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Entrepreneurial orientation, marketing capabilities and performance: The Moderating role of Competitive Intensity on Latin American International New Ventures[☆]

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ABSTRACT

International new ventures (INVs) face constant competitive intensity, which serves to increase the already high difficulty of enhancing marketing capabilities to gain superior performance in foreign markets. International entrepreneurship (IE) literature suggests that entrepreneurial orientation (EO) may influence INVs' performance. However, EO can be a resource-consuming strategic orientation, and INVs face resource constraints. Specifically, the literature expresses doubts as to whether increasing levels of EO are favorable for all INVs, all the time. From the resource-based view (RBV) perspective, the present paper extends previous IE research by investigating whether the degree to which EO and corresponding marketing capabilities vary under differing competitive intensities when enhancing performance. The findings highlight the moderating role of competitive intensity between EO and marketing capabilities for better INV performance. These have important implications for the decisions of IE scholars and practitioners about EO allocation in order to enhance the required marketing capabilities for INV's increased performance.

The survey data consist of Mexican INVs, where the emphasis on constrained resources is high as are the competitive intensity challenges that these firms face in foreign markets. Therefore, this study contributes to the almost wholly ignored research about Latin American new venture internationalization and performance debate.

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1. Introduction

Statistics from the International Monetary Fund (IMF) show that emerging markets' share of global gross domestic product (GDP) hit 50.5% in 2013, which correspond to a 31% increase from 1980. Not only have emerging markets increased their share of GDP by an average of 0.6% per year over the past 33 years, but the IMF expects emerging markets' share of global GDP to increase at an even faster pace going forward, to an average of 0.7% per year between now and 2019 to reach 54.5% (IMF 2014). This is a culmination of the increasing emphasis on globalization and the rapid growth of international trade, which have further exhorted firms to seek opportunities for market expansion. The rise of firms from emerging markets that operate internationally accounts for an increasingly important component of the overall market offering (Claessens and Schmukler 2007). For this reason, international entrepreneurship (IE) academics and practitioners have widely acknowledged a nascent paradigm shift of firm internationalization

studies, from research on developed economies, to investigations based on emerging economies (Cavusgil et al., 2012; Ciravegna et al., 2014).

Over the last decade and a half, emerging market economies, including several countries in Latin America, are regarded as new engines of economic growth (Lederman, et al., 2014). In Latin America, industries and companies have demonstrated that they are at least as innovative and entrepreneurial as their counterparts in the Northern Hemispheres. As Latin America embraces global economic interdependence, small- and medium-sized enterprises continue to play a major role in international trade and investment activities. One way these companies are showing their global orientation is by demonstrating entrepreneurial drive (Frechette, 2006).

Although Latin America is an important world player among emerging economies, the region has been too long neglected among IE literature (Rialp et al., 2005). Four countries of the region (Brazil 7th, Mexico 15th, Argentina 21th, and Venezuela 28th) are in the top 30 economies based on their GDP (World Bank, 2014), and two are in the top four most attractive emerging markets locations (China, Russia, Brazil, and Mexico) (UNCTAD 2014). Nevertheless, less than 4% of IE literature focuses particularly on Latin America (Carneiro and Brenes 2014; Pérez-Batres et al., 2010).

Also, most of the limited research on internationalization and performance of Latin America's firms is centered on established multinationals,

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leaving behind new ventures (Carneiro and Brenes 2014; Fleury and Fleury 2014; Salvo 2007). The scarce research about new venture internationalization and performance treats emerging markets as a uniform bloc, without separating Latin America in their conclusions. For instance, Bruton and colleagues' (2008) findings about the accelerating rate of new ventures' internationalization from emerging markets.

In addition, IE scholars have identified some high-tech firms that internationalize rapidly almost from inception known as international new ventures (INVs) (Oviatt and McDougall 1994) or born globals (Knight and Cavusgil 2004). INVs are defined as business organizations that from inception seek to gain significant competitive advantage from the use of resources toward the international sale of outputs (Oviatt and McDougall 1994; Oviatt and McDougall 2005).

Two decades ago, since the seminal articles of INVs, these highly entrepreneurial firms were found often facing constrained resources and high levels of competitive intensity (Oviatt and McDougall 1994). Indeed, INV's behavior over time is distinguished by a strong entrepreneurial orientation (EO). Hence, through a combination of innovativeness, proactiveness and risk-seeking behavior INVs attempt to exploit opportunities by entering the international marketplace quickly (Autio 2005). Nevertheless, recent IE literature (Wiles et al., 2012) suggests that the field is devoid of strong theoretical frameworks related to EO. While the extant literature supports EO as a key ingredient for firm success (Wang 2008), most specifically in INVs (Knight 2000), published research shows skepticism as to whether increasing levels of EO are necessary for significant performance increase (Smart and Conant 1994), or may even lead to poor new venture performance under certain circumstances (Stam and Elfring 2008). Since EO can be a resource-consuming strategic orientation (Wiklund 1999) and INVs are resource constrained (Oviatt and McDougall 2005; Ripollés and Blesa 2012), the degree to determine in which the INV needs EO is essential.

While empirical evidence can be found in support of the impact of environmental factors in performance (Lu and Beamish 2001b), IE literature largely neglects them (Aspelund et al., 2007). Competitive intensity is one environmental factor that has been identified extensively in the fields of strategy (Ramaswamy 2001), innovation (He and Nie 2008), multinational corporations (Cui et al., 2005), exporting (Cadogan et al., 2003), and organizational learning (Auh and Menguc 2005). The competitive intensity that firms face can be defined as the magnitude of effect that a firm has on its rivals' life chances. A weak competitor is one that harms its rivals' life chances only slightly, whereas strong competitors reduce their rivals' life chances dramatically (Barnett 1997). Despite of the significance of competitive intensity, less is known about its effect on the performance antecedents of INVs.

Also, authors have argued recently how the RBV has contributed to the international expansion of INV firms (Ripollés and Blesa 2012; Sapienza et al., 2006). INVs hold a unique constellation of capabilities that enable them to achieve rapid internationalization growth soon after the firm's founding (Knight and Cavusgil 2004; Rialp et al., 2005). Capabilities enable a firm to perform value-creating tasks effectively and they reside in organizational processes and routines that are difficult to replicate (Day, 2011). The literature identifies different capabilities that include technological capability, marketing capability, and operational capability (Krasnikov and Jayachandran 2008). Marketing capabilities can be defined as integrative processes designed to apply the necessary resources the firm possesses to the market-related needs, enabling the firm to add value and meet competitive demands (Day 1994). IE literature shows that marketing capabilities play a major role in INVs (Ripollés and Blesa 2012); however, much work still remains on identifying the best combination of specific marketing capabilities required for the early and accelerated internationalization of young firms to gain superior performance.

