



ELSEVIER



journal homepage: [www.elsevier.com/locate/emj](http://www.elsevier.com/locate/emj)



# Entrepreneurial orientation and the threat of imitation: The influence of upstream and downstream capabilities

Pedro M. García-Villaverde <sup>a</sup>, María J. Ruiz-Ortega <sup>a,\*</sup>, J. Ignacio Canales <sup>b</sup>

<sup>a</sup> *University of Castilla-La Mancha, Department of Business Administration, Plaza de la Universidad 1, 02071 Albacete, Spain*

<sup>b</sup> *University of Glasgow, Adam Smith Business School, Dept of Management, West Quadrangle, Gilbert Scott Building, Glasgow G12 8QQ, Scotland, UK*

## KEYWORDS

Entrepreneurial orientation;  
Imitation;  
Marketing capabilities;  
Technical capabilities;  
Performance;  
Configurational approach

**Summary** This paper uncovers the complexity between Entrepreneurial Orientation (EO) and performance. The paper explores the effect of the threat of imitation, which is a key external factor to explain competitive dynamics, and hence highlights effectiveness of EO. Also the paper accounts for the role of upstream (technical) and downstream (marketing) capabilities as they influence effectiveness of EO. Our results show that, under threat of imitation, downstream marketing capabilities facilitate tapping into opportunities derived from EO, which positively affects performance. Conversely, available upstream technical capabilities do not aim at EO when imitation threats exist in the environment. Of importance is that we question the complexity between EO and performance can be better understood using a configurational approach.

© 2012 Elsevier Ltd. All rights reserved.

## Introduction

Despite interest in entrepreneurial orientation (EO) and significant theoretical development, (Rauch, Wiklund, Lumpkin, & Frese, 2009) there is a call for studies on internal and external factors acting as intermediaries between EO and performance (Rosenbusch, Brinckmann, & Bausch, 2011). Due to these factors, an EO to strategy may not always be beneficial. Entrepreneurial behaviors such as opportunity-seeking and risk-taking only produce benefits

when they result in innovation, growth and wealth creation (Ireland, Hitt, & Sirmon, 2003). However, the effectiveness of an entrepreneurial approach will suffer from the combined effect of external circumstances and each firm's characteristics (Stam & Elfring, 2008). For this reason, the relationship between EO and performance is complex (Miller & Friesen, 1983; Wiklund, 1999; Zahra & Covin, 1995). Even when the total effect might be positive, certain elements intervene between EO and performance (Lumpkin & Dess, 2001; Moreno & Casillas, 2008; Wiklund & Shepherd, 2005), overestimating this effect (Lumpkin & Dess, 1996; Lyon, Lumpkin, & Dess, 2000). These intervening elements can be either external or internal to the firm. In this paper, we firstly specify external circumstances with high threat of

\* Corresponding author. Tel.: +34 967 599 000; fax: +34 967 599 216.

E-mail address: [MaríaJose.Ruiz@uclm.es](mailto:MaríaJose.Ruiz@uclm.es) (M.J. Ruiz-Ortega).

imitation to emphasize the effects caused by EO. Under threat of imitation<sup>1</sup> EO is stretched to its limit to remain effective. Secondly, to specify the intervening elements, which refer to firm's characteristics, we view them as either upstream or downstream capabilities affecting the EO-performance relationship.

EO as a mechanism to seek performance is essentially created by managers, especially by CEOs, and their perceptions will bear a major say on how EO is formed. Thus, the strength of the present study is that our results build on the perceptions of the CEOs. According to Dess, Lumpkin, and Covin (1997), EO is an extension of entrepreneurship from the individual level to the organizational level. Referred to as an 'entrepreneurial posture' by Covin and Slevin (1989) and 'entrepreneurial orientation' by Lumpkin and Dess (1996), EO reflects an independent posture which includes the firm's commitment to risk-taking, innovation and proactiveness in developing and implementing its strategies (Green, Covin, & Slevin, 2008; Keh, Nguyen, & Ng, 2007; Li, Zhang, & Chan, 2005; Miller, 1983). Thus, EO will produce strategies where new ideas, creativity and innovation are promoted. Previous research has studied specific environmental conditions affect the EO-performance relationship contingently: hostile or benign environments (Covin & Slevin, 1989), external variables such as the role of technology, dynamism, hostility and life cycle (Covin & Slevin, 1991; Lumpkin & Dess, 2001) and market uncertainty (Li et al., 2005). Other studies have analyzed internal elements that intervene between EO and performance as process (Covin, Green, & Slevin, 2006; Wiklund & Shepherd, 2003), strategies (Dess et al., 1997) or resources (Li et al., 2005). However, these studies show contradictory results and fail to include elements that explain these contradictions (Lumpkin & Dess, 2001). For this reason Lumpkin and Dess (1996) called for the need to deepen our understanding of the combination of factors that influence EO and performance.

