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Reference

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Entrepreneurial orientation and SME performance across societal cultures: An international study☆

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A B S T R A C T

The concept of entrepreneurial orientation (EO) is universally applicable, and many empirical studies report a positive relationship between EO and performance in different national contexts. Empirical research, however, scarcely addresses which country-level contingencies affect the EO–performance link. Building on two second-order factors of societal culture—performance-based culture (PBC) and socially supportive culture (SSC)—the present study proposes and tests such a contingency framework. Using a data set of 1248 SMEs from seven national contexts, multilevel analyses show that PBC positively moderates the relationship between EO and performance, whereas SSC has no moderation effect.

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1. Introduction

Entrepreneurial orientation (EO) is a firm-level phenomenon and a central concept of strategy-making (Covin & Slevin, 1991). In an environment where businesses must constantly seek new opportunities, EO—the extent to which a firm is entrepreneurial (as opposed to conservative) with respect to strategy-making and resource orchestration—is one of the few qualities that firms can sustainably rely on. Thus, decision makers in different contexts need to foster EO to create competitive advantage (Miller, 1983). Following this line of thinking, the association between EO and firm performance is the subject of several recent empirical studies (Rauch, Wiklund, Lumpkin, & Frese, 2009; Wales, Gupta, & Mousa, 2013).

Understanding the performance implications of EO in a cross-national context is becoming more important than ever as firms internationalize and select acquisition targets or alliance partners globally rather than locally (Andersen & Buvik, 2002). Accordingly, several researchers stress the research potential of examining cultural differences as possible contingencies for the EO–performance link (e.g., Wales et al., 2013). Unfortunately, however, knowledge in this area remains scarce because recent meta-analyses that address national-context differences as a potential moderator of the EO–performance link (Rauch et al., 2009; Saeed, Yousafzai, & Engelen, 2014) are inconclusive. Additionally, the only primary study that addresses the relevance of cultural differences in the EO–performance link (Kreiser, Marino, Kuratko, & Weaver, 2013) focuses on just one dimension of societal culture.

By focusing on small and medium-sized enterprises (SMEs), using a second-order conceptualization of societal culture (Stephan & Uhlbrunner, 2010), and employing a multilevel model (Klein & Kozlowski, 2000), this study seeks to contribute to expanding the knowledge on how culture may affect the EO–performance link. Addressing the relationship between EO and performance among SMEs seems useful because SMEs are particularly important for countries’ economic development (Javalgi & Todd, 2011) and play an increasingly active role within the broader trend of internationalization (Kraus, Ambos, Eggers, & Cesinger, 2015; Lu & Beamish, 2001). Employing a second-order conceptualization of societal culture seems advisable because such an approach represents culture more completely than an approach focusing on particular primary dimensions (Stephan & Uhlbrunner, 2010).

Finally, because EO resides at firm level and societal culture is a higher-level concept, an analytical technique accounting for a nested data structure may be necessary to capture the interaction between EO and societal culture (Autio, Pathak, & Wennberg, 2013).

The present study posits a positive relationship between EO and SME performance across national contexts. Theoretical arguments further suggest that differences in the extent to which national societal cultures are a) performance-based and b) socially supportive explain