Despite the scholarly and managerial attempts to understand the relation between EO and marketing capabilities (Jantunen et al., 2005) to improve INV performance (Martin and Javalgi 2013; Zhou et al.,

2012), the IE literature reveals almost no insights to empirically test these propositions given their complexity. Considering that EO and marketing capabilities are performance antecedents of INVs (Martin and Javalgi 2013) and that competitive intensity is present in different degrees depending on the type of international market, the present study addresses the following still unanswered research question: *What is the contingent effect of competitive intensity in EO, with respect to marketing capabilities and performance of INVs?*

This study makes four contributions to knowledge in this important area of understanding INVs' performance antecedents. First, this study brings together competitive intensity into the RBV-performance framework and set up relationships to develop and empirically test an integrative model of the performance antecedents of INVs. To this end, the findings offer an insightful extension to understanding how the competitive intensity environmental factor comes about and the mechanisms by which INVs can gain from it.

Second, the present investigation studies how the role of EO in conjunction with the RBV can improve performance. Specifically, this paper reports on the interplay of EO when enhancing marketing capabilities and its consequences on the performance of INVs. This research also analyzes the direct path from EO to performance. In doing so, this inquiry demonstrates how the relation of a firm's EO and marketing capabilities realizes superior performance than the simple relation between EO and performance. Thus, the present research offers a solid extension to the IE theory on INVs.

Third, this study focuses on the moderation effect of competitive intensity on two relationships, one between EO and marketing capabilities, and the second between EO and performance on INVs. The novel model will provide needed empirical grounding from which to make recommendations to managers of INVs concerning important resource allocation decisions. Increasing EO levels requires significant resource investments (Wiklund 1999), and managers need to be sure that their investments will gain suitable rewards. Thus far, recommendations to practitioners are uncertain, simply because the performance related consequences of EO on INVs have yet to receive rigorous empirical attention. Given the literature review in this study, doubts are found as to whether increasing levels of EO are favorable for all INVs, under all circumstances. Thus, IE scholars do not know of any conditions under which the benefits of EO outweigh the costs. Similarly, the literature presents lacunas regarding the conditions under which the costs associated with increasing an INV's level of EO outweighs the benefits accrued. This research is timely regarding the possibility that the costs associated with behaving in an entrepreneurial-oriented way in a venture's international operations may be significantly higher than those associated with being entrepreneurial-oriented within a purely domestic setting.

Fourth, this empirical study is administered in the context of high-technology "born regional" (Lopez et al., 2009) INVs from Mexico. As a Latin American emerging market, Mexico is a unique setting for testing competitive intensity on the performance antecedents of INVs. Hence, the results in this study speak to an important set of firms previously ignored in the competitive intensity performance debate. The present investigation fills in a gap of the under-researched area of literature surrounding INVs from Latin America. Therefore, by examining INVs in Latin America, specifically in Mexico, this inquiry offers a unique setting for the better understanding of INV performance, where the emphasis on constrained resources is higher (Bruton et al., 2008). The act of going international would appear to provide unique challenges that increase the competitive intensity of Mexican INVs with respect to the INVs from foreign markets. Mexico is one of the most open economies in the world, and this has created an adequate arena for high-tech INVs to grow (Wood et al., 2011). The analysis of INVs in an environment of this kind could offer insights beyond previous studies where most of the INVs samples are from developed economies.

Subsequent to this introductory section, the next section outlines the study's theoretical background and states the hypotheses. Then

Section 3 describes the methods chosen to provide evidence on the conceptual framework. Section 4 explains the analysis and reports the results of the hypotheses. Additionally, Section 5 concludes with a discussion of the study's significance and contributions. Finally, Section 6 presents the research limitations.

2. Theory and hypotheses

The size and rapid growth of global trade has focused the attention of IE scholars on the internationalization and performance of new ventures from emerging markets (Wood et al., 2011). Although Latin America is an important world player among emerging economies (Carneiro and Brenes 2014), the study of new ventures in the region is almost wholly ignored in the internationalization and performance debate. Evidence show an increasing importance of international trade specially in high velocity industries, where the central role of high-tech INVs taking advantage of international trading opportunities has become crucial to understanding the antecedents of performance (Cavusgil and Knight 2015). The present research uses the INV concept to designate these type of firms since INVs are the broadest concept proposed in the literature (Asplund et al., 2007). As outlined by Coviello and colleagues (2011), Oviatt and McDougall (1994) specifically chose to use the term "international new venture" because many of the firms they observed did not have a global focus. Rather, most competed primarily in their regional markets (Lopez et al., 2009) or in a relatively limited number of countries.

Research connotes that the majority of INV firms begin their overseas activities via exporting (Knight and Cavusgil 2004), particularly when the focus of the firm is on high-technology products (Burgel and Murray 2000). Therefore, consistent with IE literature (e.g., Cavusgil and Zou 1994; Morgan et al., 2012), this study adopts the export venture of the INV firm as the primary unit of analysis. This level of analysis will emphasize the available EO that deploys marketing capabilities for superior performance contingent on competitive intensity.

The IE literature presents contradictions about the beneficial effect of EO for better INV performance (Gabrielsson et al., 2014). On one hand, some literature supports EO as the key driver for strategic initiatives intended to enhance firm performance (Knight 2001). Since firms high in EO are willing to undertake risky decisions, they may more readily accept the uncertainty embedded in further increasing cross-border activity (Lumpkin and Dess 1996). On the other hand, empirical studies do not find significant relationship between EO and performance (e.g., Wiklund and Shepherd 2005).

Some factors to consider in the dispute about the favorable outcome of EO in performance are related with the conceptualization of EO (Slevin and Terjesen 2011) and performance in IE (Hult et al., 2008). While most studies operationalize EO in an export context (Slevin and Terjesen 2011), no consensus is found on how EO should be conceptualized in an international context. Some scholars have modified the wording of the indicators to reflect the internationalization process, and in this manner, they adopt some type of international EO measure (Knight 2001; Kuivalainen et al., 2007). However, researchers employing this route need to be careful not to employ tautological indicators. Slevin and Terjesen (2011) propose that scholars can retain the traditional measure of EO and look at the relationship with international processes. Jones and Coviello (2005) outline this conceptually, and empirical tests include Mostafa and colleagues (2005), as well as Ripollés and Blesa (2007). To advance this dispute, this study employs the traditional measure of EO to explore its effect in performance at the export venture level of INVs.

