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Firm's strategic orientation, market context, and performance: Literature review and opportunities for international strategy research

Anders Pehrsson

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Literature review and opportunities for international strategy research

Anders Pehrsson
School of Business and Economics, Linnaeus University, Växjö, Sweden

Abstract

Purpose – The purpose of this paper is to extend the understanding of relationships between entrepreneurial orientation (EO) and performance, and between market orientation (MO) and performance in different market contexts that set boundaries for performance.

Design/methodology/approach – The paper presents a review of studies containing empirical research incorporating EO, MO, market context and firm performance.

Findings – Patterns regarding content of previous studies of the issue are outlined, and crucial research gaps are identified. These concern a lack of focus on relationships between EO/MO and performance of foreign units.

Research limitations/implications – First, further studies on international strategy need to develop EO/MO components that are consistent with foreign units' value-adding roles. Second, the impact of dynamism originating from competitors in foreign markets needs attention. Third, direct impacts of market dynamism on performance of foreign units, and moderating roles of EO/MO need to be studied.

Practical implications – International competitiveness of the firm as a whole would benefit from higher performance of foreign units that may be achieved through aligning EO/MO with local market contexts.

Originality/value – Meta-analyses show that it is difficult to establish universal direct relationship between EO/MO and performance and that the importance of market context is underestimated. The paper provides opportunities for further studies that may clarify underlying contingency mechanisms.

Keywords Performance, Entrepreneurial orientation, Market orientation, International strategy, Market context

Paper type Literature review

Introduction

The complementary strategic orientations of entrepreneurial orientation (EO) and market orientation (MO) and effects on firm's competitiveness have received considerable attention in the literature. However, meta-analyses show that it is difficult to establish universal direct relationship (Ellis, 2006; Rauch *et al.*, 2009; Saeed *et al.*, 2014), and that the importance of market context is underestimated. Yet, results of

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contingency studies on the issue are disparate and analyses are conducted on different performance levels.

The purpose of this paper is to extend the understanding of relationships between the strategic orientations and performance in different market contexts that set boundaries for performance. As there is a need to understand the underlying contingency mechanisms, the paper presents a review of studies containing empirical research incorporating EO, MO, market context and firm performance. The review is accompanied by identification of a crucial research gap pertaining to a lack of focus on foreign units. This is an important gap, as global competitiveness of the firm as a whole would benefit from higher performance of foreign units (Ellis, 2000; Miravitlles *et al.*, 2014) that may be achieved through aligning the orientations with local market contexts. Hence, the paper presents opportunities for research relevant to global strategy and competitiveness.

By being entrepreneurially orientated or market orientated, the firm improves its capability of identifying and exploiting market opportunities in competitive markets (Baker and Sinkula, 2009; Cadogan, 2012; Hakala, 2011; Slater and Narver, 1995). Thus, EO and MO are complementary concepts, as both recognize the importance of market knowledge (Hallbäck and Gabrielsson, 2013; Zahra, 2008), but still, they are commonly viewed as distinctive concepts (Matsuno *et al.*, 2002; Baker and Sinkula, 2009; Boso *et al.*, 2012).

When applying EO, the firm aggressively introduces risky innovations in the market in a proactive way relying on knowledge advantages (Covin and Lumpkin, 2011; Lau and Bruton, 2011; Lumpkin and Dess, 1996). MO constitutes an intelligence-based way of responding to needs of customers by offering competitive propositions (Kirca *et al.*, 2005). Thus, the firm may apply EO and MO to varying degrees at the same time and, thereby, exploit market opportunities, provided that the firm possesses enough market knowledge.

A market context is a specification of a task environment (Dill, 1958) in which customers and competitors are key actors. Such a context may moderate the direct and positive relationships between EO/MO and performance, and there may be direct relationships between market context and performance that are influenced by EO/MO.

The paper contributes to literature on competitiveness. First, the paper contributes by presenting patterns regarding current knowledge of the issues. Second, a need for development of EO/MO components and indicators is outlined to suit foreign units. Third, it is suggested that further studies focus on impact of market dynamism stemming from the competitor environment, particularly in foreign markets. Fourth, it is argued that there is a need for studies covering moderating effects of EO/MO on relationships between market dynamism and performance of foreign units.

The next section of this paper presents a background that motivates the review and this is followed by the conceptual framework. The paper then presents the analysis procedure and contents of the reviewed articles. Finally, research gaps and opportunities for further research are discussed, and concluding remarks are presented.

Theoretical background

Research on moderations of performance outcomes of EO/MO shows conflicting results. For the EO–performance relationship, Zahra and Covin (1995) early found a positive moderation effect on the firm level attributable to environmental hostility, while Saeed *et al.* (2014) found no moderation effect of market size. Others found that market dynamism may weaken the positive EO–performance relationship on foreign markets unless selected EO components are emphasized (Sundqvist *et al.*, 2012), or that the moderation effect is curvilinear (Zahra and Garvis, 2000).

Regarding the MO–performance relationship, the first studies found that the positive association may be robust across market contexts (Kohli and Jaworski, 1990; Narver and Slater, 1990). However, by introducing contingency hypotheses, scholars such as Diamantopoulos and Hart (1993) and Ellis (2006) established that context matters and, for example, large markets may strengthen the positive direct firm-level relationship. On the other hand, Greenley (1995) found that general turbulence has a negative moderating effect, while Gao *et al.* (2007) conclude that demand uncertainty also may exhibit a negative moderation. Finally, scholars exploring direct relationships between market context and firm performance show that negative effects may be positively moderated by EO or MO (Pehrsson and Pehrsson, 2015; Perry and Shao, 2002).

While the early studies analyze relationships on the firm level, later studies also recognize that firms frequently operate in multiple environments. Thus, important relationships may not only exist on the firm level but also on the level of the foreign unit (Boso *et al.*, 2012; Cadogan *et al.*, 2003). This means that market contexts of organizational units on different levels may generate positive and negative moderations at the same time, and this concerns EO/MO moderations as well.

The amount of studies incorporating EO, MO, market context and performance has grown considerably since the early studies, and there is a need to conduct a systematic review. In particular, the complementarity of EO and MO, conflicting results regarding moderation effects, and presence of more than one analysis level indicate that there is a need for a review and specification of a need for further research that clarifies underlying mechanisms.

Conceptual framework

Firm's entrepreneurial orientation

EO represents a market-driving behavior (Boso *et al.*, 2012; Covin and Lumpkin, 2011; Lumpkin and Dess, 1996) that involves a firm's style of making decisions and practices to differentiate from competitors. By applying EO, the firm may identify and exploit market opportunities through innovation, and enter markets that are created. Despite risky investments, the firm may be competitive by acting proactively and exploiting a first-mover advantage that reduces clashes with competitors (Kerin *et al.*, 1992; Lieberman and Montgomery, 1988).

