

## **THE IMPACT OF EMPLOYEE COMPETENCIES ON EXPORT PERFORMANCE: A REVIEW**

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### **Abstract**

*The purpose of this paper is to review the impact of employee competencies on export performance. Theoretical and empirical studies were reviewed and summarized. The relationship between employee competencies and export performance in export an organization is linked to the degree of internationalization of that organization. The review revealed that the general trend of the relationship between employee competencies on export performance is positive relationship. This paper formulates a theoretical view on the relationship between employee competencies and export performance from economical perspective of export organization performance. The main approach of the theoretical view is that employee competencies vary between business types. Therefore, studies should consider multi competencies when examining them against performance.*

*Keywords: Employee competencies, export performance, export organization, Export companies, literature review*

## INTRODUCTION

The growth in international trade and markets has increased the competition among firms (Moghaddam, Abdul Hamid, & Aliakhbar, 2012). Exporting shows the image of the domestic market to the international market and engages international markets with the domestic market (Putniņš, 2013). However, exporting firms are facing many challenges, such as export policies, destination markets, export funding, and employee competencies (Cadogan, Olli Kuivalainen, & Sanna Sundqvist, 2009; Wuim-pam, 2014).

Employee competencies are important to export performance because employees are the main tool for implementing the export process. There are many and diverse types of competencies, and each trade firm thus requires a specific group of employee competencies based on the nature of its business. For example, in an export firm, communication competencies, understanding both the firm's export process and the regulations and policies of the international export market are the most important group of competencies (Puteh et al., 2015; Ting, Guijun, & Bojun, 2010). However, empirical studies investigating the impact of employee competencies on performance remain scant (Chinomona, 2013).

This paper reviews the literature on the relationship between employee competencies and export performance. The paper highlights the importance of international trade firms in economic activities. Through these activities, international trade firms present their regions and their regions' economic production by means of their export portfolios (de Piñeres & Cantavella-Jordá, 2010). In addition, this paper formulates and presents a theoretical basis for the linkage between employee competencies and export performance.

## EMPLOYEE COMPETENCIES

Early in the 1970s, David McClelland (1973), professor of Harvard College, proposed the possibility of competency as a term used to challenge conventional criteria of appraisal which had stressed insight assessment in the advanced education framework. His topic gave a reasonable system that prompted numerous consequent studies in different fields, for example, educator instruction, professional training, business administration, and human asset administration (Spencer and Spencer, 1993).

The term "employee competencies" is used in earlier studies as a factor for promoting and motivating employees and the work environment; it is then later conceptualized to refer to planning and developing an executive programme (Korsi, Hasani, & Korsi, 2014; Wuim-pam, 2014). Employee competencies are important for the process and outcomes of a firm's business. Competencies affect both profitability and performance (Chinomona, 2013). There are many definitions for the term competencies; the differences are based on the role and nature of

the mission (Puteh, Kaliannan, & Alam, 2015). However, in general, competencies can be defined as behaviours that are associated with the knowledge and skills required to implement a certain mission effectively (Korsi et al., 2014), and those behaviours can be a set of personal traits or a set of standardized and performance traits (Puteh et al., 2015).

Many studies have empirically investigated the effects of employee competencies on firm performance, particularly in exporting and international trade firms (Chinomona, 2013; Majlesara, Afshari, Ghadimi, Mohammadi, & Asadi, 2014; Mwangi, Olayo, & Simuyu, 2015; Nasr, Aali, & Zendehe, 2011; Puteh et al., 2015; Ting, Guijun, & Bojun, 2010; Wuim-pam, 2014). Most of those studies indicate that the same categories of competencies have an impact on performance, and these competencies include communication competencies, understanding the exportation process followed by their firms and understanding the regulations and policies of the international export market (Puteh et al., 2015; Ting et al., 2010). Ting et al., (2010) sorted exporting firms' employee competencies into 8 main categories as follows:

- i. International financial competencies.
- ii. International market competencies.
- iii. Strategic management competencies for international trade.
- iv. International trade logistics competencies.
- v. International payment terms competencies.
- vi. International trade research competencies.
- vii. International trade policy and regulation competencies.
- viii. International trade and practice competencies.

The framework of Puteh et al., (2015) included four main competencies categories: communication competencies, cognitive competencies, leadership competencies and functional competencies.

Table 1: studies on the relationship between employee competencies and performance

Author	Data source	Findings
(Nasr et al., 2011)	112 companies	Marketing, strategic management, trade logistic, finance risk management, trade research and trade regulation are the most important skills for successful exporting firms.
(Puteh et al., 2015)	15 HRM managers	Four competencies are the most important: functional competencies, communication competencies, leadership competencies and cognitive competencies.

(Majlesara et al., 2014)	65 companies	Finance risk management, trade research, trade regulation, and international marketing are the most important competencies for export performance.
(Korsi et al., 2014)	Literature review	Employee skills have a positive important impact on performance.
(Chinomona, 2013)	221 small business firms	Owners' expertise has a positive influence on business performance. Employee skills training has a positive influence on business performance.
(Mwangi et al., 2015)	100 employees	Skills have a positive impact on implementing strategic plans.
(Ting et al., 2010)	222 export firms	In a late-stage export firm, international marketing and international trade logistic are the most important competencies. In an early-stage export firm, international research, international trade financing and international trade policy are the most important competencies. International payment is the most important throughout firms in all export stages.
(Asiago & Ngao, 2013)	77 managers	Employee skills and knowledge have a positive impact on a firm's change, culture and structure.
(Ramlall, Yafi, & Ghamri, 2014)	46 HR professionals	Interpersonal skills are the most important competencies for better firm performance. Competencies are important for HR professionals to enable them to understand the nature of the business, to effectively manage change and to participate in strategic planning.
(Wuim-pam, 2014)	Literature review	Competency-based HR systems are capable of driving firm changes rather than developing it. Competency tools improve positive employee self-development. Supporting competency development enhances job performance.

## DISCUSSION

Many perspectives can be derived based on the literature review. Studies showing the relationship between leadership behaviour and performance occasionally used the term leadership style instead of leadership behaviour. In addition, a positive relationship is the main trend of the impact of leadership behaviour on innovation. Moreover, the framework of the three

leadership behaviours of relation-oriented behaviours, change-oriented behaviours and task-oriented behaviours is favoured over the other frameworks of leadership behaviours. Furthermore, most studies employed an organizational level of analysis. The respondents primarily were the managers in the firms discussed.

Employee competencies and skills are important for accomplishing jobs in all types of organizations. However, in export organizations, most employee competencies are derived through internationalization. Internationalization requires specific competencies such as understanding global and destination markets and understanding the export process and policies (Nasr et al., 2011). Hence, competencies are more likely to be described based on the economic activity of the organizations and job type. In export organizations, internationalization involves a strategy of achieving a level of market success. Therefore, when studying employee competencies in export organizations, linking competencies to strategy should be explained.

## CONCLUSION

This paper has reviewed the relationship among employee competencies and export performance. Employee competencies in export organizations are linked to the level of internationalization of export organization. This paper has specified export organizations' theoretical perspectives on the relationships among the two variables from the perspective of a firm's export performance, which can be the basis for a conceptual framework to be forming the relationship. The framework consists of the positive link between the two variables as main trend implied by the review. From empirical perspective, the main approach of the framework is that employee competencies vary between business types. Thus, intended studies should use multi competencies models when examining them against performance.

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