

Going Global with Innovations from Emerging Economies: Investment in Customer Support Capabilities Pays Off

Susanna Khavul, Mark Peterson, Drake Mullens, and Abdul A. Rasheed

ABSTRACT

Globalization of innovation calls for entrepreneurial new ventures from emerging economies to develop customer-focused dynamic capabilities. The authors argue that firms with proprietary technology and a strategic intent to internationalize invest in international customer support capabilities to satisfy the demands of their most important international customers. Using a unique sample of 173 international new ventures from China and India, the authors show that such investments are associated with improved organizational learning and performance. The results suggest that globalization pays off when entrepreneurial firms from emerging economies invest in ongoing support of their most important international customers.

Keywords: innovation, globalization, capabilities, strategic intent, customer support, learning performance

Increasingly, entrepreneurial new ventures from emerging economies are launching their innovative products with international markets in mind. The entry of entrepreneurial firms from emerging economies into the global high-technology marketplace is poorly understood and vastly underresearched. Traditionally, international marketing research has focused on how established, often large, and typically well-endowed firms from developed economies have promoted and distributed their products across international borders

(Cavusgil, Deligonul, and Yaprak 2005; Douglas and Craig 2006; Griffith, Cavusgil, and Xu 2008). Recently, an emerging stream of research has turned the spotlight on how international new ventures and born-globals pursue globalization strategies shortly after founding (Autio, Sapienza, and Almeida 2000; Fan and Phan 2007; Fernhaber, Gilbert, and McDougall 2008; Knight and Cavusgil 2004; Mudambi and Zahra 2007; Oviatt and McDougall 1994, 2005; Sapienza et al. 2006; Westhead, Wright, and Ucbasaran 2001; Zahra, Ireland, and Hitt 2000). Though rich in theoretical and practical insights, such studies by and large consider the globalization of entrepreneurial ventures only from developed economies (Burgel and Murray 2000; Chetty and Campbell-Hunt 2004; Coviello, Ghauri, and Martin

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1998; Crick and Jones 2000; Crick and Spence 2005; Francis and Collins-Dodd 2000; Freeman and Cavusgil 2007; Freeman, Edwards, and Schroder 2006; Moen and Servais 2002; Yeoh 2000). Surprisingly, few studies in international marketing have asked the following: How do innovative entrepreneurial firms from emerging economies compete in the global marketplace?

In this article, we argue that entry into the global marketplace is often a strategic choice that requires investment in several dynamic capabilities (Eisenhardt and Martin 2000; Griffith and Harvey 2001; Griffith, Noble, and Chen 2006; Helfat et al. 2007; Lages, Silva, and Styles 2009; Penrose [1959] 1995; Teece, Pisano, and Shuen 1997; Yalcinkaya, Calantone, and Griffith 2007; Zahra, Sapienza, and Davidsson 2006). Dynamic capabilities are organizational processes through which firms reconfigure their resources as their markets evolve (Eisenhardt and Martin 2000). In international marketing, dynamic capabilities have been linked to export performance (Lages, Silva, and Styles 2009), exploration and exploitation for product innovation (Yalcinkaya, Calantone, and Griffith 2007), knowledge management in multinational corporation subsidiaries (Cui, Griffith, and Cavusgil 2005), retail performance (Griffith, Noble, and Chen 2006), export performance (Zou, Fang, and Zhao 2003), and distributor–manufacturer relationships (Griffith and Harvey 2001). Likewise, dynamic capabilities underpin the recent advances in international entrepreneurship, which suggest that unencumbered by the inertial nature of established routines, new ventures hold an advantage in developing capabilities during internationalization (e.g., Sapienza et al. 2006; Weerawardena et al. 2007). In this article, we focus on the mediating role of investment in international customer support as a dynamic capability that enables entrepreneurial new ventures from emerging economies to harvest the outcomes of innovation in the global marketplace.

We define international customer support as a set of customer-focused processes that sustain value-creating opportunities in the firm's relationship with its customers. Researchers have often urged innovators to develop a deep connection to their most important international customers as part and parcel of their customer-focused marketing strategy (Day 1994; Lusch, Vargo, and O'Brien 2007; Slater 1997). Such a connection starts as the products are being conceived, continues through their development (Goffin 1998; Goffin and New 2001), and evolves long after the sales contracts

are signed (Lages, Silva, and Styles 2009). Building effective customer support capabilities across international borders requires investment, but the inability to provide such support is commonly cited as a cause of failure for innovators (Asugman, Johnson, and McCulloch 1997).

The results of this study make several important contributions to the international marketing literature. First, we show that international customer support is a dynamic capability that mediates the relationship between proprietary technology and strategic intent at founding, on the one hand, and organizational learning and performance, on the other hand. We note that proprietary technology must be coupled with clear strategic intent for a firm to invest aggressively in building international customer support capabilities. However, our findings demonstrate that such an investment pays off in both organizational learning and performance outcomes. Second, we draw on the dynamic capabilities literature to explain how improvements in organizational learning and performance emerge from deliberate investments in international customer support capabilities (Eisenhardt and Martin 2000; Helfat et al. 2007; Teece, Pisano, and Shuen 1997; Zahra, Sapienza, and Davidsson 2006). Our dynamic capabilities arguments dovetail with ideas in service-dominant logic, which brings the two literature streams closer together (Vargo and Lusch 2004). Specifically, we argue that investment in international customer support capability can create a wedge that opens the exchange relationship with the firm's most important international customers. As a consequence, it helps capture the learning and performance outcomes of entry into global markets (Fischer and Reuber 2004). Finally, our use of unique cross-country data shows that investment in international customer support capabilities is essential to overcome the liabilities firms may face during internationalization. Entrepreneurial firms from emerging economies are becoming increasingly visible in the global marketplace. By identifying the critical importance of investing in international customer support capabilities to the success of such firms, the results of this study carry an important practical message for entrepreneurs attempting to go global with innovations from emerging economies.

We organize the article as follows: We first set the study in its empirical context, the globalization of entrepreneurial firms from emerging economies. Next, we bring to center stage dynamic capabilities as the overarching theoretical framework that ties together the interplay of

ideas in the article. Then, we develop hypotheses that capture the mediating role of international customer support capability, present the method, report the results, and conclude with a discussion and implications of the findings.

GLOBALIZATION OF ENTREPRENEURIAL FIRMS FROM EMERGING ECONOMIES

Opportunities in global markets are increasingly beckoning entrepreneurs from emerging economies (Bruton, Ahlstrom, and Obloj 2008; Luo and Tung 2007; Mathews 2006; Mudambi and Zahra 2007). However, new ventures from emerging economies face substantial challenges as they enter global markets. First, they face liabilities of newness; that is, they are young, for the most part small, and without a history of reliable performance (Singh, Tucker and House 1986; Stinchcombe 1965). Second, they suffer from not only liabilities of foreignness but also country-of-origin effects. Specifically, without operational history or established brands, such firms are not only foreigners (Mathews 2006; Zaheer 1995) but also ones whose products may suffer from perceived negative country-of-origin effects with respect to quality and reliability (Peterson and Jolibert 1995; Roth and Romeo 1992). Moreover, they may face the market indifference that sometimes accompanies technological innovations, which is further compounded by assumptions about the low-technology nature of products from emerging economies (Hitt et al. 2000). On the face of it, such a convergence of liabilities creates arguably the worst possible threat to organizational performance that a fledgling organization can face (Deephhouse and Carter 2005; Fischer and Reuber 2007; Zimmerman and Zeitz 2002). Therefore, the question is, How can innovative new ventures from emerging economies harvest the outcomes of entering the global marketplace?

