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Corporate entrepreneurship, customer-oriented selling, absorptive capacity, and international sales performance in the international B2B setting: Conceptual framework and research propositions

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ABSTRACT

In the international business-to-business (B2B) setting, a firm's salespeople often have more direct, prolonged, and intimate contact with the customer and market environments than any other employees of the firm. In fact, for customers in many B2B markets, the salesperson is the face of the firm. The sales function can be characterized as an inherently entrepreneurial activity. Entrepreneurship is founded on knowing or seeing something others do not see, and the sales force has long been recognized as an important source of knowledge about a firm's customers and environment. However, there has been relatively little work linking entrepreneurship to international sales performance, especially in the B2B context.

This paper focuses on the intelligence-gathering role of salespeople to firms practicing corporate entrepreneurship in the international B2B setting. More specifically, drawing on the theories of corporate entrepreneurship and the knowledge-based view of the firm, the authors develop a conceptual model that proposes international sales performance for firms practicing corporate entrepreneurship will be enhanced when salespeople practice customer-oriented selling and the firm's absorptive capacity is stronger. Recommended methodology for testing the proposed model is a single-informant survey of sales managers with firms in the domain of interest, using structural equation modeling with moderator tests. The paper concludes with implications and directions for future research.

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1. Introduction

In an era marked by globalization of markets and production, international sales performance has become increasingly important to firm success. In the international business-to-business (B2B) setting, a firm's salespeople often have more direct, prolonged, and intimate contact with the customer and market environments than any other employees of the firm. In fact, for customers in many B2B markets, the salesperson is the face of the firm (Crosby, Evans, & Cowles, 1990; Sigauw, Brown, & Widing, 1994), and the means by which the customer's needs and the customer's voice are transmitted to the firm (Blocker, Cannon, Panagopoulos, & Sager, 2012). The "face of the firm" may well then serve as the eyes, ears, and nose of the firm too, taking in information that may build the firm's store of knowledge. Peppers

and Rogers (1996) refer to knowledge as an economic asset, which may then be used by a firm for competitive advantage.

Knowledge as a potential source of competitive advantage continues to be studied widely (Denicolai, Zucchella, & Strange, 2014; Hohenthal, Johanson, and Johanson 2014), and the potential for the sales representative to serve as a critical "intelligence asset" for the international B2B firm is also recognized (Mellow, 1989; Webster, 1965a, 1965b). Meanwhile, research by Hagen, Zucchella, Cerchiello, and De Giovanni (2012) suggests that firms exhibiting some kind of strategic orientation (whether customer oriented, entrepreneurially oriented, or product-oriented) tend to outperform firms lacking a clear strategic orientation. All three orientations identified by the authors arguably have a basis in knowledge advantage. Their findings therefore suggest that the quest for knowledge advantage should be grounded in a clear, recognized strategy, which should give rise to a set of antecedent conditions (firm-level characteristics) that enable such firms to gather, incorporate, and use knowledge to greatest advantage. Despite these facts, the firm-level antecedent conditions that

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might facilitate more effective intelligence gathering and knowledge sharing by salespeople have not been widely studied.

The sales function can be characterized as an inherently entrepreneurial activity (Morris, Avila, & Teeple, 1990). Entrepreneurship is founded on knowing or seeing something others do not see (Dutta & Crossan, 2005; Kirzner, 1963), and as noted above, the sales force has long been recognized as a source of knowledge about a firm's customers and environment. However, there has been relatively little work linking entrepreneurship to any specific functional area of the firm, sales or otherwise, and little work explicating the intelligence-gathering role of the sales function in entrepreneurial firms.

Customer-oriented selling appears to be associated with firm success in entrepreneurial settings, yet the firm-level antecedents of customer-oriented selling are not yet well understood. The same is true of the impact of customer-oriented selling on measures of firm performance (Guenzi, De Luca, & Troilo, 2011), particularly international sales performance. In the international B2B setting, a firm's salespeople must be strongly attuned to the knowledge-gathering element of their role (Rapp, Agnihotri, & Baker, 2011), because no other source of "inside" or otherwise advantage-conferring knowledge may be readily available. It is likely that international sales performance is strongly influenced by the existence of knowledge advantage, putting a premium on the ability of salespeople to identify and gather important pieces of information. It also puts a premium on the ability of the firm to absorb, recognize the value of, and act on the information collected by the sales force.

