

Advancing the entrepreneurial orientation construct: the role of passion and perseverance

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Advancing the entrepreneurial orientation construct: The role of passion and perseverance

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Advancing the entrepreneurial orientation construct:

The role of passion and perseverance

Abstract

The purpose of this study is to examine how entrepreneurial orientation (EO) is manifested in the context of born global firms. Specifically, we investigate the extent to which the EO dimensions of the influential Miller/Covin & Slevin scale are demonstrated in born globals. In addition, following calls in the literature, we examine some as-yet unrecognised dimensions of EO in born globals. Based on semi-structured, in-depth, qualitative interviews with eight born global firms from New Zealand and Australia, we find that the EO dimensions of proactiveness and innovativeness are strongly prevalent in these firms. In contrast to the extant literature, our results also indicate that these born global firms generally display a relatively low level of risk-taking. We find strong empirical support for two additional emerging dimensions of EO: passion and perseverance. Our study provides two key contributions to the area of international entrepreneurship: (1) by investigating how EO is prevalent in the context of born globals, and (2) by proposing the new dimensions of passion and perseverance.

Keywords

Entrepreneurial orientation
Born global firm
Passion
Perseverance
International entrepreneurship

Introduction

International entrepreneurship (IE), which integrates the disciplines of international business and entrepreneurship, has received increased interest from scholars over the past two decades (Fletcher, 2004; Jones *et al.*, 2011; Keupp and Gassmann, 2009; Knight, 2001; McDougall and Oviatt, 2000). Commonly defined as “the discovery, enactment, evaluation, and

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4 exploitation of opportunities – across national borders – to create future goods and services”
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6 (Oviatt and McDougall, 2005, p. 7), several areas of international entrepreneurship have been
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8 explored in the literature, such as internationalisation patterns of born globals, networks and
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10 social capital, and knowledge and capabilities of born globals (see Jones *et al.*, 2011 for an
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12 extensive review of the IE literature). Three major research strands of IE have been identified:
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14 (1) entrepreneurial internationalisation, (2) international comparisons of entrepreneurship,
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16 and (3) comparative entrepreneurial internationalisation (Jones *et al.*, 2011).
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20 The “beginnings” of international entrepreneurship can be traced back to the late
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22 1980s, when McDougall (1989) conducted a study comparing domestic and international new
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24 ventures. In the early 1990s, in a study of Australian manufacturing exporters, Rennie (1993,
25
26 p. 9) originally coined the term “born global”, stating that
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29 ...these firms view the world as their marketplace from the outset; they do not see
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31 foreign markets as useful adjuncts to the domestic market - quite the opposite, they
32
33 see the domestic market as supporting their exporting business.

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35 The following year, Oviatt and McDougall (1994) introduced a conceptual model to explain
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37 the emergence of international new ventures. While there have been various terms for early
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39 and rapidly internationalizing firms, such as “born globals” (Rennie, 1993), “high-technology
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41 start-ups” (Jolly *et al.*, 1992) and “international new ventures” (Oviatt and McDougall, 1994),
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43 we adopt the term “born global” in this study as it is widely used by scholars (Cavusgil and
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45 Knight, 2009). Coviello *et al.* (2011) note that the terms born global and international new
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47 ventures have been used interchangeably in the scholarly literature.

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49 From its emergence, IE scholars have recognised the relevance of entrepreneurial
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51 orientation (EO) to theory and practice within their domain (Covin and Miller, 2014). As
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53 noted by Covin and Miller (2014), the centrality of the EO construct to IE is widely
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55 acknowledged (see, for example, Joardar and Wu, 2011; Jones and Coviello, 2005;
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Weerawardena *et al.*, 2007).

