Track 3: International Marketing

~~Competitive Session~~

The Relevance of Entrepreneurial Marketing on the Internationalization of Micro and Small Enterprises

ABSTRACT

Notwithstanding many studies have been conducted to unravel the relationship between Export Marketing Strategy (EMS) and Export Marketing Performance (PERF), the majority of them have taken into account both medium- and large-sized companies based in developed countries. Moreover, the role of managers in laying down marketing strategies (concerning both their standardization framework decisions and adaptation of marketing-mix variables) has not been comprehensively assessed. Therefore, for the purpose of refining this analysis, a number of researches have been carried out, aiming at defining the empirical correlation between micro and small enterprises based in emerging countries. Nevertheless, the role of entrepreneurs has not yet been thoroughly appraised. In order to fulfill this gap, the theoretical model used in the present study has been revised, for the purpose of assessing the Entrepreneurial Marketing (EM) and its influence on both EMS and PERF.

Keywords: Entrepreneurial marketing; Export marketing performance; Export marketing strategies; International marketing; Micro and small enterprises

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INTRODUCTION

The present study aims at assessing the role of the Entrepreneurial Marketing (EM) and its influence on marketing activities and their impact on Export Marketing Performance (PERF), particularly in the case of Brazilian micro and small enterprises (MSEs). On assessing the direct correlation between marketing activities and the performance outcome achieved along the process of internationalization of MSEs, the entrepreneurs key role became evident, especially of those market oriented. Thus, this study aims to: (1) assess the direct influence of EM on export marketing strategy (EMS) and export performance; (2) evaluate the activities connected to the marketing-mix variables involved in the exports operations, taking into account adapted strategies versus standardization, alongside with entrepreneurial marketing; (3) monitor the export performance and its relevance, as concerns the sustainability of the companies' operations.

On the search to expand its market worldwide, the globalization process unveiled several opportunities to emerging markets, particularly for Brazilian companies. A major indicator that evidences such fact is the direct Brazilian investment abroad track record for the last twenty years, which reached over US$18 billion at the close of 2013. Moreover, despite the international crises, it managed to maintain a steady upward trend. This movement was led by the multinational corporations, although many major national companies took advantage of internalization, especially by means of exports. In 2013, 18,000 Brazilian companies engaged in this type of operation, which yielded over US$242.2 billion, of which 67.8% consisted of MSEs, according to studies carried out by the Brazilian Service of Support for Micro and Small Enterprises [SEBRAE] (2013).

Participation in global markets is not a simple task. The variables involved are more complex,

which require marketing professionals engaged in such assignments to better understand all processes involved, in order to develop value-added deals in global terms. Resource constraints hinder the capacities of MSEs to cope with the lack of marketing professionals with international training, which tend to negatively affect their export performance. In order to become acquainted with the relevance of the issue involving export at the academy, Leonidou et al. (2010) have developed a study involving 75 journals, between 1960 and 2007. Notwithstanding the series of studies developed in the 2000's, the main highlight was granted to the item "export performance", which tackled the behavior of exporters. As the key contemporary themes, of special note are: the competitive advantages of exports; organizational learning; exports-market orientation; internet marketing; and entrepreneurship. Cavusgil and Zou (1994), for the purpose of moving forward as concerns the theme of export performance, have developed an analytical model aimed to explain and assess PERF, based on the marketing strategies performed by some companies. They have identified the positive impact that their operations exert on export performance. They have also pointed out that the marketing activities under analysis are influenced by the features enjoyed by both the companies and their products. Furthermore, it is worth noting that most studies on EMS and export performance have been conducted considering medium- and large-sized companies, mainly based in developed countries (Zou; Stan, 1998).

The role of managers who are bound to influence EMS has not been thoroughly assessed. For the purpose of filling such gaps, Cunha and Rocha (2015) have carried out a study aimed at clarifying the empirical link between Brazilian MSE, but, again, the role of entrepreneurs has not yet been fully clarified. Therefore, for the preparation of the present study, the theoretical framework has been redesigned, aiming at investigating the role of entrepreneurial marketing, alongside with its influence on both EMS and on exports performance. For this new model, the relevance of both the type of company and products has been minimized, whereas a greater

emphasis was placed on the variable concerning the entrepreneurs, for the purpose of enhancing the analysis of such phenomenon. Hence, the analysis of international entrepreneurship, along with the role of entrepreneurial marketing, contributed considerably to providing a major support. Therefore, this study starts off with a context standpoint regarding the relevance of MSEs to the Brazilian economy, including a reflection on internationalization. Thereafter, this is followed by an assessment of the roles performed by management and EM, alongside with the constructs EMS and PERF. Following the theoretical discussions and the aforementioned gaps, the theoretical model is outlined, as well as the formulated hypotheses tested. Moving on, the study covers the methodology used, followed by a discussion on the results obtained, including the contributions to both the academy and management, as well as suggestions for future studies.