To answer this question, we focused on two prominent emerging economies, China and India. Each country has a unique cultural, political, and economic history, but from the globalization point of view, they also have much in common. Only in the past ten years have products from China and India become commonplace and familiar to international customers. Previously, Chinese and Indian products suffered from similar levels of obscurity in the minds of potential international customers. Neither country stood out as a provider of high-technology products in the same way that Japan, Taiwan, or Korea had come to be known. However, just as the Chinese and Indian economies were undergoing

economic liberalization, advances in technology began to reduce the costs associated with communication and coordination. This created opportunities for accelerated internationalization—a phenomenon that directly affected young and small firms across emerging economies, but those from China and India in particular (Luo and Tung 2007; Oviatt and McDougall 1994). Understanding the internationalization of innovative firms from India and China has implications for entrepreneurs from other economies that have recently liberalized their economies.

Internationalization of entrepreneurial firms from emerging economies was a novel development. In prior decades, when firms from emerging economies competed internationally, they were most likely large, well established, and well resourced (Luo and Tung 2007). They proceeded cautiously and incrementally and progressed from simple to more complex international activities and from nearer to distant markets over time (Johanson and Vahlne 1977, 2003). However, technological change as well as the rapid integration of the global economies initiated the entry of a new breed of entrepreneurial firms that had a clear intention to internationalize early in their life cycles (Contractor, Kumar, and Kundu 2007; Oviatt and McDougall 1994, 2005; Yiu, Lau, and Bruton 2007). For such firms, the need to develop “insider” knowledge of the global dynamics of competition in their industry and an intimate understanding of their most important international customers have become *sine qua non*. However, the ability to do so is not an easily learned process. It is a dynamic capability that requires investment to establish and cultivate. In this study, we draw on the dynamic capabilities perspective to build and test a model of how entrepreneurial firms from emerging economies harvest the learning and performance outcomes of globalization through investments in customer-focused capabilities.

THEORY

Dynamic Capabilities

Dynamic capabilities are organizational processes through which firms reconfigure their resources as their markets evolve (Eisenhardt and Martin 2000). They have their roots in the resource-based view of the firm (e.g., Amit and Schoemaker 1993; Barney 1991; Penrose [1959] 1995). Competitive advantage, as considered from the resource-based view, comes not from the firm’s structural position within an industry (Porter 1990) but from its control or access to tangible or intangible

resources that are valuable, scarce, and difficult to imitate and substitute (Barney 1991). To make use of its resources, the firm must develop a range of organizational capabilities (Collis 1994). Such capabilities can be operational (Winter 2003), thus enabling “the firm to earn a living in the present” (Helfat et al. 2007, p. 1), or they can be dynamic, enabling the firm to “purposefully create, extend, or modify its resource base,” often in anticipation of or in response to change (Helfat et al. 2007, p. 1). Dynamic capabilities are neither ingrained routines (Nelson and Winter 1982) nor ad hoc, idiosyncratic problem-solving events. They are learned organizational behaviors that can be mobilized to alter the resource base of the firm through a wide variety of change-related processes. Such processes may include innovation to create new resources, acquisitions to extend existing resources, and divestitures to modify them. Firms may have multiple dynamic capabilities, some interconnected and some independent of one another. Moreover, dynamic capabilities are processes the organization can summon “to match or even create a market change” (Eisenhardt and Martin 2000, p. 1107). Because they are tightly bound up with a change the organization is facing, dynamic capabilities rely less on using existing knowledge and focus more on generating new knowledge. Finally, dynamic capabilities are “shaped by conscious decisions both in their development and deployment” (Dosi, Nelson, and Winter 2002, p. 4) and so bridge the gap between “intention and outcome” (Dosi, Nelson, and Winter 2002, p. 2).

Consider the internationalization process that exposes the firm to change and creates opportunities for it to develop dynamic capabilities (Sapienza et al. 2006). To begin, an entrepreneurial firm in possession of proprietary technology controls tools, materials, processes, and techniques—resources that are valuable, scarce, and difficult to imitate and substitute (Barney 1991). As a resource, proprietary technology has the implicit potential to be converted into innovative products that satisfy the needs of international customers (Amit and Schoemaker 1993). To do so, the firm must invest in a range of dynamic capabilities suited to the international market. If the firm has been operating in the domestic market, it has developed dynamic capabilities that are focused on local customers and are based on accumulated knowledge about the domestic industry in which it competes and markets it serves (Eisenhardt and Martin 2000). However, dynamic capabilities, which until that point were part of the firm’s repertoire of organizational processes (Dosi, Nelson, and Winter 2002), may no longer suffice in the international market. Consequently,

“when new or existing firms enter a market in which they do not currently participate, by definition, they must develop new capabilities or alter existing ones” (Helfat and Lieberman 2002, p. 726).

Internationalization brings firms from emerging economies into contact with new customers who are possibly more sophisticated and certainly less familiar than those in their domestic markets. Thus, to coordinate and deploy resources in the unfamiliar and rapidly changing international environment, firms must develop new dynamic capabilities (Teece, Pisano, and Shuen 1997). Arguably, the firm’s ability to understand and support the needs of its customers in the present and the future is one dynamic capability that it cannot neglect. Herein, we focus on understanding the role of international customer support as a dynamic capability that enables entrepreneurial firms from emerging economies to capture organizational learning and performance outcomes of globalization.

International Customer Support as a Dynamic Capability

Marketing researchers have long argued that “good product support is smart marketing” (Lele and Karmarkar 1983, p. 124). When customers are supported, they “obtain the most value from use of the product after the sale” (Lele and Karmarkar 1983, p. 124). Customer support—also referred to as “product support, after-sales support, technical support, or simply service” (Goffin and New 2001, p. 275)—is not solely an operational issue but a strategic and marketing one as well (Armistead and Clark 1991; Asugman, Johnson, and McCullough 1997). Customer support has been defined as “all activities to ensure that a product is available for trouble-free use over its useful life span” (Goffin and New 2001, p. 275). Effective customer support is associated with customer satisfaction, trust in long-term relationships, and differentiation from competitors (De Ruyter, Moorman, and Lemmink 2001). Customer support opens new roads for improving current products and generates opportunities for customer-focused innovation (Cooper and Kleinschmidt 1985, 1993; Goffin and New 2001). In addition, it promotes customer retention and lowers the cost of customer acquisition (Takeuchi and Quelch 1983). Until recently, customer support has been a relatively neglected area in the international marketing literature. However, because the service-dominant logic and the customer as coproducer views of marketing (Vargo and Lusch 2004; Wikstrom 1996) have begun to redefine how the firm views its

relationship with customers, the support capability can become the platform for communicating and learning from the customers. In our view, this would also expand the definition of customer support from the focus on the product's useful life to the life of the value-creating opportunities in the firm's relationship with its customers (Vargo and Lusch 2004).

