

Entrepreneurial Orientation, Innovation Capabilities and Export Performance

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Entrepreneurial Orientation, Innovation Capabilities and Export Performance

Topic Relevance & Research objectives

- ❖ Entrepreneurship as well as innovation and exports are widely viewed as an important stimulus of positive outcomes at both firm and society levels (Ireland & Webb, 2007)
- ❖ EO-Performance Lit. (Rauch, Wiklund, Lumpkin & Frese, 2009; Blackburn & Kovalainen, 2009)

OBJECTIVE 1: Examining export performance as an outcome of EO (Yeoh & Jeong, 1995; Lisboa et al., 2011)

OBJECTIVE 2: Proposing 3 types of innovation capabilities focusing on technology, market and design

OBJECTIVE 3: Examining the role of innovation capabilities as mediators in the relationship between entrepreneurial orientation and export performance?

Conceptual background

ENTREPRENEURIAL ORIENTATION: a managerial attitude that seeks to accentuate innovation, flexibility, and responsiveness driven by the perception of opportunity (Guth and Ginsberg, 1990; Jogaratnam et al., 1999).

EO is characterised by a management that (Covin & Slevin, 1989; Lumpkin & Dess, 1996):

- **Innovates:** to engage in and support new ideas.
- **Has an aggressive competitive orientation (Proactiveness):** to anticipate and act on future needs by searching for new opportunities.
- **Has a strong risk taking propensity:** to commit significant resources to opportunities that have a reasonable chance of failure.

Conceptual background

EO \Rightarrow **Firm Performance** (Zahra & Covin, 1995; Wiklund, 1999)

EO \Rightarrow **Innovation outcomes** (Pérez-Luño et al., 2011)

EO \Rightarrow **Exports** (Yeoh & Jeong, 1995; Lisboa et al., 2011)

- Export performance as a performance variable.
- Especially important at present for SMEs in Southern Europe!

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Conceptual background... Previous findings

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graph LR
    EO((Entrepreneurial Orientation)) --> EP((Export Performance))
    
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Lisboa et al., IMM, 2011
Boso et al., IBR, 2012

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Conceptual background

```

graph TD
    EO[EO] --> FP[Firm Performance]
    EO --> EP[Export Performance]
    EO --> IS[Intermediate steps? → Mediating variables]
    IS --> FP
    IS --> EP
    
```

Intermediate steps? → Mediating variables

- Learning Orientation (Wang, ETP, 2008)
- Strategy (Moreno & Casillas, ETP, 2008)

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Conceptual background... Our next step forward

TWO INNOVATION SOURCES:



Scissors metaphor
(Schmookler, 1966;
Oslo Manual, 2005)

Technology:

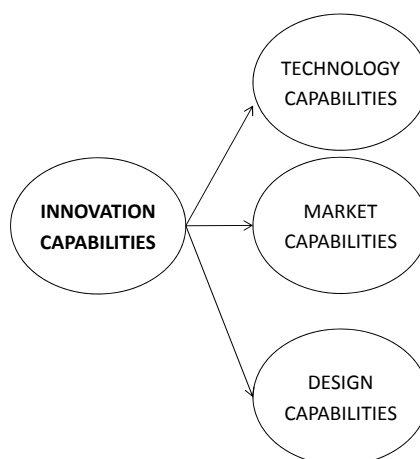
- *Innovative products and services using new technologies or new combinations or existing technologies: walkman, celular phones, sales through internet, etc.*

Market:

- *Products for new users / customers: nuclear energy, MRP, Mountain bikes, Post-It?.*

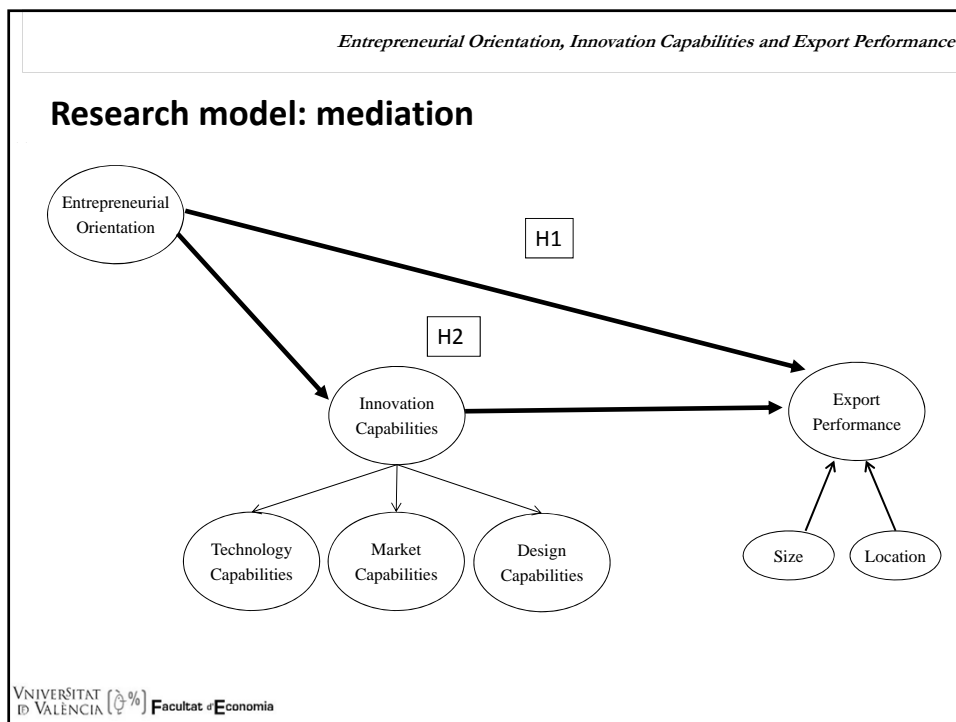
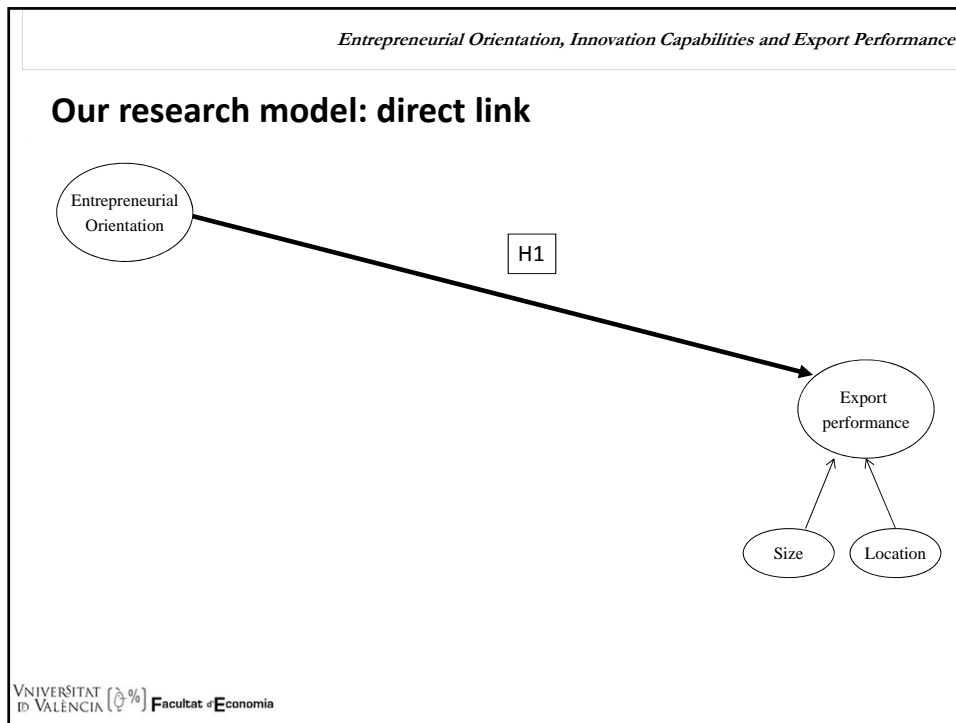
... Could design be a third source itself?

Conceptual background... Our next step forward



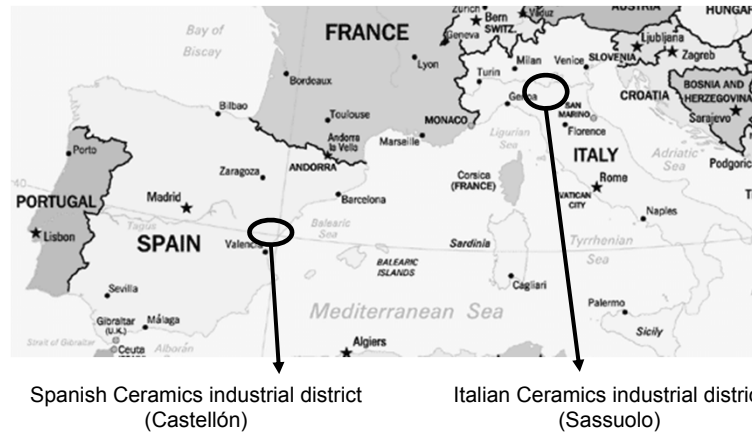
'Traditional' innovation sources
(Schmookler, 1966;
Moreno & Casillas, 2008)

Our proposal:
Including **design**.
We argue that, at least in some
Industries, it would make sense.



Methods. Data collection procedure

► **Target population:** Italian and Spanish ceramic tiles producers



Methods. Data collection procedure

► **Target population:** Italian and Spanish ceramic tiles producers

- World leaders in technology and design.
- Innovating Industry.
- Top world exporters.
- Similar characteristics in both industrial districts: Geographical concentration, SMEs, Internationalization.
- Single industry study: It has the advantage of analyzing an homogeneous population.

Innovation, and internationalization processes might differ substantially from one industry to another (technology, markets, design issues, etc...).

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Methods. Data collection procedure & Measures

Survey #1 (2004)	Sample: 182 firms (100 Spanish + 82 Italian)
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▶ **EO** (Covin & Slevin, 1989) → Answered by General Manager in 2004

Survey #2 (2012)	Sample: 226 firms (111 Spanish + 115 Italian)
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▶ **Innovation capabilities:** - Technology Capabilities (Huang, JBR, 2011)
 - Market Capabilities (Vorhies et al., SMJ, 2009)
 - Design Capabilities (Dickson et al., 1995; Chiva & Alegre, 2009)
 → Answered by Operations Manager in 2012

▶ **Export performance** (Lages et al., JIM, 2009)
 → Answered by General Manager in 2012

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Results...

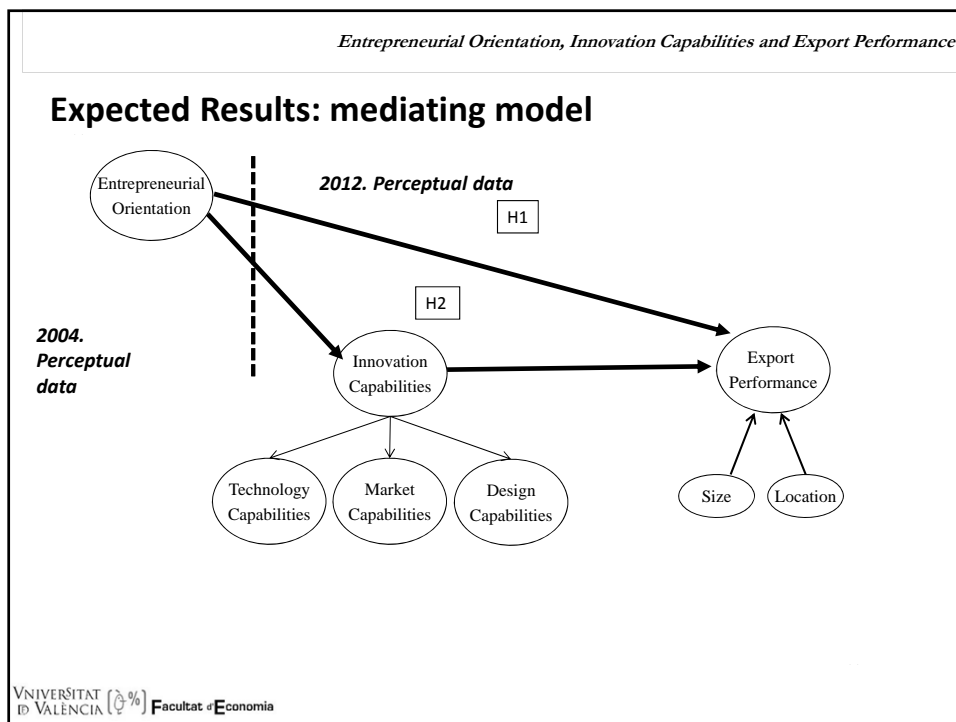
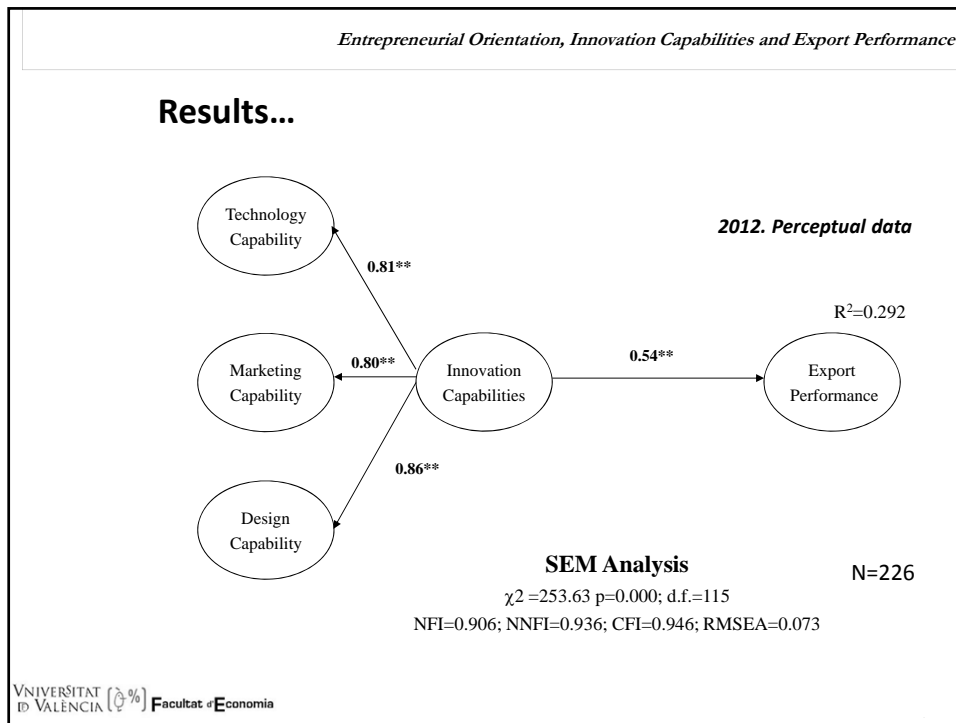
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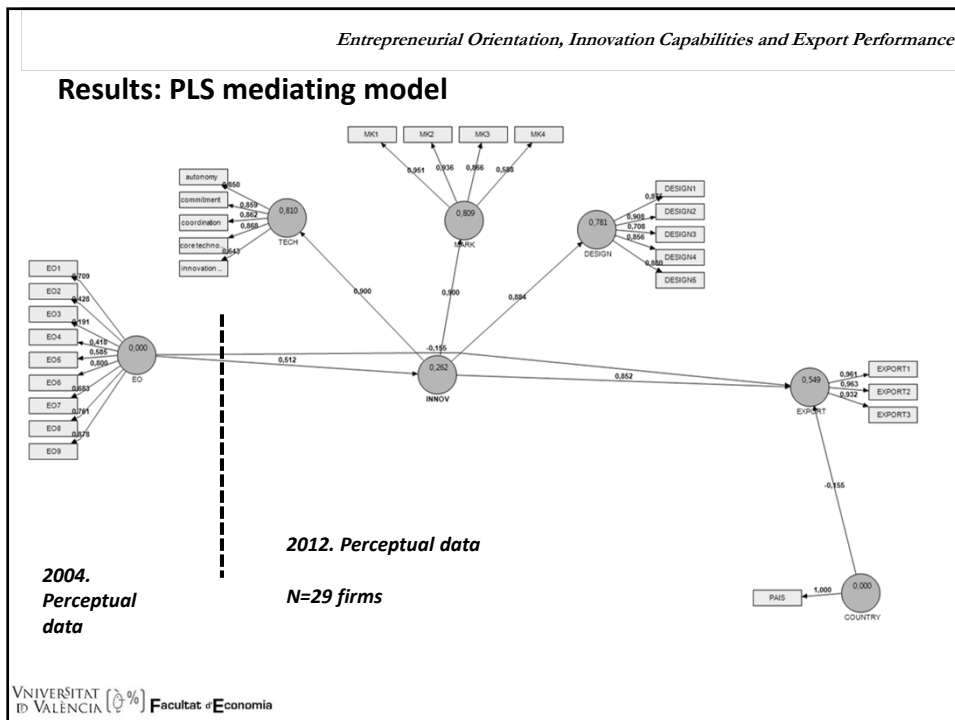
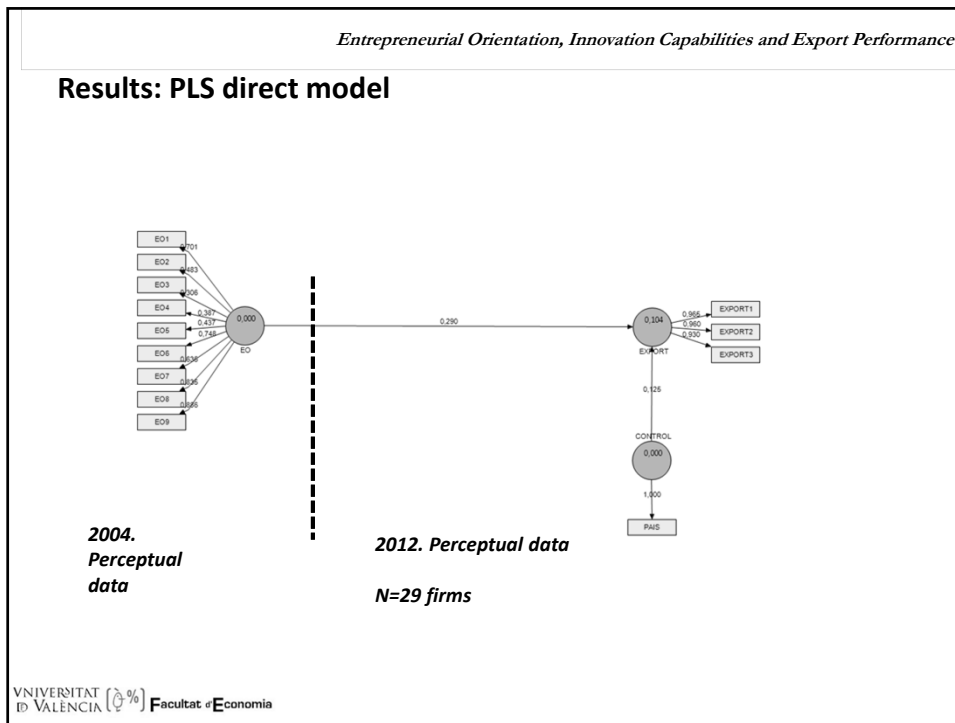
    graph LR
      IC([Innovation Capabilities]) -- 0.82** --> TC([Technology Capability])
      IC -- 0.77** --> MC([Marketing Capability])
      IC -- 0.87** --> DC([Design Capability])
      subgraph R2
      IC
      end
      style R2 fill:none,stroke:none
    
```

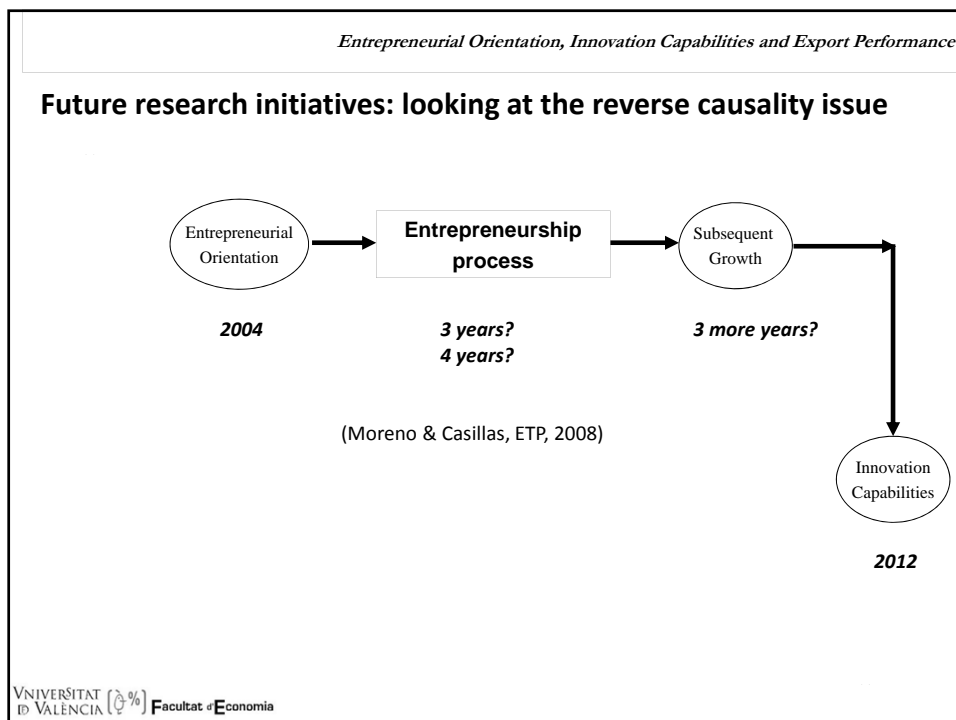
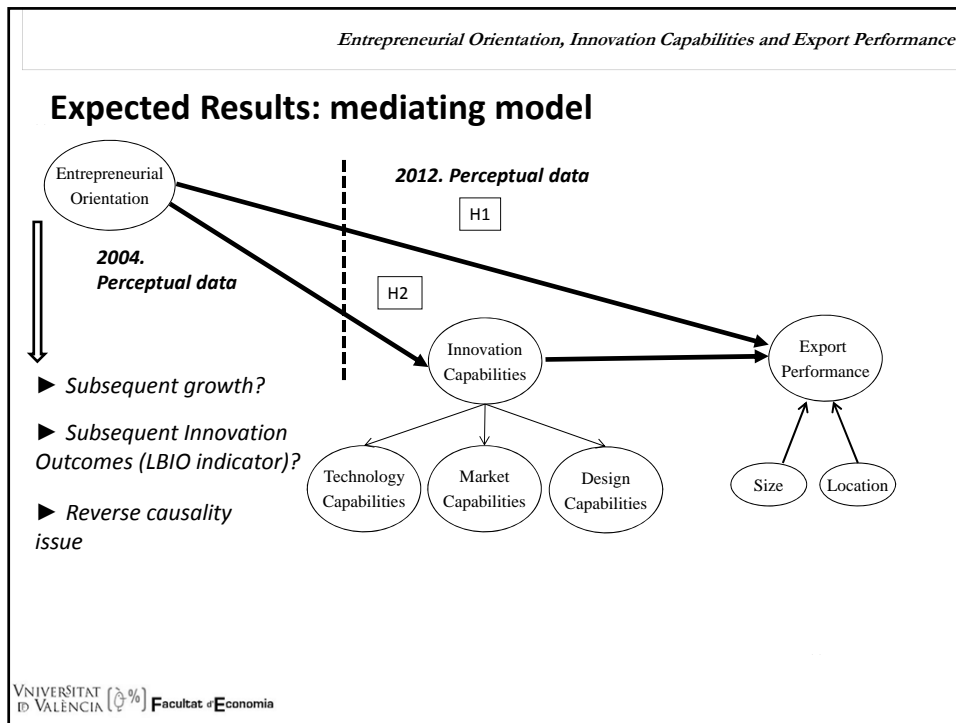
AFC Innovation Capabilities (SEM)

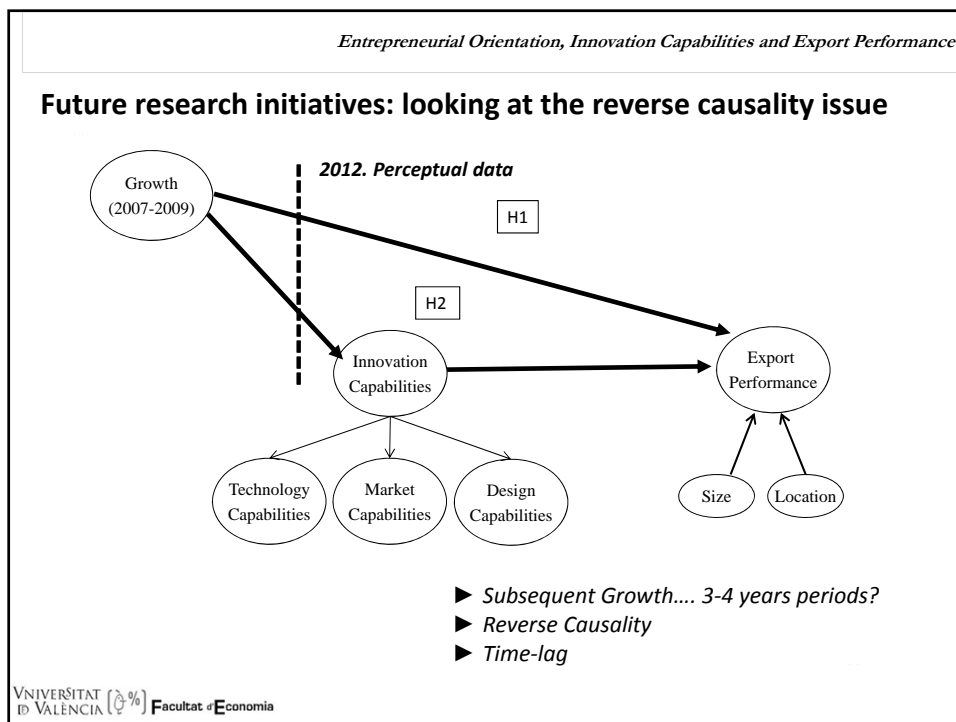
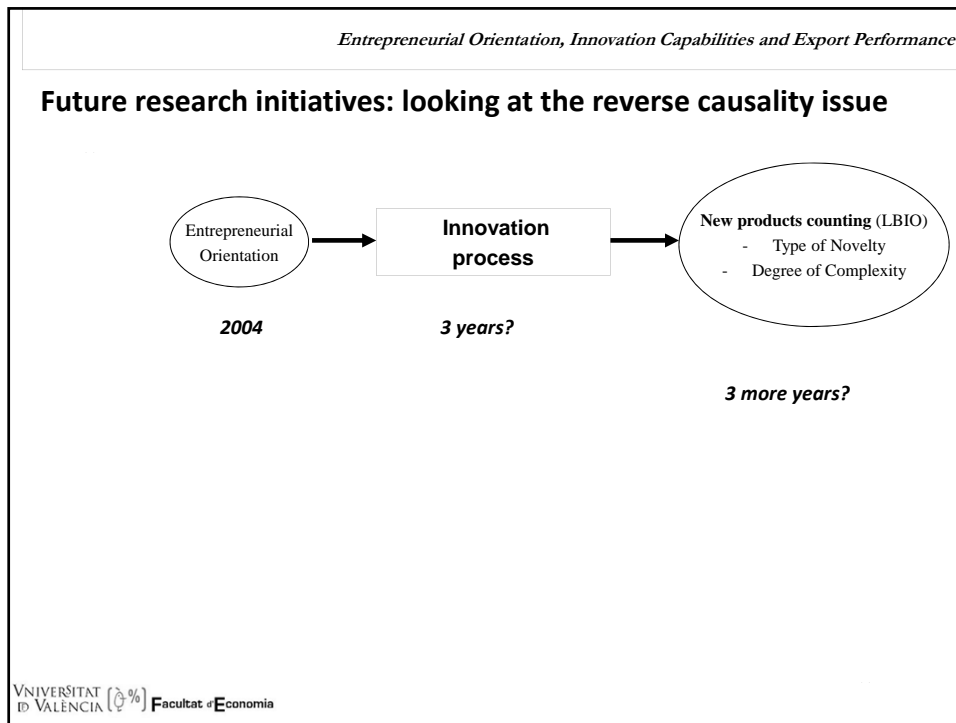
$\chi^2 = 191,844$ $p=0.000$; $d.f.=74$ N=226
 $NFI=0.891$; $NNFI=0.913$; $CFI=0.929$; $RMSEA=0.084$

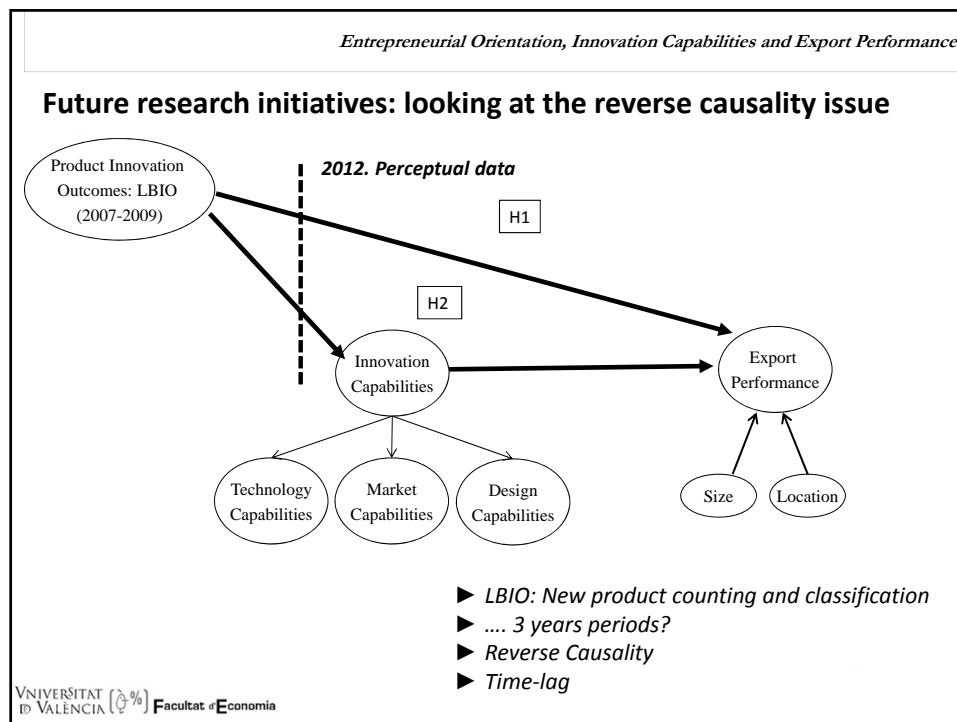
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Managerial implications

- **EO & Innovation Capabilities:** Success factors that depend on deliberate managerial action.
- How costly is it to develop Innovation Capabilities in a firm?
- **Is it an option?** Isn't it a way of adapting to current "modern times"?

Limitations & Future Research

- Adding more variables to the EO-performance link. Benefiting from having different databases on the ceramic tiles industry
- Analysing other industries

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