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Spontaneity and international marketing performance

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Spontaneity and International Marketing Performance

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Spontaneity and International Marketing Performance

Abstract

Purpose - The purpose of this paper is to ascertain how today’s international marketers can perform better on the global scene by harnessing spontaneity.

Design/methodology/approach - We draw on contingency theory to develop a model of the spontaneity–international marketing performance relationship, and identify three potential moderators, namely strategic planning, centralization, and market dynamism. We test the model via structural equation modeling with survey data from 197 UK exporters.

Findings - The results indicate that spontaneity is beneficial to exporters in terms of enhancing profit performance. In addition, greater centralization and strategic planning strengthen the positive effects of spontaneity. However, market dynamism mitigates the positive effect of spontaneity on export performance (when customer needs are volatile, spontaneous decisions do not function as well in terms of ensuring success).

Practical implications – Learning to be spontaneous when making export decisions appears to result in favorable outcomes for the export function. To harness spontaneity, export managers should look to develop company heuristics (increase centralization and strategic planning). Finally, if operating in dynamic export market environments, the role of spontaneity is weaker, so more conventional decision-making approaches should be adopted.

Originality/value - The international marketing environment typically requires decisions to be flexible and fast. In this context, spontaneity could enable accelerated and responsive decision-making, allowing international marketers to realize superior performance. Yet, there is a lack of research on decision-making spontaneity and its potential for international marketing performance enhancement.

Keywords: International marketing; Spontaneity, Performance; Decision-making; Exporting; Contingency theory.

Introduction

The international environment is characterized by the interdependence of markets, intensified competition, fragmented customer needs, and rapid change. Conventional wisdom argues that formal planning enables a company to align to the external environment. Formal planning is often defined as a deliberate decision-making process of identifying clear objectives, analyzing the environment, and assessing multiple alternatives in order to make optimal decisions based on market forecasts (Bailey *et al.*, 2000). However, rapid change and increased environmental uncertainty make accurate predictions difficult. In this context, international marketers such as exporters (Nemkova *et al.*, 2012) and entrepreneurs (Busenitz and Barney, 1997), including those involved in international trade (Dibben *et al.*, 2003), and born global firms (Knight and Liesch, 2016), “are confronted with high levels of unpredictability and ambiguity combined with a considerable time pressure - a really challenging environment for decisions” (Nummela *et al.*, 2014, p. 528). Consequently, there is growing evidence that such organizations increasingly prefer alternative decision-making processes to planning. For example, the use of heuristics, emergent decision-making and opportunistic behavior may all be desirable (Berg, 2014; Olson, 1986).

Contemporary thinking in decision-making recognizes that more emergent rather than deliberate approaches, advocated by Mintzberg as far back as the 1970s, are now essential to the development of agile organizations, particularly those that operate in dynamic environments. Scholars claim that the decision-making process is rarely actualized as formal planning since managers actively question their own ability to predict long-term market changes (Pina E Cunha, 2007; Nutt, 2008; Dew *et al.*, 2009). Decisions are now made in a more flexible and spontaneous fashion to allow for greater responsiveness (Tayur, 2013) and international success (Nemkova *et*

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2
3 *al.*, 2015). While the need to consider alternative approaches to planning has long been
4
5 recognized, research in this area is fragmented. Attention is mostly focused on the relationships
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7 between emergent decision-making approaches (e.g. improvisation, intuition) and the speed of
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9 the decision-making process or responsiveness to the market. At the same time, the direct impact
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11 on firms' international performance is often overlooked.
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15 We suggest that under complex environmental conditions the ability to generate timely,
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17 rather than optimal, decisions is becoming increasingly important to firm success. This highlights
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19 the construct of spontaneity which is defined as the ability to make decisions in the moment
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21 (Vera and Crossan, 2005). Spontaneity "allows people to react to events as they unfold, or to be
22
23 able to continue to move forward despite the unexpected" (Gesell, 2005, p. 4). Spontaneity
24
25 increases the speed at which decisions are made and implemented, consolidating first-mover
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27 advantages when fast decision-making is essential (Moorman and Miner, 1998), and permitting
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29 timely adaptation to inconsistent market conditions (Chelariu *et al.*, 2002). Internationally-active
30
31 businesses often operate in complicated market settings caused by, for example, political unrest,
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33 fluctuating exchange rates, and cultural heterogeneity. Spontaneity, then, can provide powerful
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35 means for firms to enhance international performance. Currently, theories for maximizing
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37 financial and other outcomes of spontaneity are underdeveloped (Vera and Crossan, 2005). While
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39 spontaneity has received some attention in the literature (mostly as a facet of improvisation), its
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41 impact on firms' international performance remains underexplored. Moreover, while there is
42
43 evidence that spontaneity can lead to positive outcomes for the company (e.g. responsiveness),
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45 some concerns have been raised regarding the unpredictable nature of spontaneity. For instance,
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47 it has been argued that spontaneity lowers companies' "protection" against mistakes and
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49 decreases the effectiveness of decision-making processes by making them chaotic (Nemkova *et*
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51 *al.*, 2015).
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3 The objectives of this study are to: (1) develop an understanding of the potential benefits and
4 drawbacks of spontaneity for international marketing decisions; and (2) understand the conditions
5 under which spontaneity is most valuable, and most harmful. Using contingency theory we
6 investigate the impact of external and internal factors on the spontaneity–international marketing
7 performance relationship. To this end, we develop a model of spontaneity and its relationship
8 with international marketing performance, and test this model on a sample of UK exporters.
9

