Globalization, Marketing Resources, and Performance: Evidence From China

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Two important areas are underexplored in the relationship between marketing resources and performance. First, the subject has been primarily investigated in the context of Western countries, and inadequate attention has been given to emerging economies. Second, despite the recent growth in globalization, the moderating role of globalization on the link between marketing resources and performance has not been investigated. Addressing these important gaps, this article focuses on an emerging economy (China) and explores the moderating effect of globalization on this link. Specifically, the authors develop several hypotheses highlighting the moderating role of globalization activities (global product sourcing, global market seeking, and global partnership) on the link between marketing resources (market orientation, entrepreneurial orientation, and innovative capability) and firm performance. The findings of the moderating role of globalization provide several important implications for marketing theory development and managerial practice.

Keywords: *marketing resources; globalization; firm performance; resource-based theory; market orientation; entrepreneurial orientation; innovative capability; global sourcing; global marketing; global partnership; China; emerging markets*

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How can organizational resources explain firms' sustainable competitive advantage (SCA)? This broad research theme has attracted serious attention in the recent past (e.g., Capron and Hulland 1999; Dickson 1996; Hunt and Morgan 1996; Mizik and Jacobson 2003; Morgan, Kaleka, and Katsikeas 2004). The resulting resource-based theory (RBT) of the firm has emerged as an important framework examining SCA in strategic management (Barney 2001; Capron and Hulland 1999; Wernerfelt 1984). Notably, Srivastava, Fahey, and Christensen (2001) concluded that the attention given to RBT in marketing is not commensurate with its potential importance; "Marketing scholars have devoted remarkably little attention to applying RBT as a frame of reference in advancing marketing theory or in analyzing core challenges in marketing practice" (p. 778). Thus, this study serves to answer their call for increased application of RBT in marketing research to arrive at guidelines for firms seeking to enhance performance and customer value.

A review of the RBT-focused marketing literature leads to several important and interesting observations. First, most marketing studies using RBT to evaluate the linkage between a firm's marketing resources and performance has been confined to firms in the Western hemisphere (Fahy et al. 2000). In particular, very few studies examine this link within emerging economies such as China, which is the fastest growing economy in the world (Lin and Germain 2003; Shenkar and von Glinow 1994). According to the World Bank, China's average economic growth ranked among the highest in the world in the past two decades (www.worldbank.com/data/). China has made and continues to make important contributions to the development and prosperity of the world economy. China is the second-largest recipient of worldwide foreign direct investment after the United States, and the latter is the former's second-largest international trade partner (Peng and Luo 2000). Like other transitional economies, such as those in post-Soviet Eastern Europe (Fahy et al. 2000), the Chinese economy is more dynamic and uncertain than Western economies. Given the complexity and importance of the Chinese economy, it is surprising that marketing researchers have paid it only scant attention (e.g., Katsikeas, Leonidou, and Morgan 2000). As China integrates fully into the World Trade Organization (WTO), globalization is now more than ever an important factor in influencing the competitiveness of Chinese products and brands. Chinese firms offer a fascinating context in which to investigate the pattern and strength of the performance advantages of critical resources along with firm globalization activities. Overall, there are at least three reasons to use China to test the broader applicability of theories generated in the Western context: (1) China's huge population and market, (2) the significant differences between Chinese and Western economies, and (3) increasing integration of China into and contribution to the world economy (Shenkar and von Glinow 1994).

Second, existing research examining the marketing resources-performance link has overlooked variables that could potentially moderate this link. Given the growth of globalization in recent decades (Alden, Steenkamp, and Batra 1999; Arnould, Price, and Zinkhan 2004; Cavusgil and Zou 1994; Hayes, Alashban, Zinkhan, and Balazs 2002; Kotabe 1990; Zinkhan and Pereira 1994), the omission of the moderating role of globalization in research on the resources-performance link is notable. Globalization can be defined as a set of organizational activities that direct the flow of a company's goods and services to consumers in global markets for a profit (Cateora 1996). We know little about how globalization influences the scope and deployment of marketing resources. As firms proactively or reactively compete globally, an investigation of the role of globalization would be of substantial importance to practitioners.

We also believe that an investigation of the moderating role of globalization could refine our conceptual understanding of the resources-performance link. Indeed, several marketing and management scholars have noted the value of using RBT to integrate the globalization and strategy literature (e.g., Katsikeas et al. 2000; Peng 2001). These scholars claim that transferring concepts from RBT may be a critical step toward enhancing our limited understanding of areas of global marketing and that a contingency approach toward global marketing activities and organizational resources, "rather than a dogmatic view," is urgently needed (Katsikeas et al. 2000). In addition, we argue that it is appropriate to investigate the moderating role of globalization based on the structure-conduct-performance paradigm (e.g., Hambrick and Lei 1985). The paradigm suggests that organizational conduct and performance are constrained by the external environment, including globalization (Anderson and Zeithaml 1984). Furthermore, a contingency perspective of the resources-performance link may potentially help explain the mixed results (i.e., positive, negative, or insignificant) of the correlation between performance and resources such as market orientation (Matsuno and Mentzer 2000). In the literature, Kohli and Jaworski (1993) reported that market orientation is not related to a firm's actual market share. Han, Kim, and Srivastava (1998) also failed to find a positive relationship between market orientation and actual net income growth. In addition, there is no direct influence of market orientation on perceived new product market performance (Atuahene-Gima 1996) or perceived market share (Pelham and Wilson 1996). Notably, Narver and Slater (1990) found a negative influence of market orientation and a positive influence of market orientation squared on perceived financial performance. Similarly, Voss and Voss (2000) found a strong, negative influence of customer orientation on both subjective and objective measures of sales, total income, and net profit. Overall, the mixed results of the link between market orientation and performance suggest the need for a contingency perspective to advance RBT research.

Our research is intended to alleviate these important gaps in the literature. Particularly, the objectives of this article are to (1) examine the link between capabilities and performance in an emerging market using China as an exemplar and (2) investigate the moderating role of globalization activities on this link. Specifically, we consider the moderating role of globalization activities (global product sourcing, global market seeking, and global partnership) on the link between marketing resources (market orientation, entrepreneurial orientation, and innovative capability) and firm performance.

