Exploring the antecedents of export competitive advantage of Greek yogurt firms

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Jel codes: Q13, Q17, Q18

Abstract

The factors that drive firm export performance have been studied extensively by international scholars. However, less attention has been given to the antecedents of competitive advantage and to firms' capabilities and resources necessary for the development of competitive advantage in export markets. In this study a resource-based view of agricultural firms engaged in exporting activities was used to determine the export competitive advantage of Greek yogurt firms. Primary data were collected through a structured questionnaire that was mailed to 137 Greek yogurt firms, providing an overall response rate of 75.9 percent. Data were analyzed through a series of multivariate methods, namely exploratory factor analysis, confirmatory factor analysis and structural equation modeling. Results indicate that the availability of financial and organizational resources, along with experience and production process capabilities are key antecedents of competitive advantage leading to success in export markets.

Keywords: *exports, competitive advantage, resources, yogurt exports.*

Résumé

Les facteurs qui déterminent les résultats à l'exportation des entreprises ont été largement étudiés par les chercheurs internationaux. Cependant, peu d'attention semble avoir été accordée aux facteurs clés de l'avantage concurrentiel et aux capacités et ressources des entreprises nécessaires pour développer un avantage concurrentiel sur les marchés d'exportation. Dans cette étude, nous avons utilisé une approche par les ressources appliquée aux entreprises agricoles engagées dans des activités d'exportation en vue de déterminer l'avantage concurrentiel à l'exportation des entreprises grecques productrices de yaourt. Les données primaires ont été recueillies au moyen d'un questionnaire structuré qui a été envoyé à 137 entreprises grecques de yaourt, obtenant un taux de réponse global de 75,9 pour cent. Les données ont été analysées à l'aide d'une série de méthodes multivariées, à savoir l'analyse factorielle exploratoire, l'analyse factorielle confirmatoire et la modélisation des équations structurelles. Les résultats indiquent que la disponibilité des ressources financières et organisationnelles, ainsi que l'expérience et les capacités du processus de production, sont des facteurs clés de l'avantage concurrentiel qui permettent d'assurer le succès sur les marchés d'exportation.

Mots- clés: exportations, avantage concurrentiel, ressources, exportations de yaourt.

1. Introduction

In recent decades, firms have been confronted with increasing internationalization as well as with low growth rates and intense competition on their domestic markets. The firms' internationalization has been one of the most significant developments, in so far as selling goods to foreign customers through exports or foreign investment is crucial not only for economic development, but also for profitability and even their survival (Barrett and Wilkinson, 1986, Albaum and Peterson, 1984). Furthermore, internationalization positively affects industrial development, national prosperity, employment level and foreign exchange revenues, whereas it involves low levels of commitment and risk, compared to foreign direct investment (Lu *et al*., 2006).

To be competitive in foreign markets as well as domestic markets, firms should understand the competitive advantages derived from their resources and capabilities. Conceptually, a competitive advantage relates with a firm's perceived competitive strength relative to competitors in foreign markets (Piercy *et al*., 1998) and reflects the ability of a firm to offer products and services that exceed customer values currently offered by competitors (Bhuiyan, 2011). Generally, the competitive advantage in the pertinent literature can be broadly interpreted as cost advantage, when the firm offers its product at a lower price and differentiation advantage when the customer perceives a consistent difference in important attributes between the firm's offerings and those of competitors (Bharadwaj *et al*., 1993). However, the international literature offers little insight into the achievement of export competitive advantage in foreign markets, as there is a lack of empirical studies on the subject besides the increased importance of foreign market orientation for firm survival.

One of the most popular exported products of Greece is the Greek yogurt. Greek yogurt, also known as strained yogurt, is the product of milk where the yogurt is strained and the whey is removed. It is creamier and thicker compared to regular yogurt and contains a double amount of protein. Consumer demand for Greek yogurt has rocketed in recent years. In 2007, it accounted for just 1% of the US yogurt sales, whereas currently, around half of all yogurt sold in America is Greek. Interest has since spread beyond Asia to Australasia, US and Europe and has inspired a new generation of high-protein 'origin' yogurt products. The demand for Greek yogurt in the US and Europe is high, because of the growing passion for healthy eating, as this type of yogurt contains low sugar and high protein ingredients. The increased demand has led to an increase in exports and according to UBS Investment Research (March 2011),

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the Greek yogurt has captured market share more quickly than almost any segment in a major food ever.