THEORETICAL MODEL AND HYPOTHESES

This topic lays down the theories that supported the drawing up of both the theoretical model and the hypotheses.

MSEs and internationalization

MSEs play a relevant role within the Brazilian economy. According to SEBRAE (2103), there is evidence of an upward trend in the number of companies of this size in Brazil; in 2002, there were nearly 4.8 million companies, whereas in 2012 this figure rose to over 6.3 million. In the same period, companies of this size showed a 33.5% of the Brazilian GDP (IBGE, 2013). As concerns the internationalization process, notwithstanding the significant number of MSEs (9,182) versus the overall number of exports-oriented companies of all sizes (21,814), their share in the Brazilian financial earnings (in 2013) came to only US$ 1.7 billion – or 0.7% of the total (US$ 242.2 billion, according to the Ministry of Development, Industry and Foreign Trade [MDIC](2013). As for their distribution by industry, the MDIC (2013) study showed a concentration of 62.6% on the industrial sector and 37.4% on the commercial sector. Considering

the geographic location of exporting MSEs, the highlights were the Southeastern region (61.6%), followed by the South region (29.0%). The Northeast accounted for 4.3%; North, with 3.0%; and Mid-West, with only a 2.1% share of the total. The dichotomy between size and revenues, alongside with their performance both domestically and abroad, evidences the need to investigate and understand the performance of Brazilian MSEs. However, it is worth acknowledging the different theories and models that serve as a guidance for such evaluation.

Corporate internationalization

This topic addresses the internationalization process of companies, through the use of theories that cover this field of study, with a focus on the Brazilian MSEs, as well as the results achieved through exports up to the present moment. Internationalization is a growing involvement process of the firm in international operations (Loustarinen; Welch, 1990). To explain the process we identified theories and models based on economic and behavioral criteria. Among the theories that are based on economic criteria, of special note are: Market Power (Hymer, 1976); Internalization (Buckley; Casson, 2009); Eclectic Paradigm or OLI (Dunning, 1980). Considering the behavioral approach, the highlights are: the Uppsala Model (Johanson; Vahlne, 1990); Theory of Networks (Andersson et al., 2002); International Entrepreneurship (Andersson, 2000). As a guideline for the preparation of a conceptual model for the present study, it was deemed appropriate to exclude both theories and models that do not involve the features enjoyed by MSEs. As from such considerations, the models that converge to the guiding principles that influence the decision of internationalization of MPEs, in addition to providing ground for the theories applied in the present study, were the Uppsala Model, and the Theories of Networks and International Entrepreneurship. From the Uppsala Model, it was taken into account the gradual progress of the firm towards the overseas markets. Nevertheless, although the former definition may be considered simple and objective, in practice, it is noteworthy to take into account the

setbacks faced by the companies, such as the reasons that led them to take the path of internationalization, in addition to the obstacles and processes involved. As an attempt to better tackle this reality, a number of researchers have sought to clarify these dynamics. The main conclusion was that the internationalization process should be developed in a gradual manner. The access to information on the external market is an essential prior condition, as well as the identification of both opportunities and challenges, in order to be able to tackle those issues. Since this movement takes place in a gradual way, the learning process provides support to attain consistent decisions and management (Fleury; Fleury, 2006). Taking this internationalization model, Palacios (2004) has developed a rating system, which serves to distinguish the degree of commitment regarding the strategy of entry into the international market. This system considers five stages: indirect exports, direct exports, licensing, joint venture and IDE. The other two theories that are used as guidelines for this study are the Theories of Networks and International Entrepreneurship. They describe the various types of entrepreneurs, who directly influence on the companies' management, on the competitive approach, and on the internationalization process. Such initiatives have a direct impact on the performance orientation of MSEs, whose main reference lies on the entrepreneur, as founder and manager. The study of entrepreneurship relies on three categories, according to Stevensson and Jarillo (1990): how people act; why they act; and the outcome of their actions. The third category is directly connected to the results achieved by entrepreneurs. From the same study, it is also worth stressing the level of analysis, coupled with the definition adopted, which regards the entrepreneur not as an individual, but as a function. According to their analysis model, the same authors stress that the entrepreneur plays a major role and that the internationalization process could not be carried out without him/her. Taking such conclusions into account, the entrepreneurs have been classified into three categories, which according to Andersson (2000), are as follows: technical (oriented to

technology, innovation and production technology); marketing (those who seek and develop new markets); and structural (those who seek to form new organizations, aimed at strengthening or breaking out monopolistic structures). From those three categories, the third is the one that least applies to MSEs. Considering that each category of entrepreneur produces different impacts on the companies, on the grounds of the theories described above, it is essential to identify how each executive entrepreneur affects the decisions geared towards internationalization. In this sense, the present study includes some relevant considerations on entrepreneurial marketing, for the purpose of a better understanding on how the decision-making process evolves and on the results achieved by MSEs.

