

# Entrepreneurial Orientation Research: From Establish Perspective To New Horizons

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**Abstract.** This study analyzes the outcomes of previous research on the factors that influence entrepreneurial orientation and their impact on the establishment of new businesses. The objective is to systematically map the existing research and identify potential areas for future investigations. The qualitative, exploratory approach employed in this study involved a comprehensive review of 35 articles published within the past eight years that examined factors related to entrepreneurial orientation and their influence on new business creation. These articles were subsequently categorized into research dimensions that exhibited similarities within a comprehensive conceptual framework. Three primary research dimensions were identified: macro, meso, and micro. An analysis of these dimensions revealed that the majority of researchers focused on the micro-dimension, predominantly utilizing qualitative methodologies. This study contributes to existing literature by categorizing articles within a comprehensive conceptual framework and identifying future research opportunities. Several prospective research topics within each dimension were discussed in this study.

**Keywords:** *Entrepreneurial Orientation, New Business Creation, Firm Performance, Training, Economic Development*

## 1 Introduction

In the contemporary competitive landscape, organizations strive to enhance their survival performance. A crucial factor in the economic development process of developing nations is the growth rate of new enterprises [1]. One approach to fostering the growth of new businesses in developing countries is to facilitate access to financing and resources for business development [2];[3]. It is imperative to acknowledge that access to financing and business development resources alone is insufficient. In numerous developing countries, entrepreneurs encounter additional challenges such as inadequate infrastructure, political instability, and a shortage of skilled labor. To address these challenges, it is necessary to implement comprehensive policies that promote entrepreneurship and support the growth of small and medium-sized enterprises (SMEs). These policies may encompass providing training and education programs, improving access to markets, and encouraging public-private partnerships to invest in infrastructure

development. By addressing these challenges, it is possible to create an environment conducive to the thriving of new businesses in developing countries.

An additional efficacious strategy for facilitating the development of nascent enterprises in emerging economies is to provide educational and training initiatives that emphasize entrepreneurial and business management competencies [4]. These programs can equip entrepreneurs with the requisite knowledge, skills, and dispositions necessary for initiating and expanding successful ventures, particularly entrepreneurial orientation, which can catalyze economic growth and employment generation within their respective communities [5]. Furthermore, in addition to furnishing educational resources, these programs offer networking opportunities for entrepreneurs to establish connections with mentors, investors, and other similarly motivated individuals, thereby further enhancing their prospects for success.

Additionally, governments and organizations can facilitate mentorship and networking opportunities to connect entrepreneurs with experienced business leaders and investors who can provide valuable guidance and support [6]. By offering a comprehensive array of resources and assistance, it is possible to aid new enterprises in developing countries in overcoming the challenges they encounter and realizing their full potential. Moreover, by providing access to financial assistance and business development programs, nascent businesses in developing countries can be empowered to establish robust foundations and flourish in competitive global markets.

Entrepreneurial Orientation (EO) is a critical factor for new business success as it encompasses the strategic posture of an organization, characterized by innovation, proactivity, and risk-taking propensity [7];[8]. These attributes are essential for businesses, particularly startups, to navigate competitive markets and achieve sustainable growth. EO not only influences the success of large firms in specific sectors such as the Thai property industry, where it positively affects project sustainability and business success, but also plays a significant role in the performance of small enterprises [8].

## 2 Literature Review

The identification of literature in this study focuses on articles that examine the factors influencing entrepreneurial orientation and its consequences. According to [9], research regarding entrepreneurial orientation can be categorized into three dimensions [9]. The first dimension encompasses research on factors that influence entrepreneurial orientation at the macro level. The scope of research within this dimension includes the business environment, culture, and organizational behavior [10];[11].

The second is the meso-dimension, which examines the factors that influence entrepreneurial orientation at the organizational and team levels. Based on the literature, this study investigated firm performance, team attributes, and knowledge management. The literature review also

indicates that research on this dimension could be expanded to encompass other relevant factors, such as organizational culture, leadership style, and employee engagement. These factors may have significant impacts on firm performance, team dynamics, and knowledge management practices within an organization [12].

The third dimension is the micro-dimension. The scope of research on this dimension encompasses risk-taking, proactiveness, and competitive aggressiveness [13]. This investigation also examines the relationships between these dimensions and other variables, such as innovation and entrepreneurialism, to obtain a comprehensive understanding of their impact on organizational success.

### **3 Research Method**

Given the extensive range of sub-topics associated with entrepreneurial orientation, researchers frequently utilize multiple keywords, including entrepreneurial orientation, individual entrepreneurial orientation, entrepreneurial intent, entrepreneurial intention, firm performance, team, leadership, networking, group, organization learning, culture, and productivity when conducting literature searches for relevant articles. The articles were obtained through a systematic search of journals published between 2007-2022 in several databases, including Google Scholar, Scopus, and the Web of Science. Following a thorough examination of titles, keywords, and abstracts, 35 articles were identified as addressing the factors that influence entrepreneurial orientation.

