model 4
Relative institutional maturity (RIM)		–0.117	–0.121*	–0.057
		(0.073)	(0.073)	(0.075)
Managerial capabilities		0.122**	0.122**	0.129**
		(0.058)	(0.058)	(0.056)
Export intensity		–0.324*	–0.317*	–0.512***
		(0.166)	(0.167)	(0.188)
RIM × Managerial capabilities			0.080	0.040
			(0.089)	(0.088)
RIM × Export intensity				0.719
				(0.500)
Managerial capabilities × Export intensity				0.688***
				(0.168)
RIM × Managerial capabilities × Export intensity				–1.045***
				(0.341)
Technological capabilities	–0.038	–0.080	–0.080	–0.090
	(0.062)	(0.065)	(0.065)	(0.064)
Export planning	0.130***	0.120***	0.121***	0.117***
	(0.034)	(0.033)	(0.033)	(0.034)
Firm age (log)	–0.084	–0.066	–0.064	–0.080
	(0.064)	(0.064)	(0.064)	(0.064)
Firm size (log)	–0.008	–0.038	–0.037	–0.031
	(0.033)	(0.034)	(0.034)	(0.033)
Export centralisation	–0.019	–0.017	–0.017	–0.025
	(0.025)	(0.024)	(0.024)	(0.024)
Foreign market knowledge	0.016	0.005	0.006	0.003
	(0.036)	(0.037)	(0.037)	(0.036)
Product complexity	0.092**	0.066*	0.067*	0.051
	(0.037)	(0.038)	(0.037)	(0.038)
Medium-tech industry	–0.119*	–0.120*	–0.125*	–0.119*
	(0.064)	(0.064)	(0.064)	(0.064)
High-tech industry	–0.135*	–0.132*	–0.131*	–0.106
	(0.076)	(0.076)	(0.073)	(0.076)
Constant	4.432***	4.960***	4.933***	5.119***
	(0.404)	(0.476)	(0.478)	(0.483)
Observations	500	500	500	500
R^2	0.065	0.088	0.090	0.125

Notes: OLS regression coefficients reported. Heteroskedasticity-robust standard errors are reported in parentheses. Continuous predictors were mean-centred prior to the creation of interaction terms. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Source: own elaboration.

of internationalisation. In particular, *relative institutional maturity* appears to have negative performance implications when firms possess both limited *managerial capabilities* and low levels of *export intensity*. However, this negative relationship weakens as *managerial capabilities* increase. Moreover, the moderating influence of *managerial capabilities* becomes evident only when the exporter's level of internationalisation is taken into account. Consistent with Hypothesis 3, the influence of *managerial capabilities* on the relationship between *relative institutional maturity* and *export performance* varies depending on the exporter's level of *export intensity*.

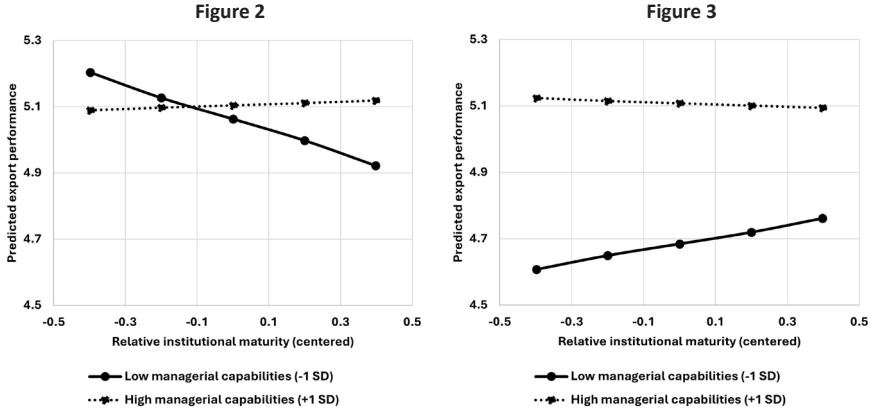

Figure 2 and 3. Interaction between relative institutional maturity and managerial capabilities at low / high export intensity

Source: own elaboration.

Finally, the explanatory power of the models increases from Model 1 ($R^2 = 0.064$) to the full interaction model ($R^2 = 0.125$), suggesting that accounting for the interaction between *relative institutional maturity*, *managerial capabilities*, and *export intensity* helps explain additional variation in *export performance*.

4. Discussion of results

Much of the extant research on foreign market choice has examined the selection of individual countries or the outcomes of specific foreign operations, while paying less attention to the broader pattern of markets served by exporters as a whole (Freeman & Styles, 2014; Freeman et al., 2012). By focusing on the relative institutional maturity of export markets, our study suggests that export performance depends not only on whether a firm en-

ters one particular market, but also on how its broader foreign market presence is distributed across institutionally more or less developed countries. In this sense, we extend research on international market selection by showing that systematic export market choice patterns, rather than isolated market entries alone, can have important performance implications for exporters from post-transition economies.

