

Exporting Competence: A Theoretical Framework

Competencia exportadora: un marco teórico

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Abstract

The development of human capital has become an indispensable factor to achieve and maintain the competitiveness and sustainability of a firm. This work presents the construct of exporting competence and the methodological proposal for international trade companies to identify business competencies that are effectively put into practice by managers at different organizational levels. Specifically, in territories with a challenging business ecosystem, such as some states in Mexico, the skill set that executives bring to firms have played an essential role to consolidate the firm's exporting activity. Therefore, identifying and developing specific exporting competencies will enhance the export performance of a firm, while leading to development with a sustainable approach. First, a general introduction is given in the topic of the competitiveness of Mexico and Michoacan. Second, a literature review for competencies is given. Third, the construct of exporting competence is presented. The document concludes with specific recommendations to consider in further initiatives and research in this field.

Keywords: exporting competence, competitiveness, transformative competencies.

Resumen

El desarrollo del capital humano se ha convertido en un factor indispensable para alcanzar y mantener la competitividad y la sostenibilidad de una empresa. En este trabajo se presenta el constructo de competencia exportadora y la propuesta metodológica para que las empresas con actividades de comercio internacional identifiquen las competencias empresariales efectivamente puestas en práctica por los directivos en diferentes niveles de las organizaciones. Específicamente en territorios con un ecosistema de negocios desafiante, como el Estado de Michoacán, México, el conjunto de competencias que los directivos aportan a las empresas han jugado un papel esencial para consolidar la actividad exportadora de la firma. Por lo tanto, la identificación y el desarrollo de competencias específicas de exportación mejorarán los resultados de exportación de una empresa, al tiempo que conducirán a un desarrollo con un enfoque sostenible. Primero, se hace una introducción general en el tema de la competitividad de México y Michoacán. Segundo, se hace una revisión de la literatura sobre competencias. Tercero, se presenta el constructo

de la competencia exportadora. El artículo concluye con recomendaciones específicas a considerar en futuras iniciativas e investigaciones en esta área. Palabras clave: competencia exportadora, competitividad, competencias transformadoras.

JEL codes: F23, J24, M12

Introduction

Over the past few decades, Mexico has evolved from an import substitution economic model to one that is export-oriented becoming a global reference in some export activities of high added value and technology intensive industries (OECD, 2017). Although Mexico is considered an emerging economy, there are various examples of people and companies known worldwide for the quality of the products, produce, knowledge, or for best practices when exporting. Even though most of these firms are SMEs, they have developed human capital at similar levels to the ones achieved in developed economies (Molina & Calderón, 2019), managing to overcome material, infrastructural or even institutional obstacles. From this perspective, human capital is not just another factor contributing to a nation's growth, it is an essential source of wealth. Thus, for companies to thrive, their workforce is required, more than ever, to learn and develop new competencies and their leaders must find the most appropriate mechanisms for training their collaborators and expanding the firms' economic activity.

The role of human capital is so relevant for a country's economy that, in 2018, the World Economic Forum introduced a new methodology emphasizing human capital as well as innovation, resilience, and agility, as not only drivers but defining features of economic success in the 4th Industrial Revolution (WEF, 2019). Therefore, skills are the foundation upon which Mexico must build future growth and prosperity (OECD, 2017).

The dynamics of trade are largely dependent on international competitiveness. In most countries, shaping the international competitiveness of the economy is one of the main goals of the national economic policy (Goćłowska-Bolek, 2022); it is reasonable, then, to evaluate internal and external factors that determine a country's position in international rankings, and how firms can contribute.

Competitiveness Ranking of Mexico

A competitive economy is an economy whose sustained rate of productivity is able to drive growth and, consequently, income and welfare (European Union, n.d.). According to Ángel Gurría, former Secretary-General of the OECD, strengthening competitiveness is essential to foster innovation, productivity, and growth, as it generates opportunities for entrepreneurship and helps to limit and reduce inequalities (OECD, 2018). Experience, in many OECD countries, shows that competitiveness is essential not only for creating wealth, but also for ensuring a better distribution of that wealth and for promoting more inclusive growth (OECD, 2018), principles that perfectly align with sustainable development.

