



Entrepreneurial marketing of international high-tech business-to-business new ventures: A decision-making process perspective



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ABSTRACT

Knowledge of how entrepreneurial marketing in industrial markets is currently rather weak. This study explores the marketing decision-making process of entrepreneurs undertaking entrepreneurial marketing in international new ventures (INVs) operating in high-tech business-to-business markets. A qualitative study conducted with entrepreneurs from four case firms reveals that due to the iterative, incremental, and co-creative nature of the process, marketing decision making in high-tech business-to-business INVs that is more effectual than causal results in more entrepreneurial marketing. A novel finding is that entrepreneurs alternate causal and effectual marketing forms as a result of their ambidextrous entrepreneurialism, and variations in the internal uncertainty, technological uncertainty, and any market turbulence faced by the firm. We develop a dynamic model presenting the alternation between effectual and causal processes, and the feedback loop of entrepreneurial marketing. The research offers implications for the management of organizations operating under conditions of uncertainty on how their decision-making processes can optimize entrepreneurial marketing, how to create new markets, and how to reduce the perceived uncertainty in industrial markets.

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1. Introduction

As a marketing stream at the interface of marketing and entrepreneurship, entrepreneurial marketing is especially important to support the rapid growth of resource-constrained firms in dynamic industrial markets (Bjerke & Hultman, 2002; Carson, Cromie, McGowan, & Hill, 1995; Hills, Hultman, & Miles, 2008). For such firms, marketing becomes an entrepreneurial process requiring a creative approach, for example, involving leveraging the resources of others through partnerships (Morris, Schindehutte, & LaForge, 2002). International new ventures (INVs) are firms with early and rapid growth in international markets (Coviello, 2006; Shrader, Oviatt, & McDougall, 2000) and are usually affected by the liability of smallness, newness and foreignness (Zahra, 2005). An INV is “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” (Oviatt & McDougall, 1994, p. 49). Here entrepreneurial marketing as employed by INVs is defined as the proactive creation of market opportunities in international markets in order to acquire and retain customers through innovative approaches to risk management, resource leveraging, and value co-creation (Hallböck & Gabrielsson, 2013; Morris et al., 2002; Webster &

Lusch, 2013). Despite the importance of entrepreneurial marketing for INVs operating in high-tech industrial markets, the decision-making process that precedes such marketing is not well understood. The situation is not helped by existing literature often reporting on traditional marketing decision tools that may not be appropriate for the entrepreneurial marketing undertaken by high-tech INVs (see, e.g., Hughes & Morgan, 2007; Leeflang & Wittink, 2000).

A wealth of literature illustrates how marketing decisions are made in firms, and such research generally suggests that a marketing decision maker first recognizes an existing marketing environment, then reacts to it by developing several alternatives, and finally evaluates the alternatives to determine those likely to yield the greatest long-term profit (Curren, Folkes, & Steckel, 1992; Hirsch, 1960). Moreover, modifications of marketing decisions are based on predicted changes in environmental conditions (Leeflang & Wittink, 2000; O'Dell, 1966; Roberts, 1957). Such decision-making mechanisms can be used to develop a clear strategic direction for high-tech firms (Hughes & Morgan, 2007). Hence, the fundamental assumption of research on marketing decision making is that marketing decisions are carefully planned to contribute toward achieving organizational goals; however, that is not necessarily the case with marketing decision making in high-tech business-to-business INVs. That is because the marketing decisions of such firms are influenced by operating in an uncertain environment. First, decision making is complicated by their resources being more constrained than those of established international firms, and particularly those of

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multinational corporations (MNCs) (Laanti, Gabrielsson, & Gabrielsson, 2007; Zahra, 2005). Second, INVs operate in rapidly changing international markets and therefore need to take account of the prevailing environmental uncertainty and performance ambiguity inherent in international marketing activities (Helm & Gritsch, 2014; Katsikeas, 2006). Third, high-tech environments are characterized by market and technological uncertainty, and also competitive volatility (Fink, James, & Hatten, 2008; Jia, Cai, & Xu, 2014; Mohr, Sengupta, & Slater, 2009). Finally, operating in a business-to-business market involves more complex decision making on products and solutions than is required of firms in the consumer market (Ulaga & Sharma, 2001). Therefore, owing to the high levels of uncertainty in the high-tech business-to-business industry, changes in the business environment can be unpredictable, and market goals can be unspecified or unknown (Gabrielsson & Gabrielsson, 2013). Furthermore, the marketing decisions made by the firm can influence the existing market, rather than the decisions being shaped by the changes in the market (Read, Dew, Sarasvathy, Song, & Wiltbank, 2009). In addition, existing work on marketing decision making has often overlooked the role of the marketing decision maker (Wierenga, 2011). Entrepreneurs in INVs (INV entrepreneurs) are the key decision makers in the firm, and it is crucial to understand that the processes they adopt can propel the firm toward entrepreneurial marketing behavior. It is also important to explore how international high-tech business-to-business new ventures can undertake entrepreneurial marketing when facing various forms and levels of uncertainty.

