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The Double-Edged Sword of Competition: How Organizational Effectiveness Mediates the Impact of Environmental Dynamism on SME Export Performance

Ali Erfanikia

erfani@ghazali.ac.ir

Islamic Azad University, Abhar Branch

Babak Hajikarimi

Islamic Azad University, Abhar Branch

Abdollah Nazari

Islamic Azad University, Abhar Branch

Mahdi Beshkooh

Qazvin Islamic Azad University

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Abstract

This study investigates the complex interplay between strategic orientation, internal capabilities, and external environmental forces in shaping the export performance of Small and Medium-sized Enterprises (SMEs). Specifically, it challenges the universality of competitive benefits by exploring the “double-edged” nature of environmental pressure within a sanctioned, high-velocity economy (Iran). Drawing on a synthesis of the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT), data were collected from 185 export-oriented manufacturing SMEs in Qazvin Province and analyzed using Partial Least Squares Structural Equation Modeling (Smart PLS 4). The results reveal a striking paradox regarding environmental contingencies. While international orientation serves as a robust antecedent of both organizational effectiveness and export performance, market dynamism showed no significant impact on outcomes, suggesting that in hyper-volatile contexts, turbulence acts as “white noise” unless filtered by strategy. Crucially, competitive intensity acts as a double-edged sword: while it necessitates higher organizational effectiveness, it exerts a significant negative direct effect on export performance. This confirms a “Resource Erosion Effect,” where hyper-competition in resource-scarce environments depletes the financial buffers required for international expansion. Ultimately, organizational effectiveness emerged as the strongest predictor, serving as a critical survival mechanism. By establishing boundary conditions for the RBV in hostile environments, this research demonstrates that external pressure in sanctioned economies does not automatically yield performance gains, underscoring that domestic rivalry can be resource-draining and internal effectiveness remains the primary conduit for export resilience.

1. Introduction

In the contemporary global economy, Small and Medium-sized Enterprises (SMEs) are widely recognized as vital engines of economic growth, innovation, and employment generation. This role is particularly critical in emerging markets, where SMEs contribute significantly to GDP and non-oil exports. However, the landscape for internationalization has shifted predominantly. Recent studies highlight that geopolitical uncertainty and rapid digital transformations have become primary determinants of SME survival, necessitating novel adaptive strategies (Li & Fleury, 2024; Paul & Mas, 2024). Unlike large multinational corporations, SMEs often suffer from the liability of smallness and severe resource constraints, making them disproportionately vulnerable to external shocks. This vulnerability is exacerbated in volatile economic environments characterized by sanctions, currency fluctuations, and intense competitive pressure.

While existing literature extensively covers the direct relationship between a firm’s strategic orientation and its export performance, the specific mechanisms through which this relationship unfolds in high-velocity environments remain underexplored. Most prior studies have focused on stable developed economies, leaving a gap in understanding how firms navigate hyper-competitive and uncertain landscapes. Scholars recently argue that in such resource-constrained environments, traditional competitive intensity can paradoxically act as a “resource curse,” diverting focus from international goals

to local survival (Gupta & Dutta, 2024). Consequently, there is a theoretical urgency to understand how International Orientation interacts with external Market Dynamism and Competitive Intensity to shape Organizational Effectiveness (OE), which in turn drives Export Performance. Although the Resource-Based View (RBV) suggests that internal capabilities drive performance, it is often criticized for neglecting the external environment. Conversely, Dynamic Capabilities Theory (DCT) emphasizes the necessity of adapting to changing environmental conditions (Teece, 2024).

This study aims to bridge this gap by integrating RBV and DCT to propose a comprehensive conceptual model. It posits that International Orientation is a necessary but insufficient condition for export success; firms must also leverage Organizational Effectiveness as a key mediating mechanism to translate strategic intent into performance. This alignment is crucial when firms face external pressures that demand agility and internal coherence. Specifically, the study investigates the “double-edged” nature of competition, questioning whether environmental pressure always enhances performance or if it can deplete critical resources in hostile contexts.

The context of this study, manufacturing SMEs in Qazvin Province, Iran, offers a unique “extreme case” for testing these theories. As a major industrial hub operating under severe economic sanctions and market unpredictability, Qazvin provides a rich setting to examine how firms survive and thrive despite high levels of uncertainty. Recent research emphasizes that navigating such sanctions requires specific resilience mechanisms beyond standard international marketing strategies (Safari & Chetty, 2024). By analyzing data from 185 export-oriented SMEs, this research contributes to the international business literature in two significant ways. First, it empirically tests the mediating role of organizational effectiveness in a sanctioned emerging market context. Second, it clarifies the nuanced impact of environmental forces—demonstrating how dynamism and intensity can have divergent effects on strategic pathways. The findings offer critical insights for managers seeking to enhance export resilience in turbulent markets and for policymakers aiming to support SME growth under adverse conditions.

2. Literature Review and Hypotheses Development

2.1. International Orientation and Organizational Effectiveness (H1)

International Orientation (IO) reflects a firm’s strategic posture toward recognizing and exploiting international opportunities, manifested through managerial commitment, a global mindset, and proactive engagement in foreign markets (Knight & Cavusgil, 2004). Prior research emphasizes that internationally oriented firms develop superior learning mechanisms, cross-border coordination, and strategic clarity, which enhance internal alignment and execution quality (Escandón-Barbosa et al., 2019).

Drawing on the Resource-Based View (RBV), IO constitutes a valuable, intangible organizational resource. It fosters a culture of openness and adaptability, allowing firms to reconfigure their internal

processes to meet global standards. Recent studies suggest that this orientation is particularly vital for SMEs in emerging markets, as it compels them to upgrade their technological and managerial capabilities to overcome the “liability of outsidership” (Samiee & Chirapanda, 2019). By prioritizing international markets, firms are driven to improve their operational efficiency and decision-making speed, thereby directly boosting organizational effectiveness (Cadogan et al., 2023).