The mixed results of performance findings derive from the diverse operationalization of the performance construct in IE literature (Ariño 2003). Hult and colleagues (2008) found that more than 90% of studies use only efficient financial performance measures, such as sales-based measures. Nevertheless, they mentioned that as knowledge deepens in the IE field, the use of multiple types of performance measures is

important to gain a more complete view of its nature (e.g., Gomes and Ramaswamy 1999). Thus, besides the traditional effective financial performance, studies should include efficiency and overall operational performance. Thus, this research adopts a multidimensional performance measure to capture efficiency, effectiveness, and adaptiveness at the export venture level of INVs. Efficiency is the outcome of a venture's products and programs in relation to the resources employed in implementing them. The present investigation uses common measures based on profitability such as ROI, ROS, export venture margin, and reaching export venture financial goals in comparison with that of competitors. Effectiveness, is the success of a venture's products and programs in relation to those of its competitors in the market (Vorhies and Morgan, 2003). To measure effectiveness, this study utilizes market share growth, positive changes in the market share, and growth in sales revenue in comparison with that of competitors. Adaptiveness is the venture's success in responding over time to changing conditions and opportunities in the environment (Walker et al., 1987). To capture adaptiveness, this research employs overall export venture performance, number of successful new venture products, time to market for new export venture products, and responding to competitors product changes in comparison with that of competitors. This logic is consistent with the work of Hughes et al. (2010), as they adopted the same performance measure in a positional advantage-performance relationship. The present study also advances from their research by stipulating that the multidimensional performance measure is also applicable in the EO-performance paradigm.

Asplund and colleagues (2007) present a theoretical comprehensive framework to study performance of INVs. They propose that the factors related to the founding process, such as EO, can lead to performance of INVs. Also, Morgan and colleagues (2012) introduce an extensive international framework of marketing capabilities and export venture performance. Based on the RBV and using an empirical data of exporting firms, they suggest that marketing capabilities play an important role on performance. This research presents progress from Asplund and colleagues (2007) and from Morgan and colleagues (2012) by stipulating that EO might lead to specific marketing capabilities in the export venture subject to the contingent effect of competitive intensity. EO informs the translation of marketing capabilities to performance in export markets, not without the contingent effect of competitive intensity. Fig. 1 presents the conceptual model. This study argues that EO and the deployment of the required marketing capabilities do not necessarily create enduring high performance, unless competitive intensity moderates the necessary, resource-consuming EO at the export venture level of INVs. While INVs are vulnerable to impediments related to resource limitations to deploy marketing capabilities (Martin and Javalgi 2013), INVs should acquire the essential amount of EO to develop marketing capabilities that the international market is demanding.

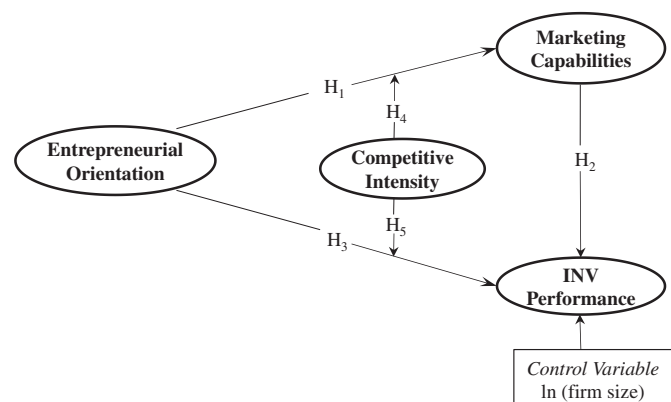


Fig. 1. Conceptual framework.

2.1. Entrepreneurial orientations of international new venture firms

Cavusgil and Knight (2015) specify that some desirable and promising lines of inquiry to enhance performance of INVs include the understanding of distinct strategic orientations. In particular, one route to superior performance is for INVs to become entrepreneurially oriented. The IE literature holds the proposition that INV's behavior over time is distinguished with a strong EO. This premise was more formally articulated by the two pioneers in this field, McDougall and Oviatt (1994), when they noted that INVs hold a mixture of innovativeness, proactiveness, and risk-seeking behavior across national borders. This brings the INV field closer to the EO of the firm (He and Nie 2008). Indeed, the relevance of EO to the survival and growth of INVs has been widely acknowledged in the IE literature (Kocak and Abimbola 2009; Wiklund and Shepherd 2005).

The conceptualization of EO has been the focus of systematic inquiry in the literature (Covin and Slevin 2006). EO has its roots in the strategy-making process literature (Mintzberg 1973). EO refers to the strategy-making processes that provide organizations with a basis for entrepreneurial decisions and actions (Lumpkin and Dess 1996; Wiklund and Shepherd 2005). Thus, EO can be conceptualized as a firm's strategic orientation and refers to the decision-making activities, processes, and practices that lead to new market entry (Lumpkin and Dess 1996). The salient dimensions of EO can be derived from a review and integration of the strategy and entrepreneurship literatures (Covin and Lumpkin 2011; Miller, 2011). Since Miller's seminal paper (1983), three dimensions of EO have been identified and used consistently in the literature: innovativeness, risk taking, and proactiveness. Innovativeness is the predisposition to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership in new processes. Risk taking involves taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments. Proactiveness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand.

The literature still reveals gaps that ignore Dess and colleagues (1997) call for further integration of EO and the RBV of the firm. The RBV (Barney 1991) has had an influence on the IE literature dialog by helping researchers articulate the drivers of new venture internationalization (Coviello and Cox 2006; Ripollés and Blesa 2012). INVs face non-trivial liability of newness and foreignness in the markets they enter, just as they are mastering internationalization, they must also survive as young firms (Jones and Coviello 2005). Entrepreneurial companies with EO create, define, discover, and exploit opportunities frequently well ahead of their rivals. Given the turbulent environment posed by globalization, INVs necessitate a strong entrepreneurial posture in strategy making. INVs, which may have fewer resources to compete head to head with larger rivals, have in their favor a strong EO and will fare better than those SMEs that lack such an orientation (Cavusgil and Knight 2015).

2.2. Entrepreneurial orientation and marketing capabilities

In concert with the RBV line of reasoning, EO as a resource only has potential value. Possession of EO is a necessary but not sufficient condition for value delivery (Barney 1991). A firm needs to take appropriate strategic actions to capitalize on EO in order to gain a competitive advantage and obtain desirable performance (Lisboa et al., 2011). The capabilities by which firms' resources are deployed explain variations in firm performance rather than simple heterogeneity in firms' resources (Eisenhardt and Martin 2000; Morgan et al., 2009b).

Despite the remarkable attention in the literature about the theoretical connections of EO to firm capabilities (Dess et al., 1997), the debate about the empirical implementation of these connections in specific types of firms is considerable (Miller, 2011). Prior studies have tried to

incorporate EO into INV literature (Rasmussen et al., 2001). The notion of EO suggests that some firms are more willing than others to continually search for opportunities and solutions outside the realm of their current activities (Lumpkin and Dess 1996; Oviatt and McDougall 2005). Entrepreneurial companies with EO create, define, discover, and exploit opportunities frequently well ahead of their rivals (Chandra et al., 2009). Firms with EO increase their ability to enhance core capabilities (Zahra 2006), and marketing capabilities play a major role in INVs (Ripollés and Blesa 2012). Marketing capabilities can be considered as the skills and competences a firm possesses that help to understand changes taking place in its markets, together with those that enable to operate more effectively in the market place (Day, 1994). Marketing capabilities are the result of an integration process designed to meet the market-related needs of the venture (Vorhies and Morgan 2005).

