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

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ABSTRACT

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

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

1. Introduction

In an era marked by globalization of markets and production, international sales performance has become increasingly important to firm success. In the international business-to-business (B2B) setting, a firm's salespeople often have more direct, prolonged, and intimate contact with the customer and market environments than any other employees of the firm. In fact, for customers in many B2B markets, the salesperson is the face of the firm (Crosby, Evans, & Cowles, 1990; Siguaw, Brown, & Widing, 1994), and the means by which the customer's needs and the customer's voice are transmitted to the firm (Blocker, Cannon, Panagopoulos, & Sager, 2012). The "face of the firm" may well then serve as the eyes, ears, and nose of the firm too, taking in information that may build the firm's store of knowledge. Peppers and Rogers (1996) refer to knowledge as an economic asset, which may then be used by a firm for competitive advantage.

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

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

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

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

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

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

Where the present study stands apart from the broader relationship marketing literature is in its focus on the international B2B setting, and in particular on the role that other firm-level characteristics play in enabling firms to make best use of salesperson-collected knowledge. Many important works in relationship marketing focus, explicitly or implicitly, on the relationship between firm and customer, and on the business-to-consumer (B2C) setting (Izquierdo, Gutiérrez Cillán, & San Martín Gutiérrez, 2005; Peppers & Rogers, 1996; Reichheld, 1996). Where studies do focus on the relationship between customers and customer-facers, the focus is more on the salesperson's role in reducing customer uncertainty in services selling and in using the reputation of the organization to leverage the selling process rather than the salesperson's role in gathering information about customers for knowledge advantage (Julian & Ramaseshan, 1994). As Hohenthal, Johanson, and Johanson (2014) point out, many managers believe that knowledge about customers and competitors are both important. Senn, Thoma, and Yip (2013) follow Bradford et al. (2010) in noting that limited research has been conducted into the skills and organizational support customer managers need to be effective. In the course of their duties and activities, salespeople gather information, and investigating the firm-level characteristics that promote the integration and use of the information should be of value to managers, as well as being in keeping with current scholarly needs.

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

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

2. Literature review and propositions

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

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

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

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acquire. In fact, knowledge about the host country has been proposed to moderate the speed with which firms internationalize (Oviatt & McDougall, 2005), and Ripollés-Meliá, Menguzatto-Boulard, and Sánchez-Peinado (2007) propose that entrepreneurial orientation is associated with a firm's commitment to operating in foreign markets.

In fact, the "salesperson-as-face-of-the-firm" phenomenon noted above may be even more pronounced in cross-border settings. Prior to the telecommunications revolution and particularly the rise of the internet, the salesperson was often the sole point of contact between the firm and the customer (Chonko, Tanner, & Smith, 1991). Even after information and telecommunications technologies facilitated multiple channels of communication between firms and their cross-border customers, the salesperson is often the primary and most familiar point of contact in the firm to the host-country customer. The salesperson is likely to elicit information from the customer that would be unavailable to other contacts from the same firm. The key question here is: What other elements of the firm's structure and/or culture might enable the firm to make best use of the sales force's ability to gather valuable intelligence?

It is not enough for a firm's salespeople to be adept at collecting and sharing valuable information from customers and the environment. The firm must also be configured to use the knowledge generated by its salespeople as well as other channels to gain competitive advantage. The more the firm knows and the more it is able to learn about host-country customers, competitors, and market-environment conditions, the better able it should be to develop and deliver innovative products and services in accordance with the needs of host-country customers. Before exploring this further, it will be useful to consider definitions of corporate entrepreneurship.

2.1. Corporate entrepreneurship

In the extant literature, corporate entrepreneurship has been developed to help explain and predict entrepreneurial behavior within established firms. Covin and Miles (1999) define corporate entrepreneurship in broad terms as the presence of innovation plus the objective of rejuvenating or purposefully redefining organizations. The present study follows Covin and Miles' (1999) definition, which identifies innovation as the key common element in the historical definitions of corporate entrepreneurship. For example, two widely known definitions of corporate entrepreneurship are those offered by Covin and Slevin (1991), which held that corporate entrepreneurship consisted of innovation, risk-taking, and proactiveness, and later clarified by Lumpkin and Dess (1996), which added autonomy and competitive aggressiveness to the Covin and Slevin model.

Entrepreneurship is an art to gain competitive advantage by utilizing the knowledge and capabilities. This utilization of knowledge and expertise based resources depends upon the assessment of opportunities and gathering information from the marketplace. The nature of resources and capabilities provide a base to gain the competitive advantage through entrepreneurship. Thus rare, valuable, inimitable, and non-substitutable resources can affect nature of entrepreneurship to enter into the markets.