IE studies have identified positive relationships between EO and the speed of international entry (Zhou 2007), international sales intensity (Zhang *et al.*, 2012), international scope (Ripollés-Meliá *et al.*, 2007), and financial measures of international performance (Zhang *et al.*, 2009).¹ The conversation on EO within the IE literature has been both extensive and varied (Covin and Miller, 2014), and has extended well beyond performance effects. In their review and commentary on EO within the domain of IE, Covin and Miller (2014) extend a call for researchers to investigate how EO can be used to better understand international ventures. They note that the vast majority of studies pertaining to EO have been quantitative, and that fine-grained qualitative studies are needed. Wales (2016, p. 13) reiterate the strong need for qualitative studies, noting that “qualitative research will provide greater insight into how EO is manifested within organizations, yielding closer congruence between theorizing and managerial practice”.

The purpose of our study is to examine how entrepreneurial orientation is demonstrated in the context of born global firms. In addition, in responding to the suggestion by Covin and Miller (2014), we explore the possibility of there being different, or additional, dimensions of the traditional EO construct for these firms. We see these as important contributions to theory refinement and development relating to the EO construct. Therefore, the key research question for this study is: “How is entrepreneurial orientation manifested in born global firms?”

In light of the exploratory nature of this research topic, and in answer to the call from Covin and Miller (2014), we employ a qualitative methodology, conducting in-depth interviews with senior managers from eight Australian and New Zealand born global firms.

¹ Other IE studies on the relationship between EO and various dimensions associated with internationalisation did not find significant relationships (e.g., Jantunen *et al.*, 2005; Kuivalainen *et al.*, 2004).

Jones *et al.* (2011, p. 643) advocated that “we need a greater understanding of entrepreneurs and their teams as they related to entrepreneurial internationalization”. In-depth interviews enabled us to probe the motivations and behaviours of the entrepreneurs and top management team members leading the born global companies in our study.

The paper is structured as follows. We provide a literature review on EO in the next section, followed by discussion of the research methodology. The interview findings are presented in our results section, which is followed by our discussion, limitations of the study, and conclusion.

Literature review

Entrepreneurial orientation

Entrepreneurial orientation is a concept that has been at the forefront of scholarly discourse in entrepreneurship over the past three decades. According to Slevin and Terjesen (2011, p. 978), EO is “central to entrepreneurship and strategy research”, and has received more than 1,000 references in the extant literature. In one of the seminal studies on EO, Miller (1983, p. 771) argued that a firm is entrepreneurial when it “engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch”. Thus, according to Miller (1983), entrepreneurial orientation consists of the simultaneous occurrence of three dimensions: innovativeness, risk-taking and proactiveness. Covin and Wales (2012) noted that these three dimensions should covary positively in order for EO to be present. Building on the work of Miller (1983), Covin and Slevin (1989, p. 79) defined an entrepreneurial strategic posture as characterised by “frequent and extensive technological and product innovation, an aggressive competitive orientation, and a strong risk-taking propensity by top management”. Both Miller (1983) and

Covin and Slevin (1989) view entrepreneurial orientation as a unidimensional construct comprising the elements of proactiveness, risk-taking and innovativeness. This has become what is widely known in the literature as the Miller/Covin and Slevin (1989) scale (Covin and Wales, 2012; Slevin and Terjesen, 2011).

Defining EO as the “processes, practices, and decision-making activities that lead to new entry”, Lumpkin and Dess (1996, p. 178) developed five dimensions of EO: proactiveness, risk-taking, innovativeness, competitive aggressiveness, and autonomy. In contrast to Covin and Slevin (1989), Lumpkin and Dess (1996) argued that these dimensions do not necessarily covary; instead, the authors considered EO as a multidimensional phenomenon. Thus, not all five factors need to be necessarily operating for a firm to be successful in “new entry” as a manifestation of entrepreneurship. Covin and Lumpkin (2011) suggest that the composite and multidimensional views of EO are not competing perspectives, but instead represent distinct constructs. Taken together, the Miller/Covin and Slevin (1989) and the Lumpkin and Dess (1996) scales have been widely-used perspectives in EO research (Covin and Lumpkin, 2011).