H1

International orientation has a positive effect on organizational effectiveness in SMEs.

2.2. Market Dynamism and Organizational Effectiveness (H2)

Market Dynamism refers to the frequency, unpredictability, and velocity of changes in customer preferences, technologies, and competitive structures. In the current global landscape, characterized by geopolitical uncertainty and digital disruption, dynamism places substantial pressure on firms to reconfigure routines (Li & Fleury, 2024). According to Dynamic Capabilities Theory (DCT), firms that effectively “sense” and “seize” environmental changes are more likely to achieve higher levels of organizational effectiveness (Teece, 2024).

For SMEs, market dynamism acts as a catalyst for learning. To survive in volatile environments—such as those under sanctions—managers are compelled to strengthen internal coordination, agility, and performance monitoring systems (Safari & Chetty, 2024). Recent empirical evidence indicates that high-velocity environments force SMEs to adopt digital dynamic capabilities, leading to more streamlined and effective organizational structures.

H2

Market dynamism positively influences organizational effectiveness in SMEs.

2.3. Competitive Intensity and Organizational Effectiveness (H3)

Competitive Intensity captures the degree of rivalry among firms within an industry, characterized by price wars, innovation races, and aggressive market positioning (Porter, 1980). While excessive competition can strain SME resources, moderate to high intensity generally serves as a disciplinary mechanism.

To survive against aggressive rivals, firms must optimize internal processes, eliminate slack, and enhance strategic discipline. Crick and Crick (2024) argue that competitive pressure drives firms toward “coopetition” and internal efficiency improvements. Thus, in an export-oriented context, the threat of

competition forces firms to strengthen managerial control and responsiveness to protect their market position, thereby improving overall organizational effectiveness (Bustinza et al., 2016).

H3

Competitive intensity has a positive effect on organizational effectiveness in SMEs.

2.4. Organizational Effectiveness and Export Performance (H4)

Organizational Effectiveness (OE) reflects a firm's ability to align resources, processes, and strategic objectives to achieve desired outcomes. In international business, OE is the mechanism through which strategic potential is converted into actual results. Effective organizations are better equipped to manage foreign market uncertainty, meet international quality standards, and respond swiftly to customer requirements (Katsikeas et al., 2020).

Empirical research consistently demonstrates a strong link between OE and export performance. For SMEs, where resources are scarce, the ability to orchestrate internal assets efficiently (operational capabilities) is often more critical than the mere possession of resources (Morgan et al., 2012). A highly effective organization minimizes waste and maximizes the impact of its marketing strategies, leading to superior sales growth and profitability in foreign markets.

H4

Organizational effectiveness positively influences export performance in SMEs.

2.5. Environmental Drivers and Export Performance (H5–H7)

Beyond their indirect effects through organizational effectiveness, environmental and strategic factors exert direct influences on export performance.

Competitive Intensity (The Double-Edged Sword): Traditional industrial organization economics suggests that domestic competitive intensity acts as a "push" factor, driving firms to seek international markets as a survival strategy (Porter, 1980). However, recent scholarship presents a paradox, particularly in resource-constrained environments. Gupta and Dutta (2024) argue that hyper-competition can act as a "resource curse," leading to price wars that deplete the financial slack required for successful international expansion. In the specific context of sanctioned economies, where external resources are scarce, intense domestic rivalry may force SMEs to focus on short-term survival rather than long-term growth Crick and Crick (2024). Consequently, excessive competition may lead to resource erosion, hindering the firm's ability to invest in export development. Based on this "resource erosion" perspective, we propose:

H5

Competitive intensity has a significant negative effect on export performance in SMEs.

Market Dynamism: Dynamic environments create gaps in the market that agile firms can exploit. Rapid changes in global demand provide opportunities for new product introduction and niche targeting (Eggers, 2020). Firms operating in dynamic markets are often “pushed” to export to diversify risk and capitalize on fleeting opportunities (Story et al., 2023).

H6

Market Dynamism positively influences export performance in SMEs.

International Orientation: International Orientation (IO) is widely identified as a key antecedent of export performance. It shapes strategic intent, fosters commitment to foreign markets, and drives international learning processes (Knight & Cavusgil, 2004). Firms with a strong global mindset are more likely to perceive export markets as attractive and allocate sufficient resources to succeed.

H7

International orientation positively influences export performance in SMEs.

2.6. Mediating Role of Organizational Effectiveness (H8–H10)

Building on Contingency Theory and the framework of Dynamic Capabilities, this study posits that the impact of environmental and strategic antecedents on performance is not merely direct but is significantly channeled through internal organizational capabilities. Organizational Effectiveness (OE) serves as the critical translation mechanism that converts strategic potential and environmental pressures into tangible export results.

First, regarding International Orientation, possessing a global mindset alone is insufficient for success. To yield superior export performance, this strategic posture must be operationalized through efficient internal processes, superior execution, and organizational alignment (Boso et al., 2024). Without the intervening mechanism of organizational effectiveness, a global strategy remains an abstract intent rather than a performance driver.

Second, environmental stimuli—specifically Market Dynamism and Competitive Intensity—do not automatically guarantee better performance. Instead, they act as stressors that compel firms to reconfigure their routines and enhance their effectiveness to survive (Teece, 2018). For instance, intense competition forces firms to eliminate operational inefficiencies (thereby increasing OE), which subsequently drives better export outcomes. If a firm faces high environmental pressure but fails to translate this into improved internal effectiveness, its export performance is likely to stagnate. Thus, OE

acts as a vital bridge: it is the internal capability shaped by the external environment and strategy, and it is the proximal cause of export success.

