A UNIVERSAL CONTINGENCY APPROACH: INNOVATION, ENTREPRENEURIAL ORIENTATION AND PERFORMANCE IN CHINESE AND GERMAN ENTREPRENEURS (SUMMARY)

Andreas Rauch  
*University of Giessen*, andreas.rauch@psychol.uni-giessen.de

Michael Frese  
*University of Giessen*

Zhong-Ming Wang  
*Zhejiang University*

Christine König  
*University of Giessen*

Recommended Citation
Rauch, Andreas; Frese, Michael; Wang, Zhong-Ming; and König, Christine (2006) "A UNIVERSAL CONTINGENCY APPROACH: INNOVATION, ENTREPRENEURIAL ORIENTATION AND PERFORMANCE IN CHINESE AND GERMAN ENTREPRENEURS (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 26: Iss. 22, Article 9.  
Available at: http://digitalknowledge.babson.edu/fer/vol26/iss22/9

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

A UNIVERSAL CONTINGENCY APPROACH: INNOVATION, ENTREPRENEURIAL ORIENTATION AND PERFORMANCE IN CHINESE AND GERMAN ENTREPRENEURS

Andreas Rauch, University of Giessen
Michael Frese, University of Giessen
Zhong-Ming Wang, Zhejiang University
Christine König, University of Giessen

Principal Topic

Entrepreneurial activity is related to economic growth across various countries. There is, however, little knowledge about whether the same activities relates to success within different countries. Some scholars argued that entrepreneurial activities have to be adapted to the cross-national context. Other scholars argued for cross-national similarities because economic forces are universally important. Following the latter argument, we hypothesize that the same set of entrepreneurial activities is related to firm performance in similar ways in China and in Germany.

We look analogue to the strategic content-process distinction at two concepts: Innovation and entrepreneurial orientation (EO). Both address firm-level variables, are conceptualized as cultural universals, and have been validated frequently. Moreover, meta-analyses showed that innovation and EO are related to venture performance. However, reported effect sizes were heterogeneous indicating the presence of moderators. This study contributes to the literature by hypothesizing that innovation and EO are positively correlated with each other and with business performance. Moreover, the interaction between innovation and EO explains more variance of performance than each concept alone.

Method

The Chinese sample was from Hangzhou (Zhejiang) and consists of 145 businesses. The German sample consists of 300 businesses from the Rhain-Main area. Selection criteria were: owner/manager, at least one employee, and type of industry (car and machinery components manufacturing, software development, hotel and catering, building and construction).

Innovation was ascertained in a standardized interview. The coding was on any introduction of new products, services, processes or marketing strategies during the last five years. EO was measured using the Covin and Slevin scale. We measured performance by growth (changes in number of employees and sales levels over the last three years) and organizational success. Organizational success was a scale that asks to compare performance relative to the most important competitors on ten different dimensions.

Results and Implications

Our results indicated that business performance can be explained by the interaction between innovation and EO. We found these relationships quite different countries: China and Germany. Therefore, we conclude that innovation and EO are cross-national universals. Moreover, our study supports a contingency view, suggesting that innovation should be supported by an EO of the firm.

CONTACT: A. Rauch; University of Giessen, Otto-Behagel-Strasse 10F, 35394 Giessen, Germany; (T): +49(0)6419926017; (F): +49(0)64190926229; andreas.rauch@psychol.uni-giessen.de