However, despite its extensive use, controversies remain regarding how to measure the EO construct appropriately (Covin and Lumpkin, 2011; Covin and Wales, 2012). Since Lyon, Lumpkin, and Dess (2000) raised the issue of advancing the EO construct, “little progress has been made in the development of new approaches to EO’s assessment” (Covin and Wales, 2012, p. 678). In a similar vein, Rauch, Wiklund, Lumpkin, and Frese (2009) argued that the entrepreneurship construct would benefit from including additional variables. The inconsistent operationalisation of EO has been a particular issue in the context of born globals, often including a measure of international entrepreneurial orientation (IEO), to account for these firms’ international environment and context. According to Covin and

Miller (2014), IEO research can be differentiated into two main strands. The first approach, in essence, adopts traditional EO research with an internationalization-related dependent variable, such as export performance (e.g., Mostafa *et al.*, 2006; Jantunen *et al.*, 2008; Frishammar and Andersson, 2009), where IEO is not treated as a distinct construct from EO. The second IEO approach adjusts the traditional EO scales to account for the international operations of born globals, by including items such as “export markets” and “international business” (e.g., Knight and Cavusgil, 2004; Ibeh and Young, 2001), thus conceptualizing IEO as a subcategory of EO. Table 1 provides a review of the operationalizations of EO and IEO in the born global literature.

Table 1 about here

As shown in Table 1, there is heterogeneity in the operationalization of EO in the context of born globals. Knight (2001, p. 159) defined international entrepreneurial orientation as “a fundamental corporate posture, contributing strongly to the international performance of the SME. It emphasizes innovation, risk taking, and a generally proactive approach to business in foreign markets”. Many studies (e.g., Knight and Cavusgil, 2004; Kropp *et al.*, 2008; Zhou, 2007) have based their operationalisations on the seminal Miller/Covin and Slevin (1989) scale, and adapted them to the international context of born globals. In some cases, the original scales, as developed by Covin and Slevin (1989), have been used (e.g., Mostafa *et al.*, 2006; Ripollés-Meliá *et al.*, 2007; Frishammar and Andersson, 2009; Dai *et al.*, 2014). Sundqvist *et al.*, (2012) based their operationalisation of IEO on the five dimensions established by Lumpkin and Dess (1996). Our review suggests that born global studies have most generally focused on the three dimensions of proactiveness, innovativeness, and risk-taking.

Entrepreneurial orientation relates to a firm’s strategic posture and specific traits

associated with decision-making styles, practices, and methods (Lumpkin and Dess 1996; Covin and Slevin 1989). Schumpeter (1934) defined the entrepreneurship function as the introduction of new products and new production methods, the opening of new markets, the conquest of new sources of supply and raw materials, and the reorganization of an industry. With regard to entrepreneurial characteristics, Stewart *et al.* (1999) identified three key traits – achievement motivation, risk propensity, and preference for innovation – and found that entrepreneurs tended to display higher levels of these three characteristics, compared to corporate managers in larger firms. Kocak and Abimbola (2009) noted that entrepreneurial orientation is a key organisational capability of born global firms, which assists in identifying and exploiting opportunities, and expanding into overseas markets. Similarly, Karra *et al.*, (2008) identified three entrepreneurial capabilities that were important for successful international new venture creation: international opportunity identification, institutional bridging, and a capacity and preference for cross-cultural collaboration.

Andersson (2000) defined three different types of entrepreneurs, each representing a different aspect of EO: technical, marketing, and structural. The technical entrepreneur is mainly interested in the development of new products and technology rather than internationalization *per se*. Internationalisation may thus occur through an enquiry from the firm's international network, which often leads to exporting or licensing agreements (Van Geenhuizen, 2008). As such, the approach to international markets for the technical entrepreneur is typically reactive and can be characterised as an international pull-strategy. On the other hand, the marketing entrepreneur has identified a need in the market and is proactive in developing new international opportunities. In reaching new customers, the marketing entrepreneur tends to commit large resources to penetrate markets quickly, which is manifested in the more frequent use of foreign direct investment (FDI). The choice of

markets may be more dependent on personal preferences and networks, rather than “rational” calculation. Thus, the marketing entrepreneur typically uses an international push strategy. Finally, the structural entrepreneur is interested in restructuring companies and industries, and tends to operate in mature industries, aiming to combine organisations through mergers and acquisitions. Internationalisation is the consequence of the overall firm strategy, rather than a strategic goal for this type of entrepreneur (Andersson, 2000; Andersson *et al.*, 2013).

