ENTREPRENEURIAL ORIENTATION, ENTREPRENEURIAL LEARNING PROCESS AND FIRM PERFORMANCE: EVIDENCE FROM A TRANSITION ECONOMY (INTERACTIVE PAPER)

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ENTREPRENEURIAL ORIENTATION, ENTREPRENEURIAL LEARNING PROCESS AND FIRM PERFORMANCE: EVIDENCE FROM A TRANSITION ECONOMY

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Principal Topic

This paper examines the nature of entrepreneurial orientation-Performance relationship, addressing two key limitations in the literature: First, while several studies have found that firms demonstrating more EO perform better (Wiklund, 1999; Zahra, 1991; Zahra & Covin, 1995), others have found either no significant relationship or even a negative effect (Wiklund & Shepherd, 2005). These conflicting findings urge us to further explore and understand the missing link that may play an important role in this regard. Second, prior research tells us that entrepreneurship is a process of learning (Minniti & Bygrave, 2001), but relatively little organizational learning research has been explored within the entrepreneurship tradition, and the entrepreneurial context has not informed much of the organization learning literature (Harrison & Leitch, 2005). To address the above-mentioned challenges, this research explores the process of entrepreneurial learning and how this process fits in the EO-Performance relationship.

Method

We first ran a pilot test and then collected survey data from CEOs of 210 Chinese firms in different high-technology industries, drawing from a random selection of 2000 firms in the ISI Emerging Market-China Company database. A structural equation model (AMOS 5.0) was used to test the hypotheses. We conducted confirmatory factor analysis (CFA) to test the validity of the measurement models, and then estimated the whole model and checked path coefficients.

Results and Implications

We find support that entrepreneurial learning process is a second-order, common factor that underlies four aspects of exploratory information acquisition, experimentation, exploitative knowledge storage, implementation and refinement. An integrated path is supported which begins with EO predicting entrepreneurial learning process, which in turn predicts the knowledge developed, and concluding with overall performance. In particular, the more developed a firm’s entrepreneurial learning process is, the more knowledge will be developed, and the greater its overall success. The result also found that entrepreneurial orientation is positively related to this learning process, and that the process acts as an important mediator and mechanism through which a firm’s entrepreneurial orientation influences its overall performance.

This research contributes to the literature by enhancing our understanding of the mechanisms through which EO impacts firm performance. By conceptualizing the entrepreneurial learning process, this research also contributes to our knowledge about the interface between organizational learning, knowledge management and the entrepreneurial context.

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