Innovations offer customers the potential to change their value proposition. Unlike commodities, goods whose prices and uses are established, the value of an innovation must be constructed. Customer support opens the physical, temporal, and intellectual space for the firm and its customer to jointly shape the future potential of the innovation (Vargo and Lusch 2004). As such, customer support opens up the exchange relationship between the firm and its customers. It moves the exchange relationship from one focused on the transaction, as in the case of commodity goods, to one focused on collaboration, as would be needed for joint development (McEvily and Marcus 2005). This underscores the dynamic capability nature of customer support. It is a process that enables the firm to modify purposefully the way it will make a living in the future (Helfat et al. 2007).

The value of customer support as a dynamic capability is particularly salient when the innovative firm enters a new geographic or new product market. New ventures entering the global marketplace must define themselves and give meaning to their innovative products. An international customer support capability facilitates this because it enables firms to establish relationships with customers who often become their dominant exchange partners (Fischer and Reuber 2004; McEvily and Marcus 2005). These are some of the earliest external relationships that entrepreneurial firms can develop; as a result, the decisions and actions they take with a leading customer can leave imprints that shape the path-dependent future of the firm (Helfat and Lieberman 2002). An aggressive investment in establishing international customer support capabilities early in the relationship signals to the customer the firm's commitment to the innovation and to making the innovation work as a solution to the customer's current and future needs. Such signals are paramount to overcome the concerns that many customers have in choosing to buy new products from new ventures whose track records are slim and whose sustainability is questionable. As we demonstrate herein, international customer support is a critical dynamic capability in which it pays off for innovative entrepreneurial firms from emerging economies to

invest. Next, we propose a set of testable hypotheses. Figure 1 presents the conceptual model summarizing the relationships discussed here.

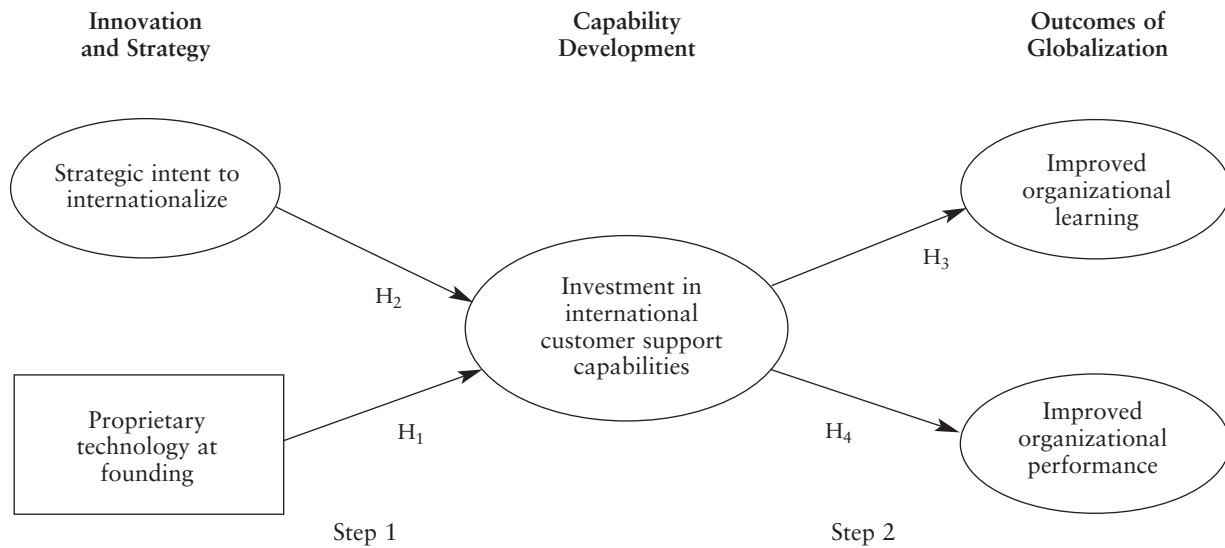
HYPOTHESES

Proprietary Technology and Investment in International Customer Support Capabilities

Customer support is a good selling point whether the product is low-technology or innovative high-technology, though for different reasons (Goffin 1998). In many commodity industries in which price is no longer a differentiator, firms may compete on after-sales customer support. However, such service is generally routinized and outsourced to networks of third-party providers whose relationship with the customer is transactional and whose interaction with the firm is arm's-length and contractual. For example, standard refrigeration technology has existed for a century, and the imperative to keep perishable products cool has been a customer need for millennia. Refrigerator designs and fashions may change, but the fundamental system, along with the centrality of the object in the home or workplace, has changed little given the existence of a dominant design. When a refrigerator breaks down, a largely anonymous after-sales customer support organization fixes it. The customer wants this done as quickly and inexpensively as possible, with little or no involvement in the process. Even ultra-low temperature freezers containing perishable biological material require no regular servicing or call for special repair skills when they break. With an established technology, customer support is a competitive necessity, but it is a transactional routine—not a dynamic capability.

For products that are new to the market and rely on proprietary technology, the situation is different. Proprietary technologies are tangible and intangible knowledge-based resources over which the firm has control. They are an integral part of the innovation process that brings new products and services to market (Hauser, Tellis, and Griffin 2006). They contribute to higher profits because of the unique character proprietary technologies impart to products. Such technologies are often the basis for branding because they deliver unique benefits and superior value to the user. Not surprisingly, such products carry a higher price premium in the marketplace (Cooper 2005). With the ability to charge higher prices, firms are more likely to invest in customer support technology and systems.

Figure 1. Conceptual Model of Internationalization of Entrepreneurial Firms from Emerging Economies



However, products and services based on proprietary technologies often suffer from high market and technological uncertainty (Moriarty and Kosnik 1989). Here, “marketing uncertainty is not knowing what the customer wants from new technology,” whereas “technological uncertainty is not knowing whether the technology—or the company providing it—can deliver on its promise to meet needs, once they have been articulated” (Moriarty and Kosnik 1989, p. 8). For example, an entrepreneurial firm in China developing a proprietary sensor technology used in the global medical device industry is far from the market, but it needs the sort of tacit market knowledge that a customer support capability can facilitate. Specifically, to develop a competitive product, the firm must observe how the international customer is using the device in the present and then project how the device may be used in the future. Even if the firm has a domestic market in which it sells the device, international customers may have radically different standards for quality and reliability at different price points. As a consequence of such observations, the firm may find opportunities to extend the device across a wider range of applications than it may have originally anticipated. In addition, an established customer support capability may enable the firm to observe the test-

ing and use of competing devices. This window on the firm’s customers and competitors enables it to gauge its own competitive position. Understanding what the customer wants from the sensor enables the firm to resolve some of the market uncertainty its product would otherwise face (Moriarty and Kosnik 1989).