10
11 The theoretical contributions of this work are twofold. First, we contribute to knowledge of
12 decision-making drivers of firms' international performance. Being a core management function,
13 decision-making can directly influence performance (Nemkova *et al.*, 2012). However, while the
14 performance outcomes of deliberate decision-making approaches (e.g. planning) have been
15 extensively researched, the relationship between more emergent decision-making (e.g.
16 spontaneity) and international marketing performance requires further investigation. Second, we
17 develop a better understanding of the conditions under which spontaneity helps or harms the
18 international performance of the firm. Previous studies noted that spontaneity can contribute to,
19 or detract from, a firm's international success. However, the conditions under which this occurs
20 remain underexplored.
21

22 From a managerial perspective, the findings of the present study act as a guide for assessing
23 how and when international marketers should increase or decrease spontaneity. A contingency
24 perspective is adopted (Gruber, 2007), identifying the contextual factors which render
25 spontaneity necessary versus dysfunctional and, as a result, managers will know *when* to
26 encourage or discourage spontaneous decision-making. The lack of empirical work linking
27 spontaneous decision-making to performance means that no recommendations currently exist:
28 there are no practical guidelines to help managers adopt effective spontaneity or avoid harmful
29 spontaneity.
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In what follows, we present the theoretical underpinnings of the study and explain how contingency theory informs the conceptual model. We then explain the development of the model. Subsequently, we discuss our methodology and present an outline and discussion of results. We conclude with an examination of implications, limitations, and avenues for further research.

Theoretical underpinnings

Hambrick and Lei (1985) explain that three schools of thought underpin business research: situation-specific, universal, and contingency. *Situation-specific* views compile a detailed understanding of each firm’s situation, with decision-making analyzed within the context of infinite unique variables. At the other extreme, *universalists* believe that strategy follows universal laws applicable to all contexts. The *contingency* view specifies that the effectiveness of decision-making depends on organizations’ competitive and structural settings and “focuses on the performance effects of ‘fit’” (Sirmon and Hitt, 2008, p. 1376). It is a compromise in that while decision outcomes depend on circumstances, there are also categories of settings for which generalizations are appropriate. It stands to reason that researchers can best contribute to knowledge through the contingency view, because “unless one is willing to admit the possibility that there exists some strategy or set of strategies which are optimal for all businesses (corporations) no matter what their resources and no matter what environmental circumstances they face—an assumption that is inconsistent with all research studies on business (corporate) strategy conducted to date—any theory of business (corporate) strategy must be a contingency theory” (Hofer, 1975, pp. 785-786).

There are three additional reasons for adopting this lens. First, contingency theory is not only central to the development of business research in general, it is also increasingly relevant to studies of international marketing performance (Katsikeas *et al.*, 2000). For instance, Cadogan *et al.* (2009) found that the optimal value of export market-oriented behaviors is contingent on market dynamism and internationalization. Similarly, Boso *et al.* (2013) show that the optimal value of firm innovativeness for international marketers is contingent on competitive intensity and market dynamism, networking capability, and organicity. Second, there is already some evidence that the outcomes of spontaneity are conditional (c.f. Mascitelli, 2000; Moorman and Miner, 1998). Third, international marketing studies anchored in contingency theory have focused on describing mediation effects in the structure–decision-making–performance relationship (Hultman *et al.*, 2009). Given the importance of fit to contingency theory, greater contribution to knowledge can actually be achieved by modeling the relationships as fit-as-moderation (Venkatraman, 1989).

The key to applying fit-based contingency theory to a model of decision-making lies in the identification of key contingencies. Internationalization is a firm's strategic response to the interplay of internal and external factors (Sousa *et al.*, 2008), so internal and external contingencies should be considered (Hultman *et al.*, 2009). Contingency theory suggests that the marketing activities–performance relationship is dependent upon (a) the nature of the environment; (b) the structure of the organization, and; (c) the nature of the task (Ruekert *et al.*, 1985). The *nature of the international environment* ranges from turbulent to stable (Cadogan *et al.*, 2009). A turbulent environment may render spontaneity desirable to speed up decision-making so the organization stays abreast of environmental changes. *Firm structure* is often conceptualized and operationalized along the centralization continuum (Auh and Menguc, 2007). Drawing on Mascitelli (2000), successful spontaneity requires the cooperation, interaction, and

information flow afforded by more formal structures. Finally, the *nature of the decision-making task* revolves around deliberation and emergence. Decision-making can occur rationally through strategic planning or the decision can emerge from experience and intuition (Mintzberg, 1978). Spontaneity does not occur in a vacuum as both planning and spontaneity are often found in firms (Chelariu *et al.*, 2002; Nemkova *et al.*, 2012), so the interplay between the two is a more likely conduit to success than either in isolation. Simply put, ‘either/or’ situations are not representative of strategic decision-making in organizations today.