In summary, while there is a large and growing literature on EO, our review revealed inconsistent operationalisations of EO/IEO in the context of born global firms. Most studies have used Covin and Slevin’s (1989) scale as a foundation for measuring EO/IEO. However, despite calls in the literature, new approaches to measuring EO have been slow to emerge (Covin and Wales, 2012).

Methodology

We use a qualitative, interview-based, case approach to explore (i) how the EO construct is operationalised in born global firms, and (ii) the possibility of additional, as yet unidentified, dimensions of EO.

Selection of Participant Firms

In qualitative research, the process of identifying participants is generally driven by theoretical considerations rather than statistical representativeness (Miles and Huberman, 1994; Eisenhardt, 1989). Qualitative studies tend to use a purposive approach, as random sampling may reduce the logic and coherence that are characteristic of social processes to “uninterpretable sawdust” (Miles and Huberman, 1994, p. 27). Consistent with this line of thought, the study adopts a purposive sampling approach.

The main criteria for interview selection included being a New Zealand or Australian

independently-owned company, and having exporting activities. All selected companies could be classified as born globals, according to the widely used definition of starting to internationalise within three years after establishment and achieving at least a 25% international sales ratio within this period (e.g., Knight and Cavusgil, 2004; Mort and Weerawardena, 2006; Gerschewski *et al.*, 2015). In addition, consistent with the descriptive criteria expressed by Rennie (1993), the ventures in our sample viewed the world as their market place. Firms were selected that differed with respect to industry sector, company size, and foreign market selection, to provide variation for the analysis. The firms' details and characteristics were obtained through internet research (e.g., company and government export agency websites, newspaper articles) and information from the Dun & Bradstreet database. In total, eight interviews were conducted (five New Zealand and three Australian companies), which provided apparent saturation of answers as the interviews progressed (Glaser and Strauss, 1967). Each company represented a 'case' for analytical purposes (Eisenhardt, 1989). The participating companies belonged to a variety of industry sectors, including manufacturing, information and communications technology (ICT), food, wine and education, and had an average of 38 employees. A detailed profile of the participating companies is shown in Table 2.

Table 2 about here

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We supplemented the interview recordings with archival firm data and case studies of the sampled companies. Thus, we employed triangulation of data resulting in cross-case comparisons which helped to uncover causal mechanisms in the context of EO for BGs.

Data Collection

The data were collected via in-depth interviews with the firms' CEOs/owners or export/sales managers, as these informants were likely to be able to provide the most extensive and accurate information about their companies' international activities. The interviews centred on the topics of the firms' internationalisation and their entrepreneurial orientation. Semi-structured interviews were utilised, to enable clearer comparison across the cases, and to ensure that the qualitative data were consistent enough to categorize and analyse (Morse, 2005). In addition, semi-structured interviews allowed the exploration of key topics based on an interview guide, and simultaneously offered discretion to follow new leads during the interviews (Bernard, 2006). Information collected through interviewing was supplemented with archival company data.

The interviews were conducted via telephone/Skype or face-to-face at the companies' premises. Each interview lasted for approximately one hour and was tape-recorded for later transcribing. Once transcribed, the interview summaries were shared with the respondents for clarification, and any changes were incorporated in the subsequent data analysis.

Data Analysis

Qualitative data analysis generally involves three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification (Miles and Huberman, 1994). These three activities are interactive and interrelated and, therefore, form a continuous and iterative process (Miles and Huberman, 1994).