Empirical evidence from IE literature supports the notion that rapid international involvement triggered by factors related to the founding process, such as EO, requires valuable capabilities to target customers (Aspelund et al., 2007). The rapidly increasing complexity of the international market environment is persuasive. The number of offerings and distribution channels has increased considerably. The forces of market fragmentation and rapid change are everywhere. Marketing capabilities involve speedily developing and launching new products, responding quickly to any customer changes using pricing skills, and providing high levels of support to distributors for delivering customer value (Day, 2011).

In this regard, this study suggests that as young firms venture into foreign markets, they face uncertainty and risks that tend to depict marketing capabilities to enhance performance. Accordingly, this study proposes that the link between EO and marketing capabilities determines how well these capabilities are matched with the INV market requirements in the following hypothesis:

H1. Entrepreneurial orientation is positively related to marketing capabilities of the INV performance at the export venture level.

2.3. Marketing capabilities and performance

The RBV emphasizes capabilities as central to understanding a firm's performance in foreign markets (Morgan et al., 2006). Additionally, the RBV is based on the assumption of heterogeneity among firms. The more heterogeneous the firms are that compete in the market, the more crucial capabilities become for superior performance (Barney 1991; Makadok 2001; Teece et al., 1997). Marketing capabilities are the processes by which firms select intended value propositions for target customers and deploy resources to deliver these value offerings in pursuit of desired goals (Day, 2011; Vorhies and Morgan 2005). The literature suggests that marketing capabilities in particular may be immobile (Capron and Hulland 1999), inimitable, and largely non-substitutable value-creation mechanisms (Morgan et al., 2009b).

The firm is able to use marketing capabilities to be better positioned to rapidly and successfully launch and deliver new products, use pricing skills to respond quickly to any customer changes, deliver high-quality after-sales service, and work closely with distributors and retailers in the market (Day, 2011).

Firms expend significant resources on building, maintaining, and leveraging marketing capabilities, and recent research has suggested the link of marketing capabilities and firm performance (Krasnikov and Jayachandran 2008; Vorhies and Morgan 2005). Theoretically, such interdependency may make marketing capabilities a more inimitable resource and therefore a greater potential source of competitive advantage (Barney 1991). Theory assumes that managers not only can isolate distinct marketing capabilities they believe to be valuable, but also can empirically link these capabilities with superior performance (Morgan et al., 2009a).

Zhou and colleagues (2012) identified marketing capabilities in determining the international growth of early internationalization. Prior exporting research has suggested that different marketing capabilities may be most valuable to firms in combination as they interact in ways that help firms achieve superior performance (Ramaswami et al., 2009). Also, Morgan and colleagues (2012) empirically investigate in the export marketing context and on the basis of the RBV that firms operating in such markets are typically more heterogeneous than firms in domestic markets. As a result, marketing capabilities are crucial for leveraging positional advantages and export performance (Zou et al., 2003). Thus, firms can improve their performance by focusing on such marketing capabilities (Weerawardena et al., 2007). In response, and in light of this discussion, this research proposes:

H2. The possession of marketing capabilities is positively related to INV performance at the export venture level.

2.4. Entrepreneurial orientation and performance

Despite entrepreneurial firms seeking to identify and seize opportunities in the marketplace (Slater and Narver 1994), contemporary IE literature (Wiles et al., 2012) advises that the field is lacking of strong theoretical frameworks related to EO. In particular, Keupp and Gassmann (2011) argue that research in the field is largely phenomenological and studies capturing the EO of the firm are underrepresented. Consequently, this is a contradiction in the INV field; on the one hand, the EO of these firms is taken for granted, while on the other hand, studies that examine EO in INVs are lacking.

International markets are environments of rapid change, shortened product, and business model lifecycles, where the future profit streams from existing operations are uncertain and businesses need to constantly seek out new opportunities. Therefore, firms may benefit from adopting an EO because efforts to anticipate demand to position new product/service offerings often result in strong performance (Ireland et al., 2003). The EO–performance literature is extensive, and with some tendency to regard that firms with more EO have superior performance (Wiklund and Shepherd 2005; Zahra and Covin 1995), although the empirical findings are not altogether consistent. Thus, conceptual arguments suggest that EO leads to higher performance. However, the magnitude of the relationship seems to vary across studies. While some studies have found that businesses that adopt a strong EO perform much better than firms that do not adopt an EO (Hult et al., 2003; Lee et al., 2001; Wiklund and Shepherd, 2003), other studies reported lower correlations between EO and performance (Dimitratos et al., 2004; Lumpkin and Dess 2001; Zahra 1991), or were even unable to find a significant relationship between EO and performance (George et al., 2001; Wiklund and Shepherd 2005). Thus, the literature indicates a considerable variation in the reported relationships between EO and business performance. These contradictory results about the effects of EO on performance have a higher impact on resource-constrained INVs because they need to overcome their limitations to commit an adequate combination of resources and capabilities in their early internationalization.

This study aims to fill this gap by providing empirical evidence drawn from INVs. In line with earlier suggestions, this research considers EO with manifestations of innovative, proactive, and risk-taking behaviors abroad. Since firms high in EO are willing to undertake risky decisions, they may more readily accept the uncertainty embedded in further increasing cross-border activity. Furthermore, the perceived uncertainty in foreign markets may be followed by the constant seeking of new opportunities (Shrader et al., 2000). Therefore, when a firm proactively reflects the inertia for exploiting emerging opportunities, experimenting with change and mobilizing first-mover actions, a firm may overcome the uncertainty that arises when increasing the intensity of its activities in that market (Jones et al., 2011). Similarly, the degree of

innovative activity may also increase the firm's potential to leverage its existing capabilities by increasing the intensity of its activities in current foreign markets or by entering new foreign markets (Cavusgil and Knight 2015).

Rauch and colleagues (2004), based on a meta-analysis of 37 studies, conclude that the EO–performance relationship is moderately large and that firms benefit from EO. From a conceptual standpoint, research variously describes EO as an antecedent to various international phenomena, including exporting (Dess et al., 1997), internationalization (Knight 2001), and export performance (Dess et al., 1997). Based on the previous discussion that supports EO for opportunity recognition in new markets, the literature suggests a reason to suppose that EO has a positive effect on international performance. With reference to the previous, this research suggests.

H3. Entrepreneurial orientation is positively related to INV performance at the export venture level.

2.5. The moderation role of competitive intensity

Competitive intensity is one of the factors contributing to environmental hostility (Zahra and Covin 1995). Competitive intensity is a situation where competition is fierce due to the number of competitors in the market and the lack of potential opportunities for further growth. As competition further intensifies, the results of a firm's behavior will no longer be deterministic but random as the behavior is heavily influenced by the actions and contingencies undertaken by competitors. Thus, under conditions of intensifying competition predictability and certainty diminishes (Auh and Menguc 2005).