That having been said, the objective of the present study is twofold: (1) investigate the export competitive advantage of the Greek yogurt and (2) examine the relationship of firm resources with firm capabilities and offer public policy makers and agrifood exporters a set of guidelines for implementing and designing effective export competitive strategies and national export promotion programmes for the Greek yogurt. The remainder of the paper includes the conceptual framework in the next section, whereas the third section provides the research design and the methodology employed followed by a description of results in the fourth section. The final section discusses the results of the study and concludes. Implications for agrifood exporters and study limitations are acknowledged together with avenues for future research.

2. Conceptual framework

2.1. Competitive advantage

The main aim of the researchers in the field of strategic management is to explain why there are variations in the performance of various firms (Barney and Hesterly, 1999; Zott and Amit, 2008; Ceccagnoli, 2009) considering that performance is the result of competitive advantage (Durand and Vaara, 2009). Strategic management theories propose that enhanced firm performance relies on factors related to competitive advantage (Powell, 2001; Zahra and Nielsen, 2002), which creates the conceptual framework 'sources of competitive advantage', widely accepted in the international literature (Newbert, 2007). According to Foss and Knudsen (2003), lots of interpretations exist regarding the concept of competitive advantage, though without a clear definition. Ma (2000), claims that the competitive advantage is used widely in the field of strategic management, "*yet it remains poorly defined and operationalized*", whereas many researchers connect the meaning of competitive advantage to firm performance.

On the other hand, many scholars define competitive advantage according to its establishment principles, which means that it is identified mainly in terms of its sources. The major disadvantage in this definition is the fact that competitive advantage lacks the conceptual content and functionality of a conceptual framework that could be used in research. The lack of a conceptual content results in different interpretations, when it is associated with the firm performance and the source of competitive advantage. In other words, its dysfunctionality makes it hard for researchers to generate variables and scales of a conceptual framework that cannot be defined due to the absence of a theoretical definition.

Accordingly, Ansoff (1965) defined competitive advantage as "*isolate characteristics of unique opportunities within the field by the product-market scope and the growth vector. This is the competitive advantage. It seeks to identify particular properties of individual product markets which will give the firm a strong competitive position*". South (1981) presented the following definition of a "*philosophy of choosing only those competitive arenas where victories are clearly achievable*". However, the establishment of the term competitive advantage comes from Porter and Hall (1985) who mentioned two kinds of competitive advantage that a firm may have, the "Cost Leadership" and the "Differentiation", and claimed that "*competitive advantage grows fundamentally out of the value a firm is able to create for its buyers*". Later, Thomas (1986) stated that "*firms with persistent high relative profitability are said to possess competitive advantage*", whereas, Ghemawat (1991) defined competitive advantage as "*the extent to which the benefit-cost gap for its product exceeds the benefit-cost for competitors' products*". Besanko *et al*., (1996) described the competitive advantage as a condition where a firm is superior in its field.

The possible positive connection between export competitive advantage and export performance is based on the fact that if a firm is capable of responding to the demands of foreign markets better than its competitors, export performance is increased or keeps increasing and through this process the firm is motivated. On the other hand, the resource-based theory explains the main characteristics of primary resources to achieve competitive advantage in export markets, arguing that resources are both significantly heterogeneous (tangible and intangible assets) across industries and imperfectly mobile (Hunt and Derozier, 2004). Heterogeneity of resources is defined as a condition in which firms own different bundles of resources in ways that are unique to themselves and cannot be easily or readily copied, sold or bought in the marketplace.