Entrepreneurial Marketing

Entrepreneurial Marketing (EM) arises from the combination of two knowledge areas that explain firm and individual-scale phenomena. The upsurge of entrepreneurship in Brazil has become more evident as of the 1990's, as a result from privatizations, the lowering of domestic market barriers, coupled with the emergence of promotion entities, such as SEBRAE. There is no consensus on a single definition accepted in the research community. However, EM can be generally defined as an activity, business area, or field of study that aims to create, explore, and develop new products, services, markets, production processes, or raw materials and new adaptations of existing technologies (Shane; Venkataraman, 2000); EM accounts for risk and returns (Hisrich et al., 2009), and also accounts for the macro level, which is responsible for analyzing and responding to external variables (Baron; Shane, 2007). Through this convergence of two knowledge areas, several definitions of EM have been developed. The American Marketing Association (AMA) included a discussion on marketing and entrepreneurship at its annual conference in 1982 (Hills; Hultman, 2011). This discussion has since attracted many researchers to this issue. In early iterations of EM, traditional marketing approaches (Kotler,

2000) were applied to small businesses without major adjustments made to organizations (Carson, 1990).

For MSEs, EM involves adapting marketing activities to contingencies. On the other hand, Stokes (2000) highlights that EM is related to entrepreneur profiles. Thus, EM involves adapting marketing strategies to meet MSEs requirements and recognizing the important role of entrepreneurs in all activities. EM strategies applied in the context of MSEs follow an opposite pattern from traditional marketing models. Rather, innovation is initiated first through a process referred to by Sarasvathy (2001) as "effectuation", which presupposes that the entrepreneur capitalizes available resources to create opportunities. In describing marketing activities carried out by small businesses, Stokes (2000) discussed bottom- up strategies, in which the segmentation- target-positioning (STP) strategy is carried out through the intuitive identification of opportunities for future expansion based on the needs of a small customer base and in which decisions are always driven by available resources. Thereafter, the author has formulated a model based on four traditional marketing approaches and compared this model with EM principles.

Notwithstanding the validity of the model, it is essential to take into account the reality of Brazilian MSEs, with regard to the marketing activities. A survey conducted by SEBRAE (2012) revealed that, in relation to the marketing mix: a) 42% of goods sold are just additions to former items, not consisting in innovations; b) price strategies are based in promotions (discounts) in 44% of the events; c) the initiatives related to distribution involve changes in sales points, which mostly consist in facilities of their own; d) they hold a strong preference for investments in events; e) the companies' investments in advertising are mostly earmarked for the press media (newspapers, magazines, posters, handouts and yellow pages), followed by the electronic media (internet, radio and TV); f) the spread by word of mouth is performed by only 11% of respondents.

In examining how entrepreneurs perceive their success in export performance, we identified two cognitive styles: intuitive (Dornelas, 2008); and analytical (La Pira, 2011). The cognitive style involves the application of individual preferences and approaches while organizing, representing, and processing information (Streufert; Nogami, 1989). For Mitchell et al (2005) entrepreneurial cognition is defined as "… knowledge structures that people use to make assessments, judgments, or decisions involving evaluation, venture creation, and growth (Mitchell et al., 2005, p. 2)". Thus, intuition can be understood as an individual's ability to access stored knowledge and/or experiences from their subconscious mind (La Pira, 2011) and as the capacity to capture, recognize, and use abstract and frequently changing information (Markman; Baron, 2003). Planning is defined as the ability to determine situations and to carefully plan, implement, and evaluate activities (Filion, 2000). Analytical entrepreneurs also have the capacity to forecast potential scenarios (Dornelas, 2008).

For the purpose of assessing how both cognition approaches influence EMS, alongside with the perception of performance, the present study adopted a study developed by Hills and Hultman (2011), which has identified the mainstream concerning the researches on EM. Through a theoretical review of data collected over the past 30 years and through evaluations of issues considered essential for the study of EM, the authors identified 14 questions to guide future research efforts. In investigating the influence of marketing entrepreneurs on MSEs, this study excluded nine of the proposed research questions that were mostly applicable to medium- and large-sized companies. Thereafter, in line with the theory proposed, it was noted an adhesion to the aforementioned cognitions: planning (Filion, 2000); and intuition (Mitchell et al., 2005).