Mexico was ranked 55th in the 2022 World Competitiveness Ranking of the International Monetary Fund out of 190 countries that are members (IMF, 2023), qualifying as the 13th largest economy in the world. Mexico also ranked 48th in the 2019 Global Competitiveness Report out of 140 countries, with a Global Competitiveness Index of 64.95 points, published by the World Economic Forum (WEF, 2019). On a nationwide level, the Mexican Institute for Competitiveness (IMCO) publishes the State Competitiveness Index on a yearly basis.

For the 2023 edition, Michoacan ranked 28th out of the 32 states (IMCO, 2023). When analyzed by subindexes, it ranked 13th in economy, 25th in infrastructure, and 18th in the labor market. However, only 19.3% of 25-year-old adults (and over) in Michoacan have graduated from a higher education program (IMCO, 2023). This state currently has comparative advantages in the agricultural sector, contributing

significantly to the country's agricultural exports (Ortiz et. al., 2017). The manufacturing industry, on the other hand, accounts for only 14% of the total number of companies located in the state (INEGI, 2020). Moreover, only 0.2% of the manufacturing firms perform international trade activity, exporting goods or services (INEGI, 2020). That is why it is worth integrating the construct of exporting competence to the agroindustry vocation of Michoacan, as to boost the state's exporting activity and to develop the required competencies by the local labor market.

Literature Review

Many authors have long reviewed and commented on what competencies are and how they are categorized since McClelland first introduced the term in 1973 (Martínez & Carmona, 2009). Initially, the study of competences started in the Labor Psychology field for the selection and organization of human resources. Over time, the concept has reached a variety of disciplines such as industrial, organizational psychology, work sociology, education, sustainable development, and democratic culture.

The Council of Europe defines competence as “the ability to mobilize and deploy relevant values, attitudes, skills, knowledge and/or understanding in order to respond appropriately and effectively to the demands, challenges and opportunities that are presented by a given type of context” (Council of Europe, 2018). General competencies are those which are called upon for actions of all kinds, comprising practical skills and know-how, specifically occupational skills (OECD, 2005). Moreover, general competencies refer to observable behavior and skills, allowing people to use their technical skills and knowledge. Skills are a major element of competencies and are incorporated into on-the-job behaviors

Furthermore, Martínez and Carmona (2009) categorize competences as: a) generic, those that can occur in any of the positions of an organization and can be easily transferred from one profession to another, which means they are common to different professions; and b)

specific: those that occur in certain professions within the organization, or with certain performance levels. They are non-transferable (Martínez & Carmona, 2009).

The development of skills is so relevant, that it constitutes pillar 6 of the twelve pillars the Global Competitiveness Index (GCI) uses to compare competitiveness across 140 countries (WEF, 2019). The GCI framework is made up of four factors: enabling environment, markets, human capital (health and skills), and innovation ecosystem (WEF, 2019).

More recently, building on the DeSeCo Project, the OECD launched the Learning Compass 2030, which defined transformative competencies as the types of knowledge, skills, attitudes, and values students need to transform society and shape the future for better lives (OECD, 2019).

The OECD (2019) labeled these competencies as: creating new value, reconciling tensions and dilemmas, and taking responsibility, acknowledging their universal application throughout a variety of contexts and situations. Also, transformative competencies can be seen as higher-level competencies that are highly transferable, can be used throughout a lifetime, and are uniquely human, so they cannot yet be imitated by AI (OECD, 2019).

Furthermore, research confirms that superior human resources result in high productivity, competitive advantage, and value creation (OECD, 2017). Chart 1 shows a summary of the authors researched for the literature review.

