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Original Research Articles

Developing a Marketing Model Utilizing the Resource-Based View and Risk Management in Emerging Economies: Insights from Multinational Corporations

Yuang-Shiang Chao[1]*

Abstract

This study focuses on a marketing model that explores the practical aspects of risk management in emerging countries. It aims to illustrate the potential advantages that multinational enterprises (MNEs) can gain by integrating the Resource-Based View (RBV) framework and effective risk management strategies to navigate the inherent complexities of these market environments. The RBV theory asserts that a company's export performance is intricately linked to its internal resources and capabilities, a proposition particularly relevant for multinational companies (MNEs) given the impact of globalization and economic downturns. Multinational enterprises (MNEs) often encounter challenges in acquiring resources and developing capabilities for global expansion, especially when compared to larger firms. Collaborative relationships between organizations emerge as a valuable avenue for MNEs, enabling them to acquire both tangible and intangible resources. This resource acquisition serves to augment their existing resource base, ultimately contributing to a favorable impact on their overall performance. However, it is essential to acknowledge that such collaborations may expose the core corporation to intangible consequences in its relationships with downstream intermediaries. These consequences include heightened dependence, increased exposure to risk, elevated vulnerability, and a diminished level of influence. To effectively navigate these complexities and integrate resources and skills, meticulous design and execution of monitoring and coordination procedures among the parties engaged in inter-firm partnerships become paramount.The current research introduces a comprehensive marketing framework tailored for multinational businesses (MNEs) operating in emerging countries. This framework harmonizes the principles of the RBV theory with effective risk management strategies. The findings of this study offer significant value to various stakeholders, including corporations, governmental

bodies, and scholars. They shed light on strategies that multinational businesses (MNEs) can employ to enhance their competitiveness and sustainability in developing nations.

Keywords: MNEs; RBV; Risk Management; Emerging Economics; Markets

Introduction

The Resource-Based View (RBV) asserts that the export performance of enterprises is contingent upon the convergence of their internal resources and capabilities (Kaleka, 2002). The imperative for small and medium-sized firms (MNEs) to expand their goods or services internationally has arisen due to globalization and economic crises, making exporting a more prevalent entry method (Stoian, 2011). Nevertheless, small and medium-sized enterprises (MNEs) often encounter more challenges in acquiring resources and expanding capacities than larger corporations (Xie, 2014). Collaborative efforts among firms can provide the necessary resources for internationalization endeavors (Sternad, 2013). According to the Resource-Based View (RBV) theory, establishing inter-organizational relationships can assist small and medium-sized enterprises (MNEs) in acquiring tangible and intangible resources, thereby enhancing their existing resource base and positively influencing their performance (Rice, 2012).

Export operations frequently establish partnerships between enterprises and foreign intermediaries, with independent export channels being the predominant method (Dimitratos, 2003). These channels offer advantages such as reduced costs and investments, access to information about foreign markets and clients, economies of scale, negotiating expertise, and specialization in products/markets that individual exporters may need assistance to access (Suwannarat, 2016). However, independent export channels also involve the delegation of decision-making and responsibility for tasks related to logistics, sales, marketing, and service activities (Madsen, 2012).

The existence of downstream interactions as a distinct avenue for exporting implies that the services provided by intermediaries possess an intangible quality, resulting in heightened reliance, exposure to risk, susceptibility, and reduced influence for the central company (Gordon, 1993). The establishment and implementation of monitoring and coordination protocols among

parties involved in inter-firm partnerships play a crucial role in integrating resources and capabilities (Ramon, 2017). The efficient management of resources dedicated to internationalization can be facilitated through the collaboration of management control systems (MCSs), leading to a favorable influence on export processes (Gomez, 2018). In recent years, there has been a growing recognition of the need to broaden the scope of management accounting and control to encompass sales and marketing responsibilities and enhance interaction with the marketing domain (Löning, 2000). Empirical data from studies in the accounting literature have demonstrated variations in the use of management control systems and the information sought by managers operating in the distribution and marketing sectors, susceptible to outsourcing within a downstream connection (Chenhall, 2003).

According to recent research in the resource-based view (RBV), it is contended that lasting competitive advantage can only be attained when a business has resources that are concurrently valued, uncommon, imperfectly imitable, and exploitable by its organizational structure (Kozlenkova, 2004). The success and continued existence of startups and smaller businesses depend on their ability to export some of their products and services overseas. However, there needs to be more knowledge of the human resources and population of small, privately held companies. Some businesses are not cut out for international trade; they serve local customers. Despite this, there is an increasing realization that more information is required (McDougall, 1994).