Export Marketing Strategy (EMS)

Cavusgil and Zou (1994) understand EMS as planning and management of marketing mix activities to attend international markets. According to Douglas and Craig (1989) the main

decision in international marketing is the choice between standardized or adapted marketing strategy to the external environment. Within this context, it is essential to acknowledge the characteristics related to the macro environment, industry, market, company and product. Nevertheless, the discussion on which would be the better option to be adopted remains included in the research community (Aaby; Slater, 1989; Cavusgil et al., 2005). In view of the upsides and downsides presented by both strategies, and considering that the present study is not intended to defend the best option available, the choices were the ones related to standardization and adaptation of the marketing mix, in line with the organizational micro and macro environment, coupled with the results achieved. Axinn and Sashittal (1991), on the other hand, have identified that the researches on the role of marketing mix concerning exports have only recently received attention, even though within a limited scope. A number of studies tackled its role on sales revenues and profitability on exports (Christensen et al., 1987); some other studies considered the relevance of communication geared towards the success of exports, such as Schlegelmilch (1986), Axinn and Trach (1990), which assessed a variety of communication and distribution between different countries, whereas other researchers considered pricing methodologies (Piercy, 1981; Stöttinger, 2000). Despite the theoretical discussion of this issue, it remains to be examined what effectively applies to the cases of exporting MSEs. The monitoring of the international operations performance suggests that standardization has been the most recurring strategy, not as a previously planned option, but rather due to their intrinsic limitations. It is evidenced that the companies that develop some type of adaptation are more likely to be successful. The knowledge on how to assess the result from MSEs' exports is rather relevant; the result should not be solely regarded in financial terms, but it also involves the perception on how it was achieved, in addition to what contribution was brought about to the company. Therefore, the export performance approach should be considered one of the efficient procedures to assess this type of

international operation. Moreover, it is worth stressing the role of the executive partner as the entrepreneur within a MSE, which turns out to be essential to analyze this issue more thoroughly, and particularly how he/she performs the marketing activities, in line with the entrepreneurial marketing.

Export Marketing Performance (PERF)

Due to the limited scope of economic theories to explain the success of the export ventures, some studies have been developed in the quest for a better understanding concerning export performance (Cavusgil; Zou, 1994). Such studies have covered a variety of dimensions with a particular focus on exporting inclination, dichotomies between exporters and non-exporters, export barriers, and frequency patterns. Zou and Stan (1998) extended the study carried out by Aaby and Slater's (1989), for the purpose of promoting a discussion regarding the direct future research on export marketing. This review differed from previous studies as it included both external and internal environments as determinants of export performance. The assessment has identified three different perspectives: financial, non-financial, and composite scales. To develop a model that could better assess export performance and in seeking a consensus between other researchers, Cavusgil and Zou (1994) conducted a study on this issue. During the conduction of their analysis, the authors identified the following weaknesses in previous research efforts: the level of analysis, with rare exceptions, was always directed at the firm and thus sought alignment with theories of internalization. Studies presented limited approaches for examining exports performance and strategy. The failure of studies to include a strategic vision on export, treating it simply as a means through which companies achieve economic objectives; and multiple means of assessing and measuring several variables resulted in simplistic approaches (Cavusgil; Zou, 1994). From the conclusions achieved, the authors developed a model for assessing export performance, which involved three key characteristics: (1) whether the company is a product-

market level enterprise; (2) whether it incorporates economic and strategic dimensions; and (3) whether it includes objective and subjective measurements. This theoretical model was used as a reference for this study. It is implicit that in developing such an assessment, it should be noted that this is a continuous process of standardization and adaptation of marketing strategies. Nevertheless, the role of the entrepreneur is essential in studying the case of MSEs (Fleury; Fleury, 2006), regardless of the product and the type of company in question. In this sense, in adjusting the model to the MSE context, the EM variable was included due to its direct influence on companies of this size.

HYPOTHESES

Based on our theoretical review, we test a number of hypotheses and develop an analytical model to guide the investigative process. To better understand and interpret the conceptual framework, we divide the following constructs into their respective representative features: entrepreneurial marketing (EM), export marketing strategy (EMS), which will be broke down by their corresponding factors; export marketing performance (PERF), which shall be represented by its own construct and assessed by the finding of four variables. Assuming that the entrepreneurs' actions directly impact firms in different ways, particularly in the case of MSEs, and considering their influence on decision-making processes regarding internationalization, it is important to categorize each type and to identify the one that exerts the stronger influences on corporate activities – mainly as concerns marketing activities (Collinson, 2002; Kraus et al., 2009). Marketing executives (in this case, MSE owners) that enjoy a broader range of skills tend to lead more intense activities related to EMS. Planning skills contribute to the adaptation of products, thus strengthening their competitiveness (Solberg et al., 2006); to the enhancement of communication, as well as to the local market price (Douglas; Craig, 1989); as well as to the support to the intermediary, in accordance with the specific needs of the international market

(Rosson; Ford, 1982; Terpstra, 1987). Thus, the use of planning skills has a considerable impact on the capability to provide more suitable offers to the external market (Morgan et al., 2012).

These considerations give way to the following hypotheses:

H_{1a}: EM driven by planning increases product adaptation;

H_{1b}: EM driven by planning increases communication adaptation;

H_{1c}: EM driven by planning increases support to the intermediary;

H_{1d}: EM driven by planning increases price competitiveness.

