
Emerging Markets Queries in Finance and Business**International entrepreneurial orientation and performance of
Romanian small and medium-sized firms: empirical assessment
of direct and environment moderated relations****Feder Emőke–Szidónia^{a,*}***^aWest University of Timișoara, J.H. Pestalozzi Street no. 16, 300115, Timișoara, Romania*

Abstract

The Europe 2020 Strategy claims entrepreneurship as catalyst of technological, social and economic output. In this sense, small and medium-sized firms with entrepreneurial orientation potentially represent the most dynamic actors of the European transition economies. Therefore, the study aims to identify the role entrepreneurial orientation can play in the creation of international performance in the case of Romanian small and medium-sized firms. The critical analysis of theoretical literature and empirical results impose, on one hand, the reconceptualisation of entrepreneurial orientation within the international business framework, on the other hand, the analysis of virtually unexplored potential relations between international entrepreneurial orientation and firm performance. Besides the aggregated and multidimensional exploration of the research model, the complex relation of international entrepreneurial orientation with foreign sales and profitability performance measure is considered also in the framework of the contingency theory via the foreign market specific business environment dynamics and hostility.

© 2015 The Authors. Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Selection and peer-review under responsibility of Asociatia Grupul Roman de Cercetari in Finante Corporatiste

Keywords: international entrepreneurial orientation; international performance; environment dynamics and hostility.

1. Introduction

In the last decades, entrepreneurial issues exacerbated the global interest, due to the phenomenon's focus on new firm creation and its regional and national vital positive outcomes, highlighted by the economic approach.

* Corresponding author. Tel.: +40-256-592-559; fax: +40-256-592-500.

E-mail address: emoke.feder@e-uvt.ro.

Strategic studies on entrepreneurship, are predominantly concentrated on the role entrepreneurial orientation (EO) can play in strategy and other entrepreneurial activity development. EO, as the manifestation of firm-level entrepreneurship phenomenon, regards “decisions, processes and practices that lead to a new entry” (Lumpkin and Dess, 1996, p. 136). Several points of view exist regarding the EO concept and construct, as prominent element of the entrepreneurship literature, referring to the essential nature of the phenomenon (George and Marino, 2011), its dimensionality (Kreiser et al., 2013), the dimensional independence or interdependence (George and Marino, 2011), empirical links to firm performance (Rauch et al., 2009) and moderating factors enhancing or limiting its benefits (Wales et al., 2011).

The international entrepreneurship literature highlighted minor consideration to EO within international firms. Recently, Covin and Miller, 2014, explicitly conceived international entrepreneurial orientation (IEO), as the EO leveraged within the context of international business, of firms with activities that transcend national boundaries. Consequently, the undertaken research aims to explore the topic of IEO in relationship with international performance, starting with the conceptual elements and measurement issues regarding IEO, linear and non-linear relationships with performance attained on foreign markets, either directly or moderated by specific business environment characteristics.

The paper is structured as follows: (i) the first section provides a brief introduction regarding the research theme and objective; (ii) the second section highlights key aspects of the theoretical background regarding conceptual and measurement considerations, potential influences on firm performance in different settings, designing the conceptual model and research hypotheses; (iii) the next section includes methodological issues; (iv) the fourth section empirically assess the proposed hypotheses on international sales and profitability using configurational models; while (v) the last section concludes with results discussion, practical implications for managers and research avenues for academics, correspondingly acknowledging the study limitations.

2. Literature review: international entrepreneurial orientation

Initial studies on *entrepreneurial orientation* aimed to identify criteria for assessing the nature of entrepreneurial firms and activity. “New (entry)” became the primary criterion in entrepreneurial act assessment (Lumpkin and Dess, 1996), while Shane and Venkataraman, 2000, sustained opportunities for new business creation. In an integrative manner, EO refers to decision making criteria, rules, principles, strategies and processes regarding opportunity based entrepreneurial activities in new and existing firms (Kreiser et al., 2002).

From operationalization and measurement perspective, Miller, 1983, initially identified three dimensions (3D) of EO: (i) innovativeness (INOV), as search of creative solutions for new technologies, new processes, new materials, products and services; (ii) proactivity (PRO), anticipate the changing needs of the market and exploit identified opportunities; (iii) calculated risk-taking (RISK) is necessary to devote the right resources for the recognized opportunities. Lumpkin and Dess (1996) completed with two additional dimensions (5D): (iv) autonomy, as the ability to independently develop, produce and implement a new idea; and (v) competitive aggressiveness, focusing on competitors and not on market. In time, various measurement scales have been developed (Covin and Slevin 1989; Lumpkin and Dess 1996) and numerous studies tested, validated and reviewed the construct and dimensions of EO to obtain a more complete representation of the phenomenon (Wales et al., 2011). Another challenge regarding EO is the dimensionality problem. Treating EO as a higher order aggregate construct did not allow the quantification of individual effects of PRO, INOV, RISK on firm performance. González-Benito et al., 2009 argued for the multidimensional approach, stating that the aggregated approach is suggested for cases when simplicity is sought, affecting measurement accuracy.

Following Jantunen et al.'s, 2008, claim of insufficient research on strategic orientations adopted in the internationalization process of SMEs, the *international entrepreneurial orientation* appeared as a result of concept travelling of the original EO (George and Marino, 2011). Covin and Miller, 2014, highlighted two approaches regarding the new concept: (i) the adoption of the traditional EO on typical international outcomes,

Download English Version:

<https://daneshyari.com/en/article/982426>

Download Persian Version:

<https://daneshyari.com/article/982426>

[Daneshyari.com](https://daneshyari.com)