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HOW CEO REGULATORY FOCUS INFLUENCES THE INNOVATION PERFORMANCE OF SMALL AND MEDIUM SIZED FIRMS? (SUMMARY)

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≈ SUMMARY ≈

HOW CEO REGULATORY FOCUS INFLUENCES THE INNOVATION PERFORMANCE OF SMALL AND MEDIUM SIZED FIRMS?

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Principal Topic

The personal characteristics of the CEO is well recognised to have significant impact on respective organisation (Busenbark et al., 2016). Increasing studies have started to examine how CEO regulatory focus, an under-examined but potentially important individual attribute, impacts the behaviour and performance of organisation (e.g., Hmieleski and Baron, 2008; Gamache et al., 2015; Kammerlander et al., 2015). In this study, we investigate how CEO regulatory focus, which comprises of promotion focus and prevention focus, affects the innovation performance of small and medium-sized enterprises (SMEs). We posit that the relationships between CEO regulatory focus and firm innovation performance is mediated by network learning, a process whereby the CEO seeks information and advice from networks.

Method

We empirically tested our hypotheses by analysing data from 110 UK based SMEs randomly sampled from the Financial Analysis Made Easy (FAME) database that contains detailed information of firms operating in the UK. We applied regression analyses by using PROCESS macro provided by Hayes (2013) to examine the relationship between regulatory focus, network learning, and innovation performance.

Results and Implications

The results indicate that the relationship between regulatory focus and the innovation performance of SMEs is mediated through network learning. More specifically, both the diversity and frequency of network learning fully mediate the relationship between CEO promotion focus and firm innovation performance. However, the relationship between CEO prevention focus and firm innovation performance mediated through either the frequency or the diversity of network learning is non-significant. This study contributes to research on CEO regulatory focus by uncovering the mediating mechanism through which CEO regulatory focus impacts firm innovation performance. As a result, it contributes to a deeper understanding on how the individual characteristic of the CEO can impact the innovation performance of SMEs.

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