Inherent uncertainties and risks accompany virtually all irreversible resource commitment choices (Cano & Cruz, 2002), necessitating project risk management as an essential component for every project-driven company. However, distinct practices have evolved for different organizational roles, leading to a narrow, compliance-focused perspective. This deviation contradicts the purpose of project risk management, which is to strike a fair balance between the expenses of avoiding disaster and the benefits of taking precautions. Since the effects of risks cannot be reduced to a single metric—whether it involves an increase in costs, a lag in production, a lack of raw materials, or an accident—developing vertically integrated risk

management methods poses a significant challenge. Capturing the implications of risk management is challenging due to these effects representing varied tactical goals for different operations (Garvey, 2009).

Ramamurti (2004) delves into the fundamental issues that drive corporate strategy in international business (IB) and developing economies. Two common schools of thought attempt to address these questions: the industry-based approach, maintaining that external environmental factors are the primary drivers of strategy and performance, and the resource-based view, positing that internal organizational factors are more crucial. The origins of these ideas lie in strategic management, with research in IB shedding light on these concerns due to the intimate relationship between IB and strategy. Critics of these perspectives point out that they assume institutions as a "background," even though institutions set the stage for competition among the sectors and enterprises analyzed. Therefore, IB studies should contribute to answering these fundamental concerns.

Empirical evidence from Multinational Enterprises (MNEs) can support the development of a marketing model that incorporates Resource-Based View (RBV) and risk management in emerging economies. This integration holds far-reaching effects in terms of improving competitiveness, reducing risk exposure, expanding scholarly understanding, informing policy decisions, and fostering long-term economic growth. This study introduces a holistic marketing framework for multinational corporations (MNEs) operating in developing markets. The framework integrates the principles of Resource-Based View (RBV) theory with efficient risk management tactics. The objective of this model is to leverage a business's unique resources and competencies to achieve a competitive advantage. Additionally, by incorporating risk management methods, multinational enterprises (MNEs) can effectively negotiate uncertainties and minimize possible hazards in developing economies.

Objective

This research aims to comprehensively investigate the interrelationships between Enterprise Risk Management (ERM) practices, competitive advantage, and organizational performance in multinational corporations (MNEs) operating within the context of developing countries. The study's objectives include:

1**.** To explore the Correlation Between ERM Practices and Organizational Success.

2. To examine the Relationship Between Competitive Advantage and ERM Practices.

3. To analyze the Association Between Company Performance and Competitive Edge.

4. To investigate the Mediating Role of Competitive Advantage in the Relationship Between ERM and Company Performance.

Conceptual Framework

1. Resource-Based View (RBV)

The RBV theory's fundamental tenets are based on the idea that, especially in developing countries, a company's competitive advantage stems from the unique qualities of its resources and capabilities. This study aims to establish a connection between the Resource-Based View (RBV) and the discipline of project risk management. The suggested methodology relies on a causal network for projects, which enables both conceptual and data-intensive assessment of project risks, with a primary emphasis on financial implications. Risks may be more readily managed and described because of the framework's adaptability and its compatibility with numerous methodologies previously utilized in project management practices. Using actual project data, the study demonstrates these contributions. For better task, project, and organizational decision-making, this framework integrates risk descriptions at many levels of granularity and offers both structural and data-intensive risk assessment. This framework's most

helpful aspect is how it can be incorporated into standard project management procedures with minimum extra information needs (Govan & Damnjanovic, 2016).

2. The Role of RBV in Inter-Organizational Export

One such theoretical framework is the Resource-Based View (RBV), which looks at an organization's strengths and weaknesses to gauge competitive advantage and performance. This work extends the export management literature by including dynamic capabilities, considering interactions between resources and capabilities, and drawing on perspectives from other academic disciplines. Synergistic effects formed by combinations of exporting enterprises' assets and individuals' skill sets are vital for developing competitive advantage. The ultimate sources of competitive advantage are the resources available inside an organization. Physical assets, operational size, financial assets, and the firm's expertise in export market operations are the four categories of competitive resources identified by Kaleka. The majority of essential resources benefit many performance dimensions for continuously functioning export enterprises, as determined by Kaleka (2012) in an inter-organizational setting. This point of view helps us comprehend the intricate system of overseeing export routes and internationalization.

3. RBT in international marketing

Research using RBT is most common in the field of organizational behavior, but it is also widely used in the field of international marketing. Foreign trade, entering new markets, and increasing product availability are significant concerns in this field. Researchers in the management field have found that RBT is useful for examining two objectives of market expansion: entering new markets to reap benefits from current resources and creating new resources that may benefit both new and existing markets (Barney & Hesterly, 2012). However, this strategy carries some risk since it presumes that assets that performed well in one market would do so in another. In Germany, for instance, locals overwhelmingly favored independent grocers over Wal-Mart once the latter chain expanded there. Research in the international sphere needs to pay more attention to the opportunity to learn how to leverage expansion to

create new resources to determine whether current resources and tactics lead to a desired performance in new markets (Kaleka, 2011).