According to Covin and Miller (2014), EO can be viewed either as a composite concept which represents commonalities of risk taking, innovativeness and proactiveness (Covin and Slevin, 1989), or as a multidimensional concept that is composed of different dimensions (Lumpkin and Dess, 1996). These may not only include risk taking, innovativeness and pro-activeness but also competitive aggressiveness and autonomy (Lumpkin and Dess, 1996).

Firm's market orientation

Kirca *et al.* (2005) show that generation and dissemination of information within the firm, and responsiveness are prominent MO activities that facilitate firm's efforts to achieve a differentiation advantage. Thus, MO essentially represents a market-driven adaptive way of creating superior value that is offered to customers (Boso *et al.*, 2012). Efficient gathering and processing of information about customers and competitors facilitates firm's response to needs and preferences of customers, and behavior of competitors. Some scholars (Atuahene-Gima *et al.*, 2005; Narver *et al.*, 2004; Tsai *et al.*, 2008) go further and distinguish responsive MO from proactive MO. The former builds on exploitation of extant experience when the firm offers products that meet well-defined needs of target customers, while proactive MO means a search for new knowledge helping the firm to identify latent customer needs.

Market context

Dill (1958) specifies a general environment and develops the concept of a task environment that is relevant to firm's goal setting. Thus, a task environment includes customers and competitors which are important market actors. Furthermore, Thompson (1967) postulates that a task environment may be static or dynamic to various extents. Essentially, extent of dynamism is commonly manifested by the regularity and amount of variations in the environment (Sirmon *et al.*, 2007).

Besides uncertainty because of environmental variability, the firm may perceive uncertainty as a result of unpredictability (Burns and Stalker, 1961; Davis *et al.*, 2009) and changes in multiple environments (Eisenhardt *et al.*, 2010). Thus, dynamism commonly causes uncertainty regarding firm's assessment of current and future changes in task environments. Changes or discontinuities in customers' needs, behavior of competitors and suppliers or technology may be sources of uncertainty. Thus, a dynamic environment tends to give rise to uncertainty, as the firm lacks information about future events and their consequences, and available response alternatives (Khandwalla, 1977; Milliken, 1987). On the other hand, a firm operating in a static environment generally faces limited changes. Therefore, the firm would be able to more accurately assess major actors in the task environment.

The systematic review accounted for in this paper pays attention to studies that examine static and dynamic markets contexts attributable to the environment as a whole, and to customers and competitors.

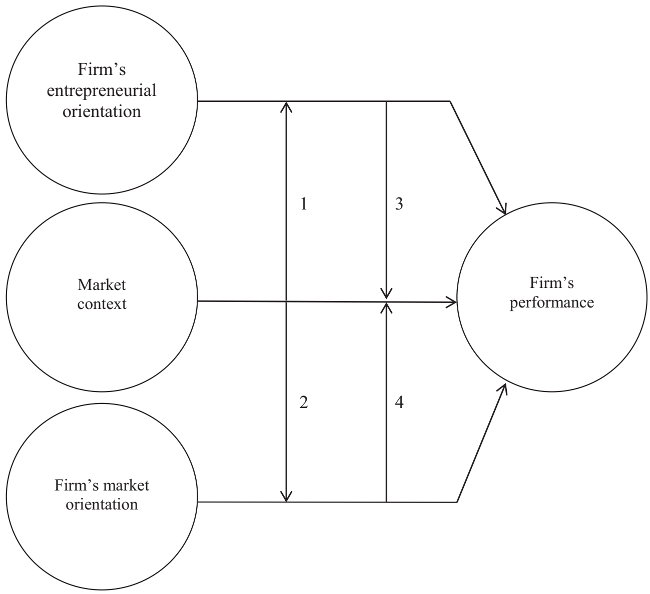
Firm's performance

Financial or operational performance is commonly relevant to studies on strategic orientation. Market-based performance would be an alternative, but such measures are generally problematic for performance on other analysis levels than the firm level because of problems to access data. Furthermore, performance may be objectively or subjectively measured and concern absolute values, performance relative to competitors or performance relative to expectations within the firm.

However, the choice of manifestation of performance needs to be consistent with the framework in question (Cadogan, 2012). For example, if the framework outlines relationships building on the resource-based view (Barney, 1997; Penrose, 1959; Grant, 1991), firm performance generally needs to be measured in relation to performance of competitors.

Assumed moderations

Figure 1 presents the four assumed relationships that are subject to review in this paper. The moderations originate from contingencies that may indirectly affect direct and positive relationships with firm's performance, showing that it is due to specific



Note: The numbers indicate the focused moderation of the studies listed in Table I

Figure 1.
Conceptual framework for the literature review

circumstances. Furthermore, contingency mechanisms may take different forms such as interactions between contingencies and direct relationships, and varying direct effects present in sub-samples (Boyd *et al.*, 2012).

A contingency effect on performance generally signals that firm's strategy needs to fit the market context (Venkatraman, 1989). Yet, firms may operate in more than market. If, for example, a firm operates in several foreign markets besides the domestic market the firm has to evaluate to what degree the strategy needs to be aligned with characteristics of the multiple environments (Gabrielsson *et al.*, 2012). In particular, in dynamic markets, the firm needs to decentralize operations accordingly to be able to adapt to variability and achieve flexibility (Burns and Stalker, 1961; Thompson, 1967).

The first and second relationships (Figure 1) indicate that market context represents a mechanism that moderates direct relationships between EO/MO and firm's performance. Knowledge of markets is essential to EO and MO, and both rely on identification of market opportunities to be successful (Baker and Sinkula, 2009). Furthermore, market knowledge is a manifestation of resources, and studies of the relationships often benefit from the resource-based view (Barney, 1997), or the similar views of dynamic capabilities (Eisenhardt and Martin, 2000; Teece *et al.*, 1997; Wan *et al.*, 2011) or knowledge (Grant, 2002; Martin and Salomon, 2003) which represent essential resources.

The third and fourth relationships indicate moderations of direct relationships between market context and performance. For example, a relevant market context may be manifested by exogenous barriers to competition (Karakaya and Parayitam, 2013; Porter, 1980) such as loyalties between potential customers and competitors of the firm

(Brusk *et al.*, 2012). The theoretical understanding of barriers primarily draws on industrial organization theory (Shepherd, 1979) and the principle is that a barrier may originate from competitors' behavior. The barrier adds to firm's costs, as it makes it difficult for the firm to expand in a competitive way (Marsh, 1998; Pehrsson, 2012). However, if the firm pursues an accurate strategic orientation, the negative impact of the barriers may be limited, and performance will increase. In other words, it would be favorable for the firm to strive for a fit between EO/MO and the market context.