H8

Organizational effectiveness mediates the relationship between international orientation and export performance in SMEs.

H9

Organizational effectiveness mediates the relationship between market dynamism and export performance in SMEs.

H10

Organizational effectiveness mediates the relationship between competitive intensity and export performance in SMEs.

2.7. Conceptual Framework Summary

This study proposes an integrative conceptual framework (Fig. 1) to explain export performance among SMEs by jointly considering firm-level strategic orientation and external environmental conditions. Drawing on the Resource-Based View (RBV), Dynamic Capabilities Theory (DCT), and Contingency Theory, the framework positions International Orientation (IO), Market Dynamism (MD), and Competitive Intensity (CI) as key antecedents shaping Organizational Effectiveness (OE) and, ultimately, Export Performance (EP).

Source: Authors' own work

Figure 1. Conceptual Research Model (Source: Escandón-Barbosa et al., 2019; Bustinza et al., 2016)

3. Methodology

3.1. Research Design and Philosophy

Adopting a post-positivist philosophy, this study employs a quantitative, cross-sectional survey design to empirically test the proposed "Double-Edged Sword" framework. The deductive approach is utilized to analyze the causal relationships between environmental drivers (Market Dynamism, Competitive Intensity), International Orientation, Organizational Effectiveness, and Export Performance. This design is particularly appropriate for explanatory research aimed at identifying the strategic determinants of performance in emerging markets, where secondary data on private SMEs is often scarce or unreliable (Hair et al., 2022).

3.2. Empirical Setting and Sampling

The empirical context of this study is the industrial sector of Qazvin Province, Iran. As a strategic industrial hub located near the capital, Qazvin hosts a high concentration of manufacturing firms operating under significant environmental pressure due to economic sanctions. The target population comprises 185 export-oriented Small and Medium-sized Enterprises (SMEs) active in various manufacturing industries (e.g., food processing, chemicals, and detergents).

Given the specific criteria for inclusion (active export status and manufacturing focus within the designated industrial hub), the eligible population was identified as 185 firms. A census-based approach was employed to contact all identified units rather than relying on random sampling. Through rigorous follow-up procedures—including multiple site visits, phone calls, and the facilitation of industrial estate management—an exceptionally high response rate was achieved. As a result, valid responses were obtained from nearly the entire identified population (N = 185), providing a dataset that is highly representative of the active export-oriented SME ecosystem in the province and substantially reducing concerns regarding non-response bias.

To further validate the sample adequacy, a post-hoc power analysis was conducted using G*Power 3.1 software. The analysis confirmed that the final sample provides a statistical power exceeding 0.80 for the proposed model (with an alpha of 0.05 and a medium effect size„ f^2=0.15), satisfying the requirements for robust PLS-SEM analysis.

3.3. Measurement Instrument

The survey questionnaire was developed by adapting validated multi-item scales from high-impact international business literature. All items were measured on a five-point Likert scale (1 = “strongly disagree” to 5 = “strongly agree”).

- **International Orientation (IO)**: Adapted from Escandón-Barbosa et al. (2019) and Knight and Cavusgil (2004), measuring the firm’s proactive commitment to international markets.
- **Environmental Factors**: Market Dynamism (MD) and Competitive Intensity (CI) were operationalized based on scales by Bustinza et al. (2016) and Jaworski and Kohli (1993). Specifically, the CI scale was selected to capture the ferocity of price wars and competitive pressure, aligning with the “double-edged sword” hypothesis.
- **Organizational Effectiveness (OE)**: Adapted from Vorhies and Morgan (2005), focusing on the adaptability and efficiency of internal processes.
- **Export Performance (EP)**: Measured using subjective indicators (market share growth, profitability, sales volume) adapted from Katsikeas et al. (2000), which are preferred in contexts where objective financial data is sensitive.

3.4. Common Method Bias and Non-Response Bias

Since data were collected from single informants, procedural and statistical remedies were applied to mitigate potential biases associated with self-reported data:

- **Procedural Remedies**: To minimize social desirability bias and consistency motifs, respondent anonymity was strictly guaranteed. Furthermore, following Podsakoff et al. (2003), predictor and criterion variables were psychologically separated in the questionnaire design to reduce priming effects.
- **Non-Response Bias**: To ensure the sample's representativeness, we assessed non-response bias by comparing early respondents (first 25%) with late respondents (last 25%), assuming late respondents share characteristics with non-respondents (Armstrong & Overton, 1977). Independent samples t-tests revealed no significant differences in the mean scores of key constructs ($p > 0.05p > 0.05p > 0.05$), indicating that non-response bias is not a concern.
- **Common Method Bias (CMB)**: While procedural remedies reduce CMB, statistical verification is essential. Beyond the traditional Harman's single-factor test, we employed the more robust Full Collinearity Assessment approach (Kock, 2015). The analysis showed that all Variance Inflation Factors (VIFs) at the structural level were below the threshold of 3.3. This confirms that the model is free from vertical and lateral collinearity, ensuring that the observed relationships are substantive and not artifacts of common method variance.

3.5. Data Analysis Strategy

The research model was tested using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4 software. PLS-SEM was selected over covariance-based SEM (CB-SEM) for three key reasons:

1. **Prediction Focus**: The study aims to predict a target construct (Export Performance) and identify key driver constructs.
2. **Sample Constraints**: PLS-SEM offers higher statistical power for smaller sample sizes and complex models typical of SME research (Hair et al., 2019).
3. **Data Properties**: It makes no distributional assumptions (non-normal data), which is common in business survey research.