International marketing performance is the outcome of a firm’s decision-making regarding internationalization activities. While such a construct is multidimensional, the dimensions used to measure it vary from study to study. For example, a literature review by Sousa (2004) reveals wide-spread use of sales-, profit-, and market-related dimensions. Katsikeas *et al.* (2000), on the other hand, distinguish between effectiveness (the fulfilment of export objectives), efficiency (the ratio of export outcomes to the inputs required to achieve them), and adaptiveness (the ability to respond to environmental conditions) dimensions, and report on the more common usage of the effectiveness dimension. For this study, we focus on profit-based effectiveness, as efficiency and adaptiveness would be expected to contribute to this.

Conceptual model

We propose a conceptual framework, anchored in contingency theory, linking spontaneity to international marketing performance. In line with classical contingency theory (e.g. Donaldson, 2001), we model structural (internal) and environmental (external) variables as moderators of this relationship in Figure 1. These moderators are discussed below.

“Insert Figure 1 about here”

Spontaneity is a management resource that embodies the ability to operate “in the moment”. Firms that can operate spontaneously find that they can deal with unanticipated events as they occur, and can think on their feet. In this context, international marketing is different to domestic trading as the foreign environment is more complex, with more unexpected problems with limited time to resolve them (Raven *et al.*, 1994). The ability to be spontaneous is an important antidote to complex environments in general and international markets in particular (Nemkova *et al.*, 2012). Firstly, spontaneity implies greater levels of flexibility in decision-making. As such, it allows for faster decisions (Chelariu *et al.*, 2002), enhancing competitiveness and responsiveness to customers’ needs (Nemkova *et al.*, 2015). Second, spontaneity is a route to creating unpredictable products and services (Brown and Eisenhardt, 1998) and can help generate unexpected solutions to problems (Pina E Cunha *et al.*, 2003). Third, according to Hmielecki *et al.* (2013), the implementation of decisions in the moment enables the firm to explore market opportunities and can positively influence firms’ economic performance. We also expect international marketing performance to benefit from spontaneity as a result of the rapid adaptation to fluctuating market demands that it fosters. In this context, we propose the following hypothesis:

H1. The relationship between spontaneity and international marketing performance is positive.

Bailey *et al.* (2000, p. 153) define planning as “an intentional process involving a logical, sequential, analytic and deliberate set of procedures. Based on this assessment, the option is chosen that is judged to maximize the value of outcomes in relation to organizational goals. The selected option is subsequently detailed in the form of precise implementation plans, and systems

for monitoring and controlling the strategy are determined”. In the absence of strategic planning, there is the danger that spontaneity could lead to random activities that are at odds with organizational goals, resources, skills, and capabilities. Accordingly, under low levels of strategic planning, higher spontaneity may result in actions that emerge with little consideration of their place within the firm’s overarching strategy. However, if management can act spontaneously within a framework of planned strategy or, at least, with planned strategy informing spontaneous activity, it is more likely that spontaneous decisions will take advantage of organizational resources, leading to the successful implementation of strategy. Thus, spontaneous decision-making in the context of greater planning levels is expected to contribute more strongly to international marketing performance. Thus:

H2. Strategic planning positively moderates the relationship between spontaneity and international marketing performance: the greater the level of strategic planning in the firm, the stronger the positive relationship between spontaneity and international marketing performance.

Centralization is the extent to which authority is concentrated at higher levels of the organization (Menon *et al.*, 1996). In highly decentralized export organizations, decision-making can occur at numerous touch points: for example, individual export executives can make decisions that affect the firm and its success independently and autonomously. This situation brings with it dangers, such as the possibility that spontaneity, often driven by the need to make rapid decisions in the face of complex and unexpected environmental shifts, can lead to decisions that adversely affect the firm’s success – by, for example, making choices that contradict, clash, and/or are not aligned with the planned strategies of the firm. Thus, even under the presence of higher strategic planning