Secondly, we contribute to the institutional perspective in international business by emphasising the relative and directional nature of foreign market maturity. Prior work has often concentrated either on the absolute institutional quality of a host country or on the absolute magnitude of institutional distance between countries (van Hoorn & Maseland, 2016; Zaheer et al., 2012). Our findings support the argument that these approaches miss an important distinction, namely, whether exporters are primarily exposed to markets that are institutionally more or less mature than their home environment. This distinction matters because these settings represent different strategic scenarios (Hernández & Nieto, 2015; Konara & Shirodkar, 2018; Trąpczyński & Banalieva, 2016). For firms from post-transition economies, institutionally less mature markets may allow them to leverage routines developed under comparable conditions, whereas institutionally more mature markets may impose stronger demands related to compliance, quality, coordination, and legitimacy, particularly for exporters with limited managerial resources and international experience (Cuervo-Cazurra & Genc, 2008; Trąpczyński & Banalieva, 2016). Our study therefore advances prior research by showing that exporters' foreign market positions should be understood not only in terms of distance or quality in the abstract, but also in terms of the predominance of upward versus downward institutional exposure.

Thirdly, our empirical contribution lies in showing that the performance consequences of export market choices are contingent rather than uniform. The absence of a significant main effect of relative institutional maturity, and likewise of a stand-alone two-way moderating effect of managerial capabilities, suggests that exporters do not face a simple universal penalty from serving relatively more mature markets. Instead, the key insight of our findings is that the performance implications of export market choices depend jointly on managerial capabilities and export intensity. In particular, managerial capabilities appear particularly important for exporters with lower foreign-market exposure, for whom moving toward more stable but more demanding markets creates a challenge that cannot be managed through accumulated international involvement alone. This is consistent with the argument that post-transition economy firms often begin foreign expansion with constrained organisational and managerial capabilities and therefore require stronger internal support to cope with the formalisation and legitimacy demands of advanced markets (Svetličič & Jaklič, 2003; Trąpczyński, 2018). In that sense, our results refine the capability perspective by showing that managerial capabilities do

not generate a general performance premium in more mature foreign markets, but rather serve as a buffering mechanism for relatively novice exporters facing institutionally more demanding environments.

In line with H3, the effect of managerial capabilities becomes less pronounced as export intensity rises. This suggests that the buffering role of managerial capabilities becomes less pronounced as export intensity rises. At higher levels of export exposure, firms can arguably rely on experience accumulated through being present in other mature markets, which may partly compensate for limited managerial capabilities. This interpretation resonates with prior work indicating that organizational experience can mitigate the challenges of institutionally mature markets when firms are more strongly exposed to advanced markets (Trąpczyński & Banalieva, 2016). At high export intensity, coordination complexity can weaken the performance contribution of firms' advantages when managing dispersed operations becomes too demanding (Matysiak & Bausch, 2012). Accordingly, the value of managerial capabilities appears to depend on the exporter's stage of international exposure and on whether those capabilities are used to cope with foreign-market demands or to escalate the firm's commitment to institutionally demanding markets.

Conclusions

Our quantitative evidence challenges the assumption that entering more institutionally mature markets is beneficial for exporters from mid-range economies, demonstrating that this linkage is contingent on both exporter capabilities and export intensity. Thus, for firms with limited capabilities, it may be more prudent to focus on equally or similarly developed markets, in line with prior research on firms from developing countries. By doing so, we shed some new light on this "glamour" vs. "reality" discrepancy. In fact, whilst reputation reasons might prompt novice exporters from post-transition countries to strive for legitimacy by moving into more advanced economies, subsequent development of export performance is a different matter. Our results suggest that some exporters targeting mature economies as a core tenet of their export strategy might actually experience performance declines due to their limited ability to navigate such environments.

Thus, we caution export executives that prioritising institutionally advanced economies carries ambiguous consequences. On the one hand, it can certainly lead to a substantial upgrade of capabilities and motivate exporters to improve their products in order to satisfy demanding customers. On the other, such upgrading may come at the expense of short-run performance.

Our research has obvious shortcomings, which indicate areas for further inquiry. Firstly, consistent with much prior survey-based research on exporting, our quantitative relies on cross-sectional data to reconstruct the export presence of post-transition firms. As a result, we were unable to conduct longitudinal analyses to identify strategic changes of post-transition economy exporters over time. As additional data become accessible, future studies could evaluate the generalisability of our findings across longer time periods.

Secondly, further studies should use broader samples of exporting firms, both in terms of the number of firms and years of observations. Due to the high cost of administering the survey in mid-range economies, data collection was limited to only 500 exporters in a single year. It is possible that the lack of significance of some variables is due to the fact that their effects occur over longer time horizons than could be captured with our data. Accordingly, caution should be exercised when interpreting our findings beyond the current sample. As we merely analysed the three-year performance of exporters, it could be interesting for future research to extend this perspective by analysing broader performance repercussions of export portfolio choices by post-transition country firms.

Thirdly, in line with prior survey research on firm internationalisation, our data stem from one country. As Poland is a post-transition economy still transitioning towards a fully advanced market, it provides a relevant context for testing the predictions of our theory about relative institutional maturity. We encourage future research to expand and test our model on a larger country sample. It would also be valuable to analyse whether our results hold true for the export market choices of advanced country firms.