The present study approaches the issue of export competitive advantage using the resource–based theory, which differentiates it from other studies that have used the capabilities-based theory. The innovativeness of the present research endeavor lies in the fact that the term capabilities in the production process is introduced with reference to the know-how capabilities and the traditional yogurt recipe, showing the importance (or lack of importance) of manufacturing and product recipe for export competitive advantage of Greek yogurt. However, to achieve competitive advantage and high performance, firms should investigate and adopt resources that are valuable, rare, inimitable, and non-substitutable. According to the resource-based view, the success of a competitive advantage position relies heavily on the resources and capabilities possessed by the firm, that is to say its sources of competitive advantage.

2.2. Research hypotheses

The conceptual framework proposed in this study assumes that the firms' exporting capabilities and resources can determine their competitive advantage in overseas markets. Subsequently, to investigate specific relationships among various types of capabilities and recourses related with export competitive advantage would be particularly informative for exporting firms which produce Greek yogurt. Hall

(1992) identified reputation as a major source for competitive advantage among British firms, suggesting that reputation can develop a competitive advantage and creates a defensible position in export markets. Shrum and Wuthnow (1988) claimed that reputation becomes a critical resource for organizational managers. In a parallel vein, exporters with physical resources such as the plant and equipment, information system, machinery, geographic location and capacity may be in a stronger position to achieve competitive advantage and eventually result in superior firm performance (Ainuddin *et al*., 2007). In addition, financial resources such as financial capital and cash-in-hand are also deemed to contribute positively towards competitive advantage. Financial resources constrain or enable the decision-making abilities of managers (Gilbert *et al*., 2006; Zou and Stan*,* 2008).

However, many researchers ignore the sources of financial capital as a crucial factor for competitive advantage. In this study, we analyze the financial resources in competitive advantage by focusing on the capital availability and the firm's credit worthiness. Furthermore, the literature indicates that there is a positive relationship between organizational resources and firm performance (Li and Ogunmokun, 2001, Lerner and Almor, 2002). Rose *et al*., (2010) claimed that organizational resources have a positive relationship with competitive advantage and firm performance. Accordingly, the categories of resources cited above are deemed to be the most important to attain competitive advantage, because of their nature, being hard-to-copy compared to other types of tangible resources (i.e. physical and financial resources). In the light of these arguments, the following hypothesis can be put forward:

Hypothesis 1: The possession of reputation, physical, financial and organizational resources is positively associated with the achievement of export competitive advantage.

Many studies have shown that there is a significant relationship between capabilities and competitive advantage (Wang *et al*., 2003; King, 2007; Perez-Freije and Enkel, 2007; Sirmon *et al*., 2007). Capabilities are conceptualized and categorized as, *inter alia*, core competencies, organizational integration, resource development competence, product development, and technological capabilities (Mayer and Salomon, 2006). For the purpose of the present study, significant attention is given to product development capabilities and selling and production process skills for Greek yogurt. Still, research has also shown that there is a significant relationship between product-development capabilities and informational capabilities with the firm's competitive advantage. Lim *et al*., (2006) proposed that product development capabilities have a positive relationship with export levels, whereas Guan and Ma (2003) stated that Chinese firms' innovation capabilities were positively related to export growth. As a result, the following hypothesis can be formulated:

Hypothesis 2: The possession of capabilities relating to product development, experience, selling and production process is positively associated with export competitive advantage.

3. Research design

The present study was developed based on primary data that were gathered through a mail survey (structured questionnaire[2]) on export oriented Greek yogurt firms. The sample population accounted for 137 manufacturing firms registered in the Directory of the Hellenic Chamber of Commerce and the Organization of Greek Exporters (2015). The construct items in the study conceptual model were operationalized based on an extended review of the relevant literature. All constructs included validated scales from previous studies, so as to ensure validity and reliability of the variables included in the questionnaire. In addition, to ensure comparability with other studies, established terminology was adopted.

Each single firm was contacted by telephone in order to: check whether it was still operating and whether the address was still correct; to identify the most appropriate individual (key informant) to whom the questionnaire should be addressed; and to pre-notify the execution of the study and dispatch the questionnaire, potentially enhancing the response rate. The questionnaires were initially mailed to each firm, filled out by the respondents and mailed back. The preliminary contact with the target population resulted in 64 fully completed responses (46.7 per cent response rate). At a second stage, two follow-up phone reminders were made to each non-responding firm (73 firms) approximately three to six weeks after the original mailing in an attempt to increase the response rate yielding a usable sample of 104 firms (75.91 per cent response rate). Of these, 20.19 per cent (21 firms) were exporters, thus denoting a relatively export propensity rate among yogurt manufacturing firms in Greece.