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3 levels, increasing spontaneity can boost the chances of random actions by individual decision-
4 makers, thereby undermining the role of planning. Centralization can mitigate this potential
5 problem, by ensuring that the decision-making personnel who act spontaneously are not overly
6 dispersed across the organization. By containing spontaneous decision-making activity within a
7 narrower social system, the chances that spontaneous decisions will be excessively risky or
8 strategically misaligned are reduced, while the ability to coordinate and control the
9 implementation of these decisions is increased (Ruekert *et al.*, 1985). Centralization, therefore,
10 may act to temper the potential shortcomings of spontaneity, and so spontaneous decision-making
11 in the context of higher levels of centralization is predicted to contribute more strongly to
12 international marketing performance. Hence:
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29 **H3.** Centralization positively moderates the relationship between spontaneity and
30 international marketing performance: the greater the level of centralization in the firm, the
31 stronger the positive relationship between spontaneity and international marketing
32 performance.
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41 Export market dynamism captures the pace of change in export customers' needs and wants (e.g.
42 Cadogan *et al.*, 2005). Greater spontaneity levels imply greater ability on the part of managers to
43 respond to changes in the environment (c.f. Dibrell *et al.*, 2007) and to initiate responses "just-in
44 time" when necessary (Weick, 1998). Such characteristics become increasingly important as the
45 speed of change in export customers' needs and wants becomes greater. For example, as export
46 market dynamism rises, spontaneous decisions are likely to be more beneficial as they allow
47 organizations to respond more rapidly to fluctuating customer needs (Jaworski and Kohli, 1993).
48 Indeed, the ability to act fast and pre-empt competition is a central tenet of first mover-
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advantages, which are often regarded as being important for building long-term profits (Zhara and Garvis, 2000). Accordingly, we suggest that spontaneity is likely to become more useful for international marketing performance as export market dynamism rises. Therefore:

H4. Market dynamism positively moderates the relationship between spontaneity and international marketing performance: the greater the level of market dynamism the firm experiences, the stronger the positive relationship between spontaneity and international marketing performance.

Methodology and data collection

A survey of export decision-makers in 197 UK firms was undertaken. All measures were sourced from existing literature (see Table 3). Spontaneity was measured with three, spontaneity-specific, items from Vera and Crossan’s (2005) improvisation scale. Planning items were drawn from Bailey *et al.* (2000) and export centralization from Cadogan *et al.* (2005). Market dynamism was captured with items from Jaworski and Kohli (1993). International marketing performance was measured as export profit effectiveness with items taken from Cadogan *et al.* (2005) and Langerak *et al.* (2004). All items were 7-point Likert-type scales.

Following typical international marketing studies (c.f. Cadogan *et al.*, 2001; Cadogan *et al.*, 2003; Hultman *et al.*, 2011; Katsikea *et al.*, 2007; Sousa *et al.*, 2008), we included three control variables which could influence international marketing performance, namely company size (measured via the firm’s total number of full-time employees), export experience (the number of years exporting), and the overall level of competitive intensity faced by the firm in its export activities (gauged using items from Jaworski and Kohli, 1993). We also included instrumental

variables to test for and mitigate potential endogeneity. These were export memory (Souchon *et al.*, 2012) and mechanistic structure (Bourgeois *et al.*, 1978).

The questionnaire was pre-tested using protocols, debriefing, and a pilot study. Upon revision, it was sent to a random sample of 1,207 eligible exporters drawn from a Dun & Bradstreet database. We followed Dillman's (2000) method for survey administration. A total of 197 responses were received, for a response rate of 16.32%, commensurate with response rates from other export studies (Lukas *et al.*, 2007; Theodosiou and Katsikea, 2013). Our survey approach models prior work in international marketing (Bello *et al.*, 2010) in that we used a single export decision-maker from each firm. This approach tends to have low susceptibility to bias in international research (Rindfleisch *et al.*, 2008).

Results and discussion

Measure validation

We used LISREL 8.80 to run Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM). We ran a CFA with all measurement items. We used maximum likelihood estimation, and assessed model fit using common indicators (Diamantopoulos and Siguaw, 2009). The fit indices demonstrate that the CFA provided a good fit with the data (Table 1).

“Insert Table 1 about here”

Attention was then given to potential common method variance (CMV) problems. First, we guarded against potential common method bias by taking procedural measures at the questionnaire development stage following recommendations given by Podsakoff *et al.* (2003). We attenuated for any potential CMV bias by using an instrumental variable technique (Antonakis *et al.*, 2010). The two instruments used were export memory and mechanistic

structure. The instrumental variable approach suggests that common method biases do not explain relationships between study constructs. The CFA output was used to calculate the composite reliability (minimum 0.77) and average variance extracted (minimum 0.53) for each construct. Discriminant validity was assessed in two ways. First, we used a χ^2 difference test for each possible pair of constructs, forcing each pair of constructs to fit a single-factor model and comparing the fit with a two-factor model (Anderson and Gerbing, 1988). Even accounting for the large number of χ^2 tests performed (c.f. Vorhees *et al.*, 2016), the two-factor model always provided a better fit with the data than the single-factor model. Second, we compared the average variances extracted (AVEs) with the squared correlations from the standardized PHI matrix. The lowest AVE was 0.53 (market dynamism) and the largest squared correlation between any two constructs was 0.21, indicating good discriminant validity (Fornell and Larcker, 1981).