Chart 1. Literature Review on Business Competencies

Author(s)	Year	Publication
Noam Chomsky	1957 1964	Syntactic Structures Current Issues in Linguistic Theory
Dell H. Hymes	1962 1964 1972 1974	Ethnography of Speaking The Ethnography of Communication Models of the interaction of language and social life Foundations in sociolinguistics: An ethnographic approach
Craig C. Lundberg	1970	Planning the Executive Development Program
David McClelland	1973	Testing for Competence Rather than for Intelligence
UNESCO	1992	Recommendation 26/92 of the Council on Culture and Education
OCDE	2003 2013	Definition and Selection of Key Competencies (The DeSeCo Project) The Survey of Adult Skills: Reader's Companion
Council of Europe	2001	Common European Framework of Reference for Languages (CEFR)
CONOCER	2003	National Council of Standardization and Certification of Labor Competences
Gerhard Bunk	1994	La transformación de las competencias en la formación y perfeccionamiento profesionales de la RFA
Raimundo Vossio	2002	Competencia laboral y valoración del aprendizaje (CINTEFOR)
Tejeda y Navío	2005	El desarrollo y la gestión de competencias: una mirada desde la formación. Revista Iberoamericana de Educación
Mora, García-Aracil & Villa	2006	Cómo recompensa el mercado laboral europeo las competencias de los jóvenes graduados universitarios. Flexibilidad y competencias profesionales en las universidades iberoamericanas
Martínez & Carmona	2009	Aproximación al concepto de "competencias emprendedoras": valor social e implicaciones educativas. Revista Iberoamericana sobre Calidad, Eficacia y Cambio en Educación
Reiljan & Tamm	2006	Differences in indicators related to export competitiveness. The case of Estonian wood sector firms
Knight & Kim	2009	International Business Competence and the Contemporary Firm
Saba Khalid	2009	Exploring Firm Level Market Knowledge Competence and its Implications for the Speed and Success of Export Expansion
CIDAC	2014	Encuesta de Competencias Profesionales 2014
OECD	2018	Transformative Competencies for 2030. The Future of Education and Skills: Education 2030
Council of Europe	2020	Sustainability competences: A systematic literature review

Source: Own elaboration based on Calderón-Gutiérrez (2019, p. 112)

In a similar manner as the way people develop their skills, companies also develop core competencies, defined as the exclusive skills or knowledge that distinguish a company from its competitors. Technically, a core competency is a perspective, skill, capacity, or special technology that creates unique value for the company by generating a recognized flow that circulates through all the company's value activities, therefore, core competencies are essential for competitiveness and the profitability of the company (Daniels et al., 2010). Core competencies occur in several areas within companies, and human capital who perform them can be considered as valuable assets that effectively implement strategies to develop capabilities and competitive advantage for a firm, forming a circular nexus to create value in different firm processes. In short, workers with appropriate levels of up-to-date competencies are more productive and are more likely to remain in the workforce. (Buchel, 2002, as cited in Mora, et al., 2006).

Exporting Competence Construct

Reiljan and Tamm (2006) show how four essential aspects for the competitiveness of a company (area, scope, location, and management) are integrated in a single factor that potentiates the international competitiveness of the company and conclude that, in turn, global competitiveness depends on: 1) the possibilities and means accessible to the company; 2) a favorable business environment; 3) a positive management of the economic concept of the company itself; and 4) the international competitiveness of the company. Coinciding with Reiljan and Tamm (2006), Knight and Kim (2009) developed an intangible construct called International Business Competence (IBC), concluding that IBC generates superior international performance for companies (Knight & Kim, 2009).

Although there are other contextual factors that affect the expansion process of an export company, this study focused on internal company factors, namely human capital competencies. Thus, the proposed theoretical framework is as follows:

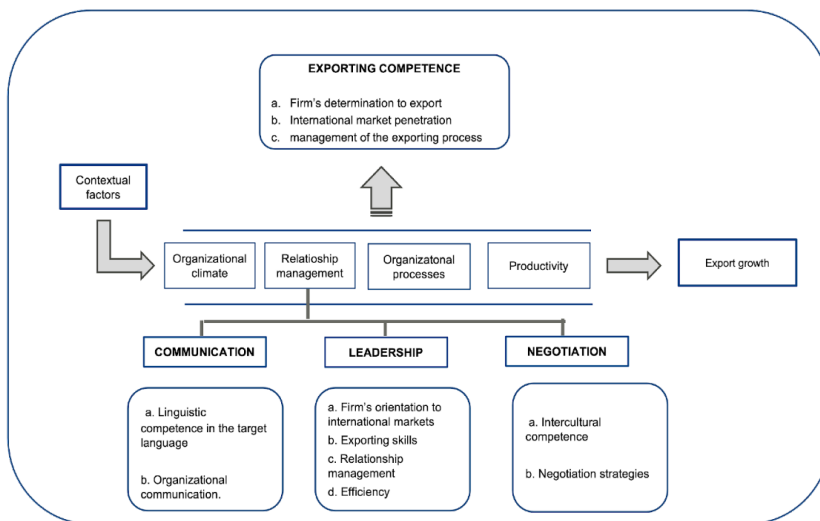
a. **Exporting competence.** A director's ability to develop specific export capacities to identify and successfully and promptly respond to market opportunities (Calderón-Gutiérrez, 2019). It is measured by determining: a) the firm's determination to export; b) international market penetration (number of target countries); and c) management of the exporting process (process knowledge and quantitative evaluation of decision making). In turn, exporting competence is made up of three dependent variables which have a direct impact on the company's culture, relationship management, organizational processes, and productivity. Such dependent variables are:

1. **Leadership competency:** the influencing process between leader and followers to achieve organizational objectives through change (Lussier & Achua, 2016). This variable is made up of three dimensions: a) the firm's orientation to international markets; b) exporting skills; c) relationship management; and d) efficiency.

2. **Communicative competence:** Representations and knowledge of language structures that are used both to convey and to understand meaning. In a narrower sense has linguistic, sociolinguistic, and pragmatic components. (Council of Europe, 2002). The selected dimensions are: a) linguistic competence in the target language, and b) organizational communication.

3. **Negotiation competency:** a deliberative process between two or more actors that seek a solution to a common issue or who are bartering over an item of value (Harvard Law School, 2023). It includes two dimensions: a) intercultural competence and b) negotiation strategies. Figure 1 shows the exporting competence construct.

Figure 1. The Exporting Competence Construct



Source: From Calderón-Gutiérrez (2019).

Competencies are usually measured by means of a multi-level competence scale, here, the author proposes a Likert scale ranging from 1 to 7, with specific ranges of demonstrated competence: 1 = limited, 2 = basic, 3 = sufficient, 4 = advanced, and 5 = expert (Calderón-Gutiérrez, 2019). This rating scale should help identify competencies that executives put into practice while performing key exporting processes or relationship management.

Conclusions

In emerging economies with very challenging business ecosystems, if firms manage to thrive, the core competencies developed by their owners, directors, managers, and workforce in general, should be shared and taught to other industries in the area. Such is the importance of transferable, higher-level competencies. In a way, exporting competence contributes to the transformative competencies, since they help create new value, reconcile tensions and dilemmas through

negotiation, and of course, promote accountability with adequate and leadership models.

Equally important is the economic impact of effective talent management on human resources administration, which can lead to consolidate more competitive companies, both economically and environmentally, whose growth is aligned with sustainable development practices benefiting communities and stakeholders. Specifically, if exporting companies do well, they can provide employment opportunities with good quality jobs. In territories with average or low competitiveness, the positive impact can go as far as helping reduce the population's need to migrate to other countries in search of better paid jobs. Improvement in productivity and growth should be supported by the related stakeholders. Again, positive social outcomes can be expected, since the demand for a better-prepared workforce would go along with more educational and training opportunities.

In an attempt to review and modify the most appropriate mechanisms for training human capital, it is necessary to identify key competencies for sustainable regional development. Moreover, relevant skills must be activated and developed if larger sectors of the population are to achieve the basic welfare every human being deserves.

Finally, it is important to mention that the proposed research instrument must be used in other states in Mexico and other countries to validate its efficacy and to use it as a source of reliable information for the public, businesses, and policy makers.

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