The possibility of a moderating effect of competitive intensity is consistent with a long tradition of support for the theory that environment moderates the effectiveness of organizational characteristics (Slater and Narver 1994). For example, numerous studies (Auh and Menguc 2005; Cadogan et al., 2003; Cui et al., 2005; He and Nie 2008; Ramaswamy 2001) have found that the effectiveness of a particular strategic orientation is contingent with the dynamics of the market. Scholars have argued that aspects of the environment may moderate the firms' performance antecedents (Cadogan et al., 2003; Jaworski and Kohli 1993).

When the competition is less intense, firms can operate with their existing systems to fully capitalize on the transparent predictability of their own behavior. However, when competition is intense, firms will need to engage in risk-taking and proactive activities to adapt accordingly (Cui et al., 2005). To this end, Zahra (1993:324) stated, "When rivalry is fierce, companies must innovate in both products and processes, explore new markets, find novel ways to compete, and examine how they will differentiate themselves from competitors."

This study extends this framework into the INV firms and asserts that this contingency effect will differ between EO and marketing capabilities. This research proposes that with high competitive intensity, the INV will need to engage in risk-taking and proactive activities, to rapidly develop and launch successful new export venture products. These can be achieved by using pricing skills to respond quickly to any customer changes and also to deliver high-quality after-sales service by attracting a retaining after-sales service personnel. In addition, it attracts and retains the best distributors in the export venture market. When the INV engages in risk-taking and proactive activities, it means more EO to enhance more marketing capabilities such as new product development, sales, and distribution to differentiate themselves from competitors. When competition is not intense, INVs will not need so much EO to intensify marketing capabilities for superior performance because of the more predictability in the markets. Based on the earlier discussion, this study proposes the following hypothesis:

H4. The relationship between EO and marketing capabilities is moderated by competitive intensity in the INVs' environments. Specifically,

the relationship diminishes under conditions of low competitive intensity. As competitive intensity grows, the relationship becomes stronger.

An EO has been found to be positively associated with performance (Hult et al., 2003; Lee et al., 2001; Wiklund and Shepherd 2003), although empirical findings are not altogether consistent. Some studies reported weaker links (Dimitratos et al., 2004; Lumpkin and Dess 2001; Zahra 1991) and still others did not find a significant relationship between the two constructs (Covin et al., 1994; George et al., 2001; Wiklund and Shepherd 2005). The mixed empirical evidence limits the understanding of the EO–performance relationship.

Lumpkin and Dess (1996) considered the relationship with performance to be context-specific. Additionally, the findings of Zahra and Gravis (2000) highlight the importance of entrepreneurial activities for success in general, but also on international markets as an entrepreneurial orientation supports opportunity recognition. They suggest that entrepreneurially oriented firms actively seek new operating modes and methods that improve performance. Firms need to engage in a greater level of entrepreneurial activities, such as innovation, exploration, and strategy renewal as environmental hostility intensifies (Zahra and Covin 1995). In the present study, this framework is extended into the INV firms and assert that this contingency effect will differ between EO and performance. Based on the previous reasons, this research proposes that with high competitive intensity, the INV will be required to engage in innovation, risk taking, and proactive activities to maintain or enhance performance. With less competitive intensity, the INV firm will not need to incur in such resource-consuming activities. Based on the earlier discussion, this research suggests the following hypothesis:

H5. The relationship between EO and performance is moderated by competitive intensity in the INVs' environments. Specifically, the relationship diminishes under conditions of low competitive intensity. As competitive intensity grows, the relationship becomes stronger.

3. Research methodology

Following the increased attention in Latin America to the role of INVs (Lopez et al., 2009), data were collected in Mexico for this study. As one of the most open economies in the world, Mexico has created an adequate arena for high-tech INVs to grow (Wood et al., 2011). Mexico is an export-oriented economy, which is the result of significant public policy efforts to generate an open economic process and to diversify the export products looking to raise the participation of industry sectors other than petroleum, identifying high technology as a vital sector (Gray and Cuevas 2005). Mexico has negotiated more than 12 free trade agreements with 44 countries from North America, Europe, Latin America, and Asia. This net of agreements offers preferential access to a superior market of 1.3 billion of consumers. According to Goldman Sachs, Mexico is also included in the BRIMC classification, a relatively new marketing term to refer Brazil, Russia, India, Mexico, and China. The BRIMC acronym derives from the investment bank thesis called BRIC, referring to the fast growing developing economies (O'Neill et al., 2005).

The sampling frame of this study consisted of 260 INVs from Mexico, from a total population of 1433 INVs found. High-technology exports from Mexico have grown substantially over the past decade following an extensive program of trade liberalization (Aulakh et al., 2000). However, according to the current literature review, INVs in Mexico had not been identified as such before the present study. INVs were categorized just as exporting firms without a high-tech identifier in the government databases of exporting firms from Bancomext (Banco Nacional de Comercio Exterior) and Nafinsa (Nacional Financiera). These firms were mixed with other non-high-tech industries in such databases. Thus, the requirement to develop this research was to generate firm –and international venture– level data from high-technology industries in Mexico. In doing so, the databases were selected and

evaluated in terms of the information content across high-technology industries (Fernhaber et al., 2007). The databases were assessed in terms of the inclusiveness of fields enabling the identification of high-technology INVs in Mexico, such as the age of the firm at exporting, the industry sector, and the firm size in terms of number of employees and sales turnover. A multi-industry sample for this study was used to strengthen the generalizability of the findings and to increase observed variance (Autio et al., 2000; Knight and Cavusgil 2004; Moen 2002; Zahra et al., 2000). Oviatt and McDougall (1994: 49) define an INV firm as “a business organization that from inception seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.” Although this definition implies that an INV is international at inception, most scholars do not interpret this literally. Instead, they typically view the definition as more descriptive and examine firms that internationalize within their first few years of existence. For example, some studies examined the internationalization of new venture firms that were up to 6 years old (Shrader 2001; Zahra et al., 2000), as being similar to domestic new ventures (Fernhaber et al., 2007). Other studies identified samples of INVs that internationalized within 3 years of their founding (Knight and Cavusgil 2004), and still others used firms that began exporting within 2 years of their founding (Moen 2002). The latter definition of 2 years was adopted. Additionally, to identify Mexican high-technology firms, the classification of the American Electronics Association was followed.

The European Commission classification of SMEs regarding firm size (which is in line with the Mexican Ministry of Economy) was adopted. Firms with 10–50 employees are considered small, and firms in the range of 51–249 employees are medium sized. Firms with fewer than 10 employees are micro firms and were omitted from the study; such firms tend to have part-time operations and unstable objectives that can skew study outcomes.