Content of the reviewed articles

Procedure for the content analysis

A number of selection criteria were used for inclusion of articles in the review. First, articles should capture any of the moderations put forward by the conceptual framework. Second, empirical studies were interesting rather than theoretical reasoning without any empirical anchoring. Third, articles should be published by peer-review scientific journals in any year. Fourth, to enable an efficient review, full-text articles should be available. The major search was done on January 14, 2015, and articles meeting the criteria were found through a computer-based search using OneSearch. This engine searches in major databases such as Academic Search Elite (EBSCO), Business Source Premier, Emerald, JSTOR, Sage Journals Online, Science Direct, Springer Link and Wiley Online Library.

The framework was condensed into keywords to find articles that treat relevant moderations. Thus, titles of articles should indicate that market context, the strategic orientations and performance represent articles' content. Regarding market context, I looked for titles including, for example, market/environment/customer/competition/competitor. Also, at least one of the keywords "entrepreneurial orientation", "market orientation" or "strategic orientation" should be added to titles. "Strategic orientation" was used, as it may incorporate EO and MO. A focus on performance was signaled by article titles including, for example, "success" and "growth", besides "performance" itself. Finally, cross-checks were made with articles listed in other reviews (Engelen *et al.*, 2014). The search resulted in identification of 107 articles.

The content of the articles was then scrutinized to find those that capture any moderation determined by the framework. After this step, 30 unique articles were left, and these were then analyzed in detail. First, each article was coded according to the focused relationship (1-4 in Figure 1). Second, the articles were classified in terms of applied components and indicators of market context, the strategic orientations and performance. Third, studied firms and main findings of each article were noted. Fourth, the content of the articles was finally analyzed to identify opportunities for international business research. The reviewed articles (Table I) were evenly published between 1993 and 2015.

Applied components

For EO, innovativeness, risk-taking and proactiveness are dominating components. These components are included in the definition initially put forward by Miller (1983). On the other hand, components such as competitive aggressiveness (Covin and Slevin, 1989) appear less frequently. Regarding MO, the components of market intelligence generation and dissemination, and responsiveness (Kohli and Jaworski, 1990) are frequently used. Also, orientations toward customers and competitors, and

Table I.
Studies on relationships between market context, strategic orientations and performance

Focused moderation and study[a]	Components and indicators of market context[b]	Components and indicators of strategic orientation[b,c]	Indicators of performance[d,e,f]
Market context moderation of the EO–performance relationship			
1: Boso *et al.* (2012)	Competitive intensity: indicators not reported	EO: innovativeness, risk-taking and proactiveness (Miller and Friesen, 1978), competitive aggressiveness, autonomy (Lumpkin and Dess, 1996) MO: market intelligence generation, dissemination and responsiveness (Kohli and Jaworski, 1990)	Fulfillment of objectives regarding new product export
1: Chaston and Sadler-Smith (2012)	Competitive intensity (Lindelof and Lofsten, 2006)	EO: innovativeness, risk taking, proactiveness (Covin and Slevin, 1988)	Sales growth
1: Dimitratos *et al.* (2004)	Environmental uncertainty: future demand	EO: innovativeness, risk taking, proactiveness (Miller, 1983)	Satisfaction with foreign country sales
1: Escribá-Esteve *et al.* (2008)	Environmental hostility: changes relevant to e.g. customers, competitors and technology	EO: competitive aggressiveness, proactiveness, risk-taking, market analyses (e.g. Covin and Slevin, 1989)	ROS, market share, customer loyalty, sales growth, costs
1: Lumpkin and Dess (2001)	Environmental dynamism (Miller and Friesen, 1982) and hostility (Khandwalla, 1977) Industry life cycle: share of sales for products in introduction, growth, maturity and decline stages	EO: proactiveness and competitive aggressiveness (Covin and Slevin, 1989)	Sales growth, ROS, profit
1: Rauch *et al.* (2009)	Dynamic customer preferences: low-tech and high-tech industries	EO: innovativeness, risk-taking and proactiveness (Miller and Friesen, 1978), competitive aggressiveness, autonomy (Lumpkin and Dess, 1996)	Financial and non-financial performance
1: Saeed *et al.* (2014)	Market size: sum of domestic and foreign market size	EO: innovativeness, risk-taking and proactiveness (Miller, 1983), competitive aggressiveness, autonomy (Lumpkin and Dess, 1996)	Growth, profitability and overall performance
1: Sundqvist *et al.* (2012)	Market turbulence: unpredictability of environmental changes, environmental hostility and heterogeneity (Cadogan *et al.*, 2003)	EO: innovativeness, risk-taking, proactiveness, competitive aggressiveness, autonomy	Export profit
1: Wiklund and Shepherd (2005)	Environmental dynamism (Miller, 1987)	EO: innovativeness, risk taking, proactiveness (Miller, 1983)	Financial performance and growth relative to competitors

(*continued*)

Focused moderation and study[a]	Components and indicators of market context[b]	Components and indicators of strategic orientation[b,c]	Indicators of performance[d,e,f]
1: Zahra and Covin (1995)	Environmental hostility: the inverse of industry's growth rate and profit margin and industry's bankruptcies	EO: innovativeness, risk-taking and opportunity seeking (Miller and Friesen, 1982)	ROA, ROS, revenue growth
1: Zahra and Garvis (2000)	Market turbulence: environmental hostility (Miller and Friesen, 1984)	EO: innovativeness, risk-taking, proactiveness (Miller, 1983)	ROA, sales growth, foreign profitability and growth
Market context moderation of the MO/performance relationship			
2: Appiah-Adu (1998)	Market dynamism: changes in customer needs and products/production/distribution/competitor strategies (Jaworski and Kohli, 1993) Competitive intensity (Jaworski and Kohli, 1993) Market growth (Kohli and Jaworski, 1990)	MO: customer and competitor orientation (Narver and Slater, 1990), market research (Golden *et al.*, 1995)	Sales growth, ROI
2: Becherer and Maurer (1997)	Environmental hostility: perceived risks (Khandwalla, 1977) Environmental turbulence (Covin and Slevin, 1989; Miller and Friesen, 1983)	MO: regular execution of market studies, information gathering from customers (Morris and Paul, 1987)	Change in annual profits compared to three years ago
2: Bhuian (1998)	Competitive intensity: competitors' aggressiveness, promotion wars, pricing, competitive moves (Jaworski and Kohli, 1993)	MO: market intelligence generation, dissemination and responsiveness (Kohli and Jaworski, 1990)	Financial and operational performance relative to competitors
2: Cadogan *et al.* (2003)	Competitive intensity: competitors' aggressiveness, promotion wars, competitive moves (Jaworski and Kohli, 1993)	MO: market intelligence generation, dissemination and responsiveness (Kohli and Jaworski, 1990)	Export sales efficiency
2: Diamantopoulos and Hart (1993)	Market turbulence: importance of product development and modification and market research Competitive intensity: importance of competition based on price, product, promotion, delivery and service (Jaworski and Kohli, 1993) Demand conditions: low and high growth industries	MO: market intelligence generation, dissemination and responsiveness (Kohli and Jaworski, 1990)	Sales growth and profit margin above or under industry average (dummy)

(*continued*)

Table I.