We attempt to make several unique and important contributions. First, an exploration of market-driven organizations in a transitional economy from a resources perspective is lacking in the literature (Fahy et al. 2000; Hooley et al. 2000). As the largest emerging economy, China is changing from a centrally controlled society into a market-driven economy. Firms in such transitional economies face hostile and complex institutional and economic environments. Behind the "bamboo curtain" (Williamson 1975), China represents a unique opportunity to test organizational and marketing theories (Lin and Germain 2003; Shenkar and von Glinow 1994). Second, by studying the moderating role of globalization, we seek to extend our knowledge in two ways: enabling a fine-tuned understanding of the marketing resources-performance link and examining the role of globalization on the effectiveness of a firm's activities. Thus, this article contributes to the resource-based perspective of organizations as well as the globalization literature. Third, the findings of our research will offer useful guidelines for global managers who are looking for theoretical insights from developed economies while at the same time expecting the demonstrated relevance of such theories for emerging economies.

The rest of the article is organized as follows. The second section briefly reviews the background literature. The third section develops a conceptual framework of the moderating role of globalization on the marketing resources-performance link and derives a number of research hypotheses based on an integration of a wide array of literatures. The fourth section describes the research methodology followed to test the hypotheses, while the fifth section discusses the results of data analysis. The article concludes with a delineation of the significance of our findings, managerial implications, and future research directions.

BACKGROUND LITERATURE

The Resource-Based Theory (RBT) of the Firm

RBT holds that firms have idiosyncratic resources and capabilities that are heterogeneous or imperfectly mobile in a disequilibrium economy (Barney 1986; Capron and Hulland 1999). Those strategic resources that generate sustained competitive advantage are valuable, rare, and difficult to imitate (Barney 2001). Thus, intangible resources are more likely to result in a competitive advantage than are tangible resources. According to RBT, capabilities (i.e., the capability to innovate) are the key intangible firm-specific resources that allow firms to achieve core competency (a firm's ability to deliver key success factors in practice) and competitive advantage in the dynamic marketplace (Day 1994; Mizik and Jacobson 2003). Capabilities refer to the ability of a firm to deploy strategic resources advantageously. It should be noted that although RBT is a newly named theory, the concept originated with Penrose (1959), who used it in the context of market diversification, as opposed to the recent general economic perspective.

RBT has been deemed superior to other theories of the firm, including neoclassical theory, Brian-type, Schumpeterian, the Chicago school of thought, and transaction cost theory (e.g., Barney 2001). Although the neoclassical view of the firm as a bundle of distinctive inputs is central to RBT, it is not limited by neoclassical theory's assumptions of perfect information, resource mobility, and divisibility. RBT may also agree with the Chicago school's primary goal of maximizing efficiency in production and distribution. However, unlike RBT, the Schumpeterian and Chicago schools of thought focus on long-term equilibrium and hold that entry dissipates above-normal economic rents. By contrast, RBT emphasizes the strategic decisions of the firm in the short and intermediate terms. It posits that resources and inputs are costly to copy and, like Brian-type schools of thought, asserts that above-normal rents are achievable even in a long-term analysis. However, RBT rejects the Brian-type view's assumption of monopoly power, game-theory-based collusion, and Schumpeter's notion of "creative destruction" as the source of long-term rent. Instead, RBT posits that hard-to-copy, costly-to-copy, and idiosyncratic resources are the key to long-term above-market rents. While asset specificity, competitive environment, and firm-environment interface are essential to both transaction cost theory (TCA) and RBT, RBT does not make the opportunism assumption of TCA. All in all, Conner (1991) concludes that RBT, with its strong and cumulative heritage of economic theories, "most closely achieves a fundamental theory of the firm" (p. 122). Thus, a resource-based model is recommended as a way to investigate competency and superior firm performance through a more intimate integration of organization theory, marketing, and economics (Hunt and Morgan 1996).

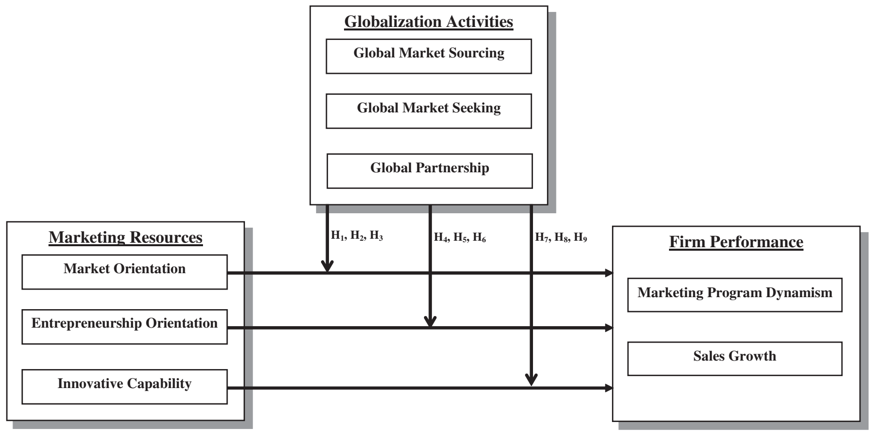
Strategic Resources and Performance

Resource-based theory contends that firms obtain SCA by deploying unique and immobile firm resources and, through SCA, are more efficient and/or effective in obtaining economic rents than competitors in the industry (Wernerfelt 1984). Economic rents resulting from a higher level of efficiency and effectiveness in exploiting resource advantages are different from monopoly rents. The latter results from efforts to create imperfectly competitive conditions, which may reduce the social welfare, according to public policy (Hunt 1999) and the social network paradigm (Achrol and Kotler 1999). In addition, RBT holds that distinctive competencies, externally representing the relative strategic posture of the firm vis-à-vis industry competition, ultimately lead to superior outcomes and performance. As such, in the long run, the firm's profitable market position depends on its ability to achieve an advantageous posture in deploying the idiosyncratic resources (Barney 2001; Day 1994).

RBT and Globalization

Although Alden et al. (1999) noted that globalization is a recent phenomenon that affords marketing management both opportunities and threats, several initial attempts have conceptualized the relevance of RBT in globalization research. For instance, marketing scholars Katsikeas and colleagues (2000), in a recent review of export performance, noted that transferring concepts from RBT may be a critical step toward enhancing our limited understanding

FIGURE 1
A Model of Marketing Resources, Globalization, and Firm Performance



of areas in global marketing. Integrating RBT and international business (IB) theories, Peng (2001) noted that RBT has provided a powerful theoretical approach to IB research. Historically, the IB field has been critiqued as phenomenon driven and topically scattered. Peng believes that RBT may present "a unifying framework through which diverse topics ranging from global strategies of multinational corporations to entrepreneurial activities in international economies can be viewed as subscribing to the same set of underlying theoretical and competitive logic" (p. 819).

CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Our conceptual framework, presented in Figure 1, proposes that strategic resources influence marketing performance such as marketing program dynamism and sales growth and that this impact is moderated by a firm's globalization activities. As described previously, the moderating role of globalization in the marketing resources- performance link has not been tested either in developed economies or in developing economies. This new approach will contribute to an improved understanding of organizational activities in a global context.