A customer support capability can also provide the firm with the insights it needs to resolve technological uncertainties (Moriarty and Kosnik 1989). Specifically, the presence of a customer support capability reassures the customer that the new product will be delivered as promised, will function as promised, and will be serviced with the customer in mind. Moreover, customer support yields valuable insights for the firm in the new product development process and helps firms innovate ahead of product obsolescence (Cooper and Kleinschmidt 1993; Goffin and New 2001). Specifically, the ability to work out problems jointly with the customer (McEvily and Marcus 2005) leads to acquisition of additional capabilities as well as the development of products whose market and technological uncertainty is reduced. Indeed, the most innovative companies in the world are the ones with superior understanding of how customers use their products (Lusch, Vargo, and Malter

2006). For entrepreneurial new ventures from emerging markets, an investment in a customer support capability would enable them to engage in a collaborative value-creation process with customers. Thus, we hypothesize the following:

H₁: Firms from emerging economies with proprietary technology at founding aggressively invest in international customer support capabilities to satisfy the demands of their most important international customers.

Strategic Intent and Investment in International Customer Support Capabilities

Countless entrepreneurs with high ambitions for their proprietary technologies have learned that “a business’s initial resource endowment (whether bountiful or meager) is an unreliable predictor of future global success” (Hamel and Prahalad 1989, p. 64). As an initial resource, proprietary technology on its own does little to secure a firm’s place in the competitive landscape. Being a successful innovator requires intentionality—that is, “a state of mind directing a person’s attention (and therefore experience and action) toward a specific object (goal) or path in order to achieve something (means)” (Bird 1988, p. 442). Firms that internationalize with strategic intent signal that both their attention and action are directed toward a specific goal (Bird 1989).

However, intentionality is not a foregone conclusion when it comes to internationalization. Not all internationalization is intentional; some international opportunities present themselves serendipitously without prior intent. For example, international customers can and do identify potential products that are available locally in foreign markets but not internationally. When they solicit local firms to export, such cross-border trade is pull rather than push based and undertaken opportunistically. Strategic intent leads to efforts to stretch and leverage a firm’s resources to reach seemingly unattainable goals rather than fit existing resources to meet the immediate demands of the environment. Strategic intent also gives coherence to the firm’s action. It provides clarity about ends and flexibility of means and lengthens the attention span of the organization (Hamel and Prahalad 1989). However, “strategic intent implies a sizable stretch for an organization. Current capabilities and resources will not suffice. This forces the organization to be more inventive, to make the most of limited resources” (Hamel and Prahalad 1989, p. 64).

Intent and investment in dynamic capabilities go hand in hand. Intent is captured in the idea that dynamic capabilities represent “*the capacities of the firm to purposefully create, extend, and modify its resource base*” (Helfat et al. 2007, p. 2, italics in original). Developing dynamic capabilities is a goal-directed activity that reflects the need to have organizational processes that respond to, anticipate, or engender change (Eisenhardt and Martin 2000). The immediacy of the intentionality captured in a dynamic capability differentiates it from a long-standing organizational routine with embedded but possibly long-forgotten intentions (Dosi, Nelson, and Winter 2002). Intentionality reflects managerial priorities. For entrepreneurial firms from emerging markets, investment in international customer support also signals resource allocation choices focused on understanding the customer.

Investing in an international customer support capability reflects intent to create value in the international market and commitment to understanding the customer. As part of an effort to leverage resources, offering a support capability to a skeptical international customer can ameliorate the customer’s cognitive dissonance, which often accompanies purchases that appear tempting in terms of price but potentially risky in terms of quality (Hunt 1970). Customer support reduces the risk of the transaction and increases the sense of partnership between the firm and its customers (Armistead and Clark 1991; Wilson, Bostrom, and Lundin 1999). Building customer support capabilities in international markets requires foresight and commitment, but it also signals a customer-centric approach to marketing (Galbraith 2002; Vargo and Lusch 2004). As a capability, it is unlikely to develop without strategic intent. Therefore, we hypothesize the following:

H₂: Firms from emerging economies that internationalize with strategic intent aggressively invest in international customer support capabilities to satisfy the demands of their most important international customers.

International Customer Support Capabilities and Organizational Learning

One of the most important direct outcomes of internationalization is organizational learning (Autio, Sapienza, and Almeida 2000; Luo 1999; Sapienza et al. 2006). “Organizational learning is an adaptation process and reflects a change in the organization as a result of experience” (Argote and Todorova 2007,

p. 193). Over time, routines are the repositories of past organizational learning; in other words, what a firm learns to do, it does repeatedly until a change is necessary. When mature firms, such as multinational corporations, internationalize, prior learning and the established routines that go along with it have benefits as well as costs. A significant benefit is the ability to get things done in a predictable and repetitive fashion, and the most devastating cost is that wrong things continue to be done when the environment changes. Moreover, the inertial nature of organizational routines renders learning and the creation of new capabilities a challenge.

Here, new ventures may be at a relative advantage (Sapienza et al. 2006). Without structural inertia (Hannan and Freeman 1977) or a dominant organizational logic (Bettis and Prahalad 1995), entrepreneurial new ventures engage in more experimentation, at lower overall costs (Sapienza et al. 2006) and when such experimentation is likely to leave the greatest imprint on the firm (Helfat and Peteraf 2003; March 1991). Experimentation leads to the development of dynamic capabilities that the firm needs to create, extend, or acquire resources. We argue that international customer support capabilities contribute to organizational learning because they serve as the space in which experimentation can take place and the lessons of learning can be analyzed.

An international customer support capability underpins the capacity of the firm to learn from its experiences with international customers. Learning from customers is important for firms from emerging economies because the customers they encounter in foreign markets are likely to be more sophisticated as well as less familiar than their domestic customers. Several studies on exporting have documented that attaining customer sophistication is one of the main factors influencing a firm's export behavior (Wills, Samli, and Jacobs 1991). Customers in developed country markets have more exacting expectations regarding product quality, product performance, on-time delivery, and support. Therefore, success of firms from emerging economies in foreign markets is contingent on meeting the expectations of their sophisticated and demanding international customers. An international customer support capability can create exchange relationships that are mutually reinforcing (Haugland 1999). However, to be created, international customer support capabilities require aggressive investment that signals commitment to the customer. Moreover, aggressive investment may be an unequivocal signal to international customers in their

attempt to modulate the liabilities of foreignness and negative country-of-origin effects with which they may view firms from emerging economies. From the firm's point of view, close relationships with leading international customers are invaluable in that they allow entrepreneurial firm entry into the market, an understanding of the potential customer needs, and an opportunity to work jointly through problems in an effort to improve or develop new products. In working closely with entrepreneurial firms, leading customers have opportunities to shape the development of new products and to have features and attributes of these products customized to fit their current or future needs. Finally, in addition to encountering more sophisticated customers, firms from emerging economies are also more likely to find more sophisticated competitors in foreign markets. Working closely with customers provides opportunities for the firm to benchmark its products and services against its rivals. In summary, we view international customer support as the platform for the cocreation of value (Lusch, Vargo, and O'Brien 2007) that results from experiential learning (Argote and Todorova 2007), integration of market knowledge not previously possessed by the firm, and observation of sophisticated competitors (Huber 1991). Therefore, we hypothesize the following:

H₃: Firms from emerging economies that invest aggressively in international customer support capabilities to satisfy the demands of their most important international customers experience improvements in their organizational learning as a result of globalization.