Table I.

Focused moderation and study[a]	Components and indicators of market context[b]	Components and indicators of strategic orientation[b,c]	Indicators of performance[d,e,f]
2: Ellis (2006)	Market size: size of the home market Market growth: mature and developing markets	MO: market intelligence generation, dissemination and responsiveness (Kohli and Jaworski, 1990) and customer orientation (Narver and Slater, 1990)	Subjective and objective performance, business and market performance
2: Gao *et al.* (2007)	Demand uncertainty: consumers' expectations and loyalty Competitive intensity: standardized products, price competition	MO: customer and competitor orientation (Narver and Slater, 1990)	ROI, profit, sales growth, product performance
2: Greenley (1995)	Market turbulence: change of customer needs and marketing (Miller, 1987) Customer power: customers' bargaining power (Narver and Slater, 1990)	MO: customer orientation, competitor orientation, inter-functional coordination (Narver and Slater, 1990)	ROI, sales growth
2: Grewal and Tansuhaj (2001)	Demand uncertainty: variability in demand, products and brands, price/quality demands and competitive moves (Jaworski and Kohli, 1993) Competitive intensity: extent of competition, promotion wars, price competition and new competitive moves (Jaworski and Kohli, 1993)	MO: market intelligence generation, dissemination and responsiveness (Kohli and Jaworski, 1990)	Satisfaction with ROI, profit, sales and growth
2: Harris (2001)	Market turbulence: variability in customer needs Competitive hostility: competitors' resources, behavior and differentiation	MO: customer orientation, competitor orientation, inter-functional coordination (Narver and Slater, 1990)	ROI and sales growth
2: Kumar *et al.* (1998)	Market turbulence: predictability of competitors, customers and government Competitive hostility: indicators not reported	MO: customer orientation, competitor orientation, inter-functional coordination (Narver and Slater, 1990)	Revenue growth, return on capital, success of new services and customer retention, cost control

(*continued*)

Focused moderation and study[a]	Components and indicators of market context[b]	Components and indicators of strategic orientation[b,c]	Indicators of performance[d,e,f]
2: Kumar *et al.* (2011)	Market turbulence: variability in customer types and customers' preferences (Jaworski and Kohli, 1993) Competitive intensity: extent of competition and promotion wars (Jaworski and Kohli, 1993)	MO: market intelligence generation and dissemination, response design and implementation (Jaworski and Kohli, 1993)	Sales and net income
2: Pulendran *et al.* (2000)	Market turbulence: variability in customer needs (Jaworski and Kohli, 1993) Competitive intensity: extent of competition and promotion wars (Jaworski and Kohli, 1993)	MO: market intelligence generation and dissemination, and response design and implementation (Kohli *et al.*, 1993)	Overall performance, ROI and sales in total and relative to competitors and expectations
2: Qu and Zhang (2015)	local responsiveness pressure: heterogeneity of customer needs, heterogeneity of distribution channels	MO: market intelligence generation and dissemination, response design and implementation (Jaworski and Kohli, 1993)	Customer satisfaction, sales growth, overall performance
2: Sorensen (2009)	Competitive intensity: extent of competition, promotion wars, price competition and new competitive moves (Jaworski and Kohli, 1993)	MO: customer orientation and competitor orientation	ROA and market share
2: Wong and Ellis (2007)	Market turbulence and competitive intensity (Jaworski and Kohli, 1993) in stages of the product life cycle	MO: customer orientation, competitor orientation, inter-functional coordination (Narver and Slater, 1990)	Sales, profits, ROA and ROI compared to competitors
2: Zhou *et al.* (2007)	Customer requirements: need for customer services	MO: customer orientation, competitor orientation (Narver and Slater, 1990)	Operational performance relative to competitors
EO moderation of the market context/performance relationship			
3: Pehrsson and Pehrsson (2015)	Barriers to competition: scale barriers	EO: innovativeness, risk-taking, proactiveness (Miller, 1983)	Foreign subsidiary's growth rate
MO moderation of the market context/performance relationship			
4: Pehrsson and Pehrsson (2015)	Barriers to competition: barriers to access customers	MO: market intelligence generation, dissemination and responsiveness (Kohli and Jaworski, 1990)	Foreign subsidiary's growth rate
4: Perry and Shao (2002)	Traditional and new competitors: competitiveness of competitors' services (Clark and Montgomery, 1999)	MO: market intelligence generation and dissemination, and response design and implementation (Kohli *et al.*, 1993)	Sales, profit, image, market attractiveness, competitive advantage

(continued)

Table I.

Table I.

Focused moderation and study[a]	Studied firms	Findings
Market context moderation of the EO–performance relationship		
1: Boso *et al.* (2012)	212 UK exporting firms	Greater competitive intensity on export markets strengthens the moderating effect of MO on the relationship between EO and export performance of new products
1: Chaston and Sadler-Smith (2012)	137 small and creative firms	Competitive intensity does not strengthen the relationship between EO and firm performance
1: Dimitratos *et al.* (2004)	152 Greek firms	Greater environmental uncertainty of the domestic country strengthens the positive relationship between EO and performance in the foreign country Greater environmental uncertainty of the foreign country, or environmental hostility of the domestic or foreign country, has no moderation effects
1: Escribá-Esteve *et al.* (2008)	295 Spanish manufacturing firms	Greater environmental hostility strengthens the positive relationship between strategic orientation (EO) and performance
1: Lumpkin and Dess (2001)	133 non-diversified US firms	Greater environmental dynamism strengthens the positive relationship between proactiveness and performance Environmental hostility has no moderation effect Greater environmental hostility strengthens the positive relationship between competitive aggressiveness and performance Environmental dynamism has no moderation effect The positive relationship between proactiveness and performance is stronger in early industry life cycle stages than in later stages Life cycle stage has no effect on the competitive aggressiveness relationship
1: Rauch *et al.* (2009)	Meta-analysis of 51 studies with mixed firms	The positive EO/performance relationship is stronger for firms in high-tech industries
1: Saeed *et al.* (2014)	Meta-analysis of 177 studies with mixed firms	Market size does not moderate the EO/performance relationship
1: Sundqvist *et al.* (2012)	783 Finish exporting firms	Greater market dynamism weakens the positive relationship between Kirznerian EO (mostly in existing markets) and performance Greater market dynamism strengthens the positive relationship between Schumpeterian EO (mostly redefined markets) and performance
1: Wiklund and Shepherd (2005)	413 Swedish manufacturing and service firms	Greater environmental dynamism does not strengthen the positive relationship between EO and small business performance