4. Methodology

Competitive advantage was measured according to the model proposed by Koksal (2009) and through managerial perceptions of the firms' success in comparison to their biggest competitors in the export market. The firm export competitive advantage was gauged with four items. Respondents were asked to assess their firm' s offering position in the export market in comparison with the main direct competitors using a five-point Likert scale, ranging from (1) strongly disagree to (5) strongly agree. Firms' resources were operationalized through managers' perceptions with a total of fifteen items compared with their competitors in the foreign market on the five-point Likert scale, ranging from (1) strongly disagrees to (5) strongly agree. There are many sources of international competitiveness (Li and Ogun-

[2] The survey questionnaire can be delivered if required.

mokun, 2001; Kaleka 2002) which we need to control in testing the hypotheses in this study. Export firms‘ resources included: technological capability, facilities and equipment, integrity of the equipment, owned warehouses, information systems, reputation of firm, reputation among customers, availability of financial resources, the firm's credit worthiness, education, dating and experience of executives, expert knowledge of executives, consistent and quality relationship with customers, corporate organization and culture, organizational and administrative competence of the staff.

The firm capabilities were assessed through managers' perceptions on sixteen items compared to their competitors in the foreign market on a five-point Likert scale, ranging from (1) strongly disagrees to (5) strongly agree, according to the following elements: experience and personnel training, firm culture, knowledge export market and trading, skills of businessman, improvement of new product, product quality, innovative products, packaging, production cost, wide range of products, reputation of enterprise products, customer service, technical selling products, competitive product price, expertise in producing, traditional product recipe. Support for the validity of resources and capabilities measure comes from Kaleka (2002), Gautam *et al*. (2004), Chen *et al*. (2007) and Fonseka *et al.* (2013).

The basic constructs tapping the independent factors in the model, each measured with several indicators, were the following: (**F1**) Physical resources, (**F2**) Reputation, (**F3**) Availability of financial resources, (**F4**) Organizational, (**F5**) Experience, (**F6**) Product development, (**F7**) Selling capabilities and (**F8**) Capabilities in production process. The first four components (**F1** – **F4**) reflected the industry sources, while the following four (**F5** – **F8**) represented the firm capabilities. Likewise, (**F9**) competitive advantage was the dependent variable in the model.

Initially, an exploratory factor analysis (EFA–Varimax rotation) was applied to uncover the underlying dimensions. This was followed by a confirmatory factor analysis (CFA) to assess and test the measurement model of competitive advantage. The standardized factor loadings and the reliability of the explanatory factors are presented in Table 1. Subsequently, a comparison was made between the results of the two performed analyses for every employed variable. Specifically, a *t*-test was performed for the normally distributed means to verify whether the factor loadings of the two analyses (EFA and CFA) showed statistically significant differences. The *t*-test results demonstrated that the factor loadings did not show statistically significant differences (p=0.01), thus confirming that the produced constructs were valid and acceptable.

In testing the research hypotheses, multiple regression analysis was employed to estimate the relationships between the dimensions of resources, capabilities (independent variables) and competitive advantage achieved (dependent variable). Path analysis was performed (using the OLS criterion) to test the operational model depicted in Figure 1. The model consists of the structural part, where competitive advantage is the dependent variable and *F1 – F8* are the independent variables:

$$\mathbf{F9} = b_n\mathrm{Fn} + e \quad (1)$$

Where b (n=1,2,....7) are the standardized β coefficients, and e is the measurement error.