4. Resource intangibility

The potential of intangible resources like brand and relational assets and knowledge-producing skills to meet VRIO standards and enhance a firm's Strategic Cost Analysis (SCA) is giving them more relevance in marketing. Because of their intangible nature, it may be expensive or time-consuming to recreate or update these assets. There are several benefits to having close connections, such as increased cooperation, willingness to take risks, and openness to new ideas (Aaker & Joachimsthaler, 2000). Intangible market-based resources are becoming more critical due to long-term trends, including the transition from a product-to-service economy and the relevance of intangible knowledge resources (Central Intelligence Agency, 2012). Customers worried about making the right choice while considering potential service providers may rest easier knowing that a company with relational solid and brand resources is behind them (Orr et al., 2011). Knowledge-based services increase the importance of intangible knowledge resources (Amaral & Parker, 2008). When businesses outsource their production and design processes, their SCA moves to the front end, where they can better use intangible assets like their brands, customer connections, and market intuition. Outsourcing companies may stand out from the competition with the help of a strong brand and win over more consumers with the help of solid relationships with those customers (Day, 2011).

6. Risk Management in Emerging Economies

Multinational corporations (MNCs) operating in emerging economies need robust risk management methods due to the higher uncertainty and risk inherent in these markets. The last 15 years have seen substantial changes in risk management, with most new approaches tailored to significant institutions in mature financial markets. This research aims to solve the problem of inadequate data that plagues many smaller organizations in developing economies. The study presents enhanced historical simulation, a novel approach integrating data from several

marketplaces to understand a developing industry better. The idea behind this approach is that considering many markets allows one to focus on the universal characteristics of developing market economies while filtering out the specifics of every given one. An example is the value-at-risk (VaR) estimation in the Cyprus and Athens stock markets. Numerical experiments reveal that although conventional models under-estimate hazards, including additional information significantly improves estimate accuracy. According to the study, enterprise risk management is still in its infancy for institutions in developing countries, and although there are many mature strategies in established markets, they only sometimes work in the emerging market setting. Risk management challenges in developed markets are not insurmountable, but they will need innovation, ingenuity, and patience (Cyprus International Institute of Management, Cyprus et al., 2006).

7. Resource-based Advantages

This research questions the assumption that resource-based advantages are applicable in every country by claiming that variations in national institutional settings diminish their usefulness. The authors hypothesize that strategic choices in an international setting may be better explained by including the moderating impact of the national institutional environment from a resource-based viewpoint. Better subsidiary performance is also predicted by choices made using a model that considers both viewpoints. The findings imply that resource-based advantages seem context-specific in an international environment and that businesses may make strategic choices that increase foreign subsidiary performance by considering country-specific contextual impacts on the value of these advantages. By analyzing resource-based advantages in a global setting, this research adds to the existing literature. It lends credence to the idea that the worth of such advantages varies depending on factors such as the specifics of each country's institutional environment (Brouthers et al., 2008).

Hypothesis

- ***H1:*** *Organizational success is strongly correlated with ERM practices.*

- ***H2:*** *Competitive advantage is strongly correlated with ERM practices.*
- ***H3:*** *A company's performance is strongly correlated with its competitive edge.*
- ***H4:*** *Effective Risk Management (ERM) and Company Performance are Connected via Competitive Advantage.*

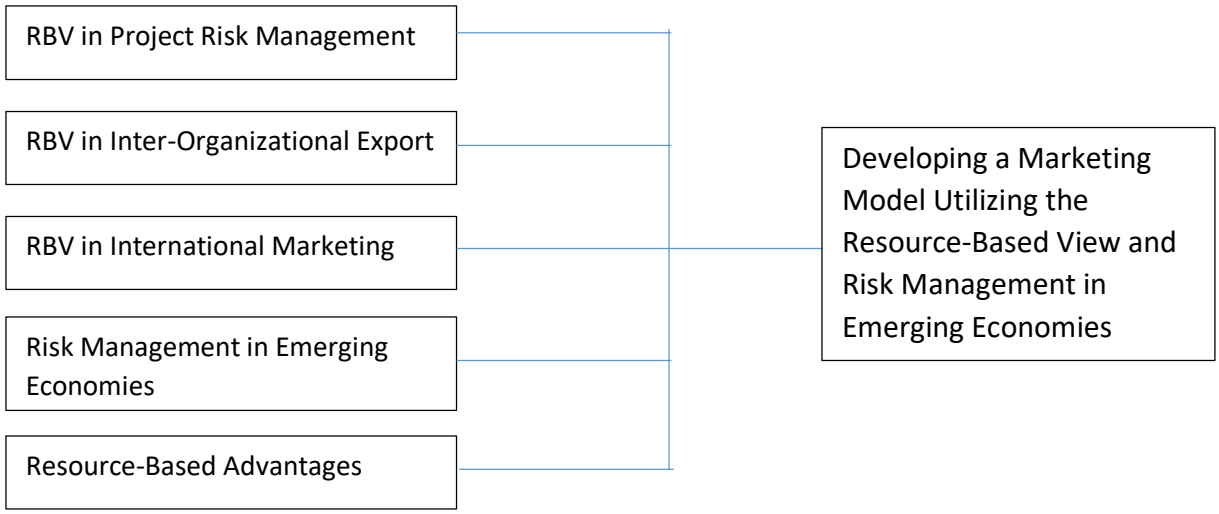

Figure 1 Conceptual Framework of Developing a Marketing Model Utilizing the Resource-Based View and Risk Management in Emerging Economies

