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ANTECEDENTS AND CONSEQUENCES OF ENTREPRENEURIAL ORIENTATION: A LONGITUDINAL STUDY OF TECHNOLOGY-BASED SMES (SUMMARY)

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≈ SUMMARY ≈

**ANTECEDENTS AND CONSEQUENCES OF
ENTREPRENEURIAL ORIENTATION: A LONGITUDINAL
STUDY OF TECHNOLOGY-BASED SMES**

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Principal Topics

Entrepreneurial orientation (EO), reflecting an organization's innovative, proactive and risk-taking behavior, may enhance firm competitiveness and performance. Although prior studies proposed a number of contextual influences such as internal and external factors as antecedents to EO, a growing body of research has tended to only examine the relationship between EO and firm performance, and less attention has been given to the investigation of the antecedents of EO. Further, due to methodological difficulties, research results examining the impact of EO on firm performance have generally been less robust than the normative view suggests. In this study we examined both the antecedents and consequences of entrepreneurial orientation among a sample of technology-based SMEs employing longitudinal approach.

Methods

Data were collected from a sample of technology-based SMEs that participated in the initial survey conducted in 1999 and the follow-up survey in 2004. Of the 277 firms that participated in the 1999 survey, 217 firms were resurveyed in 2004. A total of 112 firms participated in both the 1999 and 2004 studies. Multiple regression analysis was employed to examine 1) the direct effect of growth intention and environmental turbulence on EO; 2) the longitudinal effect of EO on firm performance; and 3) the moderating effect of environmental turbulence on the EO-performance linkage, controlling for prior levels of firm performance, environmental turbulence, and overall EO.

Results and Implications

A firm's growth intention and environmental turbulence were major antecedents of EO as both variables showed positive effects on EO. The longitudinal effect of EO on firm performance and the moderating effect of environmental turbulence on EO-performance were also supported after controlling for prior levels of EO, firm performance and environmental turbulence. A first implication of this study is that managers should adopt a long-term perspective in developing, managing, and evaluating EO as it may take time to fully pay off. A second implication is a dual effect of the environment in which EO is practiced. Although environmental turbulence was found to be an antecedent to EO, it also moderated the effect of EO-performance as firm performance decreased moderately over time in turbulent environments. Environmental context must be regarded as a variable that may either enhance or stifle EO and the effect of EO on firm performance. Managers are advised to not only employ EO with a long-term perspective, but to adopt other strategic postures in order to compliment EO and thus enhance firm performance and competitiveness in turbulent environments.

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