Accordingly, a series of multiple regressions were performed, which were consistent with the specification of the model. Some of the linkages between the variables were found to be statistically non-significant. To refine the model, these linkages were eliminated, and a new series of multiple regressions were performed. This resulted in the

Table 1 - *Factor analysis results-confirmatory factor analysis: standardized loadings, measure reliabilities.*

Code	Name of construct	Name of construct-items		Factor loading	Eigenvalue	Variance (%)	Goodness-of-fit measures			Standardized path coefficients*
F9	Export competitive advantage	K43	Product features	0,77	4,223	76,240	χ2:5,589	df:2	p:0,0061	0,63
		K44	After sales service	0,91			CFI:0,972	RMSEA:0,132	α:0,91	0,895
		K46	Selling price to end-users overseas	0,923						0,951
		K48	Consumer preference	0,895						0,869
F1	Physical resources	K130	Technological capability	0,744	5,65	37,66	χ2:105,334	df:60	p:0,0061	0,953
		K122	Facilities and equipment	0,779			CFI:0,976	RMSEA:0,086	α:0,89	0,836
		K127	Integrity of the equipment	0,793						0,774
		K121	Owned warehouses	0,88						0,707
		K123	Information systems.	0,799						0,985
F2	Reputation	K117	Reputation of firm	0,853	1,65	11,01				0,853
		K131	Reputation among customers	0,868						0,919
F3	Availability of financial re sources	K124	Availability of financial resources	0,836	1,29	8,60				0,761
		K125	The firm's credit worthiness	0,794						0,679
F4	Organization	K129	Education, experience and dedication of the firm's employees	0,842	2,48	16,51				0,955
		K114	Dating and experience of executives.	0,848						0,854
		K118	Expert knowledge of executives.	0,87						0,959
		K116	Consistent and quality relationship with your customers.	0,713						0,975
		K119	Corporate organization and culture.	0,503						0,915
		K115	Organizational and administrative competence of the staff.	0,672						0,427
F5	Experience	K79	Experience and personnel training	0,715	1,29	8,04	χ2:123,23	df:84	p:0,003	0,643
		K76	Firm culture	0,592			CFI:0,966	RMSEA:0,067	α:0,91	0,191
		K74	Knowledge export market and trading	0,612						0,469
		K73	Skills of managers	0,641						0,554
F6	Product development	K78	Improvement of new product	0,653	6,36	39,75				0,943
		K62	Product quality	0,749						0,197
		K63	Innovative products	0,803						0,202
		K67	Packaging	0,599						0,253
		K77	Production bcost	0,584						0,33
		K68	Widerange of products	0,735						0,324
		K65	Reputation enterprise products	0,764						0,909
F7	Selling capabilities	K75	Customer service	0,702	1,10	6,88				0,33
		K70	Technical selling products	0,824						0,448
F8	Capabilities in Production Process	K64	Competitive product price	0,78	1,73	10,81				0,473
		K80	Expertise in producing	0,799						0,891
		K66	Traditional product recipe	0,584						0,885

*standardized first order loadings.

following equation that represents the direct effects of the independent variables on each dependent variable:

$$\mathbf{F9} = b_1\mathbf{F5} + b_2\mathbf{F8} + b_3\mathbf{F3} + b_4\mathbf{F4} + e$$

The value of the coefficient of determination (R^2) is 0,596. The model fit the data well, as indicated by the Goodness-of-Fit indices, namely X^2:10,58, (p<0,001); NFI = 0.99; IFI = 0.995; CFI = 0,98; and RMSEA=0.06. The Pearson correlation coefficients and the results of path analysis are presented in Tables 2 and Figure 1, respectively.

The direct effects on the dependent variable can be seen in the following equations:

$$\mathbf{F9} = 0.10\mathbf{F5} + 0.36\mathbf{F8} + 0.44\mathbf{F3} + 0.14\mathbf{F4} + 0.404$$

The results reported in Table 2, and Figure 1 indicate that different dimensions of capabilities and resources vary in terms of their significance in influencing the achievement of competitive advantage in export markets