In the international setting, corporate entrepreneurship takes the form of international entrepreneurship, the study of which has begun to accelerate in recent years (Dimitratos, Voudouris, Plakoyiannaki, & Nakos, 2012). Initially, McDougall and Oviatt (2000) extended the Covin and Slevin (1991) definition to the international setting, and subsequently modified it to incorporate the concept of future goods and services (in other words, innovations) included in the definition posed by Shane and Venkataraman (2000). What ultimately emerged was a definition of international entrepreneurship as "the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services" (Oviatt & McDougall, 2005, p. 540). As with the definition of corporate entrepreneurship, implicit within this definition is the necessity for the firm to acquire, internalize, and act upon knowledge for competitive advantage.

Dutta and Crossan (2005, p. 426) define entrepreneurial opportunities as "a set of environmental conditions that lead to the introduction of one or more new products or services in the marketplace by an entrepreneur or by an entrepreneurial team through either an existing venture or a newly created one." In addition, Dutta and Crossan describe Kirzner's (1979, 1997) understanding of opportunity recognition and enactment as taking advantage of information asymmetries that exist in markets. In the authors' view, knowledge possessed by individuals can be transferred to the organization in a process called "feed-forward learning" (Dutta & Crossan, 2005, p. 435). Clearly, sales representatives are among those individuals who can facilitate feed-forward learning in the organization.

2.2. Absorptive capacity

In order to realize the gains of "feed-forward learning" (Dutta & Crossan, 2005), knowledge must be transferred successfully from the individuals who possess it to the organization as a whole. Furthermore, knowledge alone is not enough; the firm must be able to use and act upon knowledge gained from its environment. Firms "engage in learning to bridge their information, knowledge and resource gaps, and to build capabilities" (Dutta & Crossan, 2005, p. 443). Information and knowledge held in functional silos will not contribute to the firm's success, because the firm in this example has underdeveloped knowledge-exploiting capabilities. The authors go on to note that Zahra and George (2002) characterize absorptive capacity as a dynamic capability, in that it is an organization-level process (a capacity) that allows the firm to change and evolve as required (thus dynamic), by reconfiguring its resources in a way that best meets current and anticipated needs. Absorptive capacity meets this criterion because it involves in part the acquisition and assimilation of knowledge; the knowledge enables the organization to adapt and evolve (Forsgren, 2002; Gunawan & Rose, 2014; Zahra & George, 2002).

Some scholars, however, contend that "...absorptive capacity still lacks a firm base in the theory..." (Camisón & Forés, 2010, p. 708). Accordingly, it seems prudent to consider current definitions of the construct. Definitions include receptivity to technological change (Kedia & Bhagat, 1988), or to gauge the ability of a firm to use outside knowledge (Koza & Lewin, 1998). Cohen and Levinthal (1990) offer perhaps the most widely cited definition of absorptive capacity, viewing it as the firm's ability to value, assimilate, and apply new knowledge. Mowery and Oxley (1995) define absorptive capacity as a broad set of skills needed to deal with the tacit component of transferred knowledge and the need to modify this imported knowledge. There is agreement that absorptive capacity is a multidimensional construct involving the ability to value, assimilate, and apply knowledge (Cohen & Levinthal, 1990) or is a combination of effort and knowledge bases (Kim, 1998; Mowery and Oxley (1995)). As for the importance of absorptive capacity in knowledge transfer within the firm, Liu (2012) finds a relationship between absorptive capacity and relationship learning, while Yao, Yang, Fisher, Ma, and Fang (2013) finds a relationship between knowledge absorption effectiveness and new product performance. Conversely, Szulanski (1996) identifies lack of absorptive capacity as the single largest barrier to the transfer of best practices within the firm (followed by causal ambiguity regarding the

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practice and an arduous relationship between the source and recipient of the information).

Based on a review of the relevant literature, absorptive capacity can be defined as a set of processes by which firms acquire, assimilate, transform, and exploit knowledge to produce a dynamic organizational capability of four dimensions. Each dimension appears to play a different yet complementary role in relevant organizational outcomes (Zahra & George, 2002). Of particular interest in the present study is the degree to which absorptive capacity contributes to producing a meaningful and valuable knowledge advantage for the firm.

