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Internationalization's effect on marketing learning: A study of Syrian firms ☆

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ABSTRACT

The aim of the present study is to understand the effects of international expansion on firms' acquisition of marketing learning. This study's focus on marketing learning complements previous research on the impact of internationalization on the development of foreign-market and technological knowledge. The research finds that the scope of a firm's international activities, perception of gaps in marketing knowledge, and external social capital positively influence firms' acquisition of marketing learning. However, firm's age at initial international market entry appears not to be a significant factor. The study adds to the very limited body of research on the marketing learning outcomes of international expansion, while also offering rare empirical insights from the Middle East on this important subject matter. The paper discusses implications for international managers, policy makers, and future researchers.

1. Introduction

Despite significant recent progress in several economies around the world (e.g., the Asian Tigers and the BRICs), an inordinately high number of countries still lacks any meaningful economic development. Policy evidence (UNCTAD, 2012) and theory (Fahy, 2002; Schumpeter, 1942) suggest that knowledge accumulation and innovation, including market innovation or internationalization, can positively impact these underperforming economies. Learning and the resulting knowledge resources facilitate the innovation process (Zahra & George, 2002) and radical innovations (Bao, Chen, & Zhou, 2012), by enhancing firms' abilities to learn from external sources, understand new ideas, and implement them successfully (Cohen & Levinthal, 1990). Learning is, indeed, at the heart of dynamic capabilities and sustainable competitive advantage (Teece, Pisano, & Shuen, 1997), triggering and enabling continuing economic development at both firm and national levels (Porter, 1990).

The current study examines how firms acquire and sustain marketing learning through internationalization. A number of reasons justify this focus on marketing learning. First, although previous research addresses the accumulation of foreign market and technological learning (e.g., Zahra, Ireland, & Hitt, 2000), very little understanding exists about internationalization's impact on marketing knowledge development. This neglect is particularly remiss because firms crossing international borders encounter significant learning opportunities, including new customer demands, different market dynamics, or the liability of foreignness (Zaheer, 1995). These learning opportunities are, perhaps, greater for transition economy firms whose local managers lack requisite skills for survival in market-driven environments, owing to their legacy of centrally planned economic systems (Ellis, Davies, & Wong, 2011). The current study examines how internationalization assists such firms to learn the new rules of the game (Barkema & Vermeulen, 1998) and improve aspects of their marketing know-how (Vorhies & Morgan, 2005).

This study adds to the very limited body of research on the marketing learning process and outcomes of internationalization, while also providing empirical insights from a transition economy context, namely Syria, which attracts little research. The structure of the rest of the paper is as follows. Section 2 reviews the literature on learning process during internationalization and presents the study hypotheses. Section 3 describes the study's quantitative research approach, and Section 4 presents the data analysis (Partial Least Square) and findings. The final section discusses the findings and highlights some conclusions and implications.

2. Theory and hypotheses

Knowledge plays a central role in internationalization research. The Uppsala model emphasizes the importance of foreign market knowledge in reducing uncertainty and cost of cross-border operations, and enabling greater foreign market commitment (Johanson & Vahlne, 1977). The international new ventures (INVs) literature views knowledge as an enabling factor for early and rapid internationalization

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(Autio, Sapienza, & Almeida, 2000; Oviatt & McDougall, 1994). Knowledge is not only a key influence on foreign operations, but also an important outcome of the internationalization process (Aulakh, 2009; Huber, 1991).

Marketing learning refers to the dynamic process of acquiring marketing capabilities (Kim, 1997). Marketing capabilities are mechanisms, including marketing communications, market information and sales management (Vorhies & Morgan, 2005), through which firms deploy their market orientation in the marketplace in order to execute strategies that match their market environment (Morgan, Vorhies, & Mason, 2009).

Fig. 1 presents the study's model. As the model suggests, greater scope of the firm's international activity promotes marketing learning. The firm's perception of the marketing knowledge gap, external social capital, and age at first internationalization also facilitate marketing learning. The selective inclusion of these factors in the model reflects the organizational learning perspective, which suggests, among other things, that diversity of experience, in terms of where the firm operates (Barkema & Vermeulen, 1998; Huber, 1991) and with whom the firm interacts (Haahti, Madupu, Yavas, & Babakus, 2005; Zahra & George, 2002), enhances the firm's ability to recognize the value of external knowledge and assimilate new knowledge.