5. Results

Hypothesis 1 [i.e., export competitive advantage is positively associated with (a)reputation, (b) physical resources, (c) financial and (d) organization resources] was partially proven. Hypothesis 2 [i.e., export competitive advantage is positively associated with (a) product development, (b) experience, (c) selling and (d) production process capabilities] was partially proven. The results show an interesting relationship between firm's resources and capabilities. Particularly, results indicate that the possession of available financial resources was found to play the most important role (**F3**, β: 0.44, p<0.01), whereas no influence was exerted for physical resources (**F1**), scale and firm reputation (**F2**). Additionally, organization resources (**F4**, β: 0.14, p<0.01) have positive, albeit modest, effect on competitive advantage. In the same vein are the results of Kaleka (2002) that find physical and financial recourses to play an important role in cost advantage. On the other hand, Koksal (2009) in his study found that brand image and quality of the products sold are the most important factors leading to competitive advantage in export markets.

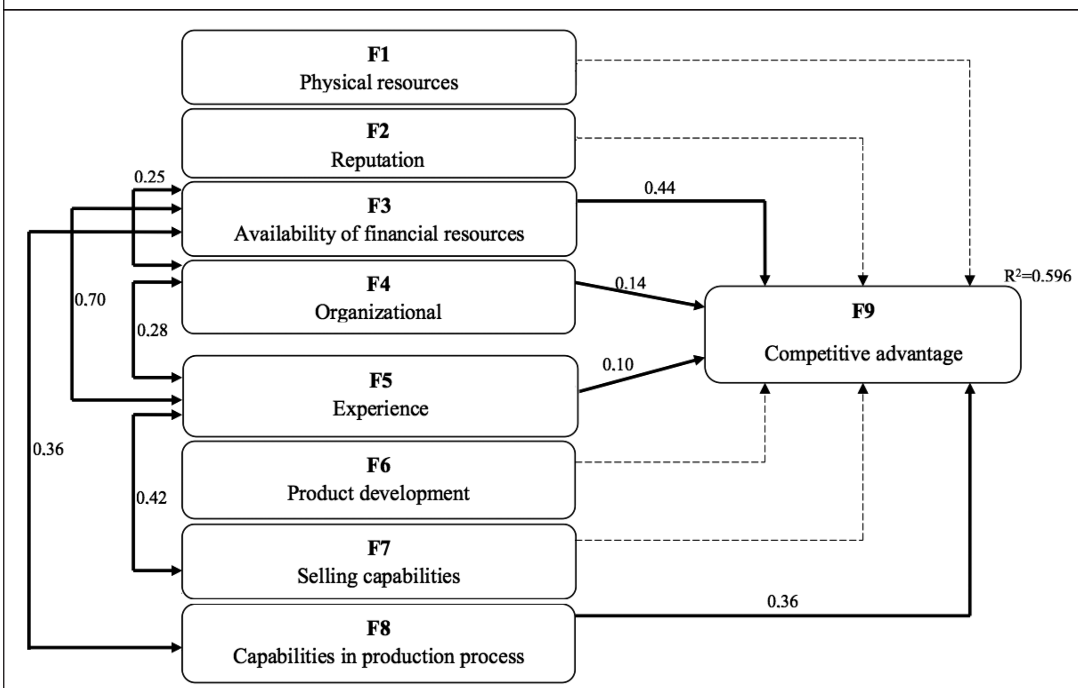
With regard to export firm's capabilities, the possession of production process skills (**F8**, β: 0,36, p<0.01), and experience (**F5**, β: 0,10, p<0.01), were significant factors to achieve export competitive advantage and hence, the second hypothesis has been proved; selling and product development capabilities had no direct impact on the establishment of competitive advantage. Ling-Yee and Ogunmokun, (2001) claim, instead, that developing strong relationships with customers in the export markets provides a cost advantage. Also, Ogunmokun and Ng (2004) support that the most important factor for success in international markets is the export managers' knowledge about foreign markets.