The analysis followed a two-stage process: first, assessing the measurement model for reliability (Cronbach's alpha, Composite Reliability) and validity (AVE, HTMT); and second, evaluating the structural model to test the hypothesized relationships and the mediating role of organizational effectiveness.

4. Data Analysis and Findings

4.1. Demographics and Descriptive Statistics

This study utilized a two-stage analytical procedure. First, the data were screened for missing values and normality using SPSS 26. Subsequently, SmartPLS 4 was employed to assess the measurement and structural models. The choice of Partial Least Squares Structural Equation Modeling (PLS-SEM) was

driven by the non-normal distribution of the data (confirmed via the Kolmogorov-Smirnov test) and the model's complexity involving mediation analysis.

Demographic Profile (N = 185)

The sample consists of 185 valid responses from decision-makers in Qazvin Province. The demographic breakdown indicates a highly qualified respondent pool:

Table 1
Demographic Profile of Respondents (N = 185)

Variable	Category	Frequency (N)	Percentage (%)
Gender	Male	142	76.8
	Female	43	23.2
Education	Bachelor's Degree	87	47.0
	Master's Degree	81	43.8
	PhD	11	5.9
	Other (Diploma/Associate)	6	3.3
Work Experience	Less than 5 Years	40	21.6
	5–10 Years	69	37.3
	More than 10 Years	76	41.1
Functional Area	Administrative	78	42.2
	Engineering	64	34.6
	Management	31	16.8
	Other	12	6.4
Source: Authors' own work			

4.2. Descriptive Statistics and Normality Test

Table 2 presents the descriptive statistics (Mean and Standard Deviation) and the results of the Kolmogorov-Smirnov (K-S) test. The mean values for all constructs range between 3.62 and 3.75 (on a 5-point scale), indicating that respondents generally perceive these factors as being above average. Crucially, the K-S test yielded significant results ($p < 0.05p < 0.05p < 0.05$) for all variables, leading to the rejection of the null hypothesis (H0H_0H0) which assumes a normal distribution. Consequently, the data is non-normal, which empirically justifies the use of PLS-SEM over covariance-based SEM (CB-SEM).

Table 2
Descriptive Statistics and Normality Test (K-S)

Variable	Mean	SD	K-S Statistic	Sig.	Result
Int. Orientation	3.66	0.919	0.238	0.000	Non-Normal
Market Dynamism	3.62	0.835	0.246	0.000	Non-Normal
Competitive Intensity	3.64	0.978	0.247	0.000	Non-Normal
Org. Effectiveness	3.74	0.993	0.238	0.000	Non-Normal
Export Performance	3.75	0.994	0.238	0.000	Non-Normal
Source: Authors' own work					

4.3. Measurement Model Assessment

The evaluation of the measurement (outer) model focused on indicator reliability, internal consistency, and convergent validity.

Indicator Reliability

Factor loadings were examined to assess indicator reliability. As depicted in **Fig. 2**, all item loadings exceeded the recommended threshold of 0.708 (Hair et al., 2019), indicating that the construct explains more than 50% of the indicator's variance. The lowest loading observed was 0.665 (S4), which is acceptable in exploratory research contexts, while the majority exceeded 0.80.

Source: Authors' own work

Figure 2. Measurement Model Assessment (Outer Loadings)

Convergent Validity and Internal Consistency

As summarized in Table 3, the measurement model demonstrates robust reliability and validity:

- **Cronbach's Alpha**: All values range from 0.883 to 0.943, exceeding the 0.70 threshold.
- **Composite Reliability (CR)**: Values range from 0.895 to 0.947, confirming high internal consistency.
- **Average Variance Extracted (AVE)**: All AVE values are well above 0.50 (ranging from 0.691 to 0.817), establishing satisfactory convergent validity.

Table 3
Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability (CR)	AVE
Int. Orientation	0.935	0.941	0.691
Market Dynamism	0.894	0.895	0.703
Competitive Intensity	0.883	0.923	0.741
Org. Effectiveness	0.943	0.947	0.817
Export Performance	0.943	0.944	0.816
Source: Authors' own work			
Discriminant Validity			

Discriminant validity was assessed using the Fornell-Larcker criterion. As shown in Table 4, the square root of the AVE for each construct (bold diagonal values) is greater than the highest correlation between that construct and any other. This confirms that the constructs are empirically distinct and capture unique phenomena.

Table 4
Discriminant Validity (Fornell-Larcker Criterion)

Construct	1	2	3	4	5
1. Competitive Intensity	**0.861**				
2. Export Performance	0.412	**0.903**			
3. Int. Orientation	0.548	0.565	**0.831**		
4. Market Dynamism	0.495	0.355	0.582	**0.838**	
5. Org. Effectiveness	0.583	0.625	0.710	0.424	**0.904**
Source: Authors' own work					

4.4. Structural Model Assessment

Following the validation of the measurement model, the structural model was examined to test the hypothesized relationships. The assessment focused on collinearity, predictive power (R^2), and path significance.

Model Fit and Predictive Power

First, Variance Inflation Factor (VIF) values were checked to ensure no collinearity issues existed. All inner VIF values were below the threshold of 3.3, confirming that the structural relationships are not biased by multicollinearity.

The assessment of the structural model's predictive power demonstrates robust results. As shown in Fig. 3, the model explains 57.0% of the variance in Export Performance (R^2=0.57) and 49.0% of the variance in Organizational Effectiveness (R^2=0.490). According to Hair et al. (2019), R^2values ranging between 0.50 and 0.75 are considered moderate-to-substantial, indicating that the integrated framework of strategic and environmental factors serves as a strong predictor of export outcomes in the studied context.