Materials and Methods

1. **Data Sampling**

Data from multinational corporations was gathered using a standardized questionnaire. Since there is no universally accepted definition of MNEs, we limited our survey to companies that met the criteria of MNEs provided by India's Small and Medium Enterprises Development Agency (SMEDA). I approached the business owners and upper management since they are responsible for the companies' long-term success and strategic direction. There were 500 surveys sent out, and 336 responses were collected. Due to erroneous information provided in several surveys, they were not included in the final tally. The usable response rate was 60.8%, with 304 replies received. Table 1 displays the data collected from the participating companies. Trading

companies much outnumber those in any other industry, followed by manufacturers and service providers. Most businesses had between 20 and 50 workers, while just 70 employed 101 and 250 people. The sample also makes it evident that most of the companies in the sample are very new.

Table 1 Organizational Profile

	Frequency	Percentage
Firms		
Manufacturing	109	**35.9**
Trading	119	**39.1**
Services	76	**25.0**
Capacity		
20–50 employees	121	**39.8**
51–100 employees	113	**37.2**
101–250 employees	70	**23.0**
Age		
10 years and less	115	**37.8**
11–20 years	110	**36.9**
21 and above years	79	**26.0**
Total	**304**	**100**

2. Measuring Enterprise Risk Management Practices

Various metrics have been employed to assess Enterprise Risk Management (ERM) processes. In the context of multinational enterprises, it becomes crucial to evaluate significant risk elements. Consequently, the ERM practices were gauged using the 6-item scale developed by Sax and Torp (2015). Protocols for implementing risk-mitigation strategies were established, exemplifying the parameters considered.

3. Competitive Advantage

Porter's (1980) competitive strategy often serves as a surrogate for competitive advantage, encompassing cost leadership and distinctiveness. We utilized metrics from previous research (Su et al., 2017) and applied Porter's techniques to ascertain a competitive edge. The

total of 8 items included 4 from the differentiation strategy, such as "We took great efforts in building a strong brand name, and nobody could easily copy that," and four from the cost leadership strategy, such as "Our economy of scale enabled us to achieve a cost advantage."

4. Financial Literacy

Reliable financial literacy indicators involve questions about inflation, interest rates, and future value. Managers of Small and Medium-sized Enterprises (SMEs) must be adept at handling financial matters, necessitating more accurate metrics associated with MNEs. We employed 13 items verified in previous research by Bongomin et al. (2017) in the SME sector to assess the financial literacy of a senior management team. For instance, a statement reads, "The company can accurately calculate interest rates on my loan payments," utilizing a 5-point Likert scale ranging from strongly disagreeing (1) to strongly agreeing (5).

5. Enterprise Performance

Due to a lack of financial data, self-reported measurements become essential in assessing the success of MNEs. Managers were asked to evaluate their success over the preceding three years, utilizing metrics like Return On Equity (ROE) and Return On Assets (ROA). Adapted from Kantur (2016), four items related to financial performance and four related to non-financial performance were used. Metrics included return on equity, return on assets, return on investment, as well as customer happiness, employee contentment, and employee loyalty. A 5-point Likert scale measured from one extreme decrease to another extreme improvement.

6. Control Variables

To mitigate the risk of obtaining misleading findings, business size, age, and industry were adjusted. Manufacturing, trade, and services formed distinct groups in this research, while company size and age were directly evaluated in models. After analyzing potential differences, each group was compared to the others, yielding no discernible variation in outcomes. Consequently, accounting for the industry's influence was deemed essential in this analysis.

7. Data Analyses

To delve into the matter, we utilized AMOS's Confirmatory Factor Analysis (CFA) and structural models. Table 2 presents the results of several validity checks, along with descriptive data from the SPSS (Statistical Package for the Social Sciences) analysis. All elements in the table exhibit mean values exceeding three and standard deviations (SDs) greater than 0.40. The data are considered average, as neither skewness nor kurtosis values surpass the ±2 threshold advocated by George and Mallery (2010).

Results

1. Descriptive Statistics

The table presents descriptive statistics for various variables related to project risk management and resource-based view measures. The data is based on a sample size (N) of 304. The table provides key descriptive statistics for each variable, including the minimum, maximum, mean.

Table 2. Descriptive Statistics to project risk management and resource-based view measures.