The audio-recorded interviews were transcribed before being imported into the NVivo software (Version 8) for data analysis. The use of computer-assisted qualitative data analysis (CAQDAS) has been recommended in the literature, due to its benefits, in terms of providing rigor and validity that may be difficult to achieve with manual methods (Lindsay, 2004).

Following the recommendations by Miles and Huberman (1994), the interview transcripts were reviewed, and evolving patterns and themes identified. The qualitative research design involved pre-conceptualisation of issues developed from the literature review (Miles and Huberman, 1994), a process termed “*a-priori* categorization” by Sinkovics, Penz, and Ghauri (2008, p. 704). Following Sinkovics *et al.* (2008), the coding process also included additional “*a posteriori*” categorisation, with open coding allowing for the emergence of new themes. In sum, descriptive and subsequent pattern coding were applied in the course of the data analysis (Miles and Huberman, 1994), allowing for the development of rich insights into the “how” and “why” of entrepreneurial orientation in the context of born global firms.

Results

Figure 1 summarises the first two coding levels – (i.e., entrepreneurial orientation (level 1) and proactiveness (level 2) – of the coding structure arising from the analysis of the interview data. Following Miles and Huberman (1994), literature-based preconceptualisation led to the inclusion of some initial codes, notably those associated with the Covin and Slevin definition of EO. The interview findings were thus coded into the following key themes, in terms of the entrepreneurial orientation for the born global firms: global mindset, innovativeness, proactiveness, risk-taking, passion, and perseverance.

Figure 1 about here

All eight of the firms in our study demonstrated strong international orientation. A recurring theme was the *global mindset* of the entrepreneurs and top management team members who were interviewed. As expressed by our interviewees, their firms perceive the world, rather than their home country, as their marketplace, and see the potentially huge

opportunities that global markets could offer to their business (Rennie, 1993; Fatehi and Ghadar, 2014). For example:

I'd say I don't even think of us as an exporter. I think of us as a global company. I mean you don't think of Coca-Cola as an exporter or HP as being an exporter. And I think, my personal view is, it limits the company's thinking if they think of themselves as an exporter. We are an international company and so, you know, I don't think New Zealand companies to grow should think of themselves as exporters unless the mentality is to sit behind the desk here and put stuff on ships and export it. We have to be in our markets and the difference to my mind is that's an international company not somebody who sits here and puts stuff on boats. So I don't like the term exporter. So we had, as I said, we had the mindset always that it was an international strategy and so it was just getting on planes and addressing those international markets and being seen as a global player. (ICT1)

Another interviewee noted that:

I suppose my mindset was if I can sell this in Australia, I can sell it anywhere in the world. (MFG1)

The excerpt from ICT1 is particularly interesting, as it suggests that thinking of oneself as an “exporter” that “sits behind the desk and puts stuff on boats and exports it” can be a detrimental mindset to the international development of a company. Rather, this seems to advocate a broader outlook, in terms of thinking as a global company that is actively present in its overseas markets, which may also entail internationalisation activities such as licensing and FDI. Five of the eight case companies were not “pure” exporters, but had used additional foreign servicing modes to enter their first international markets (e.g., licensing, sales and manufacturing subsidiaries, and strategic alliances). This mindset of being a “global company” has important implications for the firm’s positioning in the international marketplace and the benefits associated with being perceived as a “global company” rather than an “exporter”. As the manager from ICT1 commented:

It was really born as an international company. You know, I guess we started... the first products were sold in New Zealand, but the strategy right from the start was to

take it global. (ICT1)

The global mindset adopted by ICT1 emphasizes the company's international orientation and gives literal support to the term born global.

Our interview questions also sought to probe the firms' levels of risk-taking, innovativeness, and proactiveness. Innovativeness and proactiveness were more in evidence than risk-taking in the born globals we studied.