To further assess predictive validity, the Stone-Geisser Q^2values were calculated using the blindfolding procedure. The values for Organizational Effectiveness (Q^2=0.355) and Export Performance (Q^2 =0.412) are well above zero, confirming the model's predictive relevance for the endogenous constructs. Additionally, the Standardized Root Mean Square Residual (SRMR) was 0.071, which is below the conservative threshold of 0.08, indicating a good model fit.

Source: Authors' own work

Figure 3. Structural Model Results (Path Coefficients and R²)

Hypothesis Testing (Significance Analysis)

To test the significance of the path coefficients, a bootstrapping procedure (5,000 subsamples, two-tailed test) was conducted. The resulting T-statistics are visualized in Fig. 4, indicating which relationships are statistically significant ($t > 1.96$ for $p < 0.05$).

Source: Authors' own work

Figure 4. Structural Model Significance (Bootstrapping T-Statistics)

The results of all direct and indirect hypotheses are synthesized in Table 5 and Table 6.

Table 5
Summary of Direct Structural Model Results (H1–H7)

Hypothesis	Path Relationship	Std. (β)	T-Statistics	Result
H1	Int. Orientation → Org. Effectiveness	0.615	11.203	Supported
H2	Market Dynamism → Org. Effectiveness	0.084	1.105	Rejected
H3	Comp. Intensity → Org. Effectiveness	0.210	3.450	Supported
H4	Org. Effectiveness → Export Performance	0.542	8.114	Supported
H5	Comp. Intensity → Export Performance	-0.217	2.891	Supported (Negative)
H6	Market Dynamism → Export Performance	0.035	0.750	Rejected
H7	Int. Orientation → Export Performance	0.280	3.945	Supported
Source: Authors' own work				
Note: Significance level is based on t > 1.96 (p < 0.05). H5 is supported regarding significance, but the direction is negative ("Resource Erosion").				
Mediation Analysis (H8–H10)				

The mediating role of Organizational Effectiveness was tested by examining the specific indirect effects.

Table 6
Summary of Mediation Analysis (Indirect Effects H8–H10)

Hypothesis	Mediation Path	Indirect Effect (β)	T-Statistics	Result
H8	Int. Orientation → Org. Eff. → Exp. Perf.	0.333	6.450	Supported
H9	Market Dynamism → Org. Eff. → Exp. Perf.	0.045	1.020	Not Supported
H10	Comp. Intensity → Org. Eff. → Exp. Perf.	0.113	3.100	Supported

Source: Authors' own work

5. Discussion

The primary objective of this study was to decouple the complex mechanisms through which strategic orientations and environmental contingencies shape SME export performance in a high-velocity, sanctioned economy. By integrating the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT), the findings offer a nuanced narrative that validates established paradigms while exposing critical anomalies specific to volatile markets.

Interpretation of Findings

The structural model demonstrates robust predictive power (R^2=0.570), indicating that in Iran's sanctioned economy, export success is significantly determined by the alignment of internal capabilities with external pressures.

A pivotal finding is the dominant role of Organizational Effectiveness **(OE)**. With a path coefficient of β = 0.542, it emerged as the strongest predictor of Export Performance, supporting **H4**. This magnitude suggests that for SMEs operating under severe resource constraints, internal operational excellence is the primary driver of resilience. Unlike stable markets where external positioning might suffice, in a sanctioned environment, the firm's internal health acts as the essential engine for translating strategy into results.

The "Resource Erosion" Effect of Competitive Intensity (H5)

A significant contribution of this study is the confirmation of **H5** with a negative coefficient (β=−0.217). This finding challenges classical industrial organization theories which often posit that domestic rivalry sharpens global competitiveness. Instead, our data supports a "Resource Erosion Effect." In a sanctioned economy characterized by scarcity, intense domestic competition appears to devolve into a zero-sum game (e.g., price wars) that drains the finite financial and managerial resources required for international expansion, effectively crowding out export endeavors.

The Insignificance of Market Dynamism (H2, H6 & H9)

Interestingly, Market Dynamism showed no significant direct or indirect impact on performance or organizational effectiveness in this specific context (H2, H6 and H9 were rejected). This non-significant finding is theoretically important. It suggests that in a hyper-volatile environment, mere market turbulence acts as "white noise." Simply "sensing" changes (Dynamism) does not lead to internal reconfiguration (OE) or performance gains unless the firm has specific strategic orientations to filter it. The unpredictability is likely so high that firms cease to react to every fluctuation, focusing instead on internal stability.

6. Conclusion

This research underscores that the path to export performance for SMEs in volatile, sanctioned economies is non-linear and heavily contingent upon internal resilience. While International Orientation provides the necessary strategic trajectory, Organizational Effectiveness (OE) serves as the

indispensable conduit propelling the firm forward. Crucially, the study offers a cautionary insight: in hostile economic climates, external competitive forces can act as “resource-draining” agents that deplete firm vitality if not buffered by robust internal capabilities.

6.1. Theoretical Implications

First, this study contributes to the RBV by introducing the concept of “Environmental Toxicity” as a boundary condition. The negative impact of Competitive Intensity (β=−0.217) suggests that in scarcity-plagued markets, the value of resources is contingent on the “munificence” of the environment.

Second, regarding Dynamic Capabilities, the strong support for the mediation path of International Orientation → OE → Performance (βindirect = 0.333) validates Organizational Effectiveness as the critical “transmission mechanism” that bridges the gap between strategic intent and market execution.