Collectively, there are several reasons why globalization may play a moderating role in the marketing resources-performance link. First, we suggest that globalization activities may moderate the effectiveness of strategic resources based on the structure-conduct-performance paradigm (e.g., Hambrick and Lei 1985). The paradigm implies that firms (1) rely on their environment, including globalization, for the creation, deployment, and leverage of critical resources such as entrepreneurial and market orientation and innovative capability and (2) need to manage this contingency of resources to achieve superior performance (Anderson and Zeithaml 1984). As a result, the marketing resources-performance link may be contingent on globalization activities. Another theory that can support such a moderating effect is the resource-dependence theory (Pfeffer and Salancik 1978), which focuses on the influences of the environment and other external forces on how organizations compete in markets. Similar to the structure-conduct-performance paradigm, resource-dependency theory also suggests that the exploration and exploitation of a firm's marketing resources are contingent on the managerial perceptions of the peculiarities of the external environment, including globalization activities (Achrol and Kotler 1999).

Second, a prior theoretical study by Katsikeas et al. (2000) suggests that it is appropriate and necessary to adopt a contingency approach toward global activities and organizational resources based on RBT. They suggest that applying RBT would enhance our inadequate understanding of global marketing, a field some scholars have argued is beset with low theoretical rigor (Morgan et al. 2004). More important, a contingency approach to globalization would be particularly helpful given the complexity of global marketing activities (e.g., Zou and Cavusgil 2002).

Third, our extensive review of related empirical studies in the marketing, strategic management, and organization science literature indicates the need to examine the moderators of the marketing resources–performance link. Doing so may not only provide a deeper and more fine-tuned understanding of this link but may also help explain the mixed results of the correlation between performance and key resource variables. As mentioned previously, the association between market orientation and performance was found to be positive in some studies (Deshpande, Farley, and Webster 2000; Lin and Germain 2003), negative in other studies (Narver and Slater 1990; Voss and Voss 2000), and not significant in a few additional studies (Atuahene-Gima 1996; Han et al. 1998; Kohli and

Jaworski 1993). In addition, the empirical findings of the entrepreneurship-performance link appear inconclusive (e.g., Dess, Lumpkin, and Covin 1997; Murray, Kotabe, and Wildt 1995; Zahra and Covin 1995). Notably, Li and Atuahene-Gima (2001) also reported mixed results on the impact of product innovation strategy on performance, "with over two-thirds of the studies finding a positive relationship between product innovation strategy and firm performance, and the rest finding a negative relationship or none at all" (p. 1123). Overall, the mixed results of the influence of strategic resources on performance suggest the need for a contingency perspective to advance the marketing resources framework and RBT. In fact, Murray et al. (1995) found some support for the contingency view of global product sourcing and the moderating role of global product sourcing on the influence of asset specificity on a firm's market performance. In short, both theoretical and empirical support suggests that globalization may act as a moderator in the marketing resources–performance link.

Our conceptual framework examines the effects of several key strategic resources (market orientation, entrepreneurial orientation, and innovative capability) on firm performance. Our selection of these resource variables is based on existing marketing theories in identifying SCA sources such as marketing concept (e.g., Kohli and Jaworski 1990), market-based assets (Srivastava, Shervani, and Fahey 1998), and dynamic capabilities (Day 1994). In particular, market orientation has been identified as one of the most important and relevant constructs in marketing during the past decade. Market orientation refers to the implementation of the marketing concept and the philosophy that satisfying customers' current and latent needs is the ultimate purpose of the firm (Deshpande et al. 2000). Research in marketing and organization science has also documented firms' increasing interest in entrepreneurial orientation, which has a strong influence on organizational outcomes (Dickson and Giglierano 1996). Entrepreneurial orientation refers to a firm's propensity to focus on entering new markets and renewing existing operations (Covin and Slevin 1991). Alvarez and Busenitz (2001) argued that entrepreneurship is an important new research application for RBT. Similarly, innovative capability, which refers to firms' ability to develop and implement new ideas, products, and processes, was selected because several studies found evidence that innovative organizations are capable of achieving superior performance in Western economies (Han et al. 1998; Hurley and Hult 1998).

In our framework, we broadly define globalization activities as organizational practices that direct the flow of a company's goods and services to consumers or users in global markets, including both domestic and foreign markets, for a profit (Cateora 1996). The global business and marketing literature has primarily examined three separate globalization activities: global product sourcing (e.g., Murray et al. 1995; Kotabe 1990, 1992), global market seeking (e.g., Christmann and Taylor 2001; Katsikeas et al. 2000; Peng 2001; Zinkhan and Pereira 1994), and global partnership (e.g., Bello and Gilliland 1997; Clark 1990; McDougall and Oviatt 2000; Peng and Luo 2000). Therefore, we view globalization as a multidimensional concept and investigate the moderating role of these three different types of globalization activities. *Global product sourcing* refers to the degree to which a firm optimizes its product mix in different countries and assembles components, semifinished products, or finished products worldwide (Murray et al. 1995). *Global market seeking* is defined as the intensity with which a firm sells its products globally (Christmann and Taylor 2001). *Global partnership* refers to the propensity of a firm to share ownership and management with foreign partners. Table 1 summarizes the definitions and sources of the key globalization and marketing resource variables, as well as sample articles using the constructs in empirical research.

The Role of Globalization on the Market Orientation and Performance Link

According to RBT, market orientation may increase an organization's ability to understand and satisfy its customers, thereby increasing its organizational capabilities. As such, market orientation may be a potential source of SCA. For example, Hunt and Morgan (1995) noted that "a truly market-oriented firm can enjoy a SCA" (p. 13). Day (1994) also noted that market orientation may result in an outside-in type capability and better outcomes through market sensing and customer linking.