Accordingly, the research question guiding this study is: How are marketing decisions made by entrepreneurs to deliver entrepreneurial marketing in international high-tech business-to-business new ventures? We selected effectuation theory as the theoretical basis on which to scrutinize the marketing decision-making process of INV entrepreneurs. Effectuation theory suggests there are two types of decision-making logic: (1) effectual decision making, which focuses on making selections from among the best possible outcomes that can be achieved with the available resources; and (2) causal decision making, which focuses on selecting the resources needed to create a predetermined outcome (Sarasvathy, 2001). The rationale for the choice of effectuation theory as the theoretical foundation is first that it emphasizes the decision making of individual entrepreneurs, who are key actors in INVs. The focus of the current study is the underlying logic of the decision-making process of entrepreneurs. Second, effectuation theory is an emerging theory in entrepreneurship and hence offers opportunities to generate novel marketing insights (Read et al., 2009). There is a problem when applying marketing decision-making literature emphasizing only planning to the study of entrepreneurial marketing. However, effectuation theory embraces both effectual decision making and causal decision making. The fundamental assumption in the marketing literature on decision making is consistent with causal decision making, whereas entrepreneurship and market creation are facilitated by effectual decision making. This study aims to advance the knowledge on the dynamism of the decision-making processes leading to entrepreneurial marketing and why the outcome of those processes is entrepreneurial marketing.

The current research makes several contributions. First, we conceptualize the marketing decision-making process of entrepreneurs that leads to entrepreneurial marketing in high-tech business-to-business INVs. This provides a better understanding of how marketing decisions are made and how entrepreneurial marketing is fostered by this process. Second, we offer new insights to extend decision-making theory. We challenge the assumption that entrepreneurs choose to apply either effectuation or causation methods (Andersson, 2011; Mort, Weerawardena, & Liesch, 2012), and investigate the two factors creating the dynamism between the causal and effectual forms of decision-making process, variation in uncertainty, and the ambidexterity of entrepreneurs. Ambidexterity at the individual level refers to “the ability to pursue both exploration and exploitation with equal dexterity”

(Volery, Mueller, & von Siemens, 2015, p. 113). Third, we expand current knowledge on entrepreneurial marketing to encompass an international context. The current study therefore integrates marketing, entrepreneurship, and international business into the process. Moreover, we use thought experiments alongside interviews in a multiple case study, and thus advance methodology while enhancing the trustworthiness and novelty of the study (Eisenhardt, 1989a; Jick, 1979; Lincoln & Guba, 1985). Finally, we offer practical implications by suggesting an entrepreneurial approach to international marketing for high-tech industrial firms. Our results can guide practitioners in selecting decision-making processes to optimize entrepreneurial marketing in their organizations when they operate under conditions of uncertainty.

The paper is organized as follows. We first establish the theoretical background by introducing entrepreneurial marketing and decision-making theory, and also present the preliminary research framework. We discuss the methods used and the empirical results. The level of analysis is both at the individual level, typified by decision making by individual entrepreneurs, and at the firm level as reflected in entrepreneurial marketing behavior. Next, we develop a dynamic model of the decision-making process in the entrepreneurial marketing of high-tech business-to-business INVs and formulate propositions. Finally, we conclude by discussing the theoretical contributions, practical implications, and limitations of the study, and also outline some directions for future research.

2. Theoretical background

2.1. Entrepreneurial marketing

There are four main perspectives on entrepreneurial marketing (Gross, Carson, & Jones, 2014; Hansen & Eggers, 2010): the first perspective focuses on the commonalities of entrepreneurship and marketing (e.g., Carson & Coviello, 1996; Collinson & Shaw, 2001; Kocak & Abimbola, 2009). The second perspective views entrepreneurial marketing as entrepreneurship in marketing, investigating entrepreneurship issues through a marketing theoretical lens (e.g., Miles & Darroch, 2006; Murray, 1981). The third perspective—marketing in entrepreneurship—investigates marketing issues through an entrepreneurship theory lens (e.g., Bjerke & Hultman, 2002; Carson et al., 1995), and the fourth perspective stresses the distinctive issues emerging from the combination of entrepreneurship and marketing and defines entrepreneurial marketing as a unique concept (e.g., Hallbäck & Gabrielsson, 2013; Morris et al., 2002). Morris et al. (2002) have identified several dimensions typical of entrepreneurial marketing. However, the concept of entrepreneurial marketing applied in this study must take the research context into consideration. Moreover, the third and fourth perspective are consistent with our research setting: studying marketing decision making in entrepreneurial firms through the theoretical lens of effectuation theory, but seeing entrepreneurial marketing as a unique outcome.

The above mentioned perspectives and the content of existing literature led to the development of seven dimensions of entrepreneurial marketing in an INV: (1) *Market creation* refers to creating new markets guided by the creative insights of the entrepreneur. High-tech business-to-business INVs seek to create new markets through new ideas or radical innovation, which is the central reason why these firms can grow rapidly despite the high levels of uncertainty in international markets (Gabrielsson & Gabrielsson, 2013; Mohr et al., 2009; Read et al., 2009). (2) *Value co-creation* refers to cooperating with various partners in the value chain to create value together (Grönroos & Voima, 2013; Payne, Storbacka, & Frow, 2008; Ranjan & Read, 2014). This is important for INVs because they work under far greater resource constraints in international markets than do established MNCs. Market creation and value co-creation are the key differences between our definition and that of Morris et al. (2002). These two dimensions support the elevated

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