Table 2 - *Pearson correlations between the constructs.*

	Code	F5	F6	F7	F8	F1	F2	F3	F4	F9
Experience	**F5**	1								
Product development	**F6**	0,14	1							
Selling capabilities	**F7**	-0,08	,598(**)	1						
Capabilities in production process	**F8**	,449(**)	,231(*)	0,11	1					
Physical resources	**F1**	-0,07	,477(**)	,323(**)	0,16	1				
Reputation	**F2**	0,05	,602(**)	,442(**)	,243(*)	,537(**)	1			
Availability of financial resources	**F3**	,707(**)	0,02	-0,18	,389(**)	-0,09	0,05	1		
Organizational	**F4**	,334(**)	,198(*)	0,13	0,14	,230(*)	,255(**)	,297(**)	1	
Competitive advantage	**F9**	,609(**)	0	-0,15	,588(**)	-0,08	-0,01	,683(**)	,345(**)	1

**Correlation is significant at 0,01, *Correlation is significant at 0,05

Figure 1 - P*ath Diagram – Statistically Significant Paths and Standardized Coefficients (Chi-Square X2:10.58, p<0.001; NFI = 0.99; IFI = 0.995; CFI = 0.98; RMSEA=0.06).*



As regards firm resources and firm capabilities, the analysis shows an interesting mix of relationships. The availability of financial resources (**F3**) has a two-way impact on organizational resources (**F4**, β: 0,25, p<0.01), experience (**F5**, β: 0,70, p<0.01), and production process capabilities (**F8**, β: 0,36, p<0.01), whereas organizational resources (**F4)** have a two-way impact on experience (**F5**, β: 0,28, p<0.01) and financial recourses (**F4**, β: 0,24, p<0.01). Finally, physical resources (**F1)**, reputation (**F2)**, product development (**F6)** and selling capabilities **(F7)** do not exhibit any link with export competitive advantage. The results confirm findings reported in the current literature (e.g., Peteraf and Bergen, 2003; Ou, *et al*., 2006).

6. Discussion

The objective of this study was to examine the antecedents of export competitive advantage for Greek yogurt firms and assess the relationship between their resources and their capabilities. The results of the model simulation demonstrate that the establishment of export competitive advantage for Greek yogurt firms is achieved through the available financial assets and the firm organizational resources. Firm experience and manufacturing skills are also important factors as opposed to the firm's characteristics that have a more secondary role. Specifically, the results indicate that the availability of financial resources is the most important factor for export competitive advantage reaffirming the findings of Kaleka (2002), who argued a positive relationship between financial resources and firm's competitive advantage in export markets. The results confirm *Hypothesis 1*, meaning that the more available resources the firm has, the bigger its competitive advantage. The firm's resources in the current study involved the availability of capital and organizational.

The term availability of financial resources refers to cash flow and the ability of the firm to cope with its obligations. It's worth mentioning the tradeoff theory, which says that the size of a firm is inversely proportionate to the amount of the available cash. The reasons are that large firms take advantage of scale economies, their activities are different and they have regular and stable cash flow as well as cheaper and easier access to external funding resources. Kim *et. al*., (1998) studied the factors which influence the cash flow capability of a firm. One of these factors was the firm size which is determined by its property. This factor was expected to be negatively correlated, something that was confirmed in this study. In addition, Prenker and Kuck (2009) argued that a firm operating in an environment with plenty of opportunities and without having savings, might reject profitable investments in order to get involved in others. The competitive advantage of the firms that have greater cash flow ability is higher, since they can exploit the opportunities given, at the right time, contrary to firms that resort to external borrowing to make investments.

Results also suggest that the firm organization is positively associated with export competitive advantage, confirming that organizational resources play a significant role in the export marketing strategy and export competitive advantage (Leonidou and Leonidou, 2011). The resources found in this study (financial resources and organization) differ from previous export marketing resources. As Argote *et al*., (2000) asserted, knowledge creation is the basis for firm's competitive advantage, whereas Piercy *et al*., (1999) found that scale, physical and financial resources are the most important factors that influence export competitive advantage.

Organizational resources include all the variables associated with training and commitment of the employees, connections, knowledge and experience of the managers, customer relationships, organization of the firm, internal culture and organization and managerial skills, all of which confirm *Hypothesis 1,* influencing the export competitive advantage of Greek yogurt firms. Realizing the importance of organizational resources, Greek yogurt firms need to focus on employees' education and executives' connections. The employees' education seems to contribute to the competitive advantage since employees are motivated to work harder and more effectively. Moreover, if employees are aware of the tasks and rules they should follow, they are likely to have a better morale. Finally, executives appreciating the employees' skills are willing to invest in their education, offering a feeling of security, since employees are considered to be an indispensable part of the firm.