Structural Model

The second stage of the analysis involved running the structural model with instrumental variables. Our approach here follows the recommendations of Venkatraman (1989) in analyzing fit-as-moderation relationships. Specifically, we eschew sub-group analyses or split sample approaches in favor of a moderated structural equation model because the performance outcome is determined by the interactions between the predictor and the moderators (Sharma *et al.*, 1981; Venkatraman, 1989).

We mean-centered the raw scores of antecedent variables to reduce potential problems of multicollinearity linked to the inclusion of the interaction terms (Aiken and West, 1991) required for the assessment of moderating effects. Three interaction terms were created by the products of spontaneity with: strategic planning; centralization, and; market dynamism. In addition, the latter moderating variables were also inserted into the structural equations as main effects following

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3 statistical convention for hierarchical testing of interaction effects (Sharma *et al.*, 1981). In line
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5 with Germann *et al.* (2013), we also computed quadratic terms (both for the main effect of
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7 spontaneity and for the moderating effects), and included them in the model to control for
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9 potential non-linear effects. We used Ping's (1995) approach for estimating interactions between
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11 latent constructs in structural equation models. This procedure is recommended in order to lessen
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13 model complexity since our model comprised a number of interaction effects (Jaccard and Wan,
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15 1996). Single indicants were therefore computed for all multi-item latent variables (except for
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17 export profit effectiveness) by averaging the corresponding measurement items. Export profit
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19 effectiveness was modeled as a first-order latent variable comprised of three items. We set the
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21 error variances of the single indicants associated with the latent variables to $[(1 - \alpha) \cdot \sigma^2]$ (Jöreskog
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23 and Sörbom, 1993), where α corresponds to the construct reliability and σ to the standard
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25 deviation of the single indicant. Following established guidelines (Song *et al.*, 2005) we used the
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27 factor loading and the error variance estimates obtained from the main effects model to compute
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29 loadings and error variances of the single indicants corresponding to the quadratic and interaction
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31 terms. We ran two models, a model where endogeneity is assumed not to exist and a model where
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33 endogeneity is presumed and controlled for. The χ^2 difference between those two models was not
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35 statistically significant, suggesting that endogeneity is not a concern (Antonakis *et al.*, 2010).
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43 In addition, we ran two models, namely a constrained model and an unconstrained model. In
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45 the constrained model we allowed only the direct effects to be estimated freely. Accordingly, we
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47 set interaction terms at zero. In the unconstrained model we allowed all effects to be estimated
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49 freely. Although the decrease in χ^2 accrued from moving from the constrained to the
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51 unconstrained model was not statistically significant, ($\Delta\chi^2 = 13.11$; Δ d.f. = 7, $p > .05$), the
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53 unconstrained model explained an additional 10% of variance in the dependent variable (the R^2
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statistics of the constrained and unconstrained models were 24% and 34%, respectively).

Additionally, the unconstrained model exhibited better fit statistics across all key fit indicators in comparison to the constrained model. Table 1 exhibits the statistics of the measurement and structural models, and the correlations among constructs. As shown in Table 1, the results of the unconstrained model indicate excellent fit with the data, as indicated by non-significant χ^2 (35.60, $p > 0.05$), RMSEA (0.04), NNFI (0.96), and CFI (0.99). Accordingly, the unconstrained model was used for the purposes of hypothesis testing. Table 2 shows the t-values and coefficients associated with each relationship.

“Insert Table 2 about here”

Given the presence of multiple moderating and quadratic effects in our model, we assess it in its entirety in order to draw conclusions on the study hypotheses (Kam and Francese, 2007). To provide insights into the hypothesis testing, we use a graphical method which integrates the path coefficients estimated in Table 2. Precisely, adopting one-tailed tests to determine whether to accept or reject model coefficients (because the model hypotheses are directional, predicting positive or negative links with export performance), and using the unstandardized coefficients of our model, we plot graphical representations of the relationship between spontaneity and export performance under low and high values of the moderators (see Figure 2).

“Insert Figure 2 about here”

Examination of Figure 2 reveals that spontaneity has a positive impact on performance in all scenarios. Hence, H1 is corroborated. We also found support for H2 which anticipates that strategic planning increases the strength of the link between spontaneity and international marketing performance (see section A of Figure 2). Furthermore, as depicted in section B of Figure 2, the patterns of relationships are consistent with the argument that centralization strengthens the spontaneity–performance relationship, in support of H3. Surprisingly, our results

were not consistent with H4, as export market dynamism weakens the link between spontaneity and performance (see section C of Figure 2).

