Journal of World Business 45 (2010) 217–227

Contents lists available at ScienceDirect

Journal of World Business

journal homepage: www.elsevier.com/locate/jwb

Do marketing capabilities consistently mediate effects of firm intangible capital on performance across institutional environments?

David A. Griffith [a,*], Goksel Yalcinkaya [b,1], Roger J. Calantone [c,2]

[a] Michigan State University, Department of Marketing, N356 North Business Complex, Eli Broad College of Business, East Lansing, MI 48824-1122, United States
[b] University of New Hampshire, Department of Marketing, Whittemore School of Business & Economics, Durham, NH 03824, United States
[c] Michigan State University, Department of Marketing, N307 North Business Complex, Eli Broad College of Business, East Lansing, MI 48824-1122, United States

ARTICLE INFO

Keywords:
Resource-advantage theory
Marketing capabilities
Institutional economics
Importers

ABSTRACT

This study examines whether marketing capabilities consistently mediate intangible capital on performance across institutional environments. A partial test of resource-advantage theory is conducted, examining the relationship between four intangible capital elements on marketing capabilities and consequent firm performance. The results, based upon samples of 239 importers in Japan and the U.S., indicate that human capital and relational capital influenced marketing capabilities, and that marketing capabilities influenced performance similarly across institutional environments. Organizational capital, however, was found to only influence marketing capabilities for U.S. importers. Furthermore, our results indicate full mediation in both samples. Implications for academics and practitioners are presented.

As firms expand into international markets they continually strive to leverage firm resources and capabilities. Nike works to leverage its creative talent to develop new and innovative product offerings to an increasingly demanding global marketplace. Similarly, SAP attempts to leverage its worldwide business relationships to establish its competitive positioning in relation to its marketing/sales efforts to enhance performance globally. While some companies are successful in leveraging firm resources across markets, most firms have struggled to achieve success in differing institutional environments. Given these challenges, it is not surprising that a substantial amount of research has focused on this issue. However, while firm resources and capabilities have been a central focus of the literature (e.g., Ainuddin, Beasmish, Hulland, & Rouse, 2007; Atuahene-Gima & Murray, 2007; Barney, 1991; Day, 1994; Vorhies & Morgan, 2005), a review of the literature reveals several shortcomings limiting our understanding of the development of marketing capabilities in the global context.

First, limited empirical research has focused on the ability of firms to leverage intangible resources into marketing capabilities (Griffith & Harvey, 2001). This is not to suggest that researchers have not explored capabilities. Yalcinkaya, Calantone, and Griffith (2007) specifically examined the influence of technological and marketing resources on the development of exploitation and exploration capabilities. Researchers to date have not focused on intangible firm capital as leveraged as marketing capabilities (viewed in this study as a firm's ability to integrate the collective knowledge, skills, and its resources to effectively respond changing market needs and meet competitive pressure[3]) under resource-advantage theory (hereafter, R-A theory). This is a critical limitation as researchers (cf., Hitt, Bierman, Shimizu, & Kochhar, 2001; Hunt, 2000; Hunt & Morgan, 1995) argue that it is through the leveraging of intangible resources into capabilities that firms are able to achieve superior performance. By specifically examining the linkage between R-A theory designated intangible resources and marketing capabilities on resulting performance a partial test of R-A theory can be conducted. This is of note as limited empirical testing of R-A theory has been offered in the literature.

Second, and more importantly, as firms compete in increasingly diverse global markets, it becomes critical to understand whether or not the influence of intangible firm capital can be leveraged as marketing capabilities to enhance performance consistently across institutional environments. Hunt (2000), when explicating R-A theory, contends that the foundational aspects of R-A theory are broad (within market-based economies[4]) and have wide-ranging applicability. However, the global marketing research is mixed in

* Corresponding author. Tel.: +1 517 432 6429; fax: +1 517 432 1112.
E-mail addresses: griffith@bus.msu.edu (D.A. Griffith), goksel.yalcinkaya@unh.edu (G. Yalcinkaya), rogercal@msu.edu (R.J. Calantone).
[1] Tel.: +1 603 862 3376; fax: +1 603 862 3383.
[2] Tel.: +1 517 353 6381; fax: +1 517 432 1112.

[3] Vorhies and Morgan (2005) note that the literature has yet to categorize specific marketing capabilities. The literature (e.g., Day, 1994) conceptualizes marketing capabilities in the context of transforming resources into valuable outputs based on the classic marketing mix.

[4] The decomposition of institutional environment into market-based is consistent with current institutional theory approaches to international business research (e.g., Luk et al., 2008).

1090-9516/$ – see front matter
doi:10.1016/j.jwb.2009.09.008

relation to generality of business models. For example, some research has demonstrated the importance of institutional environment aspects (Davis & North, 1970; Jackson & Deeg, 2008; Lenartowicz & Balasubramanian, 2009; Pil & MacDuffie, 1999), such as national culture, as a key influencing factor in different behavioral situations (e.g., Bstieler & Hemmert, 2008; Griffith, Myers, & Harvey, 2006; Limon, Kahle, & Orth, 2009; Song, Nason, & Di Benedetto, 2008; Steers, Meyer, & Sanchez-Runde, 2008), while others have found similarities across institutional contexts (e.g., Griffith et al., 2006; Hult, Cavusgil, Deligonul, Kiyak, & Lagerstrom, 2007). Building on this research, we empirically investigate whether or not institutional environment influences the relationship between intangible firm capital and marketing capabilities and its resultant performance, or whether these resources are consistent in their influence on marketing capability development, thereby working to identify boundaries of R-A theory.