On the other hand, our theoretical review has demonstrated that intuitive entrepreneurs are more confident in identifying market opportunities, but less confident in their capacity to assess and plan investments and results (Kickul et al., 2009). In making use of a cognition based on accumulated experience, which proves insufficient due to the lack of international experience of MSEs (SEBRAE, 2013), those entrepreneurs tend to fall short in understanding the market environment in a comprehensive way, which mainly affects both communication and intermediaries (Markman; Baron, 2003). Consequently, we tested the following hypothesis:

H_{2a}: EM driven by intuition hampers communication adaptation;

H_{2b}: EM driven by intuition decreases the degree of support to intermediary.

Considering the MSEs, both major decisions and the assessment of results are carried out by the owner. While intuitive entrepreneurial marketers rely on luck while making decisions (La Pira, 2011), those with the capacity to plan will show more dedication to each stage of the operation involved (Hills; Hultman, 2011). Thus, each profile influences company's results and perceives performance' results differently. These assumptions lead to the test of the following hypothesis:

H_{3a}: EM driven by planning positively influences PERF;

H_{3b}: EM driven by intuition positively influences PERF.

As stated by Cavusgil and Zou (1994), EMS is forged by internal and external variables. As this study focuses on MSEs, it can be noted that these organizations do not always exhibit major competitive advantages, often acting as niche market providers or as followers of the

international market. For this model, we consider only internal factors related to a company's degree of dependence on adaptation versus standardization marketing strategies. However, despite the relevance of external factors, this choice does not presuppose that internal factors are more important than others. Rather, this decision was motivated by our methodological interest in evaluating intrinsic MSE characteristics. In the authors' viewpoint, when leading export ventures, companies must first set goals, either economic or strategic. These reflections derive in the fourth hypothesis to be tested:

H_{4a}: EMS has a positive influence on PERF, by increasing the level of product adaptation;
H_{4b}: EMS has a positive influence on PERF, by increasing the level of communication adaptation;
H_{4c}: EMS has a positive influence on PERF, by increasing the level of support to intermediaries;
H_{4d}: EMS has a positive influence on PERF, by increasing the level of price competitiveness.
The conceptual model that reflects the hypotheses is shown in Figure 1.

HERE. Figure 1

METHODOLOGICAL APPROACH

A quantitative research approach was applied (Creswell, 2007). Our study involved the following two tasks: an assessment of available theories on the subject and an analysis of collected data through a survey (Cooper; Schindler, 2003) conducted with MSE key executives, who were selected based on SEBRAE and Serasa Experian mailing lists. The instrument of data collection was developed after a review of the model presented by Cavusgil and Zou (1994), which was translated into Portuguese and then English-proofed through a back translation. The instrument was pretested and validated by experts in the field of company internationalization (PhDs and SEBRAE) to verify that the language and types of information raised in the survey were applicable to the reality of Brazilian MSE entrepreneurs. The questionnaire was hosted in a web survey platform for four months. We used a non-probabilistic convenience sample. At the end of

the period, 173 responses resulted valid. The statistical technique used for data analysis was the Structural Equation Modeling (SEM), whereas the assessment method was the Maximum Likelihood (MLE), Hair et al. (2009). Based on these techniques, it was possible to develop a consistent analysis from 150 respondents.

RESULTS

The data have been compiled and treated by using descriptive and multivariate statistics (by means of SEM).

Descriptive analysis

The survey responses indicate that 86% of MSEs agree that EM is relevant, denoting a high degree of concern as regards this issue. While some respondents favor planning, others recognize intuition as a key skill necessary for decision-making in performing EM activities. The results show that respondents engage in EM activities on a daily basis, in a prominent and relevant manner. There was a high frequency of responses showing significant concern involving export planning, commitment to management and profitability in performing the operations and experience related to international enterprises. The survey evidenced that the majority of respondents (72%) placed a relevant weight on the export-sales-profitability indicator. The overall results concerning EMS show that, on average, 82% of MSEs recognize the importance of marketing mix adaptation. Areas of greatest concern were related to product strategies, intermediary support, and prices (the last two variables were considered critical to the achievement of success in the destination country). We found that initial product adaptation was more common than export continuation. However, over 13% of respondents offered no support to intermediaries in the form of salesperson training, nor communication and technical support.

The majority of objectives emphasized by the respondents were related to increasing profitability (20.8%) and market share (20.1%), followed by goals related to company/product awareness and

competitive pressure responsiveness (14.3% and 13.4%, respectively). These responses reinforce the perception that internationalization can improve competitiveness by generating possible gains across several sectors. Overall, 56.6% of the goals have been achieved. In each of the three years evaluated, export rates grew by over 20%. For the first year examined, there was a higher relative incidence of negative and null answers. However, 86.5% of the respondents noted the existence of profitability from the first year. We identified a positive learning curve in relation to internationalization activities for the group of MSEs surveyed. The majority (78.6%) reported that internationalization efforts had been highly successful.