After drawing together multiple databases and making one of just INVs, a target population of 1422 Mexican INVs was grouped together for this study. Then each firm was checked as part of a screening process to determine the usable sampling frame. After screening for trading status, contact details, firm characteristics, and willingness to participate, largely because of company policies of noncooperation, 111 firms were dropped. This screening process led to a usable sample frame of 1311 INVs. Also, each firm was pre-notified and the identity of the key informant was obtained. The 1311 firms' representatives had expressed willingness to participate. A process was then begun of computer-assisted random calling of the firms in the usable sample frame to conduct telephone interviews to obtain responses for the survey.

The Ethic code for Market Research and Public Opinion in Mexico (AMAI 2008) was followed. After resource exhaustion and the elapse of time, a total of 260 INVs had participated in the study. Each respondent reported on a self-identified export venture, which this study defined as a single product or product line exported to a specific export market (country). The final response rate was 19.8% of the usable sample population. The specific export markets of the Mexican INVs' sample was 70% North America, 21% Central and South America, 4% Europe, 3% Asia, 1% East Europe, and 1% Middle East and Africa. Following Hair and colleagues (2006), 260 observations are considered adequate for analysis purposes. Most of the respondents identified themselves as executive managers or managers (78%); the remainder were executive directors (11%), chief executive officers (5%), or in other senior positions (6%). The mean relevant working experience of the respondents was 6.8 years. A post hoc competency check on the informants' knowledge of export venture marketing programs, competitive strategies, and marketing capabilities, as well as those of their major competitors, elicited a mean of 6.00 on a seven-point scale (1 = “low knowledge,” and 7 = “high knowledge”). The export ventures ranged across the following high-technology sectors: 25% computer systems design and related services, 13% computer and peripheral equipment, 18% electronic components, 22% communications equipment, and 22% measuring and control instruments. The median

number of years of exporting was 13. Regarding size, 174 firms had 51 employees or more, and the remaining 86 had 10–50 employees. To assess potential non-response bias, early and late respondents were compared with respect to various characteristics, including number of full-time employees, years of exporting, annual sales volume, age of the venture, number of export markets, key informant self-reported competency evaluation indicators, and the construct measures. No significant difference was detected using secondary information on employee numbers and annual sales volume. The respondent firms were also compared to a group of 70 randomly selected nonparticipant firms. No differences were found between respondents and non-respondents at conventional levels ($p < .05$). The conclusion was that non-response bias was not a significant problem in the data. A systematic questionnaire development process was used combining fieldwork and literature-based insights to specify the domain of each of the

constructs and to develop multiple items to serve as indicators. An extensive literature search was performed to develop a preliminary survey instrument in English; then five academic researchers in international business serving as expert judges evaluated the survey to assess face validity. Subsequently, a Spanish version of the questionnaire was developed, including business context terms used in Mexico. Two language experts were used to perform a back-translation procedure. Finally, to evaluate the relevance of the constructs to the Mexican INV business environment and the clarity of instructions and response format, the survey was presented and revised in a series of face-to-face settings with nine Mexican INV managers. All construct measures were retrieved from literature existing sources. EO, marketing capabilities, and performance are second-order reflective constructs with three or more dimensions each. Competitive intensity was treated as a first-order construct following Morgan and colleagues (2004) suggestion.

Table 1
Measurement models and measures.

Factors and items	Standardized loading	t-value
Measurement Model 1: marketing capabilities		
New product development (CR = 0.93, AVE = 0.82) ^a	0.59 ^b	
Developing new export venture ^a	0.74 ^b	
Successfully launching new export venture products	0.87	13.05
Speedily developing and launching new export venture products	0.86	12.97
Sales (CR = 0.89, AVE = 0.64) ^a	0.82	4.7
Using our pricing skills to respond quickly to any customer changes	0.51 ^b	
Delivering high-quality after-sales service	0.75	7.16
Attracting and retaining after-sales service personnel	0.80	7.21
Distribution (CR = 0.82, AVE = 0.73) ^a	0.74	5.4
Providing high levels of support to distributors	0.72 ^b	
Closeness in working with distributors/retailers in this market	0.63	8.99
Adding value to distributors' businesses	0.70	9.92
Satisfying the needs of distributors	0.70	9.94
Attracting and retaining the best distributors in the export venture market	0.68	9.65
Goodness-of-fit Statistics: $\chi^2/df = 82.783 (42)$, $p < 0.01$; GFI = 0.95; NFI = 0.93; CFI = 0.96; TLI = 0.95; RMSEA = 0.063.		
Measurement Model 2: performance construct and competitive intensity construct		
Performance construct		
Efficiency (CR = .94, AVE = .80) ^c	0.86 ^b	
Return on investment (ROI)	0.79 ^b	
Return on sales (ROS)	0.76	12.51
Export venture margin	0.80	13.31
Reaching export venture financial goals	0.73	12.01
Effectiveness (CR = .96, AVE = .90) ^c	0.69	7.59
Positive changes in market share	0.79 ^b	
Market share growth	0.87	14.57
Growth in sales revenue	0.84	14.11
Adaptiveness (CR = .88, AVE = .66) ^c	0.87	7.08
Overall export venture performance	0.64 ^b	
Number of successful new export venture products	0.73	9.04
Time to market for new export venture products	0.76	9.26
Responding to competitors product changes	0.48	6.56
Competitive intensity construct (CR = .87, AVE = .70) ^c		
Competition is cutthroat	0.93 ^b	
There are many promotion wars	0.72	9.46
Aggressive selling is the norm	0.62	8.70
Goodness-of-fit statistics: $\chi^2(df) = 127.896 (73)$, $p < 0.01$; GFI = 0.94; NFI = 0.92; CFI = 0.97; TLI = 0.96; RMSEA = 0.054		
Measurement Model 3: entrepreneurial orientation construct		
Innovativeness (CR = 0.89, AVE = 0.76) ^c	0.67 ^b	
Technical innovation based on research results is readily accepted	0.78 ^b	
Management actively seeks innovative ideas	0.97	11.31
Innovation is readily accepted in program/project management	0.35	5.52
Riskiness (CR = 0.81, AVE = 0.60) ^c	0.97	5.67
Conservative with major decision	0.66 ^b	
New projects are approved stage by stage	0.48	5.66
Support projects where expected returns are certain	0.48	5.63
Proactiveness (CR = 0.70, AVE = 0.55) ^c	0.5	
Look out for business	0.97 ^b	
First to introduce new brands	0.4	2.82
Goodness-of-fit statistics: $\chi^2(df) = 26.495 (17)$, $p < 0.01$; GFI = .98, NFI = 0.95; CFI = 0.98; RMSEA = 0.046		

Note: CR = composite reliability, AVE = average variance extracted.

^a Anchored by 1 = "much worse" and 7 = "much better."

^b Fixed to set the scales.

^c Anchored by 1 = "not at all" and 7 = "to a great extent."