International Customer Support Capabilities and Organizational Performance

In nearly every discipline that studies organizations, there are debates about what constitutes a meaningful outcome measure (March and Sutton 1997). As Fiol and Lyles (1985, p. 804) argue, "the ultimate criterion of organizational performance is long term survival and growth." However, in the medium to short term, researchers and certainly managers evaluate firm performance using multiple complementary measures. As a rule, tallying the outcomes of globalization is not straightforward (e.g., Madsen 1998). In international business, the firm performance of multinational corporations has been observed from both a financial and an operational perspective (Hult, Ketchen, Griffith, Chabowski et al. 2008; Lu and Beamish 2001). However, understanding what constitutes an informative

measure of performance for entrepreneurial firms going abroad is a contentious issue. Many new ventures incur financial losses or record marginal profits even though their products and services have found market acceptance (Biggadike 1979). This creates a disconnect between operational and financial performance. Moreover, counting on just one measure of performance being accurate and comparable is problematic. Entrepreneurial firms are in the early stages of their development, are privately held, and typically do not have audited financial statements. As a result, researchers collect multiple, largely self-reported measures of performance. For example, Knight (2000) examines market share, sales growth, return on assets, profitability, and return on investment relative to the competitors; Zhou, Wu, and Luo (2007) examine export growth, sales growth, and profitability growth; and Brouthers and Nakos (2004) assess sales growth, sales level, profitability, and market share.

In this article, we consider both organizational learning and performance outcomes as a result of investment in international customer support capabilities. Organizational learning and performance have a delicate relationship. Firms often learn, but this learning may not immediately improve performance. Moreover, some firms perform well but learn little in the process and, as a result, may fail to reproduce the success they achieve (Argote 1999). Both are outcomes of organizational processes that may have different strength and directions at different points in time.

In recent years, a considerable body of empirical literature has accumulated on the relationship between capabilities and performance. Investments in capabilities have been shown to improve performance across many different contexts. Ethiraj and colleagues (2005) find that investment in capabilities in the software industry improves task performance. Lefebvre, Lefebvre, and Bourgault (1998) find that investments in research-and-development capabilities are positively related to export performance. Lee, Lee, and Pennings (2001) demonstrate that technological capabilities are positively related to start-ups' organizational performance and suggest that technological capabilities are the root of sustainable competitive advantage because they encompass knowledge, skills, and patents that are valuable and difficult for competitors to copy. Calantone, Cavusgil, and Zhao (2002) argue that innovation capabilities are the most important driver of performance and demonstrate a statistically significant relationship on a sample of 187 U.S. firms. Marketing capabilities are associated

with marketing orientation, which is positively related to organizational performance (Vorhies, Harker, and Rao 1999). Network capabilities enhance performance of spin-offs because they facilitate important connections with suppliers, customers, and research institutions (Walter, Auer, and Ritter 2006). Although dynamic capability theorists caution that dynamic capabilities are similar to best practices, which can diffuse across the industry over time (Eisenhardt and Martin 2000), empirical evidence suggests a generally positive relationship between investment in dynamic capabilities and improved firm performance. Therefore, we hypothesize the following:

H₄: Firms from emerging economies that aggressively invest in customer support capabilities to satisfy the demands of their most important international customers experience improvements in their organizational performance as a result of globalization.

In summary, we propose a process model of internationalization of entrepreneurial firms from emerging economies. In our model, international customer support capabilities mediate the relationship between firm resources and strategies and organizational outcomes. Specifically, we argue that firms with proprietary technology and strategic intent to internationalize invest in international customer support capabilities. In turn, such investments enable the firm to improve its organizational learning and performance. In the next section, we test our hypotheses on a unique sample of entrepreneurial firms internationalizing from China and India. Then, we discuss our findings and offer conclusions.

METHODS

Sample and Data Collection

We collected a sample of 173 independent new ventures from two emerging economies: China and India. Our sampling criteria required firms to be independent new ventures, be less than ten years of age, and have current international sales (Oviatt and McDougall 1994). To qualify for the sample, the firms need not have made physical investments abroad, as would be common through a foreign direct investment strategy. Nevertheless, each firm included in the sample was active in the global marketplace. Focusing on a population of firms that have internationalized is appropriate given our intention to model the internationalization process and

its outcomes. Our theoretical concern is to explain the effect of investment in international customer support capabilities on the level of improvement firms achieve in organizational learning and performance. Thus, we follow in an established empirical and theoretical tradition that focuses on internationalizers exclusively, a tradition that spans both marketing and management (e.g., Burgel and Murray 2000; Fan and Phan 2007; Knight and Cavusgil 2004; Kuemmerle 2002; Mudambi and Zahra 2007; Oviatt and McDougall 1994; Sapienza et al. 2006; Zahra, Ireland, and Hitt 2000). Therefore, our theoretical argument and the implications of our study are relevant to this population of firms.

In China, we collected the data in Beijing and Shanghai using lists of firms obtained from multiple government and nongovernment sources. Encouragingly, 610 entrepreneurial firms satisfied our sampling criteria, and of these, 144 agreed to be interviewed. In the end, we obtained 92 usable surveys, giving us an effective response rate of 15.1%. The Indian sample came from firms in Bangalore, Mumbai, Chennai, Hyderabad, Ahmedabad, New Delhi, and Calcutta. Likewise, in India we used multiple lists and industry directories, which we then collated, cross-referenced, and verified over the telephone. Similar to China, 593 firms satisfied our sampling criteria in India. Of these, 166 participated in the survey, yielding 140 usable surveys for an effective response rate of 23.6%. The response rates for surveys in each country are well within the standards for data collection efforts in emerging economies (Aulakh, Kotabe, and Teegen 2000). We matched firms across countries by the following industrial groupings: information technology hardware, software products, biotechnology and pharmaceuticals, machinery and equipment, traditional chemicals, and management services. For additional comparability across countries, we excluded Indian firms in craft, apparel, and food industries. After accounting for missing values, we had a usable sample of 173 firms—90 and 83 from China and India, respectively.