6.2. Managerial Implications

For practitioners navigating the complexities of sanctioned or emerging markets:

1. **Prioritize “Internal Calibration”**: Given the dominant impact of OE (β = 0.542), managers must resist the urge to expand internationally before stabilizing internal operations. Operational efficiency is not just “overhead”—it is the fuel for survival.
2. **Strategic Avoidance of Domestic Wars**: The negative impact of competitive intensity suggests that SME leaders should pivot away from hyper-competitive domestic segments (Red Oceans) to preserve resources for niche export markets.
3. **Filter Market Noise**: Since Market Dynamism alone does not drive performance, managers should focus less on reacting to every market fluctuation and more on building long-term strategic orientations.

6.3. Limitations and Future Research

This study is based on cross-sectional data from a single sanctioned economy (Iran). Future research should employ longitudinal designs to track how the “Resource Erosion” effect fluctuates over time. Furthermore, comparative studies between sanctioned and non-sanctioned emerging markets would help isolate the specific impacts of institutional voids on SME performance. Finally, integrating objective financial data in future studies could further corroborate the self-reported perceptual measures used here.

Declarations

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Competing Interests

The authors have no relevant financial or non-financial interests to disclose.

Ethics Approval

This study was performed in line with the principles of the Declaration of Helsinki. Approval was granted by the Ethics Committee of the authors' affiliated institution.

Consent to Participate

Informed consent was obtained from all individual participants included in the study. All data were collected anonymously to ensure participant confidentiality.

Author Contribution

A.E.K. (Ali Erfani Kia) conceptualized the study, designed the methodology, collected and analyzed data, and wrote the main manuscript text. B.H.K. (Babak Hajikarimi) assisted with data collection and methodology validation, and contributed to manuscript revision. A.N. (Abdollah Nazari) contributed to the literature review, theoretical framework development, and editing of the manuscript. M.B. (Mahdi Beshkooh) provided critical feedback on research design and helped to improve the discussion and conclusions. All authors read and approved the final manuscript.

Data Availability

Survey data collected from SMEs in Qazvin Province are available from the corresponding author upon reasonable request

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Figures

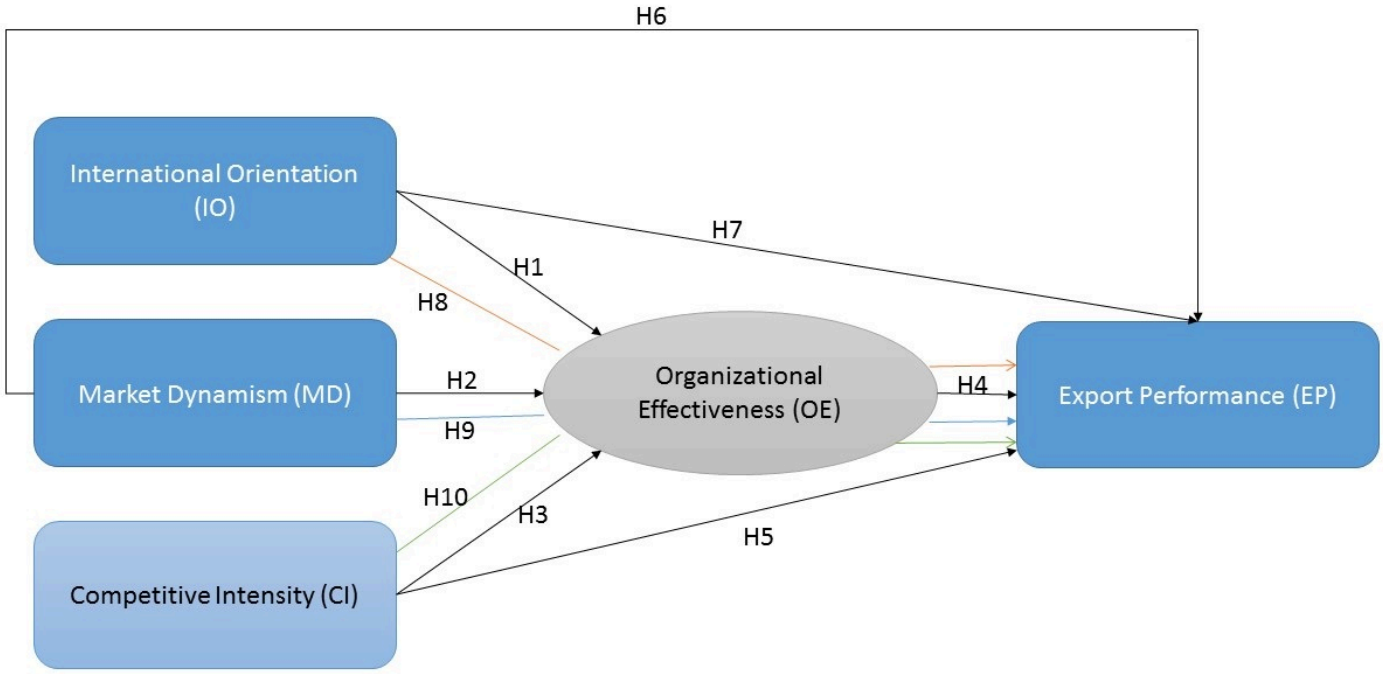


Figure 1

Conceptual Research Model (Source: Escandón-Barbosa et al., 2019; Bustinza et al., 2016)