The concept of EO reflects the firm-level processes, practices, and decision-making style (Lumpkin and Dess 1996) of entrepreneurial organizations. In its commonly used form, EO is an aggregate measure consisting of three dimensions: innovativeness, proactiveness, and risk taking (Covin and Slevin 1989; Wiklund 1999). Innovativeness was measured with items from Hurley and Hult (1998), additionally items from Morgan and Strong (2003) were used to measure riskiness and proactiveness. A Likert-type seven-point scale was employed ranging from (1) “not at all” to (7) “to a great extent” with a mid-point label of “To some extent.”

The dimensions of marketing capabilities are new product development, sales, and distribution. While items from Zou, Fang, and Zhao, (2003) were used to capture new product and distribution capabilities, Katsikeas, Paparoidamis, and Katsikea (2004) items were used to source sales capabilities. Likert-type seven-point scale was employed to operationalize marketing capabilities ranging from (1) “much worse” to (7) “much better” with a mid-point label of “about the same.”

Multidimensional measures of performance should be employed in the field of IE (Hult et al., 2008; Robson et al., 2008). Accordingly, INV performance is conceptualized in this study at the export venture level in terms of three dimensions used by Jaworski and Kohli (1993) and Walker and colleagues (1987): (1) efficiency, the relationship between performance financial outcomes and the inputs required to achieve them; (2) effectiveness, the extent to which organizational goals and objectives are met; and (3) adaptiveness, the operational ability to respond to environmental changes. Effectiveness and efficiency items were obtained from Vorhies and Morgan (2003) and Walker and Ruekert (1987). Walker and Ruekert (1987) were used to measure adaptiveness items. The participating INV managers were asked to provide their own rating of their firm's performance relative to the major competitors using a Likert-type seven-point scale, ranging from (1) “much worse” to (7) “much better” with a mid-point label of “about the same.” As well, Cadogan and colleagues (2003) adaptations of Jaworski and Kohli (1993) measures of competitive intensity were used to reflect changes taking place in export markets and not changes taking place in domestic markets.

4. Analysis and results

Three measurement models were estimated (see Table 1). The measurement model analyses were performed using the elliptical reweighted least squares estimation procedure in AMOS, which is proved to produce unbiased parameter estimates for multivariate normal and non-normal data. Despite a significant chi-square ($\chi^2 = 82.78$; $df = 42$; $p < .01$) in the first measurement model, as might be expected given the sensitivity of the test statistic to sample size (Bagozzi and Yi 1988), all other diagnostics are supportive. The chi-square ratio ($\chi^2/df = 1.97$) is aligned with the adequate fit for minimum discrepancy of Byrne (1989). The other fit indexes (goodness-of-fit index [GFI] = .95, normed fit index [NFI] = .93, comparative fit index [CFI] = .96, Tucker–Lewis index [TLI] = .95, and root mean square error of approximation [RMSEA] = .063) suggest that the model fits the data

satisfactorily. Items loaded heavily on their posited constructs with values greater than .5 (t -values > 4.6).

Likewise, the second measurement model exhibits a good overall fit to the data (GFI = .94, NFI = .92, CFI = .97, TLI = .96, RMSEA = .054) despite a significant chi-square ($\chi^2 = 127.89$; $df = 73$; $p < .01$) (Bagozzi and Yi 1988), as might be expected given the sensitivity of the test statistic to sample size. The chi-square ratio ($\chi^2/df = 1.75$) is aligned with the adequate fit for minimum discrepancy of Byrne (1989). Items loaded heavily on their posited constructs with value greater than .47 (t -values > 6.4). The third measurement model shows good fit values (GFI = .98, NFI = .95, CFI = .98, TLI = .97, RMSEA = .046) with a chi-square ratio ($\chi^2/df = 1.56$) aligned with the adequate fit for minimum discrepancy of Byrne (1989). Unidimensionality is also obtained in all measurement models based on the good fit values of the fit statistic.

The measurement models themselves offer support for convergent validity if the overall goodness-of-fit indexes demonstrate a good fit of the hypothesized relationships to the data and all factor and item loadings are high and significant (Anderson and Gerbing 1988). In general, the results exhibit a good fit of the measurement models to the data and high standardized loadings significant at $p < .01$. Furthermore, average variance extracted (AVE) estimates for the measures range from .55 to .90 (see Table 1). Composite reliability coefficients for all scales range from .70 to .96, suggesting satisfactory internal consistency. Fornell and Larcker's (1981) test of discriminant validity was employed. This procedure involves assessing whether the AVE for every construct's measure is larger than the squared phi correlation of that construct with all other constructs in the model. All AVE estimates compare favorably with the corresponding squared phi correlations. Table 2 presents the Pearson's correlations and descriptive statistics of the measures. In summary, the measures possess adequate psychometric properties.

4.1. Structural model and results

To test the hypotheses, the parsimonious structural model estimation procedure was used for this study. The parsimonious approach entails averaging the indicators for each construct to form manifest composites. By conducting such a procedure, the first-order construct is represented by one single indicator, and the second-order constructs are treated in the model as being first-order with composites of their dimensions (Morgan et al., 2004). Second-order constructs are presented in the model as composites of their dimensions. Because the number of parameters estimated relative to sample size is a key determinant of convergence, standard errors, and model fit, this method was critical in achieving a ratio of sample size to estimated parameter greater than five, which is necessary to attain reliable parameter estimates (Bentler 1995). As such, composite measures were used as manifest indicators for each latent construct by averaging the items of each subscale. Additionally, checking visually if the additional level satisfies the t-rule of identification, e.g., the number of data variances and covariances equals or exceeds the number of parameters to be estimated (Byrne 2001), is crucial to modeling higher-order constructs. Each

Table 2 Descriptives and correlations.

Measure	M	SD	1	2	3	4	5	6	7	8	9
1. New Product	4.85	1.61	0.91								
2. Sales Service	5.16	1.31	.441	0.80							
3. Distribution Service	4.77	1.33	.357	.477	0.86						
4. Efficiency	4.68	1.50	.274	.364	.372	0.90					
5. Effectiveness	5.43	1.23	.222	.403	.275	.515	0.95				
6. Adaptiveness	4.77	1.44	.438	.458	.328	.589	.483	0.81			
7. Innovativeness	5.00	1.28	.173	.319	.172	.309	.258	.287	0.87		
8. Riskiness	5.24	1.16	.161	.275	.119	.312	.225	.432	.395	0.77	
9. Proactiveness	5.13	1.31	.265	.241	.085	.250	.382	.356	.196	.294	0.74

Note: Correlations $\geq .12$ or $\leq .12$ are significant at $p \leq .05$ (two-tailed). Bold diagonal elements are the square root of AVE.

Table 3
Structural model.