2.3. Customer-oriented selling

Although the role of the seller in helping generate customer satisfaction goes as far back in the literature as Strong (1925), the study of the customer orientation of salespeople began in a formal way with Saxe and Weitz (1982). In general, empirical findings indicate a strong correspondence between customer perceptions of salesperson customer orientation and satisfaction, trust, and salesperson relationship development (e.g., Stock & Hoyer, 2005; Williams & Attaway, 1996). In addition, Reinartz, Kraft and Hoyer (2004) argue that salespeople in B2B settings often play a significant role in customer relationship management. However, the benefits of customer-oriented selling must be weighed against its costs, such as the salesperson's time spent identifying customer problems and solutions, possibly reduced margins or increased service costs entailed in satisfying customers, and lost sales that might have been made with more aggressive sales approaches. In their presentation of the selling orientation–customer orientation (SOCO) scale, Saxe and Weitz (1982) report a significant, positive correlation between customer orientation scores and performance for the salespeople who are above average on their ability to help the customer and the strength of their customer relations. Despite limited initial results, subsequent authors have argued for a positive effect of customer orientation on salesperson performance (e.g., Keillor, Parker, & Pettijohn, 2000). Schwepker (2003) concludes from his narrative review of the literature on customer oriented selling that "this relationship holds for both B2B and retail sales" (Franke & Park, 2006, p. 694).

Pelham (2006a) finds a relationship between sales force involvement in product design (specifically, in product modification) and firm profits, referring specifically to the role of consulting-oriented sales training in improving the ability of salespeople to "...uncover undiscovered customer needs and problems and how to adequately disseminate that information to those making key decisions, including those related to product development and modification" (Pelham, 2006a, p. 37).

3. Conceptual model

It might be said that knowledge is the common element in customer-oriented selling behavior, absorptive capacity, and corporate entrepreneurship as discussed in the previous section. Fig. 1 presents a conceptual model intended to frame the study of the effect of each of these knowledge-dependent constructs on sales performance in the international B2B setting. In the model, both corporate entrepreneurial orientation and customer-oriented selling contribute to international sales performance, with the firm's absorptive capacity at least partially mediating. The firm's propensity for corporate entrepreneurship is also related to the degree of customer-oriented selling practiced by its salespeople. In addition to the firm-level constructs discussed above, the model also incorporates the effects of external variables such as environmental turbulence and difference in cultural context between salesperson and client.

3.1. Entrepreneurial orientation and customer orientation

A number of studies in recent years propose and/or test relationships between entrepreneurial orientation, market orientation, and various organizational outcomes, including Covin and Slevin (1989), Zahra and Covin (1995), Matsuno, Mentzer, and Özsomer, 2002; Kemelgor (2002), Morris, Schindehutte, and LaForge (2002), Zhang and Li (2007), Yiu and Lau (2008), Morris, Coombes, Schindehutte, and Allen (2007); Ripollés-Meliá, Menguzatto-Boulard, and Sánchez-Peinado (2007), and Moreno and Casillas (2008). Baker and Sinkula (2009) find an indirect effect for entrepreneurial orientation on performance, and Boso, Cadogan and Story (2012) find that complementarity between entrepreneurial orientation and market orientation may promote success in new product exports.

Meanwhile Deshpandé, Farley, and Webster (1993) and Deshpandé and Farley (1999) find that corporate cultures marked by a focus on innovation and entrepreneurship tend (along with market-oriented corporate cultures) to exhibit superior performance in a study set in Japan and India. The innovativeness-performance relationship was eventually found in firms spanning a dozen countries in both developed and developing economies (Deshpandé & Farley, 2004). Given that the present study is focused on the international B2B arena, these findings are particularly pertinent. Finally, Slater and Narver (2000) also find relationships between entrepreneurial orientation, market orientation, and firm profitability.

Drawing on the insights contained in prior research, therefore, it is reasonable to propose a relationship between entrepreneurial

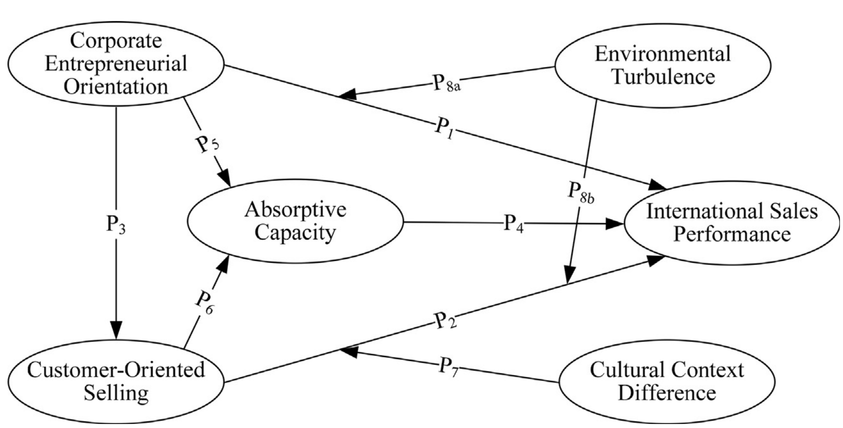

Fig. 1. Conceptual model.

orientation and selected organizational outcomes. An organizational outcome of particular interest for the present investigation is Yiu and Lau (2008); the authors find a relationship between entrepreneurial orientation and the organization's ability to enter new markets. One measure of the ability to enter new markets is the internationalization of the firm's customer base, as measured by international sales performance. Therefore, a relationship between corporate entrepreneurial orientation and international sales performance is proposed.

