

International Entrepreneurial Orientation and Institutionalism: The Effect on International Performance for Latin American SMEs

Authors : William Castillo, Hugo Viza, Arturo Vargas

Abstract : The Pacific Alliance is a trade bloc that is composed of four emerging economies: Chile, Colombia, Peru, and Mexico. These economies have gained macroeconomic stability in the past decade and as a consequence present future economic progress. Under this positive scenario, international business firms have flourished. However, the literature in this region has been widely unexamined. Therefore, it is critical to fill this theoretical gap, especially considering that Latin America is starting to become a global player and it possesses a different institutional context than developed markets. This paper analyzes the effect of international entrepreneurial orientation and institutionalism on international performance, for the Pacific Alliance small-to-medium enterprises (SMEs). The literature considers international entrepreneurial orientation to be a powerful managerial capability - along the resource based view- that firms can leverage to obtain a satisfactory international performance. Thereby, obtaining a competitive advantage through the correct allocation of key resources to exploit the capabilities here involved. Entrepreneurial Orientation is defined around five factors: innovation, proactiveness, risk-taking, competitive aggressiveness, and autonomy. Nevertheless, the institutional environment - both local and foreign, adversely affects International Performance; this is especially the case for emerging markets with uncertain scenarios. In this way, the study analyzes an Entrepreneurial Orientation, key endogenous variable of international performance, and Institutionalism, an exogenous variable. The survey data consists of Pacific Alliance SMEs that have foreign operations in at least another country in the trade bloc. Findings are still in an ongoing research process. Later, the study will undertake a structural equation modeling (SEM) using the variance-based partial least square estimation procedure. The software that is going to be used is the SmartPLS. This research contributes to the theoretical discussion of a largely postponed topic: SMEs in Latin America, that has had limited academic research. Also, it has practical implication for decision-makers and policy-makers, providing insights into what is behind international performance.

Keywords : institutional theory, international entrepreneurial orientation, international performance, SMEs, Pacific Alliance

Conference Title : ICBEM 2018 : International Conference on Business and Emerging Markets

Conference Location : Toronto, Canada

Conference Dates : June 21-22, 2018