2.1. International scope and marketing learning

International scope refers to the number of foreign markets (Barkema & Vermeulen, 1998) and geographical regions (Reuber & Fischer, 1997) in which a firm sells its products. Increasing scope of international activity should have a positive influence on marketing learning. Diversity of experience fosters learning (Huber, 1991), as does exposure to diverse business and institutional actors (Eriksson, Johanson, Majkgard, & Sharma, 2000), foreign customers (Tolstoy, 2010; Yli-Renko, Autio, & Tontti, 2002), joint venture partners (Hau & Evangelista, 2007), and competitors (Casillas, Acedo, & Barbero, 2010). New foreign environments create opportunities for learning (Barkema & Drogendijk, 2007).

Expanding sales to different markets offers learning opportunities that cut across industry or geography and are independent of the actions of foreign firms (Ellis et al., 2011). As firms widen their scope of international activities or enter diverse foreign markets, they encounter different consumer needs, rival practices, new testing grounds for their products, and engage in exploratory learning (Aulakh, 2009; March, 1991). They also gain information from a variety of trade partners (Barkema & Vermeulen, 1998).

H1. The scope of firm's international activity positively affects marketing learning.

2.2. External social capital

Social capital refers to the sum of actual and potential resources that an organization or individual can access or mobilize through their network of relationships (Nahapiet & Ghoshal, 1998). A key resource residing in a firm's network of relationships is knowledge. Previous research demonstrates that relationships enable firms to access strategically relevant resources (Haahti et al., 2005; Ibeh, 2005), including knowledge (Ibeh & Kasem, 2011; Johanson & Vahlne, 2009).

For transition economy firms struggling to establish knowledge-generating formal relationships with international partners, weak informal ties offer a viable substitute. Weak ties include relationships with customers, suppliers, and wider social contacts such as government officials and Chambers of Commerce. Such relationships are vital sources of information and know-how for internationalizing firms (Prashantham & Young, 2011; Yli-Renko et al., 2002). Because weak ties require less investment, they outnumber strong ties and can grow relatively quickly (Oviatt & McDougall, 2005). The broad scope of these relationships provides avenues for knowledge to intersect, thereby enhancing the potential for marketing knowledge development (Evers, Andersson, & Hannibal, 2012).

H2. Firm's external social capital positively affects marketing learning.

2.3. Perceived gap in marketing knowledge

Perception of gaps in marketing knowledge encourages firms to focus on acquiring greater marketing learning through internationalization. Knowledge gaps are the differences between knowledge available to the firm and knowledge the firm requires to achieve set goals (Hall & Andriani, 2002). Moving to new environments may trigger the realization of knowledge gaps among firms (Petersen, Pedersen, & Lyles, 2008), including transition economy firms (Uhlenbruck, Meyer, & Hitt, 2003). Such realization drives firms to engage in problematic search to find solutions to their problems (Monteiro, Arvidsson, & Birkinshaw, 2008; Uit Beijerse, 2000), and possibly gain new learning.

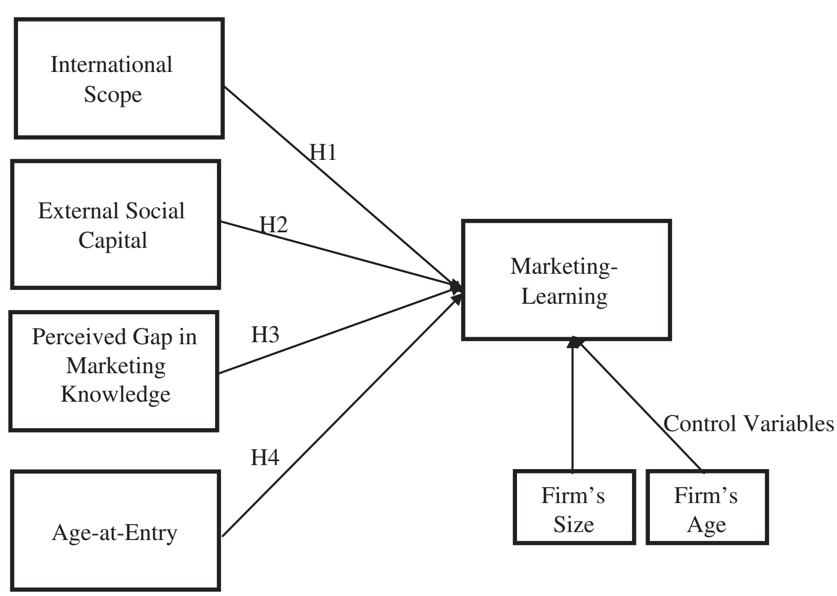

Fig. 1. Conceptual model.