Nevertheless, some RBT theorists believe that market orientation can be readily imitated, mobile, and substitutable and, thus, may or may not directly predict performance (e.g., Dickson 1996). As a result, some empirical studies find that the market orientation–performance link is moderated by strategy type (Matsuno and Mentzer 2000), product, and organizational and industry characteristics (Voss and Voss 2000), as well as by environmental dynamics (Slater and Narver 1994). In particular, Slater and Narver (1994) noted that, theoretically, the possible moderating role of a competitive environment is "consistent with a long tradition of support for the theory that environment moderates the effectiveness of organizational characteristics" (p. 46). A key assumption of market orientation is that it is more potent and offers more benefits to the firm when the environment is characterized by greater market turbulence, higher competition intensity, and greater market uncertainty (Kohli and Jaworski 1990; Slater and Narver 1994). As emerging economies such as China undergo unprecedented economic, political, and social transformations, customers are becoming increasingly sophisticated and unpredictable (Fahy et al. 2000;

TABLE 1
Main Constructs and Their Definitions

Construct	*Construct Source*	*Construct Definition*	*Exemplar Studies Using the Construct*
Global Market Seeking	Christmann and Taylor (2001)	The intensity with which a firm sells its products globally	Yli-Renko, Autio, and Sapienza (2001); Katsikeas, Leonidou, and Morgan (2000); Peng (2001)
Global Product Sourcing	Murray, Kotabe, and Wildt (1995)	The degree to which a firm optimizes its product mix in different countries and assembles components, semifinished products, or finished products worldwide	Murray et al. (1995); Kotabe (1990, 1992)
Global Partnership	Peng and Luo (2000)	The propensity of a firm to share ownership and management with foreign partners	Bello and Gilliland (1997); Clark (1990); McDougall and Oviatt (2000); Peng and Luo (2000)
Market Orientation	Deshpande, Farley, and Webster (2000)	The implementation of the marketing concept and the philosophy that satisfying customer current and latent needs as the ultimate purpose of the firm	Han, Kim, and Srivastava (1998); Hunt and Morgan (1995); Kohli and Jaworski (1990); Matsuno and Mentzer (2000); Slater and Narver (2000)
Entrepreneurial Orientation	Lumpkin and Dess (1996)	The intentions and actions of a firm pursuing new market opportunities and the renewal of existing operations	Barringer and Bluedorn (1999); Covin and Slevin (1991); Davis, Morris, and Allen (1991); Shane and Venkataraman (2000); Zahra, Ireland, and Hitt (2000)
Innovative Capacity	Lukas and Ferrell (2000)	The ability to develop and implement new ideas, products, and processes related to technology	Deshpande, Farley, and Webster (1993); Han et al. (1998); Hult and Ketchen (2001); Hurley and Hult (1998); Li and Atuahene-Gima (2001)

Lin and Germain 2003). Industry competition in China is fierce (Peng and Luo 2000). As a result, the turbulent and hostile environment in China should require firms to be more market oriented in order to survive and prosper. In global markets, building a strong market orientation is critical for achieving the superior performance needed to dampen the effects of environmental turbulence and competition. Therefore, we contend that the performance advantage of market orientation as a strategic resource may be contingent on external environmental factors (e.g., globalization activities).

We posit that the link between market orientation and performance will be strengthened when firms engage in global partnerships, seek global markets, and source global products. All three globalization activities expose the firm to diverse information relevant to global operations. This means that the amount of information collected, disseminated, and used becomes more varied, relevant, and useful compared to a situation in which no globalization activities exist. As the behavioral perspective on market orientation taken by researchers demonstrates, information collection, dissemination, and utilization are the specific ways in which market orientation is manifested in firms (e.g., Kohli and Jaworski 1993; Lin and Germain 2003). Clearly, globalization greatly aids these activities and the effectiveness of these activities on organizational performance. Although this argument gives the broad logic for our explanation (Kohli and Jaworski 1990), we next focus specifically on each of the three globalization activities.

Because most developed economies are already highly market oriented, many foreign partners will transfer their market-driven philosophies to less-developed countries such as China (Ambler, Styles, and Wang 1999). As a result, we propose that the performance advantage of market orientation is stronger for firms with global partnerships than for firms without them. Similarly, market seeking in the global field would require and reward market-oriented practices, given the more dynamic, complex, and hostile nature of global competition (Clark 1990; Fahy et al. 2000). Thus, we propose that the performance advantage of market orientation is stronger for firms that proactively seek global markets than for firms that do not seek them. Finally, we argue that product sourcing and importing in the global field would require and reward more market-oriented practices than in the domestic field (Murray et al. 1995). In addition, global sourcing may bring in new foreign technology applications and advantages (Clark 1990; Nakata and Sivakumar 1996). As a result, we argue that the performance advantage of market orientation is stronger for firms with global product sourcing than for firms that lack them. The preceding discussion leads to the following hypotheses.

Hypothesis 1: The performance advantage of market orientation is stronger for firms that engage in global partnerships than for those that do not.

Hypothesis 2: The performance advantage of market orientation is stronger for firms that more aggressively seek global markets.

Hypothesis 3: The performance advantage of market orientation is stronger for firms that more aggressively source global products.

The Role of Globalization on the Entrepreneurial Orientation and Performance Link

Entrepreneurial orientation, another potential SCA resource according to RBT, is characterized by the ability of a firm to proactively seek opportunity (Miles and Snow 1978) and enter new markets proactively (Lumpkin and Dess 1996). In particular, Morris and Paul (1987) defined entrepreneurial orientation as a firm's "willingness to encourage creativity, flexibility, and to support risk." Most commonly, it represents the intentions and actions of a firm pursuing new market opportunities and the renewal of existing operations (Covin and Slevin 1991). It is believed that strategic entrepreneurial orientation is a key source of a company's competitive position and financial performance (Zahra, Ireland, and Hitt 2000). Covin and Slevin (1991) provided some empirical support for the positive association between entrepreneurial orientation, innovative culture, and better business performance. However, other studies have suggested that the link between entrepreneurial orientation and performance is moderated by external variables such as environmental hostility (Zahra and Covin 1995). Dess et al. (1997) noted that due to environmental challenges and organizational complexities, simple linear relationships may be inadequate to explain the entrepreneurial orientation–performance link. Theorizing the contingency and configurational models of entrepreneurial orientation, they found support for the moderating role of environmental uncertainty, environmental heterogeneity, and business strategies.

We seek to add to this contingency hypothesis of entrepreneurial orientation by extending it into the global marketing context. Particularly, we contend that the performance advantage of entrepreneurial orientation as a strategic resource may be contingent on external environment factors (e.g., globalization activities). Research suggests that entrepreneurial orientation results in better performance in dynamic, complex, and hostile environments (i.e., in global markets), but not in stable environments. This is true because stable environments generally reward the efficient exploitation of extant opportunities, rather than new entries in the form of entrepreneurial orientation (McDougall and Oviatt 2000; Zahra and Covin 1995). As a result, we propose that the link between entrepreneurial orientation and performance will be strengthened when firms aggressively seek global markets and source products from other countries. Competing and selling in global markets may require and motivate firms to dynamically strive for new markets and proactively seek new opportunities as entrepreneurs (Murray et al. 1995). Similarly, importing globally may also lead to new market opportunities for global exports and facilitate the firm to more easily sell in those exporting counties (Clark 1990), which may enhance the firm's market performance. However, we contend that global partnership will weaken the link between entrepreneurial orientation and performance, for two main reasons. First, partners in developing countries such as China may not be as risk taking with regard to strategic thinking as foreign businesses, given East-West differences in culture, mindset, technology, and product sophistication (Lin and Germain 2003; Nakata and Sivakumar 1996). This divergence is likely to inhibit the firm from aggressively seeking new markets and new regions. Thus, the potential performance advantage of entrepreneurial orientation may be suppressed in a global business partnership. Second, the performance benefit of entrepreneurship is curtailed in international joint ventures, which experience more institutional and political regulations than do purely local businesses (e.g., Peng and Luo 2000). Such regulations confine firms' capacity to seek new opportunities as entrepreneurs, as well as the potential of entrepreneurial orientation for high-level performance (McDougall and Oviatt 2000; Zahra and Covin 1995).