Fourthly, our measure of relative institutional maturity encompasses diverse aspects of institutional environments, including those related to monetary or fiscal policy. While our intention was to capture the broad nature of differences which exporters experience in foreign markets at various stages of development, future studies should concentrate on more specific institutional dimensions and their implications for export performance.

Appendix

Table A1. Variable definitions and measurement

Variable	Definition	Measurement / Scale	Source
Export performance	Managers' evaluation of the firm's overall export performance relative to expectations during the period 2017–2019	Seven-point Likert scale (1 = definitely below expectations; 7 = significantly above expectations). The assessment reflects a broad set of performance dimensions, including sales volume, profitability, ROI in foreign markets, growth of foreign market share, marketing effectiveness, distribution effectiveness, financial liquidity, firm image among clients, and overall satisfaction with export outcomes	Brouthers et al. (1999, 2000, 2008)
Relative institutional maturity	Relative institutional development of export markets compared to the home country (Poland)	Directional institutional distance between Poland and each export market calculated using the Kogut & Singh (1988) index based on the Heritage Index of Economic Freedom. Positive values indicate more developed export markets relative to Poland, negative values indicate less developed markets. Index values averaged for 1995–2019	Holmes et al. (2008); Kogut & Singh (1988); Zaheer et al. (2012)
Managerial capabilities	Firm's managerial capabilities relative to its closest domestic competitor	Mean of six items measured on a seven-point scale (1 = much worse; 7 = much better). Items include: ability to build relationships with clients, customer database, access to distribution channels, market knowledge, motivated and qualified employees, experienced management team	Ruiz-Ortega et al. (2013)
Export intensity	Degree of firm internationalisation measured by export intensity	Foreign sales to total sales in 2019 (percentage)	Velez-Calle et al. (2018)
Technological capabilities	Firm's technological capabilities relative to its closest competitor	Mean of six items measured on a seven-point scale (1 = much worse; 7 = much better). Items include R&D investment, modern equipment, scale economies, manufacturing efficiency, patents, technological know-how	Ruiz-Ortega et al. (2013)

Variable	Definition	Measurement / Scale	Source
Export planning	Extent to which firms systematically plan export decisions	Mean of four items measured on a seven-point Likert scale (1 = strongly disagree; 7 = strongly agree). Items capture systematic evaluation of export alternatives, assessment of strategy options, clearly defined export goals, and systematic analysis of export environments	Souchon et al. (2016)
Export centralisation	Degree to which export decisions are centralised at top management level	Mean of three items measured on a seven-point Likert scale (1 = strongly disagree; 7 = strongly agree). Items assess whether export decisions require approval from top management	Adapted from export management literature
Foreign market knowledge	Firm's knowledge about foreign markets relative to the home market	Mean of seven items measured on a seven-point scale (1 = much more limited knowledge than in the home market; 7 = knowledge comparable to the home market). Items include knowledge of market conditions, foreign customers, competitors, products, pricing and payment methods, communication practices, and distribution systems	Adapted from export knowledge literature
Product complexity	Technological sophistication and adaptation requirements of the firm's products	Mean of seven items measured on a seven-point Likert scale (1 = strongly disagree; 7 = strongly agree). Items capture technological advancement, need for trained sales staff, product innovativeness, service requirements, adaptation to country conditions, special logistics requirements, and differentiation from competitors	Adapted from export marketing research
Firm age	Age of the firm	Number of years since founding	Sousa & Tan (2015)
Firm size	Firm size measured by employment	Number of employees in 2019	Hollender et al. (2017)
Industry	Industry technological intensity	NACE industry codes recoded into three categories: 1 = low-tech, 2 = medium-tech, 3 = high-tech (OECD classification)	OECD classification

Source: own elaboration.

Table A2. Reliability and factor analysis results

Construct	Number of items	Cronbach's α	KMO	Bartlett's test	Factors retained	Variance explained (%)	Operation-alization
Export performance	9	0.864	0.832	$p < 0.001$	1	48.5	mean of 9 items
Managerial capabilities	6	0.902	0.790	$p < 0.001$	1	67.7	mean of 6 items
Technological capabilities	6	0.862	0.799	$p < 0.001$	1 dominant factor	63.0	mean of 6 items
Export planning	4	0.852	0.781	$p < 0.001$	1	69.4	mean of 4 items
Export centralisation	3	0.869	0.701	$p < 0.001$	1	79.4	mean of 3 items
Foreign market knowledge	7	0.932	0.859	$p < 0.001$	1	71.4	mean of 7 items
Product complexity	7	0.783	0.774	$p < 0.001$	1 dominant factor	47.4	mean of 7 items

Notes: Cronbach's alpha reports internal consistency. Exploratory factor analysis was conducted using principal axis factoring. For all constructs, items were aggregated by calculating their mean scores. For technological capabilities and product complexity, exploratory factor analysis indicated some secondary structure. However, in both cases, the items were retained as single composite indices due to acceptable reliability and conceptual coherence.

Source: own elaboration.

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