(*continued*)

Focused moderation and study[a]	Studied firms	Findings
1: Zahra and Covin (1995)	Survey 1, 1983: 69 US manufacturing firms Survey 2, 1983: 55 US chemical firms Survey 3, 1983: 59 US manufacturing firms	Greater environmental hostility strengthens the positive relationship between corporate entrepreneurship and performance and the effect holds over time
1: Zahra and Garvis (2000)	149 US manufacturing firms	Environmental hostility strengthens the positive relationship between EO and performance on international markets The moderator effect is curvilinear: firms that over-pursue EO in hostile international environments will get diminishing profits and lower growth
Market context moderation of the MO/performance relationship		
2: Appiah-Adu (1998)	74 manufacturing and service firms from Ghana	Greater market dynamism strengthens the positive relationship between MO and performance Greater market competitive intensity strengthens the positive relationship between MO and performance Market growth does not moderate the relationship between MO and performance
2: Becherer and Maurer (1997)	147 US firms	Greater environmental hostility strengthens the positive relationship between MO and profits Greater environmental turbulence does not affect the positive relationship between MO and profitability
2: Bhuian (1998)	115 Saudi Arabian manufacturing firms	Greater competitive intensity strengthens the positive relationship between MO and performance
2: Cadogan *et al.* (2003)	137 export manufacturing firms from Hong Kong	Greater competitive intensity over a threshold value on export markets strengthens the positive relationship between MO and performance on export markets. The relationship is negative for low intensity
2: Diamantopoulos and Hart (1993)	87 UK manufacturing firms	Greater market turbulence strengthens the positive relationship between MO and performance Greater competitive intensity strengthens the positive relationship between MO and performance Demand conditions do not have any moderation effect
2: Ellis (2006)	Meta-analysis of 58 samples in 28 countries	The positive relationship between MO and performance is strongest for firms in large markets The positive relationship between MO and performance is strongest for firms in mature markets
2: Gao *et al.* (2007)	420 Chinese firms	The relationship between customer orientation and performance is positive when demand uncertainty is low and the relationship is negative when demand uncertainty is high Competitive intensity does not moderate the relationship between competitor orientation and performance
2: Greenley (1995)	240 UK firms	Greater market turbulence weakens the positive relationship between MO and ROI Greater customer power strengthens the positive relationship between MO and sales growth
2: Grewal and Tansuhaj (2001)	120 Thailand firms	Greater demand uncertainty weakens the negative relationship between MO and performance after an economic crisis Greater competitive intensity strengthens the negative relationship between MO and performance after an economic crisis

(*continued*)

Table I.

Table I.

Focused moderation and study[a]	Studied firms	Findings
2: Harris (2001)	241 UK firms	Greater market turbulence strengthens the positive relationship between MO and performance Greater competitive hostility strengthens the positive relationship between MO and performance
2: Kumar *et al.* (1998)	159 US hospitals	Greater market turbulence strengthens the positive relationship between MO and performance Greater competitive hostility strengthens the positive relationship between MO and performance
2: Kumar *et al.* (2011)	Survey 1, 1997: 300 US firms Survey 2, 2001: 269 of the 300 firms Survey 3, 2005: 261 of the 269 firms	Greater market turbulence strengthens the positive relationship between MO and performance, but the moderating effect diminishes over time Greater competitive intensity strengthens the positive relationship between MO and performance, but the moderating effect diminishes over time
2: Pulendran *et al.* (2000)	105 Australian manufacturing firms	Greater market turbulence strengthens the positive relationship between MO and performance Competitive intensity has no moderation effect
2: Qu and Zhang (2015)	177 UK subsidiaries of foreign firms	Greater local responsiveness pressure (market heterogeneity) strengthens the positive relationship between MO and performance
2: Sorensen (2009)	308 Danish manufacturing firms	Greater competitive intensity has a positive effect on the relationship between customer orientation and performance Greater competitive intensity does not have a positive effect on the relationship between competitor orientation and performance
2: Wong and Ellis (2007)	292 Hong Kong manufacturing firms	The positive MO/performance relationship is strongest in the growth stage and weakest in the introductory stage of the product life cycle
2: Zhou *et al.* (2007)	184 hotels from 56 countries	Greater customer requirements strengthen the positive relationship between customer orientation and performance Greater customer requirements do not weaken the positive relationship between competitor orientation and performance
EO moderation of the market context/performance relationship		
3: Pehrsson and Pehrsson (2015)	4 subsidiaries of Swedish manufacturing firms in the USA	It is proposed that the more extensive the foreign subsidiary's EO, the weaker the negative association between scale barriers and growth of the subsidiary
MO moderation of the market context/performance relationship		
4: Pehrsson and Pehrsson (2015)	4 subsidiaries of Swedish manufacturing firms in the USA	It is proposed that the more extensive the foreign subsidiary's MO, the weaker the negative association between customer access barriers and growth of the subsidiary
4: Perry and Shao (2002)	148 foreign subsidiaries of US advertising agencies	Greater MO strengthens the positive effect of traditional competitors on performance Greater MO does not strengthen the positive effect of new competitors on performance

Notes: [a] The relationships appear in Figure 1; [b] sources are provided if scales are used with limited changes; [c] EO = entrepreneurial orientation; MO = market orientation; [d] ROI = return on investment; [e] ROS = return on sales; [f] ROA = return on assets inter-functional coordination (Narver and Slater, 1990) are common. This applies to response design and implementation as well (Jaworski and Kohli, 1993).

Competitive intensity manifests the task environment of competitors. The intensity is a dominating component of a static market context that appears in the reviewed articles. Based on indicators initially specified by Jaworski and Kohli (1993), several scholars measure competitive intensity regarding price, product, promotion, delivery or service (Kumar *et al.*, 2011; Sorensen, 2009). However, the study of Harris (2001) shows a different application, as it uses indicators in terms of competitors' resources, behavior and differentiation.

Also, components of the customer environment have been used in studies of static market contexts. The components include market size or growth (Appiah-Adu, 1998; Ellis, 2006; Saeed *et al.*, 2014), market heterogeneity (Qu and Zhang, 2015), life cycle stage of markets or products (Ellis, 2006; Lumpkin and Dess, 2001; Wong and Ellis, 2007) and customers' power and requirements (Greenley, 1995; Zhou *et al.*, 2007).