Proposition 1. *There is a positive association between corporate entrepreneurial orientation and international sales performance in international B2B settings.*

3.2. Customer-oriented selling and international sales performance

The exercise of customer-oriented selling behavior should tend to create knowledge, as previously discussed. According to Zahra, Nielsen, and Bogner (1999), acquisitive learning, learning about pre-existing external phenomena, is one aspect of knowledge acquisition. Among the benefits of acquisitive learning, once internalized, are improvement in existing competencies (incremental learning outcomes) and the development of new competencies (radical learning outcome). However, Franke and Park (2006) do not find a relationship between salesperson customer orientation and objective performance in their meta-analysis (the authors did find a relationship between customer-oriented selling and self-reported performance). Similarly, Cross, Brashear, Rigdon, and Bellenger (2007) find a relationship between customer orientation and salesperson self-reported performance, although their study did not find a link between salesperson customer orientation and objective measures of performance. However, Pelham (2006a, 2006b) do find a relationship between customer-oriented selling and profit, based on the firm's use of customer-oriented selling to enhance its understanding of both expressed and latent customer needs. In fact, Pelham (2002a, 2006b) finds that a firm may transform itself from a transaction-oriented seller to a relationship-oriented seller, with positive consequences for the selling firm. In addition, Guenzi et al. (2011) find a relationship between salesperson customer orientation and superior customer value creation.

The lack of consistency in findings raises interesting and provocative questions about the relationship of customer-oriented selling to sales performance, not least because customer-oriented selling tends to require more time and effort on the part of salespeople (Franke & Park, 2006; Pelham, 2002b). The firm and the salesforce therefore must see some sort of return on the investment in order to continue it. Other firm-level factors such as salesperson self-seeking behavior are in play with regard to this relationship; however, the presence of a direct effect is suggested in the literature and thus should also be considered. Therefore, we propose the following:

Proposition 2. *Customer-oriented selling is positively associated with international sales performance in international B2B settings.*

3.3. Corporate entrepreneurial orientation and customer-oriented selling

A key question for this investigation is whether firms that practice corporate entrepreneurship also tend to promote the practice of customer-oriented selling. Compared to the other proposed relationships in this study, the link between entrepreneurial orientation and customer-oriented selling has received relatively little attention. However, there are some potential clues in the literature. As Chonko et al. (1991) observe, the sales force has long been identified as a potential source of valuable information about markets and market problems (Mellow, 1989; Webster, 1965a,b). The authors find that salespeople are more effective at helping solve market problems when regular and open communication takes place between sales and marketing, and when there is coordination among functions, especially compared to firms where sharing of information is less effective. In addition, a number of responding firms in the study believed that the role of sales is particularly important during entry into overseas markets (Chonko et al., 1991).

This finding suggests that firms behaving in a way that can be characterized as entrepreneurial (e.g., entering a new market) see a role for sales in gathering valuable information, but does not entirely suffice to address the question of whether a firm with entrepreneurial *intention* promotes customer orientation in the sales force. As Perriatt, LeMay, and Chakrabarty, (2004) note, market-oriented firms need customer-oriented salespeople, but as previously discussed, market orientation is distinguished from entrepreneurial orientation by virtue of the fact that innovation is not a *necessity* for market orientation. However, Williams and Attaway (1996) find a relationship between an organization's culture and the customer orientation of salespeople. Although the authors focus on bureaucratic vs. supportive cultural types in their study, rather than cultures that are explicitly entrepreneurial vs. otherwise, they note that supportive cultures tend to be more innovative (Wallach, 1983). More to the point, they find that "...the maximum impact on buyer-seller relationships comes from the synergy of a seller's supportive culture working through customer-oriented salespeople" (Williams & Attaway, 1996, p. 44).