N = 304

	Minimum	Maximum	Mean	SD	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic Error	Statistic	Std. Error	Statistic	Std.
erm1	2	5	3.76	0.539	−0.623	0.140	0.685	0.279
erm2	2	5	3.71	0.508	−0.782	0.140	0.177	0.279
erm3	2	5	3.75	0.511	−0.749	0.140	0.594	0.279
erm4	2	5	3.72	0.538	−0.741	0.140	0.536	0.279
erm5	2	5	3.78	0.515	−0.846	0.140	1.210	0.279
erm6	2	5	3.71	0.547	−0.651	0.140	0.413	0.279
ca1	2	5	3.69	0.531	−0.261	0.140	−0.506	0.279
ca2	2	5	3.69	0.528	−0.421	0.140	−0.264	0.279
ca3	2	5	3.70	0.527	−0.435	0.140	−0.237	0.279
ca4	2	5	3.69	0.522	−0.340	0.140	−0.481	0.279

	Minimum	Maximum	Mean	SD	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic Error	Statistic	Std. Error	Statistic	Std.
ca5	2	5	3.72	0.519	−0.518	0.140	−0.057	0.279
ca6	2	5	3.73	0.507	−0.485	0.140	−0.183	0.279
ca7	2	5	3.71	0.529	−0.420	0.140	−0.156	0.279
ca8	2	5	3.71	0.508	−0.478	0.140	−0.343	0.279
fl1	2	5	3.70	0.505	−0.500	0.140	−0.447	0.279
fl2	2	5	3.76	0.492	−0.608	0.140	0.152	0.279
fl3	2	5	3.77	0.509	−0.459	0.140	0.159	0.279
fl4	2	5	3.73	0.499	−0.561	0.140	−0.150	0.279
fl5	2	5	3.77	0.482	−0.705	0.140	0.263	0.279
fl6	2	5	3.76	0.494	−0.594	0.140	0.110	0.279
fl7	2	5	3.73	0.507	−0.485	0.140	−0.183	0.279
fl8	2	5	3.78	0.488	−0.628	0.140	0.397	0.279
fl9	2	5	3.72	0.513	−0.431	0.140	−0.304	0.279
fl10	2	5	3.77	0.487	−0.651	0.140	0.286	0.279
fl11	2	5	3.68	0.513	−0.417	0.140	−0.601	0.279
fl12	2	5	3.83	0.442	−1.008	0.140	1.524	0.279
f13	2	5	3.73	0.515	−0.414	0.140	−0.214	0.279
fp1	2	5	3.83	0.424	−1.228	0.140	1.836	0.279
fp2	2	5	3.79	0.476	−0.738	0.140	0.594	0.279
fp3	2	5	3.75	0.482	−0.896	0.140	0.469	0.279
fp4	3	5	3.81	0.441	−0.858	0.140	0.513	0.279
fp5	2	5	3.77	0.482	−0.883	0.140	0.661	0.279
fp6	3	5	3.83	0.424	−0.967	0.140	1.004	0.279
fp7	2	5	3.82	0.470	−0.728	0.140	1.026	0.279
fp8	2	5	3.78	0.460	−0.928	0.140	0.529	0.279

Project Risk Management (erm): The mean values for various aspects of project risk management (erm1 to erm6) indicate a consistent level of risk perception across the sampled projects. Skewness and kurtosis statistics suggest a generally symmetrical distribution, albeit with minor variations.

Resource Capabilities (ca): Resource capabilities (ca1 to ca8) showcase a nuanced pattern, emphasizing the diverse nature of resources within the projects. Skewness and kurtosis statistics provide insights into the distributional characteristics of these resource variables. Financial Implications (fl and fp): Variables related to financial implications (fl1 to fl12 and fp1 to fp8) exhibit varying levels of skewness and kurtosis, highlighting the multifaceted nature of financial risks associated with different projects.

The findings from this study contribute to the understanding of how RBV can be integrated into project risk management practices. The descriptive statistics provide a foundation for further analyses, such as regression modeling, to explore the causal relationships between RBV and project outcomes. In practical terms, the study suggests that organizations in developing countries should pay attention to the unique qualities of their resources and capabilities when managing project risks. The framework developed in this study offers a flexible and adaptable approach that can be seamlessly integrated into existing project management procedures.

In conclusion, this research sheds light on the intersection of Resource-Based View theory and project risk management, with a specific focus on a developing country context. The descriptive statistics provided in Table 2 offer a comprehensive snapshot of the key variables, paving the way for more in-depth analyses. The implications of this study extend to practitioners in project management, emphasizing the need for a nuanced understanding of resource dynamics in mitigating project risks.

As a researcher in social sciences, this work contributes to the broader discourse on organizational behavior, resource management, and risk mitigation in the context of developing economies. Future research avenues may explore longitudinal studies and qualitative approaches to further enrich our understanding of the intricate relationships between resources, capabilities, and project outcomes in diverse organizational settings.