Collecting data in emerging economies presents multiple challenges. Lists of firms from which to build samples are not easily available; moreover, available data often suffer from errors and inaccuracies. To solve this problem, in each country, we collated multiple lists of firms and then verified the information they contained by telephoning the companies directly. After the sampling frame had been established, we administered the surveys in person. In India, we administered the survey in English, which is the dominant language of

business. In China, we translated the instrument into Mandarin and back-translated it for accuracy. We pretested the survey in each country. The in-person data collection approach adopted in this study enabled us to interact with the respondents in ways that mail and online surveys do not. We were able to resolve any ambiguities immediately, further enhancing the data's validity (Aulakh, Kotabe, and Teegen 2000; Lane, Salk, and Lyles 2001). Our method of sample construction (multiple sources) and data collection (in person) was meticulous and superior to the snowball samples usually employed in emerging economies (Hitt, Boyd, and Li 2004).

Measures

The design of the study operationalized international strategic intent, as well as the outcomes of globalization constructs (improved organizational learning and performance), using five-point Likert-type scaling. We measured investment in customer support capabilities with a five-point Likert scale (1 = "not at all," and 5 = "very aggressively"). Finally, proprietary technology at the founding is a dichotomous variable representing tools, materials, processes, and techniques that the firm owns and are valuable, scarce, and difficult to imitate and substitute. Here, a value of 0 denoted not having such technology at the founding, and a value of 1 denoted having this technology at the founding. Table 1 presents the items representing each construct.

RESULTS

Initial Analyses

The survey procedures resulted in 173 usable surveys. The unit of analysis in our study is the firm. The respondents to the study had the following profile: Men constituted 87.6% of respondents, and their median age was 37.2 years. More than 47.8% reported being the chief executive officer or managing director, and an additional 21.5% reported holding senior executive positions, such as financial director, marketing director, business development director, and engineering director. About half reported (1) being a founding member of the firm, (2) having equity in the firm, and (3) being a member of the board of directors. Of the respondents, 27% reported having started a firm previously in their careers. In summary, the respondents represent important decision makers, and given their position in their firms, we believe they had the appropriate firm-specific knowledge to respond to questions we posed.

Table 1. Construct Reliabilities, Item Means, Standard Deviations, and Factor Loadings

	Cronbach's Alpha	M	SD	Factor Loading
Strategic Intent to Internationalize	.80			
x1. We considered carefully the preferences of international customers.		3.57	1.21	.91
x2. We considered carefully our potential international competitors.		3.44	1.26	.72
x3. We researched many possible markets before selecting the first.		3.04	1.42	.67
Proprietary Technology at Founding				
x4. Did the firm have proprietary technology at founding?		.46	.49	
International Customer-Support Capability	.72			
x5. To satisfy your most important international customers, how aggressively did you invest in technology development know-how?		4.25	.81	.64
x6. To satisfy your most important international customers, how aggressively did you invest in procedures dealing with vendors?		3.99	.92	.70
x7. To satisfy your most important international customers, how aggressively did you invest in processing equipment?		3.71	1.09	.66
x8. To satisfy your most important international customers, how aggressively did you invest in servicing procedure?		4.05	.88	.53
Improved Organizational Learning	.81			
To what extent do you agree with the following statement?				
x9. Internationalizing has improved our company's organizational sophistication.		3.94	.95	.77
x10. Internationalizing has improved our company's technological sophistication.		4.07	1.08	.61
x11. Internationalizing has improved our company's manufacturing/production sophistication.		3.85	1.14	.75
x12. Internationalizing has improved our company's marketing sophistication.		3.95	1.03	.76
Improved Organizational Performance	.81			
To what extent do you agree with the following statement?				
x13. Internationalizing has improved our company's sales growth.		3.98	.94	.84
x14. Internationalizing has improved our company's competitive position.		4.00	.97	.66
x15. Internationalizing has improved our company's profitability.		3.85	.99	.66
x16. Internationalizing has improved our company's market share.		3.78	1.06	.71

Notes: N = 173.

The set of firms in the study carried the following profile: Of the sample firms, 52% were from China, and 48% were from India. The average time since internationalization across the sample was 4.5 years with a standard deviation of 2.9 years. The average firm entered international markets two years after founding and had on average 13 international customers. The average firm size (in terms of number of employees) was

95 with a standard deviation of 110. The median number of products in international markets was four, and the average extent of internationalization, as represented by exports as a percentage of sales, was 47.9% with a standard deviation of 34.4%; moreover, 10% of the firms had no domestic sales. Consistent with early internationalization of entrepreneurial firms, most ventures in our sample (84%) either exported directly or

used intermediaries. Thus, our study is not one that focuses on foreign direct investment. At founding, 46% of the firms had proprietary technology. Table 1 presents descriptive statistics, such as means and standard deviations, for the respective items. In general, symmetry characterized the shape of the distributions with only small amounts of skewness and kurtosis.

We conducted common factor analysis with a pooled set of 15 items representing the four multiple-item constructs in the model of internationalization of firms from emerging economies. These included all the items measuring (1) international strategic intent, (2) aggressive investment in international customer support capabilities, (3) improved organizational learning, and (4) improved organizational performance.

A four-factor solution resulted when using the maximum likelihood extraction technique along with direct oblimin rotation. Simple structure characterized the results of this factor analysis (with 53% variance extracted). In other words, the items proposed to represent constructs in the model defined each factor in the solution. There was no cross-loading of items on other unintended factors in the solution. Such an outcome provides evidence for both convergent and discriminant validity of the constructs (Hair et al. 1992). The Cronbach's alphas for the multi-item constructs ranged from .72 to .81. The factor loadings for the items ranged from .53 to .91.

In accordance with Podsakoff and colleagues' (2003) recommendations, we investigated the possibility of adverse effects resulting from excessive common method variance using Lages, Silva, and Styles's (2009) approach. First, to reduce measurement context effects, we used paper-and-pencil administered questionnaires. In this way, respondents could guide themselves through the survey without the potential of bias arising from interviewers inadvertently affirming one kind of an answer. Second, in terms of common rater effects, we protected respondents' anonymity so that respondents were not inadvertently led to give answers they deemed to be more pleasing to the research team. Third, we employed short and straightforward questions to reduce item characteristic effects. Fourth, we minimized demand effects by not disclosing the model under investigation in our research. Fifth, the data included in the final model came from two country sources. Sixth, we employed the Harman single-factor test, a statistical technique used to assess common method bias (Podsakoff et al. 2003). Accordingly, our exploratory factor