Variability in the general market environment dominates regarding studies of dynamic market contexts. Here, variability includes hostility (Escribá-Esteve *et al.*, 2008), or general turbulence or dynamism (Lumpkin and Dess, 2001). Studies may include a broad set of indicators such as predictability of customers, competitors and government (Appiah-Adu, 1998; Kumar *et al.*, 1998) or fewer indicators such as variability in customer's needs (Harris, 2001; Rauch *et al.*, 2009).

However, it is difficult to make clear distinctions of components of a dynamic market context. For example, some researchers (Escribá-Esteve *et al.*, 2008) use the term environmental hostility as a reflection of changes regarding customers, competitors and technology, while others use the term market turbulence (Greenley, 1995). In fact, environmental hostility is not a precise term, as it may also capture, for example, industry's bankruptcies (Zahra and Covin, 1995) or perceived risks (Khandwalla, 1977).

Furthermore, some studies include variability regarding customers as a part of measuring general market turbulence. For example, Diamantopoulos and Hart (1993) and Greenley (1995) capture product changes or changes in customers' needs to analyze market turbulence. This principal way of measuring turbulence follows the early suggestion of Jaworski and Kohli (1993), and it has been applied in more studies (Harris, 2001; Kumar *et al.*, 2011; Pulendran *et al.*, 2000). On the other hand, some studies (Grewal and Tansuhaj, 2001; Gao *et al.*, 2007) focus only on variability in the customer environment without any intention to reflect general variability.

Applied methods

All studies except one statistically test hypotheses. Tests of interaction effects dominate, and the number of interactions tested varies from one to ten on the performance level of the firm and from two to six on the foreign unit level. However, Diamantopoulos and Hart (1993) and Saeed *et al.* (2014) test contingency hypotheses by comparing two subgroups in terms of industry types. In most studies, variants of regression analyses are carried out, while some studies test structural equation models. Only one study explores qualitative data (Pehrsson and Pehrsson, 2015) and formulates propositions that may be turned into hypotheses in future studies.

There is a great variety of objective and subjective measurements of performance, including financial and operational measurements and combinations. Furthermore, firms operating in manufacturing industries are commonly studied and firms from several home countries are often included. Just two studies (Pehrsson and Pehrsson, 2015; Qu and Zhang, 2015) focus on foreign units operating in specific host countries. The mean sample sizes on the firm level ($n = 191$) and the foreign unit level ($n = 220$) are relatively similar.

Main findings of the studies

Table II shows that four studies found moderations of direct relationships between EO and performance on the firm level. There is no dominating manifestation of static market contexts, while variants of changes in general environments express dynamic contexts.

Rauch *et al.* (2009) capture static market moderations, while Lumpkin and Dess (2001) focus on both static and dynamic moderations. Escribá-Esteve *et al.* (2008) and Zahra and Covin (1995) recognize indirect effects of dynamic markets. Although these studies seem to generate the same findings, they differ regarding operationalization of constructs and empirical samples. Furthermore, four studies capture direct relationships between EO and performance on the level of the foreign unit incorporating either static or dynamic moderations.

The majority of the studies show that market context reinforces the positive EO/performance relationships. However, Sundqvist *et al.* (2012) found that moderating effects of dynamism in foreign markets which are fundamentally redefined by firms differ from effects of dynamism in existing markets. In redefined foreign markets, there is a positive moderation effect. Here, dynamism may particularly be handled through risky innovativeness, and the EO/performance relationship will then be strengthened. However, the negative moderating effects of dynamism within the boundaries of existing foreign markets may be more effectively treated through proactive aggressiveness. In this way, the foreign unit of the firm may be better positioned than existing and well-defined competitors.

Zahra and Garvis (2000) establish a curvilinear relationship between EO and performance in hostile international environments. In such environments, the positive relationship is reinforced unless EO is not emphasized too much. The reason would be that environmental hostility in foreign markets requires reorganization of firm's resources, and this would be particularly costly if the firm is too entrepreneurially oriented.

Regarding static market moderations of relationships between MO and firm-level performance, Table III shows that 11 studies found relationships. Also, 11 studies found moderations originating from market dynamism. However, only two studies pay attention to moderations of relationships between MO and foreign unit performance, and they capture static market moderations.

For static competitor environments, competitive intensity is the only moderator among the studies on any analysis level. Despite varying construct operationalization and empirical settings, most studies found that the intensity reinforces the positive MO–performance relationship. However, Kumar *et al.* (2011) show that competitive intensity may erode positive effects of MO over time. This is confirmed by the study of Pehrsson (2014) which found that a cost leadership strategy of the main competitor weakens the relationship between customer responsiveness and firm performance in the long run. It seems that the main competitor adapts to firm's differentiation efforts and the threat from low price competition is intensified despite firm's early initiative to

Table II. Market context moderations of relationships between EO and performance (+/− show moderation effects)

Moderator: market context	Direct relationship: EO/firm performance	Direct relationship: EO/foreign unit performance
Static market context		
The competitor environment		Competitive intensity × MO × EO/performance: + (Boso *et al.*, 2012)
The customer environment	Early product life cycle stages × proactiveness/performance: + (Lumpkin and Dess, 2001) High-tech industry × EO/performance: + (Rauch *et al.*, 2009)	
Dynamic market context		
Variability in the general environment	Hostility in the general environment × EO/performance: + (Escribá-Esteve *et al.*, 2008; Zahra and Covin, 1995) Dynamism in the general environment × proactiveness/performance: + (Lumpkin and Dess, 2001) Hostility in the general environment × competitive aggressiveness/performance: + (Lumpkin and Dess, 2001)	General environmental uncertainty in the domestic country × EO/performance: + (Dimitratos *et al.*, 2004) Market dynamism × Kirznerian EO (mostly in existing markets)/performance: - (Sundqvist *et al.*, 2012) Market dynamism × Schumpeterian EO (mostly redefined markets)/performance: + (Sundqvist *et al.*, 2012) Hostility in the general environment × limited EO/performance: + (Zahra and Garvis, 2000) Hostility in the general environment × extensive EO/performance: -(Zahra and Garvis, 2000)

Table III.
Market context moderations of relationships between MO and performance (+/− show moderation effects)