Similarly, Franke and Park (2006) find a relationship between adaptive selling behavior, which involves the use of information gained by the salesperson about the customer to customize a more effective selling approach, and the customer orientation of salespeople. This customization can be found in not only the format of presentation, but the content as well. In other words, the content of the offer is customized to better match the perceived interests of the prospect. And Pelham (2006a) finds a relationship between the customer orientation of salespeople, salesperson participation in new-product development, and firm performance. As previously noted, Boso, Cadogan and Story (2012) also find a relationship between the complementary practice of market orientation and entrepreneurial orientation and favorable new-product-export outcomes. New product development is an entrepreneurial activity, and firms that engage in it are likely to be at least partially entrepreneurially oriented; thus the work of Pelham as well as that of Boso and colleagues strongly suggests a relationship between corporate entrepreneurial orientation and customer-oriented selling. Based on these insights drawn from the literature, a relationship between corporate entrepreneurship and customer-oriented selling is proposed.

Proposition 3. *Corporate entrepreneurial orientation is positively associated with customer-oriented selling in the international B2B setting.*

3.4. Absorptive capacity and international sales performance

The ability to acquire knowledge is important, but the firm must also be able to incorporate and use the knowledge gained to its advantage. The need to incorporate and use knowledge places a premium on the absorptive capacity of the firm. The entrepreneurship literature is replete with examples of the role of learning-related capabilities on the performance of the firm. For example, according to Hurley and Hult (1998), market orientation and learning orientation are associated with the firm's ability to innovate in order to achieve favorable outcomes. In addition, Hult,

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Nichols, Giunipero, & Hurley (2000) find that organizational learning enhances relationships in the supply chain. Organizational learning is a dynamic process of creation, acquisition and integration of knowledge aimed at the development of resources and capabilities that contribute to improve organizational performance (Lopez, Peon, & Ordas, 2005). Previous studies (e.g., Dale, 1994; Day, 1994; Nevis, Debila, & Gould, 1995) organizational learning can be characterized as a complex process consisting of knowledge acquisition, dissemination and shared implementation (interpretation). Therefore, organizational learning process involves knowledge acquisition, distribution, application and translation of this knowledge into organization resources such as databases, procedures and systems that can be used for leveraging the firm.

In the international business literature, knowledge about a potential host country has been proposed to influence the speed with which the firm expands internationally (Fletcher & Harris, 2012; Oviatt & McDougall, 2005), an insight that has direct bearing on the present investigation. In a sales-specific context, Chonko, Jones, Roberts, and Dubinsky (2002) propose that a learning orientation by salespeople will contribute positively to performance. Finally, Freeman, Hutchings, Lazaris, and Zingier (2010) propose that smaller "born-global" firms may be able to acquire, absorb, and use knowledge to internationalize more rapidly. Absorptive capacity can be characterized as the element that enables organizational learning, as the firm incorporates new knowledge brought into the organization from beyond its boundaries, and the benefits of absorptive capacity are likely to be strongest for firms that most actively seek new knowledge in order to innovate and/or to enter new markets. The role of absorptive capacity in firm success is thus proposed:

Proposition 4. *Absorptive capacity is positively associated with international sales performance in international B2B settings.*

3.5. Corporate entrepreneurial orientation and absorptive capacity

Baker and Sinkula call the emphasis on learning "the common bond" (2009, p. 447) between entrepreneurial orientation and market orientation. Entrepreneurial firms value and capitalize on learning. In fact, much of the seminal research in the field contends that learning is essential to successful entrepreneurship (Covin & Miles, 1999). Further support for this contention can be found in Kirzner (1963), who contends that entrepreneurial alertness is involved with discovering and exploiting market opportunities. Merely identifying an opportunity is not enough; the opportunity must be acted upon. Even where entrepreneurial alertness does reside in one individual mind, few entrepreneurs are capable of developing their own innovations alone. Instead, acting on an identified opportunity typically involves the efforts of more than one person or functional area. This means that the discoverer of the opportunity must be able to effectively communicate information about the nature of the opportunity to those who will help exploit it. Lisboa, Skarmeas, and Lages (2011) find strong empirical support for a relationship between entrepreneurial orientation and both explorative and exploitative capabilities in product development and overseas markets. These explorative and exploitative capabilities enable firms to absorb information from the environment (including customers), build new knowledge about existing products and markets as well as knowledge beyond what is already known (Lisboa et al., 2011; March, 1991), and act on it to provide superior customer value. Therefore, the following proposition is advanced:

Proposition 5. *Corporate entrepreneurial orientation is positively associated with absorptive capacity*.