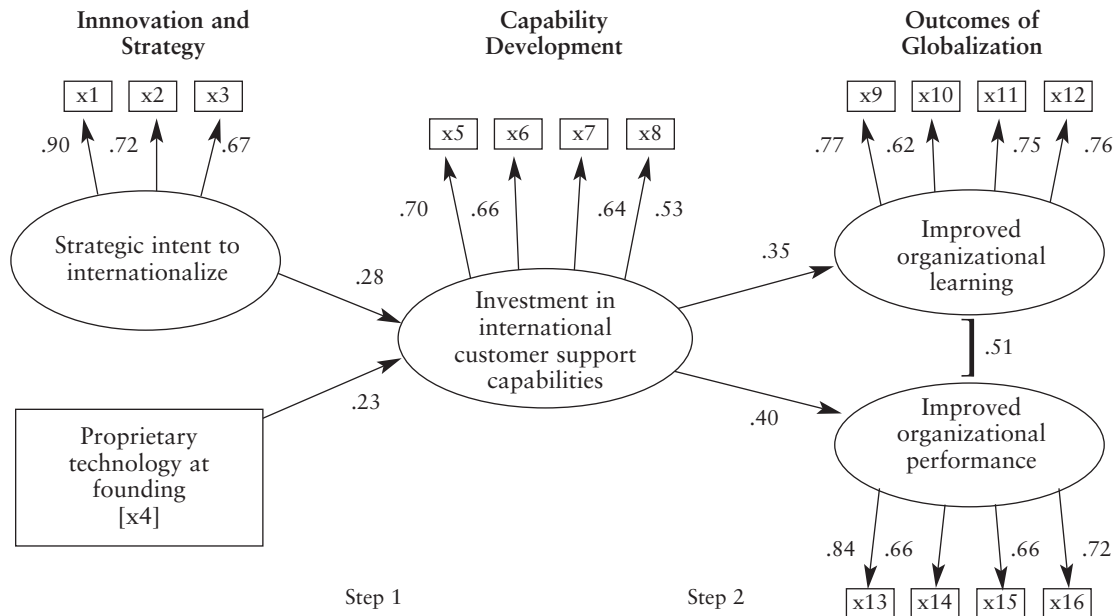
analysis using all items representing the multiple-item constructs produced not one factor but a four-factor model explaining more than 57% of the variance. No single factor accounted for more than 50% of the variance (the highest was 19.3%). These results suggest that common method variance is not a problem in the data in our study.

Modeling

Figure 2 depicts the modeling for the sample. We implemented covariance analysis using AMOS 18 to evaluate the factor structure of the items (Bollen 1989) in a confirmatory factor analysis (CFA) with the initial group of 173 and then to test the proposed two-step model. The CFA of the single one-item construct and the four multiple-item constructs suggested a good fit (chi-square value of 159.0 with 95 degrees of freedom, comparative fit index of .93, and root mean square error of approximation of .07). The final model posted a chi-square value of 163.7 with 100 degrees of freedom. Comparative fit indicators suggested that this final model fit well (comparative fit index = .93, and root mean square error of approximation = .06) (Bentler 1990). Together, the CFA and the fit indexes of the final model suggest a high degree of model fit. Table 2 shows the Pearson product-moment correlations. Importantly, all the structural coefficients in the final model were statistically significant at $p = .05$; thus, all hypotheses of the model were supported.

We ran multigroup analysis and found that with successive and additional restrictions of (1) configural invariance, (2) measurement weight equivalence, (3) structural weight equivalence, and (4) structural covariance equivalence, there was not a statistically significant increase in stress as noted in the chi-square statistic (He, Merz, and Alden 2008.) That is, we found evidence for equal patterns of factor loadings, equal factor loadings, equal path coefficients, and equal correlations among constructs in our model. It should be noted that attaining equivalence for the most restrictive model including all previous equalities of parameters as well as equal measurement residuals is beyond the scope of our current modeling. We are seeking equivalence of the true parts of measurement in our models, not the residuals. As Table 3 shows, we found evidence for a high degree of equivalence and our ability to pool the data for our final model. Hult, Ketchen, Griffith, Finnegan, and colleagues (2008) call for international researchers to show evidence for equivalence across subgroups for the advancement of international research. Our results are

Figure 2. Structural Model of Internationalization of Entrepreneurial Firms from Emerging Economies



in line with this call. Less than half the international research studies considered actually provide evidence for the rigorous demands of equivalence (Hult, Ketchen, Griffith, Finnegan et al. 2008). With this in mind, our results are even more useful for international researchers.

As an additional verification of the modeling results of the study, we tested an alternative model. This model was the same as that depicted in Figure 2, with the exception of new direct linkages between the innovation and strategy constructs (proprietary technology at founding and strategic intent to internationalize) and the outcomes of globalization constructs (improved organizational learning and improved organizational performance). This alternative modeling effort resulted in none of the new direct linkages having path coefficients statistically significant at $p = .05$. These results suggest that the relationships between innovation and strategy constructs and the outcomes of globalization constructs are mediated ones. Specifically, marketing activity mediates this relationship for entrepreneurial firms from emerging economies. This marketing activity can be observed in the capability development to satisfy demands of the most important international customers in terms of international customer support.

Support for Hypotheses

The model first examined how a firm's international strategic intent and proprietary technology at founding directly influence its investment in international customer support capabilities. We found support for H_1 : Having proprietary technology at the firm's founding positively influenced subsequent aggressive investment in international customer support capabilities to satisfy the demands of the firm's most important international customers. The standardized path coefficient for this relationship was .23. Regarding a firm's strategic intent to internationalize, we found support for H_2 : Deliberateness in deciding to internationalize positively influenced subsequent aggressive investment in international customer support capabilities to satisfy the demands of the firm's most important international customers. The standardized path coefficient for this relationship was medium sized (.28). In summary, we found support for the two proposed hypotheses representing the first step in the model of internationalization from emerging economies.

The model next examined how a firm's capability development directly influences outcomes resulting from internationalization, improved organizational learning,

Table 2. Pearson Product-Moment Correlations

	x1	x2	x3	x4	x5	x6	x7	x8	x9	x10	x11	x12	x13	x14	x15
x2	.61														
x3	.45	.66													
x4	-.03	-.05	.03												
x5	.26	.10	.09	.17											
x6	.16	.11	.17	.11	.47										
x7	.12	.14	.23	.15	.42	.48									
x8	.21	.09	.15	.14	.34	.35	.35								
x9	.14	.06	.10	.18	.12	.05	.15	.29							
x10	.20	.19	.17	.10	.20	.09	.13	.21	.52						
x11	.03	.06	.08	.03	.10	.14	.18	.15	.62	.36					
x12	.19	.19	.09	.09	.22	.24	.12	.30	.53	.48	.59				
x13	.13	.12	.22	.12	.17	.28	.18	.19	.30	.34	.33	.43			
x14	.13	.15	.13	-.02	.10	.23	.16	.21	.20	.18	.19	.31	.62		
x15	.24	.14	.22	.15	.14	.21	.12	.21	.23	.25	.18	.30	.54	.38	
x16	.17	.16	.24	.09	.17	.16	.18	.15	.42	.38	.34	.35	.56	.43	.57

Notes: N = 173. Correlations in bold are significant at $p < .05$.

and improved organizational performance. We found support for H₃: Aggressive investment in international customer support capabilities to satisfy the demands of the firm's most important international customers positively influenced improved organizational learning resulting from internationalizing. The standardized path coefficient for this relationship was medium sized (.35). Regarding a firm's development of capabilities to interface with customers and network partners, we found support for H₄: Aggressive investment in international customer support capabilities to satisfy the demands of the firm's most important international customers positively influenced improved performance resulting from internationalizing. The standardized path coefficient for this relationship was .40. In summary, we also found support for the two proposed hypotheses representing the second step in the model of internationalization of firms from emerging economies.