The collected articles encompassed topics pertaining to organizational, personal, and leader EO factors; knowledge transfer; proactive values; strategy; and knowledge management. To identify distinct categories of articles, each publication was subjected to a thorough examination and categorized based on its research focus. The articles underwent a comprehensive review and subsequent reclassification to establish the thematic framework for each group of articles. Following this process of review and reclassification, the researchers formulated a distinct theme for each group to provide a comprehensive understanding of the subjects under investigation.

### **4 Result and Discussion**

Initially, empirical studies on entrepreneurial orientation were conducted at the organizational level [14] and examined its relationship to firm performance [15]. [16] posit that the entrepreneurial orientation construct is grounded in the theoretical frameworks [17]. Mintzberg delineated three strategic approaches implemented by organizations: entrepreneurship, planning, and adaptation [16]. Miles and Snow (1978) introduced the concept of the prospector organization, characterized by opportunity-seeking behavior and the utilization of an entrepreneurial approach to business strategy [17]. This strategic orientation is employed when

an organization faces the decision of determining which products to offer or which markets to enter. With regard to the utilization of an entrepreneurial approach in corporate strategy, [14] developed the concept of entrepreneurial orientation by elucidating its constituent components: proactive attitude, propensity for risk-taking, and innovative disposition. Miller (1983) asserted that these three components are essential entrepreneurial aspects of business [14].

Covin and Slevin (1989) operationalized the concept of entrepreneurial orientation formulated by Miller (1983) by developing an Entrepreneurial Strategic Posture (ESP) model at the organizational level [18]. Furthermore, [18] devised a measurement instrument that has been extensively utilized in research on entrepreneurial orientation at the organizational level [19]. Initially, the concept of entrepreneurial orientation developed by Miller-Covin-Slevin was utilized to define entrepreneurial behavior; however, Lumpkin and Dess (1996) subsequently redefined the concept as an act of creating new businesses [20]. Lumpkin and Dess (1996) reviewed and further developed the entrepreneurial orientation (EO) concept formulated by Covin and Slevin (1989). Their objective was to elucidate the distinctions between the concepts of entrepreneurial orientation and entrepreneurship [20]. The findings of the study conducted by Lumpkin & Dess (1996) indicated that entrepreneurship is characterized by the creation of new businesses, whereas entrepreneurial orientation elucidates the management processes involved in the creation of new businesses [21].

To expand upon the description and differentiation of key entrepreneurial processes, Lumpkin and Dess (1996) incorporated two additional dimensions of entrepreneurial orientation, resulting in a total of five dimensions. The five dimensions are a) autonomy, b) innovativeness, c) risk-taking propensity, d) proactiveness, and e) competitive aggressiveness. These five dimensions are independent and can be utilized to elucidate the success of new ventures [20]. A comprehensive literature review revealed eight definitions of entrepreneurial orientation developed by researchers from 1983 to 2009. These definitions exhibit variation and can be categorized based on attitudes and processes. The diversity of definitions, categorizations, and levels of entrepreneurial orientation perspectives is presented in the table below.

**Table 1.** Definition of Entrepreneurial Orientation

Study	Definition	Category	Levels
Miller (1983)	Doing risky business, which comes with an innovative attitude that is carried out proactively to beat competitors.	Process	Meso
Covin & Slevin (1989)	Strategic shape and top management to take risks, encourage innovation, and to proactively seek opportunities	Attitude	Meso
	Decision-making processes, practices, and activities, including intentions, that drive entry into new markets.	Process	Meso
Lumpkin & Dess (1996)	Process, structure, and/or behavior that can be described as aggressive, innovative, proactive, risk-taking, or autonomous.	Process	Meso

Study	Definition	Category	Levels
Lyon et al. (2000)	Organizational strategic orientation which includes entrepreneurial aspects of style, methods, and practices in decision making.	Attitude	Meso
	Willingness to innovate, take risks, and take independent action, as well as be proactive and aggressive beyond competitors to opportunities that exist in the market.	Attitude	Meso
	The process of devising a strategy that provides the basis for entrepreneurial decision-making and action for the organization.	Process	Meso
McKelvie (2006)	Individual attitudes towards entrepreneurial behavior, both within the company and the creation of new businesses.	Attitude	Micro

Source: data processing, 2023

Table 1 demonstrates that four definitions are categorized within the process domain: those formulated by [14];[21];[22];[15]. Additionally, four definitions are classified within the attitude domain: those proposed by [18];[23];[14];[25]. A meta-analytic study conducted by [15] on 51 studies regarding entrepreneurial orientation revealed that 37 studies identified entrepreneurial orientation as unidimensional, while 14 studies characterized it as multidimensional [15]. The unidimensional nature implies that each construct of entrepreneurial orientation must be considered as an integrated whole rather than as discrete elements. Several researchers, including Covin and Slevin (1989) and Knight (1997), support this unidimensional conceptualization, asserting that each dimension correlates with entrepreneurial performance in a consistent manner [18];[26].