3.6. Customer-oriented selling and absorptive capacity

Webster (1965a,b) and Mellow (1989) observe that salespeople can be an excellent source of intelligence about customers, competitors, and the environment. However, as previously discussed, the mere ability to gather information does not guarantee market success. In addition, the literature shows a mixed impact for customer-oriented selling on performance. Taken together, these two concepts suggest there may be a mechanism that exerts a mediating influence on the relationship between customer-oriented selling and performance. A more explicit example of the preceding can be found in Jansen, VanDenBosch, & Volberda (2005), who find a significant association between measures of interfunctional coordination and the acquisition mode of potential absorptive capacity and the transformation mode of realized absorptive capacity. In addition, as noted above, Pelham (2006a) discusses the ability of the salesperson to identify current customer needs and to anticipate latent customer needs in a new product development/product modification setting. Successful development and/or modification of products can only take place if the information gathered by salespeople can be effectively shared with and absorbed by those who perform the actual product development and/or modification.

It can be seen that the absorptive capacity capability of a firm, involving the processing and dissemination of information, constitutes a manifestation of inter-functional coordination. In fact, it is possible to argue that absorptive capacity itself is another manifestation of inter-functional coordination. Kahn (1996) makes this association explicit, noting that information sharing and information building are integral components of interfunctional coordination. The clear indication from prior research is that a primary benefit to the firm of customer-oriented selling is the gathering and sharing of information that helps the firm devise superior customer solutions and customer value. Therefore, a relationship between customer-oriented selling and absorptive capacity capabilities is proposed.

Proposition 6. *Customer-oriented selling is positively associated with absorptive capacity*.

3.7. Environmental variables

One oft-cited challenge to businesses working internationally is the potential effect of culture on the buyer–seller interaction. Culture, and particularly cultural context, is considered to make the communications component of negotiation more complex (Mintu-Wimsatt & Gassenheimer, 2000). Since negotiation is central to the selling process, cultural context differences may contribute to the complexity of selling, making the process more complex. To be sure, negotiation may involve elements beyond the exchange of information, but the focus of this study is on information and knowledge, and the analysis will be confined accordingly.

Cultural context is characterized as low or high (Hall, 1976). Low context cultures rely on formal communication; important content is communicated explicitly. In high-context cultures, less information is communicated explicitly. Instead, variables such as individual background and social status play a role in communications. In the conceptual model presented here, cultural context moderates the effect of adaptive selling behavior on firm performance. Tse, Kam, Vertinsky, and Wehrung (1988) suggest that cultural factors (along with environmental variables) can influence executives' decision-making. Cultural distance has been used as a moderating variable in other studies, including Johnson, Lenartowicz, and Apud (2006) and Hansen, Singh, Weilbaker, and Guesalaga (2011). The salesperson is often the primary, if not the

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sole, human link between customer and firm (Crosby et al., 1990), performing the critical boundary-spanning role (Baldauf & Lee, 2011). As critical boundary-spanners, the ability of salespeople to interact successfully across cultures is essential for firms seeking to grow in international settings. Therefore, following and extending the logic of Johnson et al. (2006), a negative relationship is proposed between cultural distance and firm performance in the international B2B setting.

Proposition 7. *The relationship between customer-oriented selling and international sales performance is moderated by the difference in cultural context between the salesperson and customer.*

Ansoff (1987) was one of the first researchers to identify and define environmental turbulence and how it affects business performance. The basic premise in this research area is that businesses must assess the turbulence of the environment in which they operate and match their entrepreneurial spirit, resources and capabilities, and responsiveness to the environmental turbulence. Turbulence refers to the rate and state of change in an environment, and various forms of turbulence are often incorporated as influences into B2B studies involving customer orientation, market orientation, innovation, and/or their antecedents. Examples include Covin and Slevin (1989), who model environmental hostility as level of perceived risk, stress, and ability of the firm to influence or manipulate the environment in which it operates; Tzokas, Carter, and Kyriazopoulos, 2001, which tests the moderating effect of technological turbulence; Chonko et al. (2002), who propose in their conceptual paper that environmental turbulence consists of market turbulence (changes in customer composition and preference), technological turbulence (Grewal & Tansuhaj, 2001), and a high level of competitive intensity in the market (Jaworski & Kohli, 1993); Morris et al. (2007), which investigates the relative hostility of the non-profit environment, and Pelham (2006b), which models turbulence as the variation in sales and capital spending over five years as reported by survey respondents. Although mixed results have been reported for the studies listed above, the literature suggests that environmental turbulence may influence the relationship between entrepreneurial orientation and international sales performance, as well as between customer-oriented selling and international sales performance. In fact, review of the extant literature suggests that entrepreneurially oriented firms, as well as firms whose salespeople practice customer-oriented selling tend to perform better in turbulent environments. The following propositions are offered.