Discussion

Given the increasingly complex international environment in which firms operate, choosing the right decision-making approach for given situations is an area of growing interest. We hypothesized that spontaneity can improve international performance, and that strategic/structural characteristics, and market dynamism would moderate such a relationship. Findings confirmed the importance of spontaneity to international marketing performance. Thus, while the accepted norm for international decision-making is the planning approach (Lukas *et al.*, 2007), managers who make spontaneous decisions reap significant benefits. For example, spontaneity enables responses to customer demands to be faster and more flexible, offering instant solutions to queries, generating greater customer satisfaction, competitive advantage, and increased sales. However, international marketers need to be context-aware as the positive effect of spontaneity on international marketing performance is stronger when the organization undertakes greater levels of strategic planning, is more centralized, and market dynamism is lower.

Strategic planning was found to play a positive moderating role on the spontaneity–international performance link. Our results suggest that spontaneous decision-making in the presence of planning is more likely to lead to the successful implementation of international marketing strategy. Such findings seem to validate the literature in that success in complex environments requires both planning and more flexible decision-making (Da Cunha *et al.*, 2001). This seems more representative of decision-making in international marketing as it is implausible to suggest that managers plan all possible decisions and predict all possible contingencies without

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3 needing to spontaneously react to events as they occur. Similarly, while spontaneity itself is
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5 beneficial for international performance, it is more likely that having some control and focus (as
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7 provided by strategic planning) better enables organizations to capture rewards from spontaneous
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9 behavior.
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12 Findings also suggest that the link between spontaneity and international marketing
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14 performance is positively moderated by centralization. This supports the notion that
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16 centralization acts as a monitoring mechanism for spontaneity, ensuring the latter does not
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18 encourage decisions which are excessively risky or misaligned with the firm's strategy. Hence,
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20 our study suggests that centralization acts as a supporting structure for spontaneity.
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25 Contrary to expectations, export market dynamism is found to weaken the positive link
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27 between spontaneity and international marketing performance. A possible explanation for this
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29 could be that greater levels of export market dynamism render the task of managing international
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31 marketing operations more complex. Hence, while spontaneity can allow organizations to
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33 respond rapidly to changing market conditions, such benefit may be overshadowed by enhanced
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35 coordination problems. It can be concluded that spontaneity has inherent dangers that managers
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37 should compensate for by having alternative decision-making processes in place. Logically, then,
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39 research attention needs to be directed toward examining the balance of decision-making modes
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41 that best suits organizations operating in turbulent market conditions. Given that effective
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43 coordination is critical to attain superior performance in dynamic environments (Han *et al.*,
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45 1998), spontaneity becomes less beneficial for firms under greater levels of market dynamism.
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51 The present study offers practical insights for managers of internationalizing firms. Our
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53 findings indicate that spontaneity is a crucial predictor of international marketing performance.
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55 Hence, managers ought to increase the levels of spontaneity that characterize decision-making
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57 processes which concern their firms' international marketing activities. Furthermore, the pursuit
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of greater levels of spontaneity should be coupled with investments in higher strategic planning, as the latter circumvents the potential shortcomings of spontaneity and increases the chances that spontaneous decisions effectively use organizational resources. In addition, higher levels of spontaneity ought to be combined with a more centralized structure, as centralization acts as a monitoring mechanism for spontaneity, guarding against its potential weaknesses. Managers should also note that spontaneity becomes less beneficial for international marketing performance under higher levels of market dynamism. As such, investments in greater levels of spontaneity should be pursued more/less under conditions of lower/higher market dynamism.

Conclusions

This study makes several contributions to international marketing and management theory. It is, to the authors' best knowledge, the first to specifically address the spontaneity–international performance relationship. In addition, this is the first attempt to investigate critical strategic/structural/environmental contingencies that affect the usefulness of spontaneity in terms of improving international marketing performance. Our findings build on the theoretical debate surrounding structure and strategy. Strategy researchers advocate a strategy-before-structure approach (Chandler, 1962). Underpinned by a fit-as-moderation perspective (Venkatraman, 1989), our study suggests that strategic, structural, and environmental conditions play a critical role in shaping the spontaneity–performance relationship for international firms. Hence, such conditions should be monitored, in order to ensure that spontaneity operates in a safe environment and, relatedly, is appropriate in light of the internal and external contexts of the firm. Spontaneity boosts international marketing performance when the organization undertakes

greater levels of strategic planning, is more centralized, and faces lower levels of market dynamism.

Spontaneity is particularly beneficial for international marketing performance when companies adopt a more systematic approach to decision-making, as greater levels of strategic planning protect against less well-thought out spontaneous decisions which can lead to random activities that are not aligned with organizational goals, resources, skills, and capabilities. Strategic planning also assists management in taking advantage of organizational resources when adopting spontaneous decision-making processes. In addition, the positive effect of spontaneity on international marketing performance is boosted when firms have a more centralized structure, as centralization acts as a monitoring mechanism, preventing excessive decisions that may be brought about by enhanced spontaneity levels, thus mitigating the potential shortcomings of spontaneity. We also find that more stable markets constitute a safer environment for spontaneity, as under greater levels of market dynamism spontaneity may stifle coordination, rendering its effect on performance less positive.