Structural relationships	Standardized loading	t-value
Hypothesized links		
H1 Entrepreneurial orientation → marketing capabilities	.51	4.34**
H2 Marketing capabilities → performance	.56	4.64**
H3 Entrepreneurial orientation → performance	.48	4.37**
H4 Split group moderation test		
Low competitive intensity group		
Entrepreneurial orientation → marketing capabilities	.30	2.31*
High competitive intensity group		
Entrepreneurial orientation → marketing capabilities	.91	4.14**
H5 Split group moderation test		
Low competitive intensity group		
Entrepreneurial orientation → performance	.75	3.21
High competitive intensity group		
Entrepreneurial orientation → performance	.47	1.11
Goodness-of-fit statistics: $\chi^2(df) = 80.643(31)$, $p < .01$; NFI = .88; CFI = .92; RMSEA = 0.079		

Note: critical value ($\alpha = .5$) = 1.645.

* $p \leq .05$ (one-tailed, directionality hypothesized).

** $p \leq .01$ (one-tailed, directionality hypothesized).

construct and any structure was checked if an additional constraint was required.

The control variable in the structural model is firm size, measured in terms of number of employees. Hence, a path from firm size to performance was included. Given the relatively large sample, the significant chi-square is not surprising ($\chi^2 = 80.64$; $df = 31$; $p < .01$). The fit indexes (GFI = .94, NFI = .88; CFI = .92; RMSEA = .079) suggest the structural model demonstrates a good fit to the data (see Table 3).

The empirical assessment of key relationships predicted in the theoretical model (Fig. 1) indicates support for all relationships examined with exception of one (Table 3). The results show that EO presents a positive significant relation with marketing capabilities supporting H₁ ($\beta = .51$, $p < .01$). The relation between marketing capabilities and performance displays a significant loading path giving strong support to H₂ ($\beta = .56$, $p < .01$). In support of H₃, the results uphold that EO is positively linked to performance ($\beta = .48$, $p < .01$).

An additional analysis was required to test that competitive intensity moderates the relationship between EO and marketing capabilities. The sample was split into two groups at the median level of competitive intensity and the structural model was re-estimated (Hewett and Bearden 2001). Two models were estimated: one in which the path between EO and marketing capabilities was constrained to be equal across the two groups and one in which the path coefficients were allowed to vary freely. A highly significant chi-square difference ($\Delta\chi^2_{(1)} = 13.02$, $p < .01$) signifies much better fit for the unconstrained model, thus indicating that the relationship between EO and marketing capabilities is different in the two groups. As shown in Table 3, the two-group moderator test supports the prediction of the theoretical model H₄. In the low competitive intensity group, the EO and marketing capabilities relationship is positive and significant (path coefficient = .30, t -value = 2.31, $p < .05$) and in the high competitive intensity group, the same relationship is positive and significant (path coefficient = .91, t -value = 4.14, $p < .01$).

To test that competitive intensity moderates, the relationship between EO and performance another set of models was estimated: one in which the path between EO and performance was constrained to be equal across the two groups and one in which the path coefficients were allowed to vary freely. The results exhibit a non-significant chi-square difference in the two groups ($\Delta\chi^2_{(2)} = 1.04$, $p > .05$). Therefore, the path from EO and performance is not moderated by competitive intensity failing to support H₅ (see Table 3).

5. Discussion and conclusions

Since the seminal work of Oviatt and McDougall (1994), the study of INVs has become increasingly significant in the IE arena. This study is an attempt to address the lacuna in IE theory on the interplay among EO, marketing capabilities, competitive intensity, and performance of INVs. The study findings support all the hypotheses with exception of H₅ and signify the efficacy of the measurement approaches used to capture the focal constructs. Yet, until now, no study has examined weather competitive intensity moderates the relationship between EO and marketing capabilities on the export venture performance of high-technology INVs. This study makes four valuable contributions to knowledge as a result.

First, the present research contributes to the RBV-performance framework by bringing forward competitive intensity to extend and empirically prove new relationships in an integrative model to comprehend the performance antecedents of INVs. Recent investigations observe that limited focus is given to environmental factors, such as competitive intensity, in the theoretical models of INVs' performance (Aspelund et al., 2007). Thus, this study's findings offer a novel extension to the understanding of how competitive intensity comes about and how high-technology INVs can gain from them. Second, the findings highlight the interplay between EO and marketing capabilities to demonstrate how performance is realized. The results show that the path from EO to marketing capabilities enhances higher performance, than the direct path from EO to performance.

Third, competitive intensity moderates the relationship between EO and marketing capabilities of INVs. If the competitive intensity is higher, EO becomes a key component for INVs to enhance marketing capabilities. In contrast, EO and marketing capabilities may be not as relevant under conditions of low competitive intensity. Under higher competitive intensity conditions, INVs with less EO and marketing capabilities are likely to see their performance impaired as customers switch to firms with more marketing capabilities. Thus, the possibility of a high level of EO and marketing capabilities is not always desirable given that its development and maintenance are highly resource intensive (Slater and Narver 1994) and that the rewards from having a high level of EO and marketing capabilities may not always accrue. While competitive intensity moderates between EO and marketing capabilities, it does not moderate in the path of EO to performance. Thus, the degree of competitive intensity could determine the required EO to leverage marketing capabilities for superior performance. However, competitive intensity is not useful to determine the amount of EO required for superior performance when marketing capabilities are not present as a mediator of the EO-performance relationship.

Fourth, the results speak to an important set of firms hitherto ignored in the debate of the EO-performance paradigm and marketing capabilities: the high-technology INV. This study fills in a gap of an under-researched area of INVs from Latin America. Thus, in the context of INVs analyzed at the export venture level, EO and marketing capabilities with competitive intensity as a moderator have synergistic value-creating effect over performance. Therefore, EO and marketing capabilities are important causal mechanisms moderated by competitive intensity that help explain performance in INVs.

6. Limitations of the study

The first limitation of this study is the cross-sectional research design, which prohibits causal inference, and temporal effects exist among EO, marketing capabilities, performance, and competitive intensity that are not accommodated within this empirical framework. Further research should be aimed at generating longitudinal data to capture dynamic influences. However, this limitation is common in studies conducted within the area of accelerated internationalization (Freeman and Cavusgil 2007). Second and partly related to the latter, reverse causation cannot be ruled out in the theoretical framework of this

study. Third, the unit of analysis in the study was the export venture of the INV firm, identified by the respondent. No accommodations were made to assess the related or discrete effects of EO, marketing capabilities, performance, and competitive intensity with regard to other concurrent and historical ventures. Fourth, these data were generated among the INVs of a single country: Mexico, that exports to different countries. Therefore, the results are limited to this particular country's framework and caution should be exercised in attempting to draw generalizations to other contexts. Fifth, a multi-industry sample was used to increase generalizability, but in doing so, the sample becomes heterogeneous, and the ability to represent a single industry closely was lost. Nevertheless, these multiple industries are all high-technology oriented. Collectively, then the findings are limited by these features of the sample.

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