Hypothesis 4: The performance advantage of an entrepreneurship orientation is weaker for firms that engage in global partnerships than for those that do not.

Hypothesis 5: The performance advantage of an entrepreneurship orientation is stronger for firms that more aggressively seek global markets.

Hypothesis 6: The performance advantage of an entrepreneurship orientation is stronger for firms that more aggressively source global products.

The Role of Globalization in the Link Between Innovative Capability and Performance

While entrepreneurial orientation focuses on entering new markets and renewing existing operations, innovative capability reflects the ability to develop and implement new ideas, products, and processes related to technology (Lukas and Ferrell 2000). Innovation is a necessary complement to entrepreneurial orientation for a firm's success; aggressively pursuing new opportunities with entrepreneurship, while failing to meet customer needs with innovation, is unlikely to lead to long-term success (Hult and Ketchen 2001). In the same vein, without continuously exploiting new markets or renewing existing opportunities, innovation alone cannot lead to superior performance. Han et al. (1998) noted that in the organization literature, there is an established relationship between innovative culture and organizational outcome.

Furthermore, we expect that the performance advantage of innovative capability as a strategic resource may be contingent on factors in the external environment. In the strategy literature, Li and Atuahene-Gima (2001:1123) identified the mixed results of the innovation-performance link and concluded that it is necessary to advance the innovation literature by identifying and testing moderators. In particular, they found that in China's highly uncertain and complex environment, factors such as market change and unpredictability, dysfunctional competition, and institutional support moderate the innovation-performance link in new-technology Chinese ventures. As a result, in our context of globalization, we argue that the link between innovation capability and performance will be strengthened when firms aggressively seek highly competitive global markets and source products globally. Because the global marketplace is increasingly competitive, new products and innovations are essential for success (Achrol and Kotler 1999; Li and Atuahene-Gima 2001; Moxon 1975). Sourcing globally may spread new cultural perspectives and technological developments, which lead to more new products and innovations (Clark 1990). Thus, global market seeking and product sourcing may positively moderate the innovative marketing resources–performance link. However, we argue that the link between innovative capability and performance would be weakened by global partnership, for two reasons. First, according to the stage theory of globalization, foreign partners from developed countries are more likely to invest intensively in R&D to develop and market cutting edge technologies in their home courtiers first and only than to introduce technologies to other developing countries in a phased manner (Clark 1990; Moxon 1975). As such, foreign partners are less likely to commit all of their resources in local markets to strive aggressively for new products and innovations in local markets (Peng and Luo 2000), suppressing the possible performance advantages of innovative capability. Second, differences in national culture and business strategic goals exist between the foreign businesses and local partners (Lin and Germain 2003; Peng and Luo 2000). Such differences may result in different views of R&D and new technology, which are essential for long-term returns but not always for short-term benefits (Moxon 1975). While foreign partners may be more focused on short-term interests, local businesses may be interested in both short-term and long-term returns. This inherent difference in strategic goals in the global business partnership would also likely reduce the performance advantage of product innovation and innovative capability.

Hypothesis 7: The performance advantage of innovative capability is weaker for firms with global partnerships than for firms without them.

Hypothesis 8: The performance advantage of innovative capability is stronger for firms that more aggressively seek global markets.

Hypothesis 9: The performance advantage of innovative capability is stronger for firms that more aggressively engage in global product sourcing.

METHOD

Sample

This research used a national sample of companies in China, the largest and fastest-growing emerging economy in the world. We examined firms headquartered in various economic zones (coastal and interior regions) across China with nationwide operations. Only organizations in the designated economic zones were included to control for possible biases (i.e., level of openness of markets, geographic location, extent of economic development, and the degree to which firms are exposed to Western business practices). Due to the rapid growth of the Chinese economy, the marketing practices of the firms in economic zones may also represent those of other major metropolitan areas in China. Firms in economic zones were randomly selected from the *China Basic Statistical Units Yearbook* (China Statistical Press), which lists registered business enterprises in China. The directory provides basic information about individual business enterprises, including address, phone number, business nature and scope, major products/services, turnover, number of employees, and ownership (state owned, privately owned, or foreign invested). Selected firms were telephoned, resulting in a prequalified sample, then appointments were made with each firm. Research assistants confirmed the basic information obtained from the directory with managers, such as the size and ownership of sample firms, and requested their completion of the questionnaire.

Pretesting

Pretesting was conducted in three stages. First, an English version of the questionnaire was prepared. A group of U.S.-based international market researchers and business professionals examined the proposed questionnaire. It was developed based on preexisting measures. Iterative pretesting was conducted with this group to refine the questionnaire. Next, the questionnaire was translated and back-translated into Chinese by two independent translators in accordance with established standards (Peng and Luo 2000). Finally, the questionnaire was tested in a pilot study with 10 Chinese companies in China.

Data

Because previous studies have reported difficulties attaining reliable data from mail surveys in China, data collection proceeded via person-to-person interviews instead of through mail surveys (e.g., Atuahene-Gima and Li 2002). Independent research assistants from universities in the selected economic zones collected the data. Prior to the interviews, one of the authors spent several days locally in China, training the research assistants to ensure commonality in data collection methods and to minimize the possible misunderstanding of questions. Research assistants personally met with managers and had each one complete the questionnaire during the interview. The surveys were then collected and forwarded to the authors. The data in this study consisted of 233 usable responses from personal interviews with marketing managers and other senior management. Twenty-six percent of the respondents were marketing managers, 34.3 percent were more senior managers, 21.7 percent were owners, and 17.6 percent were other types of managers. Among the firms sampled, 52.5 percent had 500 or fewer employees, and 8.3 percent had 50 or fewer employees. The largest industry segment was manufacturing (61.9%), followed by the service sector (21.9%), distribution (8.6%), and retailing (5.4%); 2.2 percent classified themselves in more than one category.