This study suffers from the traditional limitations associated with work of this nature. A larger sample would have been beneficial, and the cross-sectional nature of the study reduces the strength of the causal claims that can be made as a result of the research undertaken. More rigorous, causal research designs (e.g. longitudinal studies, experiments) are required to formally confirm the causal mechanisms we propose. The specific context of the study also warrants caution if attempting to generalize findings more widely. Performance measures of the organizations which were sampled could have been linked to more objective data, such as share prices. Such data could then enable model testing to be nested within firms who are, for example, low, medium or high performers based on share price indexing, or firms displaying low versus

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3 high share price volatility. Finally, we did not consider survival bias, so our sample may display a
4
5 bias towards more successful firms simply because respondents are still in business.
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8 There is much scope for further research into the area of spontaneity. First, international
9
10 managers are expected to monitor market developments and design responses. In many cases, this
11
12 process is undertaken in a context of competing goals, requests for attention from different
13
14 international markets, limited resources, and information overload. It is often argued that in such
15
16 circumstances, managers will be constrained in decision-making through bounded rationality
17
18 (Simon, 1957). Managers may reduce information processing and rely on simplified models of
19
20 reality to make decisions. This may lead to suboptimal or rash action where being spontaneous
21
22 may be to the detriment of the firm in the longer term. For instance, actions used in the past may
23
24 be repeated at the expense of developing and executing new responses (Hambrick *et al.*, 1993),
25
26 rendering international experience a negative factor. In this context, a potentially fruitful research
27
28 avenue could be to adopt a longitudinal design to study spontaneity and delineate the factors that
29
30 contribute to its success over time. Indeed, Varadarajan and Jayachandran (1999) suggest that the
31
32 analysis of spontaneity can examine the temporal sequence in which actions occur in firms. As
33
34 spontaneous strategy formulation and implementation occur simultaneously, investigating the
35
36 process of spontaneity over time is likely to yield significant understanding of this complex
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38 phenomenon.
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45 Second, a socio-cognitive approach could be adopted to assess the relationship between
46
47 learning and spontaneity. Leybourne (2006) found that organizational members can be trained to
48
49 think on their feet by learning from success and failure. Members thus develop a repertoire of
50
51 effective routines from which to choose when being spontaneous. It is therefore no surprise that
52
53 consultancy agencies which specifically train managers to be more spontaneous and creative are
54
55 multiplying (e.g. Agility Consulting and Training, 2016).
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Third, spontaneity may also have a role to play in service provision. A service orientation has become a key differentiator of firms in competitive environments, with both manufacturing and service firms implementing service business orientations with a view to increasing performance (Antioico *et al.*, 2008). Yet, the core trade of a manufacturing firm remains its physical goods, which result from engineer-driven production. On the other hand, the production of a service is more fluid and malleable, and therefore easier to adapt through spontaneity. Against this background, future research may involve comparing manufacturers and service providers in terms of absolute levels and outcomes of spontaneity. If stronger performance outcomes of spontaneity are observed within pure service industries, lessons can be gained which can be applied to the manufacturing sector (i.e. through servitization).

Finally, the impact of spontaneity on performance may be contingent on the type of decision made spontaneously. More specifically, making spontaneous tactical or day-to-day decisions may be productive, but doing so in the case of more complex decisions may not. Thus, future research may wish to contextualize spontaneity in terms of the type of decision made.

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Table 1 Model Fit Indicators, Correlation Matrix, and Scale Properties

Model	χ^2 (d.f.)	<i>p</i> -value	$\Delta\chi^2$ (d.f.)	RMSEA	CFI	NFI	NNFI	Standardized RMR		
Measurement model	280.698 (233)	.018	-	.032	.979	.917	.973	.047		
Structural models										
- Model 1 (constrained model) ^a	48.711 (35)	.062	-	.045	.987	.962	.949	.031		
- Model 2 (unconstrained model) ^b	35.599 (28)	.153	13.112 (7)	.037	.992	.972	.961	.022		
Measures	1	2	3	4	5	6	7	8	9	10
1. Export spontaneity	-									
2. Export planning	.210**	-								
3. Export centralization	-.203*	-.089	-							
4. Market dynamism	.075	.285	-.003	-						
5. Competitive intensity	.129	.389	.020	.379	-					
6. Export profit effectiveness	.239**	.140	-.148	-.061	-.157	-				
7. Company size	-.087	.150	-.121	-.154	.200*	.044	-			
8. Export experience	-.031	.244**	-.085	.131	.223*	.248**	.055	-		
9. Export memory	.291**	.461**	-.266**	.048	.183*	.239**	.111	.287**	-	
10. Mechanistic structure	.260**	-.104	-.020	-.082	-.031	-.133	.005	-.042	-.024	-
Mean	5.664	4.214	2.517	3.760	3.413	4.505	343.149	34.148	5.367	4.060
Standard deviation	.809	1.332	1.377	1.298	1.299	1.063	747.235	30.690	1.171	1.559
Composite reliability	.900	.926	.935	.765	.798	.851	N.A. ^c	N.A. ^c	.888	N.A. ^c
Average variance extracted	.751	.758	.828	.532	.572	.661	N.A. ^c	N.A. ^c	.725	N.A. ^c