DISCUSSION

The patterns of internationalization are undergoing profound changes as a new century unfolds. Entrepreneurial firms from emerging economies are increasingly entering developed country markets and reversing the

centuries-old direction of internationalization. The majority of these firms are not following the stage models central to theories of internationalization in the past. Moreover, many of these firms are young and small, even in their home markets. This again challenges the conventional wisdom that firms must attain a critical threshold in terms of size and age before they internationalize. However, what is perhaps both counter-intuitive to some and exciting to others is that many new ventures from emerging markets are entering the global marketplace with an intent to commercialize technology products. Such changes in the global economy open the international marketing literature to a world of potential research questions.

We asked how innovative new ventures from emerging economies can harvest the learning and performance outcomes of entering the global marketplace. Our results suggest that investment in dynamic customer-focused capabilities could play a transformative role in the internationalization process. A case in point is the mediating role of international customer support capabilities, defined as a set of customer-focused processes that sustain value-creating opportunities in the firm's relationship with its customers over the life of its innovation. Building on the dynamic capabilities framework

Table 3. Comparison of Nested Models Resulting from Multigroup Modeling

Model	d.f.	CMIN	<i>p</i>	Normed Fit Index Delta-1	Incremental Fit Index Delta-2	Relative Fit Index Rho1	Tucker–Lewis Index Rho2
A. Assuming Model Unconstrained to Be Correct							
Measurement Weights Equal	11	5.051	.929	.004	.005	–.013	–.016
+ Structural weights equal	15	12.349	.652	.010	.012	–.012	–.015
+ Structural covariances equal	16	13.450	.640	.011	.013	–.012	–.015
+ Measurement residuals equal	31	77.591	.000	.063	.075	.021	.026
B. Assuming Model Measurement Weights to Be Correct							
Structural Weights Equal	4	7.298	.121	.006	.007	.001	.001
+ Structural covariances equal	5	8.399	.136	.007	.008	.000	.000
+ Measurement residuals equal	20	72.540	.000	.059	.071	.034	.042
C. Assuming Model Structural Weights to Be Correct							
Structural Covariances Equal	1	1.101	.294	.001	.001	.000	–.001
+ Measurement residuals	16	65.242	.000	.053	.064	.033	.041
D. Assuming Model Structural Covariances to Be Correct							
Measurement residuals	15	64.141	.000	.052	.063	.033	.042

(Eisenhardt and Martin 2000; Griffith and Harvey 2001; Griffith, Noble, and Chen 2006; Helfat et al. 2007; Lages, Silva, and Styles 2009; Penrose [1959] 1995; Teece, Pisano, and Shuen 1997; Yalcinkaya, Calantone, and Griffith 2007; Zahra, Sapienza, and Davidsson 2006) and weaving in emerging ideas from the service-dominant logic (Lusch, Vargo, and Malter 2006; Lusch, Vargo, and O'Brien 2007; Vargo and Lusch 2004), we suggest that international customer support is a dynamic capability that positively affects organizational learning and performance. International customer support capability opens the exchange relationship with the firm's most important international customers (Fischer and Reuber 2004; Vargo and Lusch 2004) and captures the learning and performance outcomes of entry into global markets. We proposed and tested a process model of internationalization in which international customer support mediates the relationship among the innovative resources of the firm, its strategic intent, and the outcomes of internationalization.

Our empirical results are revealing. Proprietary technology is an important resource in the process of internationalization; however, on its own, it falls short. To harvest organizational learning or performance outcomes from internationalization, firms need a clear strategic intent. Only then can the transformative power of dynamic capabilities reconfigure and deploy the firms' innovative potential toward value-generating ends. Previous research has discussed the role of strategic intent extensively but has rarely tested it as explicitly as we have done here. Dynamic capabilities are important for internationalization, but they require investments. Investment in international customer support capabilities calls for intentionality, which is as important as controlling proprietary technology. Moreover, consistent allocation of firm resources requires managerial attention, so empirically demonstrating the key role of strategic intent is a major contribution of our study.

Our results suggest that the dynamic capabilities not only transform resources in the face of change (Eisen-

hardt and Martin 2000) but also bridge the gap between intention and outcomes (Dosi, Nelson, and Winter 2002). This mediating role for capability development is noteworthy because it supports service-dominant logic, which calls on researchers to reconceptualize firms' relationships with customers and directs practitioners to emphasize collaboration with customers in an era characterized by open standards, specialization, connectivity, and network ubiquity (Lusch, Vargo, and O'Brien 2007). We believe that empirically mapping the mediating role of capability development is a major contribution of our study. Other capabilities, such as human resource management (Khavul, Benson, and Datta 2010) and organizational entrainment (Khavul, Perez-Nordtvedt, and Wood 2010), may also lead to organizational learning and performance improvements. However, as a construct, international customer support has been ignored or relegated to a supply chain issue. We view its role differently. This study showed the importance of international customer support capability in the context of new ventures internationalizing from two prominent emerging economies. This is an excellent venue making the case that customer support is fundamentally a marketing issue and should receive the research attention it deserves.

Limitations

Every study has limitations, and ours is no exception. We view them as an opportunity to craft further research. First, our study is based on surveys with senior managers, whose memories may suffer from retrospective bias. Although this is an inherent problem with survey research, it remains a highly valued method for collecting firm-level data. Furthermore, in the case of our research, which covers the histories of firms over a decade, it would have been nearly impossible to observe and record in real time and across such a large sample of firms the observations that our survey methodology delivered. Complementary research methods (e.g., ethnographic, narrative, qualitative work) seem the next or parallel step for further studies. Second, only single respondents from each new venture participated in the survey. Collecting data from a second respondent is notoriously difficult in new ventures, in which managerial time is at a premium and organizational memory resides in the minds of a few key people. Further research should strive to collect data from multiple respondents and assess interrater reliabilities. Third, we did not have access to secondary data, nor could we collect data at different points in time to validate survey responses, suggesting the possibility of common method bias problems. However, we conducted a series of tests,

described in the "Methods" section, which suggest that common method variance is not a problem. Nonetheless, further research on the internationalization of emerging economy firms should collect secondary data, which may become available as business in emerging economies becomes transparent. Our study could easily be expanded to other countries. However, until then, the results should be interpreted to apply to firms internationalizing from the two countries included in this study.

Conclusions

As internationalization of entrepreneurial firms from emerging economies intensifies, there is a range of open questions for international marketing researchers to address. Herein, we show that investment in dynamic capabilities plays a fundamental role in the outcomes of internationalization. Further research should look beyond the scarce resources that firms from emerging economies have and focus more on the transformational role of the processes such firms can put in place.

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