Proposition 8a. *The relationship between corporate entrepreneurial orientation and international sales performance is moderated by environmental turbulence.*

Proposition 8b. *The relationship between customer-oriented selling and international sales performance is moderated by environmental turbulence.*

4. Discussion

The level of sales effort required to yield successful customization of products and services for individual customers tends to take more time and effort than transactional selling. Managers and entrepreneurs must therefore understand the circumstances and adopt practices which will contribute the most to success in highly competitive, often turbulent markets. Where a given "close" and a relationship take more time to develop, it behooves the firm that the close rate be both higher and yield more average value per successful sale than firms taking a more transactional view of sales.

While corporate entrepreneurship is receiving increased attention in the international setting, and customer-oriented selling is seeing more attention in that setting as well, a review of the literature suggests that there are a number of unexplored areas of inquiry in the realm of customer-oriented selling and corporate entrepreneurship. As noted earlier, the present study seeks to address important and interesting gaps in the literature, including the firm-level antecedents of effective intelligence gathering by sales people (manifested in the practice of customer-oriented selling) and the impact of customer-oriented selling on sales performance. The international B2B setting in this study should also shed light on the generalizability of existing theories regarding the relationship among corporate entrepreneurship, customer-oriented selling, absorptive capacity, and product-market outcomes.

5. Managerial implications

Conceptual studies are perhaps of better use in building general knowledge of marketing phenomena than in recommending a particular course of action (Menon & Varadarajan, 1992; Kalaignanam & Varadarajan, 2012). That said, managers of sales organizations operating in international B2B markets whose firms see innovation as important to their success may wish to consider the implications of the conceptual model presented in this paper. By creating conditions within the firm that enable salespeople to practice customer-oriented selling behavior, while ensuring that meaningful incentives are in place to facilitate the sharing and absorption of knowledge, managers may be able to position the firm to achieve a knowledge advantage compared to its competitors. Additionally, sales managers might explore the potential benefits of fostering, within carefully set boundaries, an "independent salesperson" mindset in its salespeople. Gulati and Bristow (2005) note that independent salespeople (salespeople not directly employed by, but instead contracted by the firm) play a significant role in information exchange between customer and firm, as well as between firm and customer. In fostering a more "independent" (and thus more entrepreneurial) mindset, salespeople should tend to improve the two-way flow of information between firm and customer, thus enhancing the firm's knowledge base and enabling it to develop customized solutions for customers and innovate more effectively in general. In such a system, salespeople would come to represent their client accounts to the firm as much as they represent the firm to the client, in what might be termed an "extreme" form of customer-oriented selling.

However, in order to limit short-term, self-seeking behaviors on the part of the sales force, managers give sales representatives greater freedom of action within a framework of compensation and sales management that rewards customer-oriented selling practices that build long-term profitable relationships. Managers must also provide for institutional incentives for the sharing of information throughout the organization in order to foster innovative solutions to existing, emergent, and latent customer needs and wants. Otherwise, highly independent sales representatives, left to their own devices, can choose their own incentives, and without careful managerial intention, their interests may not align with those of the organization. Further testing and development of the conceptual model presented in Fig. 1 may help address a number of these questions.

6. Directions for future research

This research makes three important contributions to the literature in international B2B marketing. First, drawing from the international business theories related to entrepreneurship and absorptive capacity/organizational learning, we develop a conceptual model linking the roles of corporate entrepreneurship, absorptive capacity, and customer-oriented selling capabilities

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to international sales performance. Second, we examine the moderating roles of environmental uncertainty and culture in explaining the relationship between entrepreneurial orientation and international sales performance, and customer oriented selling and international sales performance. Finally, the proposed model fills the gap that exists in the international business literature in the B2B context. This offers new theoretical insights into how and why firm resources (e.g., entrepreneurial orientation and absorptive capacity) are important in explaining international sales performance.

Empirical testing of the conceptual model described in Fig. 1 offers an opportunity for additional research. Fairly well-developed measures of some of the constructs incorporated in the model are available to the researcher (see Appendix A), though suitable measures for international sales performance and cultural context difference need to be designed and tested. It would be possible to test the model in a variety of industries, geographies, and settings within the broad international B2B framework. An additional opportunity lies in investigation of the incentive and control structures that would best balance salesperson independence with customer-oriented selling and information sharing. Better incentive and control structures may feed the knowledge needs of the entrepreneurial organization, while rewarding salespeople for both knowledge acquisition and transfer and selling success. Furthermore, a deeper understanding of the structural and corporate-cultural elements that support a high-independence "two-front campaign" on the part of salespeople could yield rich fruit for both scholars and practitioners. The salesperson in this setting would come to represent the firm to the client and the client to the firm simultaneously, as described, albeit in a B2C setting, by Weiser (1995). A customer-championing sales force creates a new set of challenges for salespeople and sales managers in managing more complex relationships for the benefit of all involved. However, the potential benefits, including the ability to contribute to customer innovation and create value jointly (Senn et al., 2013) are substantial.