Multivariate analysis

To further analyze the research data, we employed multivariate statistical analysis techniques through the application of SEM, by using the software: Microsoft® Office® 2011 (including the plug-in statistiXL), IBM® SPSS® Statistics 20, and Amos™ 20. Prior to the development of the analysis, data preparation was necessary to meet the assumptions of SEM: (1) an absence of outliers and missing values, normality (presenting Skewness and Kurtosis within the range of -2.58 and +2.58); linearity (all variables within the range of −1 and +1); multicollinearity (no values higher than 0.9). All assumptions were met in accordance with the works Hair et al. (2009). Following data collection, we performed an Exploratory Factor Analysis (EFA) to determine the measurement and structural models. As shown in Table 1, the results (above the recommended model), evidenced their reliability. Based on those results, the indicators for the model specification were determined, coupled with the preparation of a Confirmatory Factor Analysis (CFA), which were grouped in accordance with the theory, in line with the model designed by Cavusgil e Zou (1994).

HERE. Table 1.

Confirmatory Factor Analysis

To comply with SEM conditions, we used the MLE method to estimate the results. Goodness of fit (GFI) was obtained using the following criteria: (1) absolute fit, which stood at 426.5; the ratio between this value and degrees of freedom was 1.85, which fell below the expected maximum, thus denoting a well-adjusted model (Schumacker; Lomax, 2004; Arbuckle, 2011); (2) goodness of fit (GFI = 0.86), (3) comparative fit (CFI= 0.97), (4) root mean square error of approximation (RMSEA = 0.07). While GFI takes into account different degrees of model complexity, it tends to penalize more complex factors (Hair et al., 2009). This phenomenon is indeed a characteristic of the model analyzed in this study and may partly explain why the desired level of acceptance was not obtained. The goal of SEM is to test a theory and to not obtain accurate adjustments. Based on this and our other results, we believe that the model is valid. We then ran the model estimation by testing the structure and existing causal relationships. Results are shown in Table 2.

HERE. Table 2.

In validating the hypotheses based on a significance level of $p< 0.05$, some relationships were not supported as highlighted in bold. We also performed a CR test (in order to check loadings significance), which requires that values are greater than |1.96| when $p< 0.05$ or |2.58| when $p<0.01$. All estimates supported were considered to be significant when $p< 0.05$, except for those indicated in italic. Four hypotheses were not supported, and the others were valid.

Findings and discussion

To assess the importance of the coefficients, we adopted the same criteria used by Cavusgil and Zou (1994) based on the work of Hunter et al. (1982). The results associated with EMS are discussed through our analysis of each marketing mix variable.

Influence of EM on EMS

Product adaptation demonstrated to be strongly and positively influenced by the entrepreneur's planning competence (Kickul et al., 2009). $\boldsymbol{H_{1a}}$ was supported, evidencing the relevance of the

commercial strategies, coupled with the technological sophistication of products (Cavusgil et al., 1993), alongside with the priority given to marketing efforts, among the determining factors that influence the decision-making process in adapting products and services. Communication adaptation showed to be strongly and positively influenced by both planning and intuitive skills. Both profiles acknowledge and value the need for adaptation in order to achieve their goals. As for $\boldsymbol{H_{1b}}$, the results came in line with the expectations according to our theoretical review, which have evidenced the need to better understand and apply the competitive advantages enjoyed by those products that benefit from higher technological level (Day; Wensley, 1988), coupled with an appropriate market strategy approach (Kraus et al., 2009). The negative relationship expected by $\boldsymbol{H_{2a}}$ has not been confirmed, most likely because there may have been a misinterpretation of the fact that while intuition involves decisions that are less dependent on facts, procedures, and analysis, it does not diminish the entrepreneur's ability to identify the need to adapt to other markets. Considering the sample used, it evidenced that there was a balance between the two cognitive profiles, which reveals that there has not been a dominance of one type of cognition over the other (Hills; Hultman, 2011). Support to intermediary showed a feeble influence from the planning profile. Although $\boldsymbol{H_{1c}}$ has been supported, it was noted that its role was rather marginal. In addition, the expectations involving $\boldsymbol{H_{2b}}$ have not been supported. Therefore, the outcome reveals that intermediaries rely on little support, thus relying on their own resources and skills to achieve success towards the offers provided by MSEs (Rosson; Ford, 1982). Price competitiveness is directly influenced by EM, with emphasis on planning, as expected by $\boldsymbol{H_{1d}}$. The required skills to monitor the international environment, market competitiveness, alongside with the organization of compiled information, lead to a more assertive decision related to pricing adaptation. In acknowledging the peculiarities of the international market, as well as adapting the

pricing approach to MSEs, the achievement of successful results becomes more promising (Stöttinger, 2000; Solberg; Sttötinger; Yaprak, 2006).