* Correlation is significant at the .05 level.

** Correlation is significant at the .01 level.

a. Squared multiple correlation coefficient = .235.

b. Squared multiple correlation coefficient = .336.

c. N.A. = not applicable. Because this is a single-item scale average variance extracted and composite reliability are not meaningful.

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For Peer Review

Table 2 Model Path Coefficients and T-values

Parameter Estimates and t-Values ^a			
Hypotheses Supported by Path		Standardized Estimates	t-Values
H ₁	Export spontaneity	.293	2.716
	Export spontaneity squared	-.041	-.216
H ₂	Export spontaneity x export planning	.199	1.180
	Export spontaneity squared x export planning	.405	2.175
H ₃	Export spontaneity x export centralization	-.079	-.638
	Export spontaneity squared x export centralization	.239	1.815
H ₄	Export spontaneity x market dynamism	-.324	-2.107
	Export spontaneity squared x market dynamism	-.230	-1.535
Controls			
	Export planning	.105	.996
	Export centralization	.007	.091
	Market dynamism	-.009	-.084
	Competitive intensity	-.361	-3.239
	Company size	.096	.951
	Export experience	.291	3.015
^a Critical t-value (5%, one-tailed) = 1.645; critical t-value (1%, one-tailed) = 2.326.			

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Table 3 Items, factor loadings and error variances

Items and examples of item sources	Completely standardized loadings (Lambda-X)	Error variances (Theta- Delta)
Export Spontaneity^a (Vera and Crossan, 2005)		
Member(s) of the export function ... are good at thinking on their feet when carrying out actions	.822	.324
... are able to deal with unanticipated events on the spot	.929	.136
... have an ability to respond “in the moment” to unexpected problems	.844	.288
Export Planning^a (Bailey <i>et al.</i> , 2000)		
We meticulously assess many alternatives when deciding on an export decision	.824	.320
We evaluate potential strategic export options against explicit export objectives	.902	.187
We have definite and precise strategic export objectives	.871	.241
We make export decisions based on a systematic analysis of our export environment	.883	.220
Export Centralization^a (Cadogan <i>et al.</i> , 2005)		
Even small export matters have to be referred to top management for a final answer	.889	.209
Approval by top management has to be sought before anything can get done	.958	.082
Any export decision made has to be approved by top management	.880	.226
Market Dynamism^a (Jaworski and Kohli, 1993)		
New export customers tend to have product-related needs that are different from those of our existing export customers	.548	.699
Our export customers’ product preferences change quite a bit over time	.922	.149
Our export customers tend to look for new products all the time	.667	.556
Competitive Intensity^a (Jaworski and Kohli, 1993)		
In our export markets, there are many “promotion wars”	.822	.324
One hears of a new competitive move in our export markets almost every day	.808	.347
In our foreign markets, aggressive selling is the norm	.622	.613

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Table III continued

Items and examples of item sources	Completely standardized loadings (Lambda-X)	Error variances (Theta- Delta)
Export Profit Effectiveness (Cadogan <i>et al.</i> , 2005; Langerak <i>et al.</i> ,2004)		
Please indicate how well your export products have performed over the last three years in terms of...		
... meeting profitability goals ^b	.863	.255
... meeting contribution margin goals ^b	.912	.169
Overall, how profitable has exporting been over the last year? ^c	.637	.594
Export Memory ^a (Souchon <i>et al.</i> , 2012)		
The export team/person...		
... has an abundance of export knowledge	.869	.245
... has current knowledge about export matters	.846	.284
... has a rich memory base	.839	.297
Mechanistic Structure ^d (Bourgeois <i>et al.</i> , 1978)		
We strongly emphasize always getting personnel to follow the formally laid down procedures/Things get done even if this means disregarding formal procedures	.836	.300

NOTE: (R) Item reverse coded for analysis purposes
^a 7-point scale with anchors strongly disagree/strongly agree
^b 7-point scale with anchors very poor/outstanding
^c 7-point scale with anchors very unprofitable/very profitable
^d 7-point bipolar scale

Figure 1. Conceptual framework

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Figure 2. Spontaneity–performance link under low and high values of moderators