Moderator: market context	Direct relationship: MO/firm performance	Direct relationship: MO/foreign unit performance
Static market context		
The competitor environment	Competitive intensity × MO/performance: + (Appiah-Adu, 1998, Bhuian, 1998; Diamantopoulos and Hart, 1993; Harris, 2001; Kumar *et al.*, 1998) Competitive intensity after an economic crisis × MO/performance: -(Grewal and Tansuhaj, 2001) Competitive intensity × MO/performance in the short run: + (Kumar *et al.*, 2011) Competitive intensity × customer orientation/performance: + (Sorensen, 2009)	Competitive intensity × MO/performance: + (Cadogan *et al.*, 2003)
The customer environment	Market size × MO/performance: + (Ellis, 2006) Market maturity × MO/performance: + (Ellis, 2006) Customer power × MO/performance: + (Greenley, 1995) Customer requirements × customer orientation/performance: + (Zhou *et al.*, 2007)	Market heterogeneity × MO/performance: + (Qu and Zhang, 2015)
Dynamic market context		
Variability in the general environment	Hostility in the general environment × MO/performance: + (Becherer and Maurer, 1997) Market dynamism × MO/performance: + (Appiah-Adu, 1998) Turbulence in the general environment × MO/performance: + (Diamantopoulos and Hart, 1993; Harris, 2001; Kumar *et al.*, 1998; Pulendran *et al.*, 2000) Turbulence in the general environment × MO/performance: -(Greenley, 1995) Turbulence in the general environment × MO/performance in the short run: + (Kumar *et al.*, 2011) Turbulence in the general environment in the growth stage of the product life cycle × MO/performance: + (Wong and Ellis, 2007)	
Variability in the customer environment	Demand uncertainty after an economic crisis × MO/performance: + (Grewal and Tansuhaj, 2001) Demand uncertainty × customer orientation/performance: - (Gao *et al.*, 2007)	

differentiate by means of responding to customer needs. Neither do Grewal and Tansuhaj (2001) follow the general pattern. They found that greater competitive intensity after an economic crisis weakens the MO–performance relationship on the firm level.

The variation is greater regarding moderators pertaining to the customer environment. Studies show that five moderators (market size, maturity, heterogeneity and customers' power and requirements) reinforce the positive effects of MO. However, Kumar *et al.* (2011) pay attention to the time perspective for dynamic moderators by showing that general turbulence may strengthen positive MO effects on the firm level only in the short run. This finding contradicts findings, indicating that turbulence is always a positive moderator (Diamantopoulos and Hart, 1993) or always a negative moderator (Greenley, 1995). Gao *et al.* (2007) are more precise and show that demand uncertainty particularly leads to weaker MO effects on performance. A reason for shortcomings of MO in turbulent or uncertain market contexts may be that MO requires some stability for specification of customers to respond to. Thus, MO essentially constitutes a market-driven behavior, and dynamism means that it becomes difficult for the firm to achieve consistent strategy implementation and exploitation of resources.

Pehrsson and Pehrsson (2015) and Perry and Shao (2002) focus on direct relationships between a static market context and performance on the level of the foreign unit. Based on an analysis of in-depth cases, the first authors propose that a foreign unit that emphasizes EO reduces the negative performance effects of scale barriers to expansion. A major reason would be that innovativeness helps the unit to broaden its product scope and avoid price competition that requires large scales.

Regarding MO moderations, Pehrsson and Pehrsson (2015) propose that the foreign unit may more easily break through barriers to access customers by emphasizing the MO activity of customer responsiveness. The finding of Perry and Shao (2002) is consistent, as it shows that a stronger and positive indirect relationship between MO and performance of a foreign unit is associated with greater pressure from traditional competitors.

Opportunities for international strategy research

The content analysis of above shows that just six of the studies somehow capture moderations on the level of the foreign unit. This is a serious shortage, as global competitiveness of the firm rests on efficient strategic orientation of foreign units. Therefore, this section of the paper discusses opportunities for further global strategy research.

Consistency between entrepreneurial orientation/market orientation components and the foreign unit's role

Four studies (Boso *et al.*, 2012; Dimitratos *et al.*, 2004; Sundqvist *et al.*, 2012; Zahra and Garvis, 2000) deal with moderations of direct relationships between EO and foreign unit performance (Table II). All of them include analyses of empirical data regarding the well-known EO components of innovativeness, risk-taking and proactiveness (Miller, 1983). Furthermore, Cadogan *et al.* (2003) and Qu and Zhang (2015) examine moderations of direct MO relationships on the level of the foreign unit (Table III). A common denominator is the attention paid to the components of generation and dissemination of market intelligence and responsiveness (Kohli and Jaworski, 1990).

Yet, the referred components of EO and MO are initially developed to suit firms as a whole and are not necessarily suitable for foreign units. Thus, a foreign unit's ability to apply EO and MO as a whole, or individual components, would be due to the unit's role in the corporate framework reflecting the value-adding mandate of the unit (Ellis, 2000; Gupta and Govindarajan, 1991; Miravitlles *et al.*, 2014). For example, a foreign subsidiary with an extensive value-adding mandate including research, development, design, manufacturing and sales may be heavily involved in all EO activities.

Based on analysis of Swedish subsidiaries operating in the USA, Pehrsson and Pehrsson (2015) propose that EO is particularly relevant where there are barriers to expand because of a need for scale and low costs. A subsidiary with an extensive mandate may exploit its capabilities and be engaged in risky innovations and a proactive search for opportunities to a high degree. This enhances the chances to build new markets and expand the subsidiary's product and market scope. In this way, the subsidiary may reduce the impact of direct competition and scale barriers.

On the other hand, a sales subsidiary may pursue MO to a large extent to break through barriers to access customers such as loyalties and switching costs. Thus, on well-defined and mature foreign markets, a subsidiary with a sales mandate may play a vital role in firm's implementation of MO. The foreign unit's market intelligence activities may, for example, concern collection of information as a basis for identification of important target customers and analysis of responsiveness patterns of local competitors.

Future studies may include developments of components and indicators that are consistent with mandates of foreign units as discussed above. Most probably, it would be valuable to consider EO and MO as multidimensional concepts where individual dimensions, or components, may affect performance in different ways (Lumpkin and Dess, 2001; Rauch *et al.*, 2009). An alternative would be to initially explore relevant theoretical specifications based on qualitatively oriented in-depth studies of individual cases operating in different industries and foreign markets. This may be followed by a focus on relationships between just one component such as customer orientation (Alteren and Tudoran, 2016) and foreign unit performance. However, it would be a challenge to align the component and its indicators with the role of the foreign unit.

Impact of dynamism stemming from competition in foreign markets

Moderation effects of static market contexts are examined by several studies. This is valid for both EO–performance relationships (Table II) and MO–performance relationships (Table III). Regarding moderations stemming from dynamic market contexts, Dimitratos *et al.* (2004), Sundqvist *et al.* (2012) and Zahra and Garvis (2000) explore the impact of variability in the general environment on the relationship between EO and foreign unit performance. However, no study captures dynamic moderations of direct relationships between MO and foreign performance.