Measures

All measures of market orientation, entrepreneurial orientation, and innovative capability were operationalized using a 7-point Likert-type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). There were three measures of globalization activities. Global Product Sourcing was assessed by the manager's degree of agreement or disagreement with an item stating that the majority of the products sold by the firm are imported (e.g., Murray et al. 1995). Global Market Seeking was measured by a question asking the percentage of products sold globally (Christmann and Taylor 2001). Global Partnership was assessed by a question designed to determine whether the firm was purely Chinese owned or a Chinese-foreign partnership.

Our Market Orientation measure came from Deshpande and Farley's (1998) 10-item scale of customer-focused market orientation. This scale was validated and found convergent with two other popular market orientation scales (Kohli and Jaworski 1993; Narver and Slater 1990). The Entrepreneurial Orientation Scale was a 5-item measure from the literature (Davis, Morris, and Allen 1991). The included items assessed the firm relative to its key competitors on its ability to identify new opportunities, propensity to take risks, tendency to engage in strategic planning activities, ability to identify customer needs and wants, and ability to persevere in making its vision of the business a reality. Our Innovative Capability Scale was a 5-item Likert-type measure developed by Hurley and Hult (1998). This measure was designed to capture the firm's ability to develop and implement new ideas, products, and processes in order to bring new technology into use (Han et al. 1998).

Finally, this study adopted two performance measures. The first is the Marketing Program Dynamism (MPD) Scale developed by Sinkula, Bakers, and Noordewier (1997). MPD is considered an appropriate measurement of firm performance given the fact that Sinkula et al. (1997) suggested that conventional profitability performance measurements (i.e., return on investment) might not best reflect the consequences of market orientation and innovativeness. This outcome measurement consisted of four items measuring changes in an organization's product/brand mix, sales strategies, and sales promotion/advertising strategies. The second performance measure was the firm's *sales growth* in percentage over the previous year. Ideally, actual firm financial performance data would be the most appropriate measure. But such data in China are deemed highly confidential and extremely hard to collect. The perceptual-based performance measures are quite accepted for research in China given the reported difficulty in getting actual data (Ambler et al. 1999; Atuahene-Gima and Li 2002).

RESULTS

The reliability and validity of the measurements are examined with the two-step approach suggested by Anderson and Gerbing (1988). As reported in Table 2, all coefficient alphas of the multi-item variables are above .70, indicating adequate internal consistency (Nunnally 1978). We also checked the potential problems of halo effect and common method variance. One popular procedure used to test the existence of common method bias is the Harman's one-factor test (Podsakoff and Organ 1986). If a single factor can be extracted or if one factor can explain a majority of the variance, the threat of common method problem is high. Results of factor analysis did not indicate a single-factor structure that would account for a majority of the variances. This suggests that common method variance is not a cause for concern in the sample.

Market orientation, entrepreneurial orientation, innovativeness capability, and MPD measurements were tested and validated by confirmatory factor analysis (CFA). The CFA results of the multi-item scales appear in Table 2. The CFA results showed that convergent validity of the measurements exists. This is because all path estimates from latent constructs to their corresponding manifest indicators were significant (i.e., t-statistics > 2). For each set of measures, results also showed that the average variance extracted for each measure was greater than the squared structural link between the two measures, indicating evidence of discriminant validity (Fornell and Larcker 1981). An examination of all the latent trait correlations between constructs indicated that all of these correlations

TABLE 2
Results of Measurement Model

Measurement Model Paths	*Factor Loading*	*t-Value*	*Composite Reliability*
Market Orientation			.90
1. Our business objectives are driven primarily by customer satisfaction.	.55[a]	—	
2. We constantly monitor our level of commitment and orientation to serving customer needs.	.72	8.07	
3. We freely communicate information about our successful and unsuccessful customer experiences across all business functions.	.65	7.62	
4. Our strategy for competitive advantage is based on our understanding of customers' needs.	.73	8.18	
5. We measure customer satisfaction systematically and frequently.	.82	8.71	
6. We have routine or regular measures of customer needs.	.84	8.80	
7. We are more customer focused than our competitors.	.70	7.94	
8. I believe this business exists primarily to serve customers.	.47	6.07	
9. We poll end users at least once a year to assess the quality of our products and service.	.59	7.09	
10. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.	.57	6.95	
Entrepreneurial Orientation			.87
1. Relative to our competitors, our company has higher propensity to take risks.	.55[a]	—	
2. Relative to our competitors, our company has higher tendency to engage in strategic planning activities.	.78	8.32	
3. Relative to our competitors, our company has higher ability to identify customer needs and wants.	.82	8.51	
4. Relative to our competitors, our company has higher ability to persevere in making our vision of the business a reality.	.69	7.72	
5. Relative to our competitors, our company has higher ability to identify new opportunities.	.79	8.35	
Innovative Capability			.78
1. Technical innovation, based on research results, is readily accepted.	.77[a]	—	
2. Management actively seeks innovative ideas.	.81	12.04	
3. Innovation is readily accepted in program/project management.	.77	11.48	
4. People are penalized for new ideas that don't work.	–.36	–5.15	
5. Innovation is perceived as too risky and is resisted.	–.24	–3.36	
Marketing Program Dynamism			.75
1. Changes in organization's products.	.62[a]	—	
2. Changes in organization's brand mix.	.57	6.50	
3. Changes in organization's sales strategy.	.74	7.38	
4. Changes in organization's sales promotion/advertising strategies.	.63	6.89	

NOTE: Fit statistics: $\chi^2(246) = 535.96$, $p = .00$; Comparative Fit Index (CFI) = .915, Goodness-of-Fit Index (GFI) = .903, Adjusted Goodness-of-Fit Index (AGFI) = .892, and root mean square error of approximation (RMSEA) = .067.
a. Fixed parameter.

TABLE 3
Correlations Among Variables

Variable	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*
1. Global market seeking	.00							
2. Global product sourcing	.45*	1.00						
3. Global partnership	.20*	.18*	1.00					
4. Market orientation	.01	.01	.13*	1.00				
5. Entrepreneurial orientation	.04	.11	.23*	.67*	1.00			
6. Innovative capability	–.01	.18*	.13*	.58*	.60*	1.00		
7. Marketing program dynamism	.13*	.36*	.02	.31*	.28*	.21*	1.00	
8. Sales growth	.08	.34*	.07	.03	.24*	.19*	.15*	1.00

$^*p < .05$.

were significantly different from one, providing further support for discriminant validity.