Influence of EM on export marketing performance

Export performance was found to be directly influenced by EM intended to planning. The efforts and concern involved in the export performance, including both planning and monitoring, enable a clear understanding on how the results were achieved (Mitchell et al., 2005). On the other hand, EM performed through intuition proved to exert a strong negative perception on the attained results (Markman; Baron, 2003). This may be likely related to the fact that the ability to anticipate market opportunities cannot be identified in the same way with regards to the assessment of results, which may lead to above assessment on legitimate expectations, given the competitive restraints of MSEs.

Influence of EMS on export marketing performance

Considering that one of the objectives of the present study was to identify the role of EMS and its connection with PERF, these results are both revealing and surprising, taking into account that hypotheses $\boldsymbol{H_{4a}}$, $\boldsymbol{H_{4b}}$ and $\boldsymbol{H_{4d}}$ were not supported, in spite of the statements by Sousa and Lengler, (2009). Such empirical evidence, considering the sample of MSEs, demonstrates that the only marketing mix variable that has strong and positive influence was the support to intermediaries, as identified through our testing of hypothesis $\boldsymbol{H_{4c}}$, based on our theoretical review (Axinn; Trach, 1990; Dow, 2006). This result highlights the importance of financial constraints given that 56% of Brazilian enterprises are classified as micro enterprises, generating annual revenues of up to US$ 131,000, and 44% of up to US$ 1.3 million (IBGE, 2013). This result also demonstrates the low competitive advantage presented by products, in addition to the use of few communication tools, due to either the low resources available or the limited command and training in the use of such tools. Of special emphasis, our findings corroborate, in line with the

Theory of Networks (Johanson; Vahlne, 1990), that the companies that present major competitive restraints should seek to benefit from partnerships with companies that enjoy a deep knowledge of the international market, which shall lead to an actual successful opportunity. The companies that neglect this type of relationship, or end up associating with intermediaries without proper care, tend to jeopardize their chances to succeed in the international market.

CONCLUSIONS

It can be empirically observed the entrepreneurs' key importance, particularly those EM-oriented, regardless of their planning skills as well as intuition, in exerting their influence on marketing activities, adapting or standardizing international offers that directly have an impact on export performance (Hills; Hultman, 2011). Based on the attained results, there was no prevalence of one EM style to the other, indicating that each one contributes differently and a balance between them can lead to more effective decisions. With respect to the EMS studied and to each component involved, the only causal relationship that impacts export performance of the sample in question consists in the support to intermediaries, which demonstrates to be a key factor for achieving success in the external market, as concerns the MSEs surveyed. As for this specific item, the decisions taken should mitigate the abstract, informal and based on preferences of the intuitive EM, which lead to a standardized approach, considering that they may have a negative influence on the likely adaptation of this variable, without respecting the local characteristics and needs. Regarding the use of activities related to marketing mix during exporting efforts, the variables are primarily influenced as follows: (1) encouraging product adaptation (according to an entrepreneur's intuition, international competence and experience); (2) increasing the degree of communication adaptation, which tends to increase as a function of the entrepreneur's planning skills and international competence; (3) encouraging distribution adaptation, represented by increased support to the main MSE connected to the end market; (4) adapting the price

variable, which is reflected by market competitiveness; product complexity leads to price standardization, but entrepreneur planning capacities and competence encourage adaptation.

The sample revealed that when more goals are achieved, a greater share of international sales and profits result. This enhances a company's chances of success by broadening a company's horizons while making it less vulnerable to internal market instabilities. The entrepreneurial marketing must drive MSEs towards more elaborated decisions, without ignoring the role of intuition in business.

Contributions and recommendations

An important contribution to the model was to treat the role of the entrepreneurial marketing (EM) separately, regardless of the type of company and products, resulting in better understanding of how the two cognitive styles (intuition and planning) behave. Furthermore, we fulfilled a theoretical model gap testing it with micro and small-sized enterprises from emerging markets. An important contribution was the adaptation of the model developed by Cavusgil and Zou (1994), as concerns the exports carried out by micro and small Brazilian companies. The sample size affects the sensitivity to variations detected by SEM. It is suggested that a study should be applied to specific sectors or regions in order to identify if conclusions are valid when there is homogeneity. An interesting opportunity is represented by longitudinal studies, able to minimize seasonal effects of the economy present in Brazil and in other foreign markets.

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Figure 1: Conceptual chart of strategy and export performance with the impact from variables.