The results also reaffirm the relevant literature that suggests experience as an important source of competitive advantage in export markets (Piercy *et al*., 1998) along with the quality of the products sold in the export markets (Koksal, 2009). O'Cass and Craig (2003), found that product characteristics had a significant impact on export competitive advantage. Moreover, the cost of goods sold in foreign markets is another factor that creates competitive advantage, as argued by Daniels and Robles (1982) in a study about Peruvian exporting firms. Regarding the firm's capabilities, results confirm *Hypothesis 2* according to which the more capabilities firms have, the bigger the competitive advantage. The most important capabilities shown in the path analysis model were the experience and the product manufacturing capabilities. Firms perceive experience as a result of the chief executives' skills and managers' experience.

According to Hsu *et. al*., (2013), managerial experience is a significant factor that strengthens the firm's internationalization and performance. This indicates that the experience rewards the managers with valuable market knowledge and confidence and these qualifications enable them to deal with internalization problems and enhancing their exporting activity. According to Stoian (2011), the international experience of people making decisions influences the profitability and the entry of the firm into new markets. Additionally, Leonidou *et. al*., (2007) argued that managers with experience in the international firm environment can manage better the foreign markets and the customers, enhancing firm performance.

Finally, the study's findings revealed that the production process is the most important capability parameter for competitive advantage in international markets and was positively related to competitive price of product, expertise in producing and traditional recipe of product. This result confirms previous literature suggesting that product development is the most important competitive skill in exporting (Piercy *et. al*., 1998), the firms with stronger product development capability have a significantly higher competitive advantage (Schilke, 2014) and supply chain skills, such as good relationships with suppliers, are important factors for export competitive advantage (Thatte *et al*., 2013, Barney, 2012). It should be noted that the production process is the second most important factor that affects the export competitive advantage of Greek yogurt firms, showing the significance of knowhow and the traditional recipe of Greek yogurt. This recipe is one of the most important aspects influencing the competitive advantage, since it differentiates the product as unique among other similar products in foreign markets.

Emphasis should also be laid on the reciprocal connections between firm's capabilities and resources. In this study, the prevalent correlation was revealed between the capital and firm experience, as well as between firm experience and product manufacturing capabilities. This proves the importance of managerial experience and its influence on the firm's success, through the increase of cash flow and the development of knowhow in production. Last but not least, there is an interesting correlation between the financial capitals and the organizational resources showing the need for cash flow for employees training and enhancement of their expertise.

7. Conclusions

The present study sought to assess the relationship between firm resources, firm capabilities and export competitive advantage and to identify possible links between firm resources and firm capabilities. According to the results, Greek yogurt firms should build their export competitive advantage by acquiring specific firm resources and export capabilities. The study also revealed that the availability of financial resources is correlated with other factors of export competitive advantage. The findings have practical applications, since the competitive advantage is a critical issue due to the rapid development of Greek yogurt in foreign markets. Hence, some useful and practical management suggestions should be made to entrepreneurs and managers of Greek yogurt firms. The cash flow, the employees' training and the acquisition of expertise form the basis and support the competitive advantage of Greek firms. Moreover, the awareness of export markets, the knowhow and the traditional recipe comprise the basis for competitive advantage. The study results demonstrate that key factors influence significantly the export competitive advantage of Greek yogurt firms and taking them into consideration will allow firms to develop and improve, primarily through the investment of financial assets towards exporting.

The study findings may be significant for policy makers working on improving the export competitiveness of Greek firms that produce Greek yogurt and their success in export markets. Educational export promotion programmes should be especially targeted at how export firms exploit resources and capabilities to design an appropriate exporting strategy. Future research may be oriented towards the examination of the antecedents of export competitive advantage, such as the firm characteristics, the supplier resources and the informational capabilities.

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