The overall Goodness-of-Fit statistics show that although the chi-square of 535.96 with 246 degrees of freedom is significant at the .01 level, the ratio of chi-square to degrees of freedom is desirable, with a value less than 2. CFA results support the validity of the measurement models given the acceptable levels of the Comparative Fit Index (CFI = .915), the Goodness-of-Fit Index (GFI = .903), the Adjusted Goodness-of-Fit Index (AGFI = .892), and root mean square error of approximation (RMSEA = .067). The Pearson correlation results are reported in Table 3.

Hypothesis Testing Results

In Table 4, we present the regression results. Following Sharma et al.'s (1981) process of testing-moderated

TABLE 4
Model Estimation Results

	Marketing Program Dynamism		Sales Growth	
Independent Variable[a]	*Standardized Coefficient*	*VIF*[b]	*Standardized Coefficient*	*VIF*
Market orientation	.19*	1.98	.26*	2.33
Entrepreneurial orientation	.18*	2.05	.38*	2.49
Innovative capability	.16*	1.76	.20*	2.57
Global product sourcing	.11	1.20	.27*	1.19
Global market seeking	.09	1.12	.08	1.09
Global partnership	.02	1.17	.05	1.13
Market Orientation × Global Product Sourcing	.05	2.21	.04	2.24
Market Orientation × Global Market Seeking	.07	2.87	.21*	3.61
Market Orientation × Global Partnership	.06	2.06	.24*	2.43
Entrepreneurial Orientation × Global Product Sourcing	.09	2.18	.16	2.21
Entrepreneurial Orientation × Global Market Seeking	.20*	2.49	.07	3.24
Entrepreneurial Orientation × Global Partnership	–.18*	2.18	–.28*	2.35
Innovative Capability × Global Product Sourcing	.04	1.64	.06	1.70
Innovative Capability × Global Market Seeking	.18*	3.70	.00	3.93
Innovative Capability × Global Partnership	–.14	2.20	–.26*	2.87
R^2	.19*		.27*	

a. Mean-centered variables used to minimize the effect of multicollinearity.
b. VIF = variance inflation factor; if VIF results are large in size (i.e., VIF > 10), there would be concern of multicollinearity.
*p < .05, one-tailed tests.

relationships, the changes of R^2's were found to be significant when adding the interaction items of globalization activities and capabilities (the change of R^2 was .059 for MPD and .106 for was sales growth). Next we checked the interaction items to test the moderated hypotheses. Hypotheses 1, 2, and 3 state that the market orientation–performance link is strengthened by global partnership, global market seeking, and global product sourcing, respectively. Hypothesis 1 was not supported (b = .05 for MPD outcome and b = .04 for sales growth). However, the market orientation–performance link was stronger with global market seeking (Hypothesis 2: b = .21, p < .05 for sales growth) and global partnership (Hypothesis 3: b = .24, p < .05 for sales growth). Thus, Hypothesis 2 and Hypothesis 3 were partially supported. It should be noted that there is no universal, undisputed approach to hypothesis testing that can "guarantee a meaningful empirical test or offer fully objective analysis and description of results" (Sawyer and Peter 1983:131). Thus, like this type of research, we also assume that sampling error would be an unlikely explanation of results when choosing a predetermined p level in hypothesis testing (Sawyer and Peter 1983; Zinkhan 1993). Nevertheless, our results lend some support for the hypothesis that globalization activities, such as the intensity of seeking foreign market opportunities or a strategic alliance with foreign investment, strengthen the market orientation–performance link in the context of the emerging Chinese economy. This finding is an important step toward generalizing the marketing concept in the global economy; if the performance advantage of market orientation is contingent on globalization activities, developing economies may have to adapt a market orientation strategy into their international settings. Our results seem to indicate that the influence of market orientation on performance is stronger for firms undergoing globalization transformation in China. This finding, based on the RBT, supports the contingency perspective and moderating results in the Western economy context (Matsuno and Mentzer 2000; Narver and Slater 1990; Voss and Voss 2000). Interestingly, our results show that market orientation strongly influences firm performance in China and that its impact on sales growth may be expanded when the firm aggressively seeks foreign markets and forms alliances with foreign businesses.

The performance advantage of entrepreneurial orientation was hypothesized to be weaker for firms that engage in global partnerships than for those that do not (Hypothesis 4), stronger for firms that more aggressively engage in global market seeking (Hypothesis 5), and stronger for firms that more aggressively engage in global product sourcing (Hypothesis 6). The entrepreneurial orientation-performance link was weakened by global partnership (Hypothesis 4: b = –.18 for MPD outcome, b = –.28 for sales growth), supporting Hypothesis 4. In addition, the link was strengthened by global product sourcing (Hypothesis 5: b = .16 for sales growth) and global market seeking (Hypothesis 6: b = .20 for MPD), partially supporting Hypotheses 5 and 6. These results provide some support for the hypothesis that globalization may moderate the entrepreneurial orientation–performance link in the context of China's emerging economy. Entrepreneurial orientation, though less addressed in marketing literature (e.g., Davis et al. 1991), has been a major research stream in strategic management (Barringer and Bluedorn 1999). However, Zahra (1993) noted that "there is a paucity of empirical documentation of the effect of entrepreneurship on company performance" (p. 11). Our finding also seems to corroborate the contingency approach to entrepreneurship (e.g., Dess et al. 1997; Murray et al. 1995; Zahra and Covin 1995), which suggests that the link between entrepreneurial orientation and performance is moderated by external environmental variables. Our study is an extension of entrepreneurship research, for (1) the entrepreneurial orientation–performance link is not universal and depends on international settings, and (2) not all global partnerships create synergy leading to superior performance. Our research may serve to answer McDougall and Oviatt's (2000) call for research on the intersection of international marketing and entrepreneurship. These researchers note that entrepreneurship is an important topic of interest to academic researchers, business managers, and policy makers. After all, today's entrepreneurs are competing globally in attracting, retaining, and managing customers. However, the paths of research on entrepreneurship and global business have intersected too infrequently (p. 902). Global entrepreneurship should become an important topic for marketing researchers, business managers, and policy makers. In a similar vein, Shane and Venkataraman (2000) concluded that entrepreneurship will become a field of important, relevant, and fruitful research.

