

6-9-2012

THE AMBIVALENT ROLE OF RISK-TAKING ORIENTATION IN UNCERTAIN ENVIRONMENTS FOR INTERNATIONALLY OPERATING SMEs (SUMMARY)

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Recommended Citation

Lomberg, Carina and Baldauf, Artur (2012) "THE AMBIVALENT ROLE OF RISK-TAKING ORIENTATION IN UNCERTAIN ENVIRONMENTS FOR INTERNATIONALLY OPERATING SMEs (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 32: Iss. 16, Article 7.

Available at: <http://digitalknowledge.babson.edu/fer/vol32/iss16/7>

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≈ SUMMARY ≈

**THE AMBIVALENT ROLE OF RISK-TAKING
ORIENTATION IN UNCERTAIN ENVIRONMENTS
FOR INTERNATIONALLY OPERATING SMES**

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Principal Topic

The prevailing view that SMEs embracing entrepreneurial risk-taking are likely to exhibit better export performance than those who don't may be overly simplistic because (a) the payoffs to risk taking are dependent upon the uncertainty in which the organization operates and (b) risk-taking may also be associated with higher probability of failure because SMEs usually lack slack resources that might otherwise serve to buffer negative outcomes. Drawing on prior research we hypothesize that risk-taking orientation and resource availability will have a positive (direct) impact on export performance. We simultaneously consider how environmental uncertainty, resource availability and entrepreneurial risk-taking orientation collectively contribute to performance and hypothesize that the same configurations that contribute to better performance among surviving firms are also associated with higher probability of failure.

Method

To address our research question and considering recent macro-environmental developments, we conduct a longitudinal design, e.g., we collect data during two rounds--before the economic crisis in 2007 and in 2012--by surveying a sample of internationally operating SMEs in Switzerland. We restricted our sampling procedure to firms with 250 and less employees. Based on the Swiss Export Directory and after considering industry specific aspects we drew a sample of 225 SMEs resulting in a final sample size of 108 respondents (response rate 48%).

Results and Implications

Tentative analyses suggest that our hypotheses are largely supported. In support of much prior entrepreneurship research, we find a positive relationship between risk taking and (export) performance. We show, however, that this relationship is more complex than previously assumed and that the optimal level of risk taking depends on the nature of the environment in which the SME resides. Second, we show that risk taking is potentially a double-edged sword as the same factors that are associated with higher performance among surviving firms are also associated with a higher risk of failure. This provides an important addition to our understanding of the factors that drive export performance among SMEs. In sum, we contribute to the current understanding of the environmental uncertainty and entrepreneurial risk-taking relationship by providing a more fine-grained view.

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