2. Confirmatory Factor Analysis

The examination of standardized factor loading, validity, and reliability for variables and concepts was conducted through Confirmatory Factor Analysis (CFA). Two items were eliminated from financial literacy due to low factor loading, resulting in the measurement model presented in Figure 1, where each item is associated with its respective constructs and factor loading. To address the covariance between error components of a few redundant variables, researchers identified viable model fits. According to Hair et al. (2010) and Hu and Bentler (1999), a chi-squared statistic less than 3 indicates a satisfactory model fit, and the obtained value of 2.04 is deemed acceptable. Recommended by Hair et al. (2010) and Hu & Bentler (1999), a model with a Goodness of Fit Index (GFI) of 0.84, an Adjusted Goodness of Fit Index (AGFI) of 0.81, and a Normative Fit Index (NFI) of 0.88 is considered adequate. Additionally, as proposed by Hair et al. (2010) and Hu and Bentler (1999), RMR = 0.012 and RMSEA = 0.059 provided respectable results.

Convergent validity was assessed in this research (refer to Table 3) to ensure that the items sufficiently explained variation in the targeted domains. Following the criteria set by Hair et al. (2010) and Hu and Bentler (1999), all constructs exhibited convergent validity above 0.50, ensuring an adequate Average Variance Extracted (AVE). The study adhered to the suggestion of Hair et al. (2010) that discriminant validity values should exceed 0.70 for all components. Internal consistency of the constructs was also evaluated by examining the composite reliability (see Table 3). Across the board, acceptable Composite Reliability (CR) was achieved, meeting the criterion set by Nunnally and Bernstein (1994) that CR values should surpass 0.70 to be considered satisfactory. Researchers proceeded to utilize a structural model to validate their assumptions.

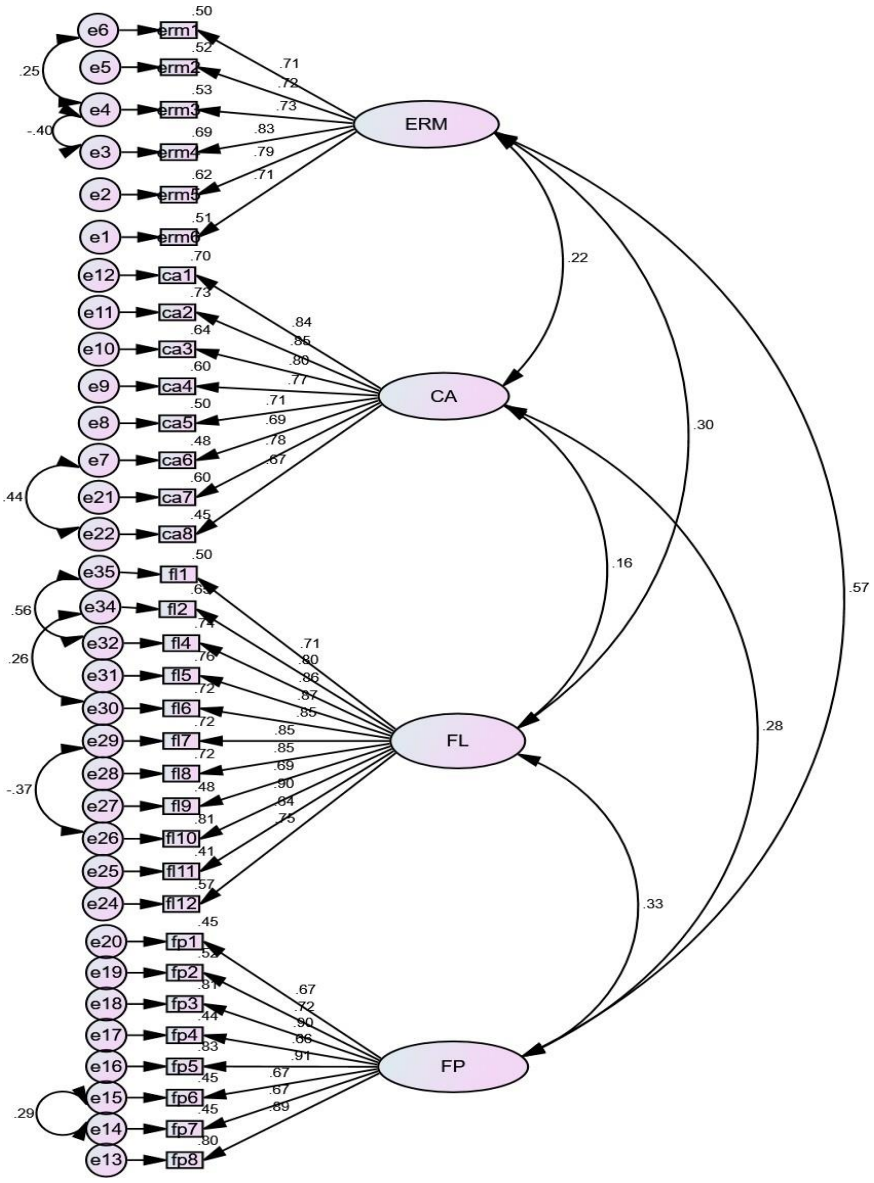

Figure 2 Measurement Model

3. Correlation Analysis

Pearson correlation was used in this research using SPSS to examine the connection between the variables. The Pearson correlation values give the presented hypotheses first support. Table 4 displays the findings. The results show a positive correlation between ERM and

CA (r = 0.319, p < 0.01), a positive correlation between CA and firm performance (r = 0.302, p < 0.01), and a significant relationship between ERM and firm performance (r = 0.606, p < 0.01).