Finally, the innovative capability–performance link would be weakened by global partnership (Hypothesis 7), strengthened by global market seeking (Hypothesis 8), and strengthened by global product sourcing (Hypothesis 9). The results indicate that the innovation-performance link is weaker for firms with global partnership (Hypothesis 7: $b = -.14$ for MPD, $b = -.26$ for sales growth), supporting Hypothesis 7. Although this link was not moderated by global product sourcing (Hypothesis 9: $b = .04$ for MPD, $b = .06$ for sales growth), it was stronger for firms that seek global markets (Hypothesis 8: $b = .18$, $p < .05$ for MPD), partially supporting Hypothesis 8. These results provide some support for the hypothesis that globalization may moderate the innovation-performance link in the Chinese economy. Our finding supports the importance of innovation. Indeed, prior studies (e.g., Deshpande, Farley, and Webster 1993) provide support for a positive relationship between innovation capability and organizational outcome and performance. Hurley and Hult (1998) suggested that high innovative capability would enable the firm to "implement more innovations and develop competitive advantage" (p. 42). More important, our study extends the literature on the direct link between innovativeness and performance to a new frontier, one that focuses on the possible moderators of external environmental factors (Li and Atuahene-Gima 2001). Overall, the reported results indicate that the innovation-performance link is not universal to all international settings and that not all global partnerships create synergy with innovative capabilities leading to superior performance.

DISCUSSION

This study examines the contingent relationship between marketing resources and performance by introducing globalization as a moderator. Our results, based on a sample of Chinese firms, show that the marketing resources–performance link is moderated by some globalization activities. Extending the extant research using Western firms (Dess et al. 1997; Jaworshi and Kohli 1993; Matsuno and Mentzer 2000; Murray et al. 1995; Voss and Voss 2000; Zahra and Covin 1995), our results indicate that the performance advantages of marketing resources are contingent on external factors such as global partnership, market seeking, and product sourcing. In particular, the market orientation–sales growth link is strengthened by global partnership and global market-seeking activities. The entrepreneurship-performance link is strengthened by global product sourcing, but weakened by global partnership. In addition, the innovative capability-performance link is weakened by global partnership activity.

Although we believe that our overall conceptual framework is supported by the empirical data, we do note that a few results do not support some of the hypotheses (e.g., the role of global product sourcing on the innovation-performance link is not supported by data). Typical of survey-based research in this research domain, our data collection and analysis do not consider the relative influence of tangible resources (such as cheap labor, raw materials, and capital) and intangible resources (the focus of our research), thereby omitting some variables that could potentially influence the marketing resources-performance link. The omission of such tangible resources might be one reason for the mixed results of the moderating role of globalization. However, we also believe that tangible resources were perhaps much more important determinants of a firm's performance in *traditional* Chinese society prior to the burgeoning globalization. In contrast, in *modern* China, which is closer to market-driven, customer-based economies, intangible resources should be more critical. Nevertheless, our results provide some support for the moderating role of globalization on the marketing resources–performance link. Further exploration to tease out these fine-grained relationships will be a fruitful direction for future research. Overall, our research framework and the empirical findings offer several important managerial and research implications.

Managerial Implications

This study has a number of implications for marketing managers in the global context. Managers should develop key market-driven strategies (e.g., market orientation, entrepreneurial proclivity) in the firm to seize the enormous business opportunities in the Chinese market. As China, the largest emerging economy and the second-largest recipient of worldwide foreign direct investment, enters the WTO and hosts the 2008 Olympic Games, it offers massive business and marketing opportunities to global managers. In such a dynamic environment, market mechanisms and regulations are increasingly adopted (Peng and Luo 2000; Shenkar and von Glinow 1994). As the Chinese government embraces a free-market economy, firms must change radically to meet the new challenges (Miles and Snow 1978). Without governmental or monopolistic protection, Chinese firms are compelled to be more innovative and market oriented than their traditional counterparts. Western managers may help advance Chinese employees' market-based knowledge and capabilities by creating a learning organization (Hurley and Hult 1998; Slater and Narver 1994). Our results consistently show the significant influence of various firm resources on performance, such as marketing program dynamism and sales growth. As a result, it is recommended that firms in a transitional society develop market orientation, entrepreneurial orientation, and innovative capability—firms' key SCA resources (Day 1994; Hurley and Hult 1998).

Our results show that the link between strategic resources and performance is not uniform across situations and that the nature and extent of globalization activities moderate this relationship. Our findings suggest that managers in Chinese firms can obtain superior performance by aligning their globalization activities with the marketing resources–performance linkages. Thus, managers can use this enhanced understanding when forming conclusions related to organizational activities. For example, our results suggest that the market orientation–sales growth link can be strengthened by global market seeking and global partnership. Managers could take full advantage of entrepreneurship in enhancing performance when adopting a global product-sourcing strategy (Kotabe 1990; Murray et al. 1995), since global product sourcing was found to fortify the influence of entrepreneurship on sales growth. Interestingly, global market-seeking strategy was found to have synergy with all three capabilities (market orientation, entrepreneurial orientation, and innovative capability) in obtaining above-normal rent. However, global partnership with foreign investors may have a cannibalistic influence on firm performance. Our results indicate that it weakens the influence of entrepreneurship and innovation on performance in terms of marketing program dynamism and sales growth, although it positively moderates the market orientation–sales growth link. As a result, managers should exercise caution when partnering with foreign investors and should consider the overall impact before making decisions.

Finally, increasing globalization pushes managers to think beyond the traditional resource-based perspective and toward consideration of a number of relevant factors that help increase organizational performance (Cavusgil and Zou 1994; Kotabe 1992; Morgan et al. 2004; Zou and Cavusgil 2002). Although globalization was the focus of this research, managers must consider other factors that will enable their firms to use their strategic resources more effectively.

Research Implications

Our study represents a small but important step toward testing the applicability of theories generated in the context of Western economies to transitional economies. More studies are needed to explore market-driven organizations in dynamic environments in a transitional society from a resources perspective (Fahy et al. 2000; Hooley et al. 2000). Given the fact that firms in transitional economies deal with challenging and complex environments, emerging economies represent a unique opportunity to test organizational and marketing theories (Fahy et al. 2000; Shenkar and von Glinow 1994). In particular, China offers a fascinating context to investigate the pattern and strength of the performance advantages of critical resources along with firm globalization activities, due to its huge size, its significant differences from Western economies, and its increasing importance in advancing the global economy (Shenkar and von Glinow 1994). Thus, more studies that test Western theories (e.g., RBT) in China would be particularly useful in generalizing knowledge and advancing theory development globally.

Our study extends the theoretical domain of RBT (Barney 2001) by introducing the role of globalization. We propose a fine-tuned argument of the marketing resources–performance link and examine the role of globalization on the effectiveness of a firm's activities. Future research could be conducted to distinguish between the short-term and long-term implications for firms. For example, does a particular resource-globalization combination achieve short-term objectives while jeopardizing long-term goals? Do the optimal resource mix and globalization initiatives change during the life of the firm and/or during the product life cycle?

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