In addition, much research in corporate entrepreneurship has been done in the context of new product development, particularly with firms and industries in the technology sector (Lisboa, Skarmeas, & Lages, 2011). In an era of increasing globalization, the need for more effectual entrepreneurial behavior and for better international sales performance extends well beyond the technology sector. In fact, excellence in corporate entrepreneurship and international sales performance increasingly go hand in hand, making research that considers both domains (and their influence on each other) more important than ever.

The research question we address here is: What enhances the value to the firm of the sales force's ability to gather useful intelligence about customers, competitors, and markets? To address this question, this study draws on the extensive literatures in relationship marketing, corporate entrepreneurship, customer-oriented selling, and organizational learning in order to address the gaps in research identified above. This paper does so by developing propositions regarding the relationship between a firm's entrepreneurial orientation on its customer-oriented selling capabilities, as well as the mechanism by which customer-oriented selling influences international sales performance. In addition, it will discuss how firms in cross-border B2B settings can maximize the ability of their salespeople to acquire knowledge, and how it can make the best use of that knowledge to recognize and capitalize on entrepreneurial opportunity, and thereby to create competitive advantage.

Where the present study stands apart from the broader relationship marketing literature is in its focus on the international B2B setting, and in particular on the role that other firm-level characteristics play in enabling firms to make best use of salesperson-collected knowledge. Many important works in relationship marketing focus, explicitly or implicitly, on the relationship between firm and customer, and on the business-to-consumer (B2C) setting (Izquierdo, Gutiérrez Cillán, & San Martín Gutiérrez, 2005; Peppers & Rogers, 1996; Reichheld, 1996). Where studies do focus on the relationship between customers and customer-facers, the focus is more on the salesperson's role in reducing customer uncertainty in services selling and in using the

reputation of the organization to leverage the selling process rather than the salesperson's role in gathering information about customers for knowledge advantage (Julian & Ramaseshan, 1994). As Hohenthal, Johanson, and Johanson (2014) point out, many managers believe that knowledge about customers and competitors are both important. Senn, Thoma, and Yip (2013) follow Bradford et al. (2010) in noting that limited research has been conducted into the skills and organizational support customer managers need to be effective. In the course of their duties and activities, salespeople gather information, and investigating the firm-level characteristics that promote the integration and use of the information should be of value to managers, as well as being in keeping with current scholarly needs.

Other research into relationship marketing emphasizes the importance of marketing research in understanding customer needs, wants, and desires (Javalgi, Martin, & Young, 2006). Acknowledging the authors' contribution, the present study extends research in this stream to propose a model of the means in which sales representatives can contribute to or even largely fulfill the research function. In this way, the salesperson may function as both intelligence agent and closer, and in the role of intelligence agent drives corporate entrepreneurship.

The balance of this paper is organized as follows: First, the theoretical underpinnings of constructs that appear to hold the most promise for the use of sales-generated intelligence (corporate entrepreneurship, customer-oriented selling, and absorptive capacity) are discussed. A conceptual model of the relationship among corporate entrepreneurship, customer-oriented selling, absorptive capacity, and international sales performance is presented, and several testable propositions are offered. Finally, suggestions are offered to managers in entrepreneurial firms to enhance the knowledge-generating effectiveness of sales activities.

2. Literature review and propositions

For understanding the importance of knowledge for firms, we should consider the contribution of the resource based view (RBV) of the firm. Penrose (1959) proposed the concept of competitiveness based on competencies. This concept was further developed by researchers such as Wernerfelt (1984) and Barney (1991, 1986). These authors, for example, proposed the firm as a collection of unique resources, and this collection is increasingly knowledge-based. As proposed by Penrose and Barney, firms may achieve superior performance and profit not because they possess better resources, but because their distinctive knowledge allows them make better use of their resources.

Knowledge is a key element of competitive advantage for firms (Barney, 1991; Oviatt & McDougall, 2005), and the ability to acquire, internalize, and deploy knowledge effectively is crucial to the success of the firm (Grant, 1996). The ability to acquire knowledge – of customers, of competitors, and of the environment – is particularly vital for the entrepreneurial firm (Dutta & Crossan, 2005). In fact, one of the key issues for entrepreneurial firms is the issue of "...how, by whom, and with what effects opportunities to create future goods and services are discovered and evaluated" (Shane & Venkataraman, 2000, p. 218). Although an established firm practicing corporate entrepreneurship may be larger and have more financial and human capital at its disposal than an entrepreneurial start-up, it still must be adept at spotting and capitalizing on opportunities where it finds them.

The competitive advantage conferred by knowledge may carry across national borders as firms internationalize and as the ability to navigate in a global economy becomes more important. As globalized markets become more competitive and barriers to entry decline, firms must be able to act quickly upon the knowledge they

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