ENTREPRENEURIAL ORIENTATION: THE DIMENSION’S UNIQUE, BILATERALLY SHARED, AND COMMONLY SHARED CONTRIBUTIONS TO EXPLAINING FIRM PERFORMANCE (SUMMARY)

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Entrepreneurial Orientation (EO) is one of the most frequently applied constructs in entrepreneurship research. Yet, despite high and continuous interest in EO, it still lacks consensus on the theoretical and operational definition. Moreover, the dimensions constituting EO—innovativeness, proactiveness, and risk taking—are usually moderately or highly correlated among one another. To gain the most complete understanding of the consequences of entrepreneurial behavior in firms and to overcome threats resulting from the presence of substantially correlated dimensions, we suggest a process that relies on more explicit theorizing. We draw on recent discussions on EO that have demonstrated the benefits of distinguishing variance that is unique to each individual dimension as well as variance that is shared among dimensions. We extend this conceptualization around the internal structure of EO and assess the effect of the EO dimensions on an external variable, i.e., firm performance.

Method

We analyze variance in firm performance that can be jointly explained by combinations of two dimensions of EO or that can be explained by a combination of all the dimensions of EO in four distinct samples. We use newly collected data but also re-analyze data from previously published studies and execute a commonality analysis for each sample.

Results and Implications

Consistently across all samples our results show that proactiveness has the largest effect among all EO dimensions. We further observe substantial shares of explained variance that cannot be uniquely attributed to one of the EO dimensions but that are shared between two dimensions or between all dimensions. We therefore argue that the EO dimensions should not be pulled apart by disregarding dimensions that seemingly have no direct effect as their true effect might be in alignment with another dimension. By emphasizing the importance of relative contributions of EO we help to theoretically ground the EO construct. Thus, we advance the research of the current understanding of the EO construct by providing a more fine-grained view on the specific and joint ways the dimensions contribute to explaining firm performance.