Table 3 Validity and reliability, as well as factor loadings

	Estimate	AVE	AVE	CR
Enterprise Risk Management		0.56	0.75	0.88
erm6	0.714			
erm5	0.789			
erm4	0.831			
erm3	0.728			
erm2	0.720			
erm1	0.708			
Competitive Advantage		0.59	0.77	0.92
ca8	0.672			
ca7	0.778			
ca6	0.694			
ca5	0.705			
ca4	0.773			
ca3	0.798			
ca2	0.854			
ca1	0.837			
Financial Literacy		0.64	0.80	0.95
fl12	0.752			
fl11	0.642			
fl10	0.902			
fl9	0.693			
fl8	0.849			
fl7	0.851			
fl6	0.847			
fl5	0.871			
fl4	0.862			
fl2	0.803			
fl1	0.710			

Firm Performance		0.59	0.77	0.92
fp8	0.893			
fp7	0.670			
fp6	0.670			
fp5	0.910			
fp4	0.661			
fp3	0.899			
fp2	0.718			
fp1	0.669			

Note: AVE = Average Variance Extracted, CR = Composite Reliability, erm1 = enterprise risk management question 1, ca1 = competitive advantage question 1, fl1 = financial literacy question 1, fp1 = firm performance question 1.

Table 4. Correlation Coefficient.

	Size	**Age**	**ERM**	**CA**	**FL**	**FP**
Size	1					
Age	0.113 *	1				
ERM	0.245 **	0.291 **	1			
CA	0.055	0.140 *	0.234 **	1		
FL	0.158 **	0.126 *	0.319 **	0.168 **	1	
FP	0.389 **	0.444 **	0.606 **	0.302 **	0.341 **	1

Note: * Significant at the 0.05 level (2-tailed). ** Significant at the 0.01 level (2-tailed). ERM = Enterprise Risk Management, CA = Competitive Advantage, FL = Financial Literacy, FP = Firm Performance.

Common Method Bias

Data collection from a single source and at the same time from the same respondent may result in Common Method Bias (CMB; Podsakoff & Organ, 1986). Since this information was gathered via a questionnaire filled out by the same respondent simultaneously, correlated missing values (CMB) may be possible. We use SPSS to run Harmon's One Factor test to investigate the possibility of CMB. Our findings showing that the first component accounts for less than 50% of the variation, at 31.00%, provide further evidence that CMB is absent in our

data. To further determine the existence of CMB, we examined the role of a latent component in the measurement model. CMB is not present in the data, as shown by the findings.

Discussion

Hypothesis Testing Results and Discussion

H1: Organizational success is strongly correlated with ERM practices.

The results from Table 4 indicate a positive correlation between ERM and firm performance ($r = 0.606$, $p < 0.01$), providing substantial support for H1. This finding aligns with the existing literature (Florio & Leoni, 2017; Zou & Hassan, 2017), emphasizing the importance of ERM strategies for multinational enterprises (MNEs) operating in various countries. The positive impact of established rules and ERM processes on the performance of MNEs is consistent with the notion that effective risk management is essential for outperforming competitors in today's market.Motivated by the rising literature on ERM in MNEs, this research investigated the impact of ERM practices on MNE performance through mediating and moderating effects of competitive advantage and financial literacy. We gathered data from multinational corporations active in developing countries. Our research found support for H1, arguing that ERM policies do have a substantial effect on the performance of MNEs operating in many countries. Florio and Leoni (2017) studied globally successful companies and found that those with established rules and ERM processes fared the best. As a result, multinational corporations need to concentrate on risk mitigation strategies to outperform their rivals in today's market (Callahan & Soileau, 2017; Florio and Leoni, 2017). Our findings provide credence to the claims made by Zou and Hassan (2017), who suggested that ERM techniques have a materially favorable impact on the performance of multinational firms in developing countries.

H2: Competitive advantage is strongly correlated with ERM practices.