Source: Authors' own work

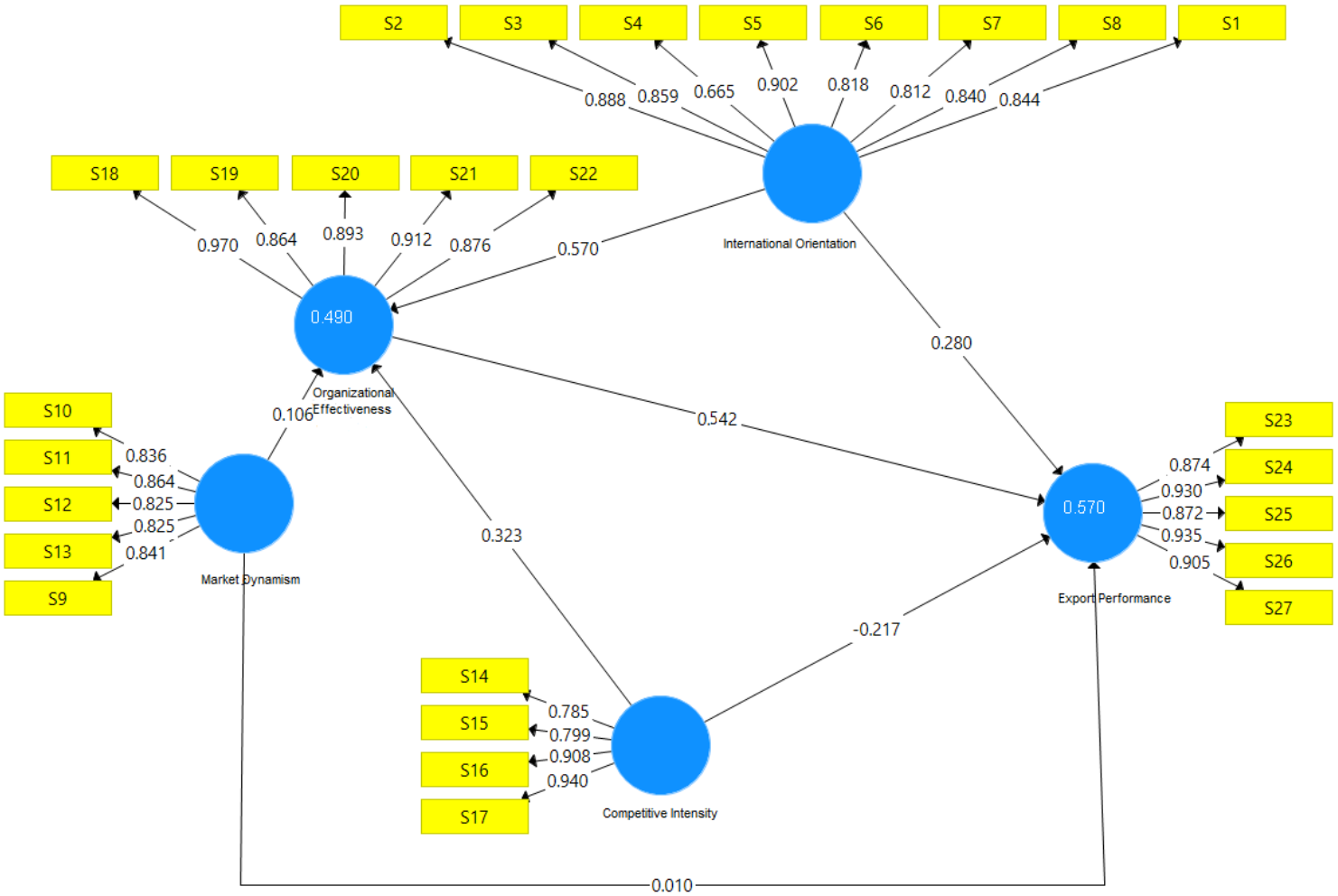


Figure 2

Measurement Model Assessment (Outer Loadings)