These shortcomings within the international marketing literature create not only a theoretical and empirical gap, but leave international marketing academics and practitioners without a clear understanding of the manner in which a firm can leverage its intangible firm capital as marketing capabilities. Further, as global operations intensify greater understanding of the effect of intangible firm capital utilization across different institutional environments could provide international marketing academics and practitioners with strategic insights for resource investment to enhance firm performance. We begin by presenting the theoretical foundation of R-A theory, followed by development of the hypotheses. Next, we present the method and analysis followed by a discussion of the results and their implications for international marketing academics and practitioners.

1. Theoretical development

1.1. Resource-advantage theory

R-A theory is a theory of competition advanced within the marketing strategy literature (cf., Hunt & Morgan, 1995; Seggie & Griffith, 2008). It is based on several different research traditions, e.g., Austrian economics, transaction cost economics and resource-based views of the firm. Hunt and Morgan (1995), when explicating R-A theory, contend that the foundational aspects of R-A theory have wide-ranging applicability, employing illustrations of R-A theory across multiple market contexts to demonstrate its power in explaining firm behavior, market development and competition. The general business model of R-A theory is that firm resources are leveraged to provide for competitive advantage resulting in better firm performance (Hughes & Morgan, 2007; Hunt, 2000; Hunt & Morgan, 1995).[5] R-A theory incorporates the resource-based view of the firm (cf., Barney, 1991; Peteraf, 1993; Wernerfelt, 1984) into its explication of competition.

R-A theory indicates that resources are the "tangible and intangible entities available to the firm that enable it to produce efficiently and/or effectively a market offering that has value for market segment(s)" (Hunt, 2000, p. 11). Hunt and Morgan (1995) categorize and specifically identify resources as tangible (i.e., financial, physical and legal) or intangible (i.e., human, organizational, informational and relational). Researchers examining the competitive advantage of firms note that competitive advantage is founded on heterogeneous intangible resources (Barney, 1991; Griffith, 2006; Harvey & Buckley, 1997; Hitt et al., 2001). Following work in R-A theory (Griffith & Lusch, 2007; Hunt, 2000; Hunt & Morgan, 1995, 1996), we contend that competitive advantage is founded on intangible resources, and specifically, as identified by R-A theory, human, relational, organizational and information capital. R-A theory however contends that it is not simply the possession of intangible firm capital that allows firms to achieve enhanced performance but rather the leveraging of these resources as capabilities.

R-A theory views the firm as leveraging heterogeneous and imperfectly mobile resources to achieve competitive advantage (Hunt, 2000; Hunt & Morgan, 1995). Hunt and Morgan (1995, p. 7) noted that "a comparative advantage in resources exists when a firm's resource assortment (e.g., its competencies) enables it to produce a market offering that, relative to extant offerings by competitors, (1) is perceived by some market segments to have superior value and/or (2) can be produced at lower costs." Through the development and leveraging of heterogeneous and imperfectly mobile resources, firms are theorized to be able to achieve competitive advantage through greater effectiveness and efficiency. The value of a resource is seen not in its possession, but rather in terms of its potential to yield competitive differentiation and/or customer value delivery. Value is maximized when resources are deployed in a means to provide a distinctive competency and relative sustained advantage (Day, 1994; Hunt, 2000; Hughes & Morgan, 2007). As such, firm resources are viewed as employable capital. It is through the combining of these resources (i.e., capabilities) that firms are able to achieve positional advantages (here, consistent with R-A theory, positional advantages are observable in the marketplace by a firm's superior ability in relation to other firms in relation to a specific firm aspect). Hunt and Morgan (1995, p. 7) further argues that "a comparative advantage in resources, then, can translate into a competitive advantage in the marketplace and superior financial performance..." Thus, through the development and leveraging of firm resources the firm establishes a set of capabilities (e.g., marketing capabilities) that allow the firm to achieve superior firm performance (i.e., a level of performance that exceeds that of its referents, often its closest competitors) (Hunt & Morgan, 1995).

1.2. Institutional environment and R-A theory

Institutional economics has been employed within international business research to understand business differences across countries (Jackson & Deeg, 2008). Institutional economics argues that the environment is composed of a set of social, legal and political institutions that govern economic activity (Davis & North, 1970; North, 1990), thereby influencing firm operations. Research based on country level factors (reflective of institutional environments) such as technological innovation, capital investment, national culture, etc., continue to demonstrate country-based performance differences (e.g., Franke, Hofstede, & Bond, 1991; Luo, 2000; Song et al., 2008). For example, Goerzen and Beamish (2003) note that the more dissimilar the country profiles, i.e., institutional environments, the more difficult it is to understand the requirements of the collection of operations and responses appropriate to local demands. Similarly, Franke et al. (1991) find that differences in country level economic performance result from differences in national culture.

R-A theory is argued to be widely applicable (Hunt, 2000; Hunt & Morgan, 1995, 1996) across countries. Similar effects in business models are not new to the literature. Research efforts have found that certain business aspects are not influenced by elements of institutional environments. For example, Griffith et al. (2006) found that national differences did not influence the association between knowledge resources and relational resources within channel relationships, while House, Javidan, Hanges, and Dorfman (2002) found consistent leadership aspects across 61 nations.

[5] This approach is consistent with Day (1994) who argues that business assets provide the foundation for capabilities of the business which ultimately influence performance outcomes.