Another area ripe for investigation involves other constructs of interest that might contribute to success as outlined in the conceptual model. For example, the possible contribution of adaptive selling behavior (perhaps bolstering the influence of customer-oriented selling) to the model outlined here could yield valuable insight. Additionally, external variables beyond those conceptualized in Fig. 1 might have an effect on the proposed model. As globalization drives ever more intense competition and produces ever more sophisticated and demanding customers, it will be more important than ever for firms to mine any vein that shows promise for yielding a knowledge advantage, and to be able to turn that knowledge advantage into competitive advantage. In such an environment, salespeople who can be not only the face of the firm to the client, but the face of the client to the firm, could be a powerful force multiplier. Such sales personnel, coupled with firms poised to take salesperson-generated intelligence and turn it into innovative and valuable customer solutions, might be a winning combination.

Appendix A. Proposed measures

Corporate entrepreneurship (Yiu & Lau, 2008)
Product innovation (alpha = 0.93).

- Being the first company in your industry in introduce new products to the market.
- Creating radically new products for sale in new markets.
- Creating radically new products for sale in the company's existing markets.
- Commercializing new products.
- Investing heavily in cutting edge product-oriented R&D.
- Investing heavily in cutting edge process technology-oriented R&D.
- Being the first company in the industry to develop and introduce radically new technologies.

Organizational innovation (alpha = 0.85).

- Being the first in the industry to develop innovative management systems.
- Being the first in the industry to introduce new business concepts and practices.
- Changing the organizational structure in significant ways to promote innovation.
- Introducing innovative human resource programs to spur creativity and innovation.

Domestic venturing (alpha = 0.91).

- Promoting new domestic business creation.
- Diversify into new industries in the mainland.
- Supporting domestic new venture activities.
- Financing domestic start-up business activities.

International venturing (alpha = 0.84).

- Entering new foreign markets.
- Expanding your international operations.
- Supporting start-up business activities dedicated to international operations.
- Financing start-up business activities dedicated to international operations.

Customer-oriented selling (Perriatt, LeMay, & Chakrabarty, 2004)
Customer orientation

- I try to figure out what customer needs are.
- A good employee has to have the customer's best interest in mind.
- I try to bring a customer with a problem together with a product/service that helps solve that problem.
- I offer the product/service that is best suited to the customer's problem.
- I try to find out what kind of products/services will be most helpful to a customer.

Selling orientation

- I try to sell as much as I can rather than to satisfy a customer.
- It is necessary to stretch the truth in describing a product to a customer.
- I try to sell a customer all I can convince them to buy, even if I think it is more than a wise customer would buy.
- I paint too rosy a picture of my product/service to make them sound as good as possible.
- I decide what product/service to offer on the basis of what I can convince customers to accept, not on the basis of what will satisfy them in the long run 0.71 (12.59).

Absorptive capacity (adapted from Szulanski, 1996; **alpha = 0.83)**

- Members of our organization have a common language to deal with new practices our organization intends to adopt.

- Those given information about new practices had a vision of what it was trying to achieve through the transfer of new practices.
- Those taught new practices had information on the state-of-the-art of the new practices.
- Those given information about new practices had a clear division of roles and responsibilities to implement the new practices.
- Those given information about new practices had the necessary skills to implement the new practices.
- Those given information about new practices had the technical competence to absorb the new practices.
- Those given information about new practices had the managerial competence to absorb the new practices.
- It is well known who can best exploit new information about new practices adopted by our organization.
- It is well known who can help solve problems associated with new practices adopted by our firm.
- Environmental turbulence (Jaworski & Kohli, 1993; Grewal & Tansuhaj, 2001; alpha = 0.78).

Competitive intensity

- Competition in our industry is cutthroat.
- There are many 'promotional wars' in our industry.
- Anything that one competitor can offer, others can match readily.
- Price competition is the hallmark of our industry.
- One hears of new competitive moves almost everyday.
- Our competitors are relatively weak.

Market/demand turbulence

- The demand of our customers varies a lot.
- In our industry the product and brand features vary a lot.
- In our industry the price/quality demanded by customers vary a lot.
- In our industry, customers often take unpredictable actions.

Technological turbulence

- The technology in our industry is changing rapidly.
- Technological changes provide big opportunities in our industry.
- It is very difficult to forecast where the technology in our industry will be in the next two to three years.
- A large number of new product ideas have been made possible through technological breakthrough in our industry.

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