Source: Authors' own work

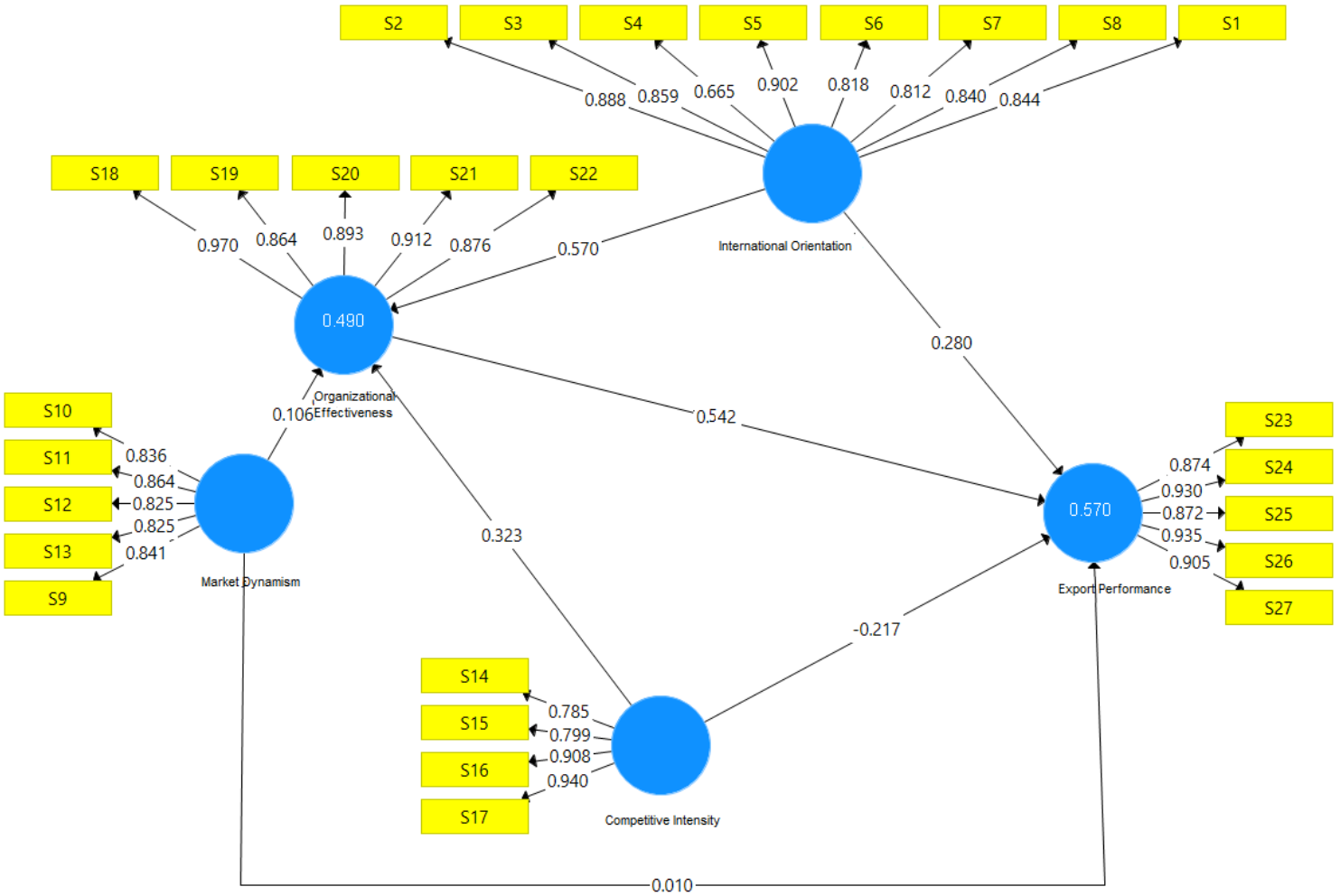


Figure 3

Structural Model Results (Path Coefficients and R^2)

Source: Authors' own work

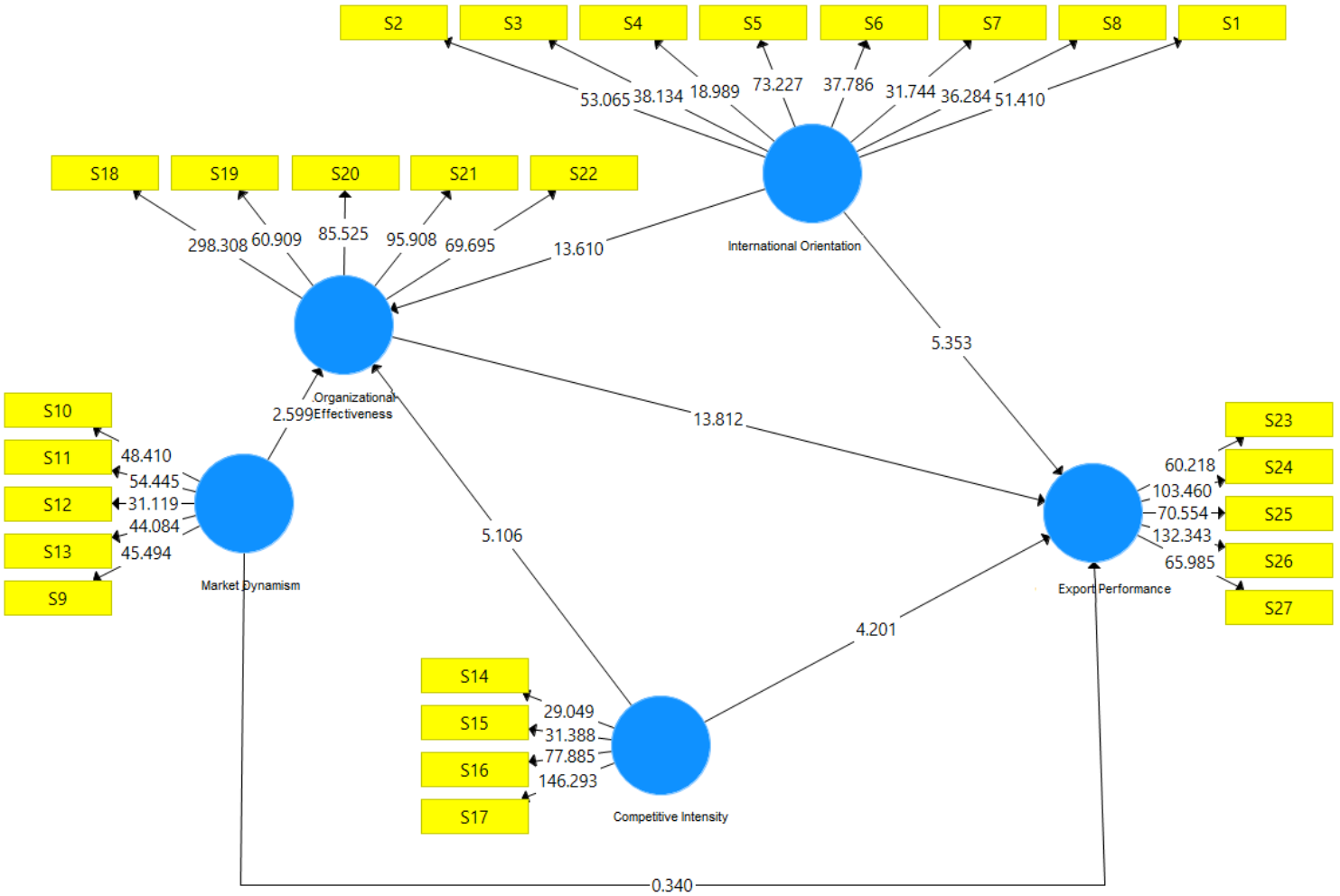


Figure 4

Structural Model Significance (Bootstrapping T-Statistics)

Source: Authors' own work