The study reveals a positive correlation between ERM practices and competitive advantage ($r = 0.319$, $p < 0.01$), supporting H2. This result is consistent with the findings of Meidell

and Kaarbé (2017) and Yilmaz and Flouris (2017), suggesting that ERM helps reduce costs associated with business operations, raw material acquisition, and distribution. The impact of ERM on corporate strategy, as indicated by Soltanizadeh et al. (2016), further reinforces the link between ERM practices and competitive advantage. Consistent with H2, we discovered that ERM procedures considerably impacted CA. This is consistent with what Meidell and Kaarbé (2017) found: ERM helps cut down on costs associated with running the business, acquiring raw materials, and distributing finished goods. Similarly, Yilmaz and Flouris (2017) argued that ERM techniques help multinational corporations undercut the competition by reducing the cost of their goods and services. Our research supports the claims of Soltanizadeh et al. (2016), who suggested that ERM substantially impacts corporate strategy. Our findings confirmed that CA significantly affects company performance, crediting the study's third hypothesis.

H3: A company's performance is strongly correlated with its competitive edge.

The positive correlation between competitive advantage and firm performance ($r = 0.302$, $p < 0.01$) supports H3. This finding validates Anwar's (2018) conclusion that competitive advantage is a critical factor contributing to the efficiency of MNEs. Additionally, Parnell et al.'s (2015) proposition that a dominant market position leads to increased profitability aligns with the demonstrated relationship between competitive advantage and firm performance.Our research confirmed Anwar's (2018) conclusion that CA is a critical component that boosts the efficiency of MNEs. Similarly, Parnell et al. (2015) proposed that a company's profitability increases when it achieves and maintains a dominant market position.

H4: Effective Risk Management (ERM) and Company Performance are Connected via Competitive Advantage.

The study provides support for H4, indicating that competitive advantage mediates the relationship between ERM and firm performance. The impact of ERM on firm performance is more pronounced when mediated through competitive advantage. This finding aligns with Chang et al.'s (2015) assertion that ERM facilitates superior performance rather than directly leading to

a competitive position. It contradicts Wang et al.'s (2010) suggestion that ERM first reduces costs and then improves the performance of multinational enterprises. H4 of our research is supported by the results of the study, which show that CA does mediate the connection between ERM and firm performance. We find that ERM has a more significant impact on firm performance than on competitive advantage. Our findings support Chang et al.'s (2015) claim that ERM does not significantly lead a firm to gain a competitive position but rather facilities a firm to gain superior performance, in contrast to Wang et al.'s (2010) contention that ERM first reduces the cost and then improves the performance of multination enterprises.

Limitations and Future Research Directions

While this research makes several significant additions to the field, it does have several shortcomings that might be addressed in follow-up investigations. We zeroed in on MNEs operating in the developing world, which may need to be a better proxy for developing and developed economies. Because of this, the model may be used in both developing and advanced economies. In addition, academics are urged to compare developing and advanced economies to glean more meaningful findings. Ludin et al. (2017) advise expanding this research to big enterprises to understand better the connection between CEO traits, audit activities, and risk management. Future research may explore the mediator between ERM practices and business performance, as we did by examining the influence of financial literacy between ERM and CA. To reveal how ERM offers cost-based and differentiation-based competitive advantage, further study is required to evaluate the mediating function of each competitive strategy, such as cost leadership and differentiation strategies.

Conclusion

The research shows that ERM procedures significantly affect the success of CA and MNEs operating in many countries. Financial literacy considerably moderates the link between ERM procedures and the performance of multinational corporations via CA as a partial mediator. Formal ERM processes and financial education for senior management are essential for CA and

outstanding performance in emerging economies like Pakistan. Gaining a sustainable competitive position in dynamic markets is well suited to the ERM framework, and financially literate owners and managers may boost profits even in market volatility. In order for MNEs to succeed in developing countries, this study provides a blueprint for doing so. It stresses the significance of adaptation, market-specific characteristics, and risk management techniques aligned with available resources. The findings of this study may be used as a springboard for further investigation and policymaking in this critical area. The research results provide multinational corporations with a comprehensive marketing strategy that promotes competitiveness and sustainability as they negotiate the challenges of developing markets. The results of this study contribute to the growing literature on ERM in MNEs, emphasizing the significant impact of ERM practices on organizational success, competitive advantage, and overall firm performance in the context of developing countries. The mediation effect of competitive advantage sheds light on the nuanced relationship between ERM, competitive positioning, and performance outcomes for multinational corporations.

Declaration of Interests

The authors, Yuang-Shiang Chao and Wann Yih Wu, declare that they have no financial or non-financial interests that could be perceived as influencing the research presented in the paper titled "Developing a Marketing Model Utilizing the Resource-Based View and Risk Management in Emerging Economies: Insights from Multinational Corporations."

Ethical Considerations

The research adheres to ethical principles and standards. The authors conducted the study with integrity and transparency, ensuring the accuracy and reliability of the findings. The study respects the intellectual property rights of others, and proper citations and references have been provided. The research design and methodologies comply with ethical guidelines, and the privacy and confidentiality of participants and entities involved have been safeguarded.

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Definition of Conflicts of Interest

In the context of this study, the authors declare that they have no conflicts of interest, be they financial or non-financial, that could compromise the integrity or impartiality of the research. The study was conducted with a commitment to academic rigor and impartiality.

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