In order to answer this call, we rely on the configurational approach to examine the relationship between EO and the performance (Wiklund & Shepherd, 2005). Such configurational approach allows a nuanced view, which is particularly helpful in understanding the complexities of attempting an EO. Under a configurational approach, performance is the result of internal coherence of organizational and strategic factors among themselves and with the specific context of the organization (Doty, Glick, & Huber, 1993; Meyer, Tsui, & Hinings, 1993; Miller, 1986a; Miller, 1996). In addition, elements of strategy, structure and process combine (Miller, 1996) in such a way that a variety of organizations show a relatively small number of combinations (Meyer et al., 1993; Short, Payne, & Ketchen, 2008). Nevertheless, few empirical studies have addressed EO from the configurational approach (Wiklund & Shepherd, 2005). Although, these studies confirm the positive EO-performance relationship, they introduce specific internal factors (e.g. strategies, financial resources or social capital); analyze segmented samples (e.g. small firms or new ventures) and apply simplified statistic techniques (e.g. partial regres-

sions). Overall, due to the scope of previous studies, they fail to specify intervening internal and external elements that affect the EO-performance relationship, thus yielding results that are fragmented.

The purpose of this paper is to determine the necessary capabilities that enable EO when firms face the threat of imitation according to the perceptions of CEOs. Our central argument is that, under imitation-based competition, downstream marketing capabilities facilitate tapping into opportunities derived from EO and will yield a better performance. Conversely, the deployment of technical upstream capabilities will hamper any benefits that the development of EO may bring. Combining technical capabilities will negatively affect performance as these capabilities can be easily imitated.

Specifically, we aimed to determine whether the joint effect of specific capabilities fosters or hinders the influence of EO on performance in the special case where imitation is a threat. Consequently, we included technical and marketing capabilities within a general model to control for all major effects and avoid the biases derived from partial regressions linked to each factor (Dess et al., 1997). Thus, our overarching contribution with this paper is to shed light, from configurational approach, on how the effectiveness of EO depends on the availability of capabilities and on their adequacy to compete in a specific environment.

The remainder of the paper is structured as follows. Next, we develop a set of hypotheses derived from extant theory. Then, we describe the methodology used followed by the results obtained. Finally, we present the conclusions and discuss implications for theory and practice as well as future potential research.

## Theory and Hypotheses

### Entrepreneurial orientation

Mintzberg (1973) described entrepreneurial, adaptive and planning modes, but only the entrepreneurial mode comprised opportunity-seeking, risk-taking and decisive action. Lumpkin and Dess (1996) broadened this conceptualization by including five dimensions that include EO: autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness. EO has been studied in relation to performance outcomes (Li et al., 2005) typically using EO measures such as firm behavior, resource allocation and management perceptions (Lyon et al., 2000). In the present study, we use CEOs' perceptions of EO because of the richer information regarding EO that allows a deeper understanding of the causal links in EO-performance models. While some studies (e.g. Chaganti, De Carolis, & Deeds, 1995) have measured EO through management perceptions using Lumpkin and Dess's (1996) dimensions, most of them only focus on a subset of the dimensions. Following Lumpkin and Dess (1996), we carried out this study focusing on both the dimensionality of the EO construct and the role of contingency and configurational approaches in explaining its relationship to performance. Hence, we use a one-dimensional measure of EO through perceptions of CEOs. This usage is consistent with Dess et al. (1997) and allows a more thorough understanding of the processes that are internal to

<sup>1</sup> We view threat of imitation as the situation where new product launches, comprising creativity and innovation, are likely to be copied soon after by competitors.

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات