Entrepreneurial Orientation in Born Internationalized Firms: A Study from Developing Country

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Abstract
Small and Medium-sized Enterprises (SMEs) have scarce resources, lack of knowledge and skills yet many examples exist of SMEs that are engaged in export activities. A unique category of SMEs that have not only overcome their resource constraints to internationalize but also have engage in exporting activities from very start of their businesses are called "born international". This study attempts to investigate the existence of the entrepreneurial orientation (EO) construct in the context of born-international SMEs who are operating in the surgical instruments industry of Sialkot. Purposive sampling technique has been applied to select respondents and questionnaire is used to collect data. The findings suggest that EO exists in born international firms with innovation and risk-taking as dominant dimensions of EO that prevails in such firms.

1. Introduction

Small and medium-sized enterprises have long been accepted as a force driving development (Madsen, 2007). SMEs by engaging in export activities play a boosting role in economy by bringing in foreign exchange and improving balance of trade (Lee & Habte-Giorgis, 2004). SMEs use exporting as a quick way to access foreign markets and to achieve international exposure (Zahra, Neubaum, & Huse, 1997). Previously, much attention has been given to enterprises engaged in domestic markets whereas those involved in cross border business activities especially exporting have not been attended (Zahra, 2007) creating a vacuum in the field of entrepreneurship because smaller businesses have succeeded to get significant presence in international markets.

Referring to entrepreneurship of SMEs in international perspective, Oviatt and McDougall (2005) suggested that examining Entrepreneurial orientation (EO) of firms operating internationally will create knowledge reservoir benefiting society at large. Mostly studies have focused on EO only in the context of developed Western economies (Swierczek & Ha, 2003) which opens a door to study its existence in other economies and less-developed Asian countries like Pakistan. Even in the Western countries, researches pertaining to EO in the SME context are less than the large businesses. SMEs operating in the international markets are considered more important to be studied as they are deemed resources scarce and lack knowledge and skills which are few of the prerequisites to internationalize and to initiate cross national trade (Gurău & Merdji, 2008). It seems even more promising to study a category of SMEs that have not only overcome their resource constraints to internationalize but also have engage in exporting activities from very start of their businesses and are called "born international" (Oviatt & McDougall, 1994).

Researchers have mostly focused on such SMEs operating in developed nations and among high-technology firms (Oviatt & McDougall, 1994).The current study focuses on "born

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international" firms that exist in the city of developing nation like Pakistan and their entrepreneurial orientation. The city known with the name of Sialkot is connected with the global world through global firms of western origin (Humphrey & Schmitz, 2000) and contribute a substantial amount to the overall export earnings of Pakistan. It seems pertinent to examine the existence of entrepreneurial orientation (EO) of such firms that which involve in international activities at the start of their inception. The study attempt to investigate the existence of the entrepreneurial orientation (EO) construct in the context of born-international SMEs who are operating in the surgical instruments industry of Sialkot.

2. Literature Review

EO has garnered a lot of attention of the Researches in the past few decades. Most scholars (Rauch, Wiklund, Lumpkin, & Frese, 2009; Edmond & Wiklund, 2010) state that foundational work on EO can be traced back to Mintzberg (1973) upon which Khandwalla (1976), Miller (1983), Covin and Slevin (1989), Covin & Wales, (2012), Lumpkin and Dess (1996), and Moreno and Casillas (2008) extended their contribution in the domain of EO. Moreno and Casillas (2008) note that "EO is the organizational decision-making proclivity favoring entrepreneurial activities". Khandwalla (1976) regarded entrepreneurial orientation as a managerial disposition that is rooted in decision making.

Miller and Friesen (1982) stated EO as a concept that applies to firms which take considerable risks and are regularly and boldly innovating. According to Dess and Lumpkin (2001) EO is a process of organizational level which involve key decisions made on behalf of entire organization. Entrepreneurial orientation (EO) is the strategy used by top managers in relation to innovativeness, proactiveness, and risk taking (Cools and Van den Broeck, 2007).

Scholars have repeatedly and widely studied EO characterizing three key dimensions these being innovativeness, proactiveness and risk-taking (Miller and Friesen 1982; Covin & Slevin, 1991; Wiklund, 1999; Wiklund & Shepherd2005). Two additional dimensions were added by Lumpkin and Dess (1996) to extend the numbers of dimensions that characterize the concept of entrepreneurial orientation (EO) making it five in total. Therefore, the components that characterize EO are innovativeness, autonomy, risk-taking, proactiveness and competitive aggressiveness. (Geenhuizen, 2008) and Loos and Coulthard (2005) also used five dimensions-proactiveness, autonomy, risk- taking propensity, innovativeness, and competitive aggressiveness - to measure EO.

Entrepreneurial Orientation is referred as practices, behaviors, processes and decision making activities targeting new entry which characterize willingness to be innovative, a tendency to be aggressive, act autonomously, propensity to take risk and proactive towards opportunities. *Innovativeness* comprises of behaving creatively or supporting creativity, embracing experimentation and R&D, approaching customer needs with novel solution and supporting technological leadership (Lumpkin & Dess, 2001). *Risk taking* is referred to as "venturing into the unknown and a willingness to commit resources at the face of uncertainty." *Proactiveness* is a forward-looking perspective of firms which actively detect future trends in the market and seek to anticipate opportunities. *Autonomy* refers to the independence and authority given to any individual or team working within the firm to develop and carry out their tasks or business processes. *Competitive aggressiveness* is described as the intensity of efforts exerted by firms to outperform its rivals. EO is associated not only with the renewal of existing operational areas but also to new market opportunities. Jalali (2009) observed that EO is such a research topic that is prevailing widely in the field of international business particularly exporting.

3. Methodology

The prime purpose of the study is to examine the entrepreneurial orientation of internationalized SMEs.The present study is descriptive in nature with non-contrived study setting. This study takes the "born international firms" as the unit of analysis that have started exporting within three years of inception are taken as unit of analysis. In this cross-sectional study, purposive sampling technique has been applied to select sample for collecting data. The questionnaire was distributed among 80 respondents out of which 68 questionnaires were received back. In total, 60 useable responses were available after removing the questionnaire with missing values and crooked responses. For measuring entrepreneurial orientation (independent variable), Morgan and Hughes (2007) scale was used and for performance (dependent variable) was measured, Zou, Taylor, and Osland (1998) scales was used. The responses were gathered on Likert scale ranging from strongly disagrees to strongly agree.

4. Discussion and Finding

Table 1: Descriptive analysis of Entrepreneurial orientation (N=60)

Elements	Mean	Std. Deviation
Risk-taking	3.822	.9071
Innovativeness	4.039	.7717
Proactiveness	3.750	.6987
Competitive aggressiveness	3.794	.5825
Autonomy	3.589	.5363
Entrepreneurial orientation	3.799	.4467

Figure 1. Risktaking

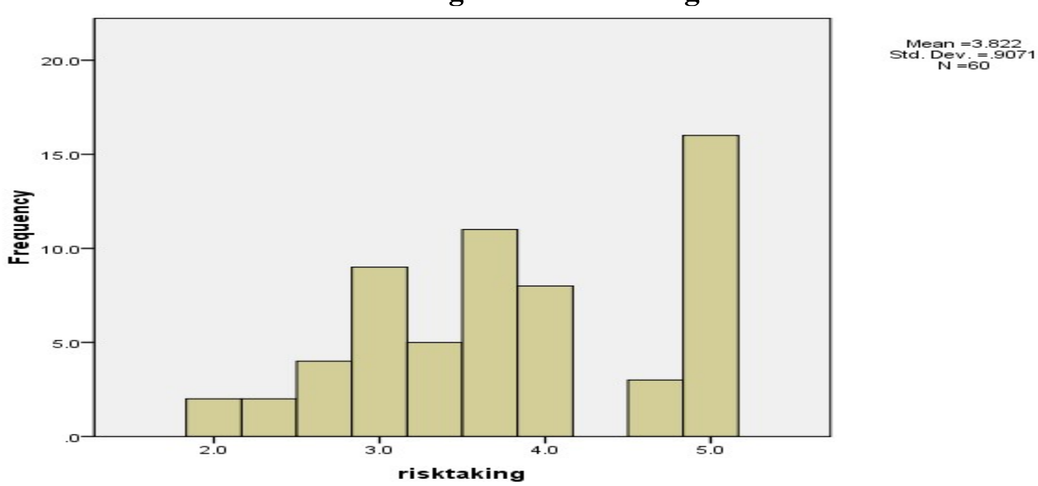

Figure 2. Innovation

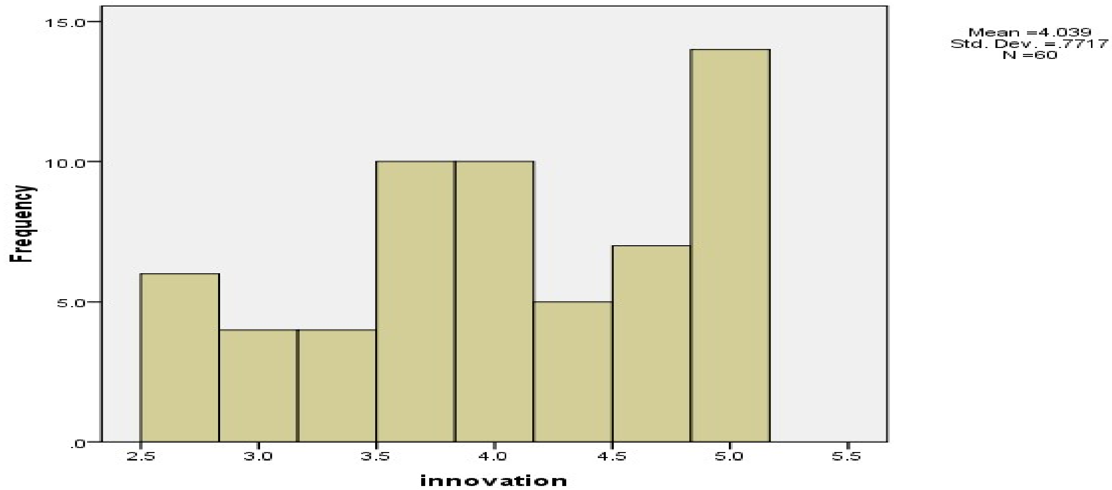

Figure 3. Proactiveness

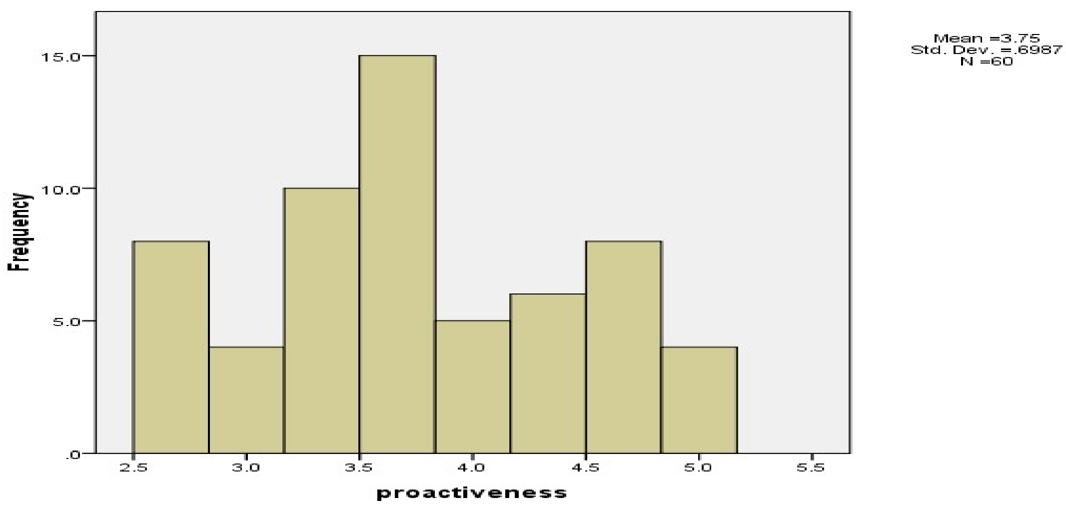

Figure 4. Competitive aggressiveness

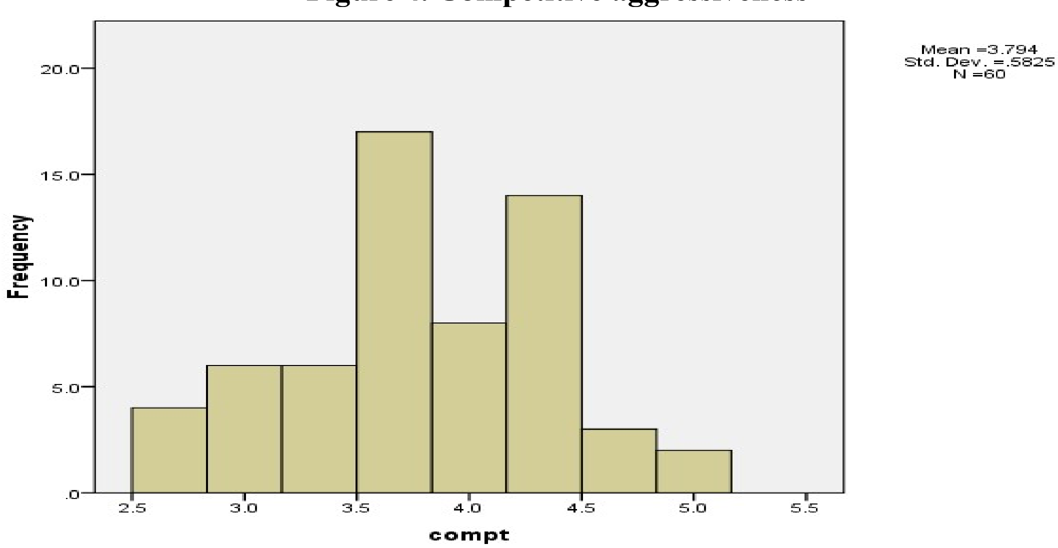

Figure 5. Autonomy

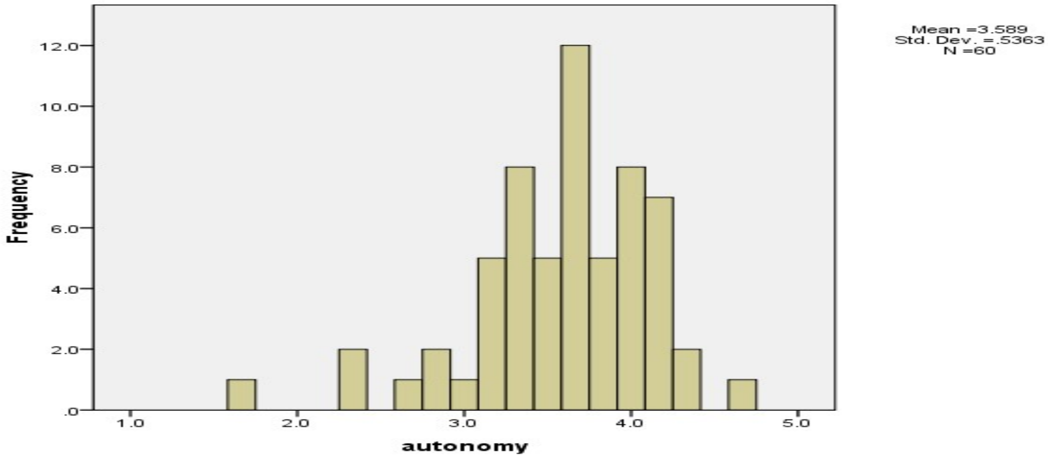

Figure 6. Entrepreneurial orientation

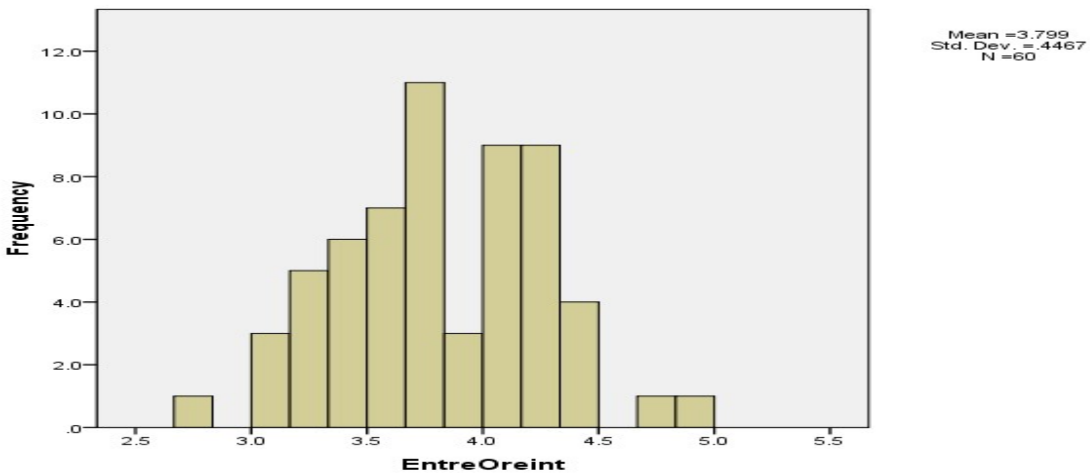

Table 1 depicts the mean and standard deviation of Entrepreneurial orientation born international firm in Pakistan that are operating in the surgical instruments manufacturing industry of Sialkot. Figure 1,2,3,4, 5 and 6 shows the mean distribution of risk-taking, innovativeness, proactiveness, competitive aggressiveness, automony and overall entrepreneurial orientation respectively. Mean measures the central tendency whereas standard deviation presents the spread, dispersion or variance in the data. In this study, *Entrepreneurial orientation* has a mean value of 3.8 and standard deviation .4467. *Risk-taking* has a mean value of 3.822 and its standard deviation is .907. The *Innovativeness* has mean value of 3.48 where the standard deviation is .7717. The mean of *Proactiveness* and *Autonomy* are 3.750 and 3.589 respectively with standard deviation of .6987 and .5363 respectively. The mean and standard deviation of *competitive aggressivenes*s is 3.794 and .5825 respectively.

The mean of Innovativeness is highest which shows that innovativeness dimension plays an important role with average respondents of this data in terms of Entrepreneurial orientation. The mean shows that on average firms are innovative. They may be innovative in technology, operations, processes or products. The second highest mean value is of risk-taking which indicates that firms on average are risk-taker and this dimension make important contribution in EO with reference to this data. This is also supported by the fact that export markets are considered as more risky since the culture and environment is normally different from your domestic market.

The mean value of the Entrepreneurial orientation is 3.8 which indicate that all firm in this data shows tendency to agree towards Entrepreneurial orientation. Form the high mean value, it can be said that almost all firms exhibit the characters of entrepreneurial orientation. It means the firms which are born international and operating in surgical industry are entrepreneurial oriented.

Values of standard deviation are not far dispersion. The standard deviation of risk-taking is .907 but it is not regarded dispersed comparing its mean value i.e. is 3.82. Similarly, innovativeness has high mean value considering which its S.D is considered less dispersed.

5. Conclusion

The mean value shows the existence of entrepreneurial orientation in born international firms in Pakistan that are operating in the surgical instruments manufacturing industry of Sialkot. The born international firms possess EO. Among the dimensions of EO innovativeness has highest mean value which clarify that innovativeness dimension plays an important role with average respondents of this research in terms of Entrepreneurial orientation. After innovation, risk-taking is the dimension that has second highest mean indicating that born international firms on average are risk-taker. Proactiveness and Competitive aggressiveness are also prevailing in the firm understudy. Autonomy is the only dimension whose mean value confirms the existence of this dimension but the value is low compared to other dimensions of EO.

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