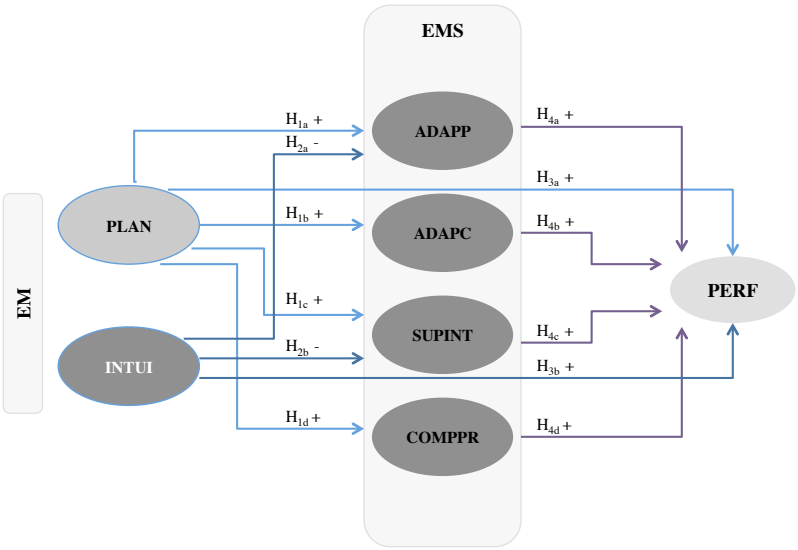

Table 2 – Estimates of the structural model

HYPOTHESES	FACTORS			ESTIMATE	S.E.	C.R.	*p*	ASSESMENT
H_{1a}	PLANEJ	→	ADAPP	.658	.070	9.350	***	Supported
H_{1b}	PLANEJ	→	ADAPC	.386	.092	4.184	***	Supported
H_{1c}	PLANEJ	→	SUPINT	.066	.391	2.726	.006	Supported
H_{1d}	PLANEJ	→	COMPP	.767	.065	11.826	***	Supported
H_{2a}	INTUI	→	ADAPC	.348	.096	3.605	***	Supported
H_{2b}	INTUI	→	SUPINT	-.655	.410	-1.599	.110	Not supported
H_{3a}	PLANEJ	→	PERF	.778	.429	4.142	***	Supported
H_{3b}	INTUI	→	PERF	-.439	.465	-3.095	.002	Supported
H_{4a}	ADAPC	→	PERF	.706	.509	1.385	.166	Not supported
H_{4b}	ADAPP	→	PERF	-.107	.296	-0.362	.717	Not supported
H_{4c}	SUPINT	→	PERF	.386	.079	4.909	***	Supported
H_{4d}	COMPP	→	PERF	-.292	.369	-0.791	.429	Not supported

Table 1 – Results from the factorial explanatory and confirmatory analysis

EFA					**CFA**	
Entrepreneurial Marketing (EM)					**Cronbach's alpha**	.90
Factor label	**PLAN**	**INTUI**				**Estimate**
Eigenvalue	6.663	.709				
Percentage of Variance	74.030	7.87				
Variables						
Technology vs. strategy	**.876**	-.355				.888
Mktg structure smaller than accountings	**.848**	-.410				.919
Adapted products are better	**.836**	-.439				.920
Intuitive marketing decisions	.369	**-.841**				.860
Innovative products/results/information	.489	**-.718**				.844
Avoid research due to blind faith	.536	**-.680**				.847
Export Marketing Strategy (EMS)					**Cronbach's alpha**	.92
Factor label	**ADAPC**	**SUPINT**	**COMPPR**	**ADAPP**		**Estimate**
Eigenvalue	8.582	2.665	.729	.517		
Percentage of Variance	57.21	17.77	4.86	3.44		
Variables						
Degree of target market specification	**.843**	.058	.350	.212		.863
Number of export customers	**.843**	.118	.434	.100		.845
Adaptation of promotional approach	**.704**	.134	.387	.368		.838
Sales goal of the venture	**.588**	.197	.543	.291		.886
Training of sales force	.125	**.972**	.098	.077		1.000
Promotional support to intermediary	.092	**.968**	.150	.036		.977
Overall support to intermediary	.139	**.956**	.129	.079		.969
Subsequent product adaptation	.016	**.776**	.379	.287		-
Labeling in local language	.364	.193	**.827**	.152		.881
Adaptation of packaging	.358	.164	**.828**	.181		.939
Adaptation of product positioning	.328	.234	**.825**	.273		.972
Initial product adaptation	.382	.217	**.815**	.199		.892
Price adaptation	.438	.245	.371	**.731**		.902
Price competitiveness	.441	.183	.447	**.678**		.948
Export Marketing Performance (PERF)					**Cronbach's alpha**	.83
Factor Label	**PERF**					**Estimate**
Eigenvalue Percentage of Variance	2.852					
Variables	71.29					
Sales growth (in 3 years)	**.910**					.698
Perceived success of international venture	**.900**					.872
Profitability (in 3 years)	**.809**					.816
Initial strategic objectives	**.747**					.803
Model Fit						
χ^2	436.5					
CMIN/ df	1.85					
GFI	.86					
CFI	.97					
RMSEA	.07					