The multidimensional nature of the entrepreneurial orientation construct suggests that each dimension represents a distinct and independent aspect. Several scholars, including Covin et al. (2006) and Lumpkin and Dess (2001), posit that dimensions of entrepreneurial orientation can manifest in various combinations (multidimensional) [27];[28]. Consequently, each dimension exhibits a unique relationship with entrepreneurial performance. Initial entrepreneurial orientation (EO) studies predominantly employed multidimensional constructs. However, subsequent research identified a pattern wherein variables exhibited unidimensional properties across most research contexts (29). In relation to the concept of entrepreneurial orientation, a study conducted by [15] indicated that most researchers tend to utilize the entrepreneurial orientation framework developed by Miller-Covin-Clevin. Consequently, this study adopts the three dimensions developed by Miller-Covin-Clevin, which are considered to possess unidimensional characteristics.

Miller (1983) initially developed the concept of EO as an organizational-level construct to determine company performance [19];[20]. Subsequently, with the progression of research, several scholars, including Bolton and Lane (2012) and Rauch et al. (2009), have posited that entrepreneurial orientation can also be applied at the individual level. Various individual characteristics are frequently associated with the EO dimensions of entrepreneurial orientation,

such as innovation, proactivity, risk-taking propensity, competitive aggressiveness, and autonomy [30]. To differentiate from the construct of entrepreneurial orientation at the organizational level, designate this construct as individual entrepreneurial orientation [29].

The extant literature suggests that several factors influence entrepreneurial orientation at the individual level. These include the entrepreneurial orientation of the leader [31], personal characteristics and proactive values [32], recognition of opportunities, encouragement of proactivity, and achievement motivation [25]. Additionally, political acumen in entrepreneurship and risk-taking propensity [33] have been identified as contributing factors. The factors resulting from an individual's entrepreneurial orientation encompass decision-making regarding the establishment of a new business at an international level [34], entrepreneurial intention [19];[25], project success [31], individual performance [35], new business performance [33];[36], innovative work behavior [37], firm performance [15];[38], strategic learning capabilities [39], and commercialization of research outcomes [40].

Schumpeter (1934) asserts that the propensity for innovation is a crucial factor consistently present in the establishment of new enterprises. Shane and Venkataraman (2000) similarly posit that the inclination towards innovation is an essential component in the creation of new businesses [41]. This proposition aligns with the perspective of Kropf et al. (2008), who contend that this innovative disposition is a fundamental element for the success of nascent ventures [34].

#### **4.1 Issues of definition and methodology**

The factors influencing entrepreneurial orientation and their impact on work productivity have not been empirically validated in our literature review, as the predominant approach has been qualitative, with limited quantitative research conducted. The primary consensus in the field is that entrepreneurial orientation constitutes a critical element in the success of new business ventures. The diverse conclusions and findings from extant research underscore the necessity of formulating an operational definition of the research construct, along with its antecedents and consequences.

The research topic is relatively novel, and the nature of the investigation is exploratory, resulting in a predominance of qualitative, conceptual, and case studies among the articles discussed in this literature review. Furthermore, the majority of studies utilized data that was most readily accessible from the social environment. Consequently, opportunities for employing empirical methodologies remain available.

#### **4.2 Development of theory and conceptual framework**

From the results of the studies conducted, it can be said that only a few studies have used established theories as the basis for analysis in their research. Few studies have developed a

theoretical framework that can generate hypotheses and test them. The studies that have been conducted are more of a critique of existing HRM theories, such as the study of different perspectives on motivation theory conducted by Ather et al. (2011).

## **5 Conclusion**

The literature on entrepreneurial orientation generally presents cogent arguments; however, further research is necessary to elucidate its impact on groups, teams, and organizations. This literature review has identified several limitations in the existing body of research. Analysis of the article's subject matter reveals research topics that remain unexplored across various domains. Based on the findings of this review, several recommendations for future research are proposed.

### **5.1 Future research directions**

Based on the results of the literature review, several future research directions can be identified. Opportunities exist to develop research on factors that remain relatively broad, encompassing the six research areas that constitute the focus of this study, as the findings and research points continue to exhibit diversity. Specifically, we elucidate research topics that were not identified in this literature review and provide opportunities for further investigation.

In conclusion, this study aims to review literature that examines the factors influencing entrepreneurial orientation and its impact on work productivity. Through an analysis of approximately 35 articles on this subject, we have developed a comprehensive framework that is intended to serve as a foundation for further discourse and investigation. The findings of this study indicate that research regarding entrepreneurial orientation can be categorized into three dimensions: macro, meso, and micro. Among these dimensions, the majority of researchers focused on the micro-dimension, predominantly employing qualitative methodologies.

This study contributes to the existing literature on factors influencing entrepreneurial orientation and their impact on work productivity by examining research areas explored by previous investigators, which are subsequently formulated into a comprehensive framework to elucidate potential future research opportunities. Several limitations are evident in this article, notably that the criteria for the reviewed articles remain general and do not incorporate specific requirements. Further research could be conducted by selecting articles that exclusively employ an empirical approach to enhance the quality of results. This research domain is relatively nascent and necessitates additional investigation in the four areas discussed in this study.

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