Thus, there is no examination of the moderating impact of market dynamism originating from the competitor environment in foreign markets. This research gap applies to the direct relationship between EO/foreign performance as well as to the MO/foreign performance link. This is surprising because changing strategies and behavior of competitors heavily influence the effectiveness of firm's differentiation not least in foreign markets (Pehrsson, 2012; Prahalad and Doz, 1987). For example, liability of foreignness negatively affects competitiveness of a firm's foreign unit that tries to become established in the market (Mata and Portugal, 2002; Mezias, 2002). To break through barriers to enter the market and reduce the liabilities, it is of paramount importance that the unit accumulates knowledge about local competitors' strategies and behavior. The knowledge would increase the unit's chances to become established and achieve effective differentiation in terms of EO or MO.

A future study on dynamism stemming from competitors in foreign markets may benefit from applying the dynamic capabilities view. The principal reason is that dynamic market changes need to be balanced against dynamic capabilities inherent in EO and MO. Therefore, it is crucial that components and indicators not only manifest competitor dynamism but also dynamism regarding EO and MO.

The dynamic capabilities view stipulates that the firm needs to rely on its ability to integrate, build and reconfigure knowledge to be able to respond to dynamic environments (Eisenhardt and Martin, 2000; Teece *et al.*, 1997; Wan *et al.*, 2011). Hence, it is essential that the firm and the foreign unit are able to transform knowledge of competitors into dynamic capabilities to achieve high performance in dynamic market contexts.

As previous studies analyze data primarily from manufacturing industries, there is room for further studies of dynamism in the competitor environment attributable to a broader range of industries. In addition, there is a need to carefully specify relevant host countries of foreign units as competition contexts commonly vary from one country to another. Furthermore, to study moderating effects of the dynamism, an alternative would be to examine event histories. Time-dependent events may represent dynamic market changes and effects on relationships between EO/MO and performance regarding any or all of the EO/MO components. Also, it is possible to simultaneously analyze moderating effects on relationships pertaining to some components or indicators that are static, and some that are dynamic and time-dependent.

Entrepreneurial orientation/market orientation moderations of dynamic direct relationships with foreign unit performance

Pehrsson and Pehrsson (2015) capture EO moderations of relationships between static barriers to competition and foreign unit performance. Regarding MO moderations of direct relationships between static market contexts and foreign unit performance, Pehrsson and Pehrsson (2015) propose that extensive generation and dissemination of market intelligence and responsiveness reduce the negative effects of barriers to access local customers and, thus, trigger growth of the foreign subsidiary. Perry and Shao (2002) focus on how a foreign subsidiary may apply MO to influence effects of traditional competitors' behavior on performance of the unit.

Thus, no study pays attention to EO/MO moderations of relationships between dynamic market contexts and performance, neither on the firm level nor on the level of the foreign unit. Hence, there is room for groundbreaking studies that incorporate EO/MO moderations of direct relationships between market dynamism and performance not least on the level of the foreign unit. Kumar *et al.* (2011) and Zahra and Covin (1995) demonstrate relevant examples on studies of dynamism, as they conducted multiple surveys in different time periods and, thereby, collected data from the same overall samples. Kumar *et al.* (2011) conclude that effects may diminish over time, while Zahra and Covin (1995) found that the effects are stable over time.

Conclusions and managerial implications

The issue of direct relationships between the complementary strategic orientations of EO/MO and firm performance has attracted great interest in research since the seminal studies of, for example, Kohli and Jaworski (1990) and Narver and Slater (1990). However, by testing contingency hypotheses, early studies (Diamantopoulos and Hart, 1993; Greenley, 1995; Zahra and Covin, 1995) show that it is important to pay attention to market context. Thus, market context may have moderating effects on the direct relationships between EO/MO and performance, and EO/MO may moderate direct relationships between market context and performance.

The number of studies conducted since the seminal works have increased considerably. Yet, the findings regarding moderation effects are contradictory, indicating that the underlying mechanisms are more complicated than previously thought. Therefore, this paper systematically reviews contents of previous empirical studies concerning moderations of relevant direct relationships. The paper identifies need for knowledge and specifies research gaps. These constitute the foundation for theoretical and methodological suggestions for further research that may generate insights and clarify the underlying mechanisms.

First, it is suggested that future studies involving performance on the foreign unit level need to develop and apply EO/MO components that are consistent with the foreign unit's role particularly in terms of the value-adding mandate. Second, there is a need for further studies that pay attention to the impact of market dynamism originating from competition in foreign markets. The foreign unit may acknowledge such changes in a dynamic and proactive entrepreneurial way or in a dynamic responsive market-oriented way. Therefore, the dynamic capabilities view may be a reasonable theory base in future studies of moderations of relationships between EO/MO and foreign unit performance.

Third, previous research does not consider how EO/MO may moderate direct relationships between dynamic market contexts and performance on the foreign unit level. This means that there are opportunities for further studies of direct impacts of market dynamism on performance and moderating roles of EO or MO. Finally, methodology issues are discussed in relation to the opportunities for future research. The issues include development of components and indicators of EO and MO, analyses of qualitative in-depth data, studies of firms representing a broad range of industries, studies of foreign units operating in well-specified host countries and studies of event histories to capture dynamism pertaining to all relevant concepts.

Managerially, EO and MO represent distinct ways to strategically differentiate a firm from competitors, and thereby achieve high performance. Yet, although EO primarily drives market development and MO is a way to follow markets, the orientations complement each other. Hence, elements of EO and MO may be pursued simultaneously to varying degrees. The reason is that both address the importance of market knowledge for the identification and exploitation of opportunities in competitive markets.

However, the effectiveness of EO and MO may be due to the market context. Based on a systematic review of previous research, this paper describes the content of previous studies incorporating contingency hypotheses. Also, the paper identifies research gaps and formulates research opportunities. Essentially, the content analysis shows that the firm may apply EO and MO to different extents in static or dynamic market contexts. The suggestions for future research put forward in the paper intend to shed light on how the firm may align EO and MO with market contexts particularly on foreign markets.

Tentatively, individual components of EO/MO may be emphasized to various extents depending on whether the firm, or the foreign unit, operates in a static or dynamic market context.

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Further reading

Fernández-Mesa, A. and Alegre, J. (2015), "Entrepreneurial orientation and export intensity: examining the interplay of organizational learning and innovation", *International Business Review*, Vol. 24 No. 1, pp. 148-156.

About the author

Anders Pehrsson is Professor of Business Administration at the School of Business and Economics, Linnaeus University, Sweden. He received his PhD degree in industrial marketing from Linköping University, Sweden, in 1986. Dr Pehrsson focuses on the international strategies of industrial firms, and his work has been published in journals such as *European Business Review*, *Global Strategy Journal*, *International Marketing Review*, *Journal of Business and Industrial Marketing*, *Journal of Business Research* and *Strategic Management Journal*. Also, he has published several books in the field of international strategy. Anders Pehrsson can be contacted at: Anders.Pehrsson@lnu.se

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