Innovativeness emerged strongly from the interviews, especially in the forms of technical improvements and innovative business processes, as the following interview excerpts from respondents at OIL and FOOD illustrate:

We've been very innovative in the way that we designed the tool to make it a lot easier for the customer. We actually won an innovation award in 2004 for the product. We're trying on a daily basis to be innovative in the way we approach different markets and different business strategies and presenting opportunities to customers that they may not normally see. Sometimes they work, sometimes they don't. That's the learning curve we go through on a daily basis. (OIL)

We've just changed the shape of our container. We had to build a new container to be able to do it, because no one else is doing it. And we launched it about two months ago. And people have said to me: "Wow, that's a big, bold move to move away from the traditional round to rectangle". And we had our reasons for doing it. We think we shouldn't be doing the same thing. (FOOD)

The interviewee from MFG2 added that innovativeness is a key component for doing business in the global marketplace, arguing that the firm's products are not competing against low-cost producers, but are differentiated by their degree of innovativeness. Similarly, the representative from ICT1 noted that an innovative orientation is increasingly important, in order for the company to "stay ahead" and not to "get run over" by competitors. However, costs of innovativeness were highlighted by the manager from FOOD, who mentioned the difficulty of educating consumers about the company's new products:

Sometimes it's easy to do, be same-same. Where with innovativeness comes a cost and the whole education process. So it's all fine and well for the government to sit there in their offices and say the only way that New Zealand is going to get out of the bottom of the OECD is to become innovative. Great, but at the end of the day there's a lot of education and there's a lot of money that needs to go in behind that. (FOOD)

The concept of **proactiveness** also evolved from the interviews. For example:

I'd like to go back to what I first said initially. I'm just following, it's just coming natural. I see an opportunity and I jump on it and I execute it and I make sure it happens. I don't sit here and think about what could have been? I don't ever want to die wondering, I suppose. (MFG1)

Similarly, the representative from FOOD noted:

Being responsive to enquiries, being proactive, keeping in contact with your people. We don't ever put our product on a boat and wave good-bye to it. We're very much there. And I think that if that's your idea of exporting, then you will be sadly mistaken. And I think it's being there. You know, like it's being there constantly. You can't do it from sitting here in New Zealand. You have to be there. (FOOD)

This suggests a proactive and aggressive approach towards the identification of new international market opportunities and underlines the drive of the entrepreneurs to "make things happen". As the comments suggest, "being there" in the markets and meeting and engaging with customers were considered as key ingredients for performing successfully on an international stage. As mentioned earlier, this may also be an important part of positioning the firm as a "global company" as opposed to an "exporter".

Compared to proactiveness and innovativeness, **risk-taking** seemed to be less relevant for the case companies. For example, the manager from OIL noted that the firm is rather conservative in nature and tries to reduce risks:

People disagree with me on this, but primarily I think it's highly important that people have a plan to grow within their capacity. We're sitting in a recession at the moment, probably the world's worst in eighty years. We're in a position better than 99% of the companies in Australia primarily because we basically had no debt. We had a very

good position with the bank. It's very attractive to get large orders when you start off, but they can be crippling. We had a philosophy of growing within ourselves and we've been able to maintain our standards as we've expanded exponentially. To me it's highly important to develop within yourself. It's very nice having huge goals and big targets. You should always have goals, but goals should be realistic and not put the company at risk. (OIL)

In general, the interviews revealed that the firms adopted a relatively "calculated" approach, and were thus characterised by a relatively low level of risk-taking. In addition, the managers noted that they prepared carefully for internationalisation. For example, the manager from MFG1 commented that the company established patents before going international:

From 2003 to 2006, we just set all our intellectual property rights, patents, trademarks, copyrights and so on and so forth. And basically prototyped and tested and broke and cracked and did everything to make sure that what we're going to bring to market was second to none. So we went global in 2006. (MFG1)

The manager from MFG1 explained the importance of setting up patents and intellectual property rights in order to get orders from large retailers:

And so big-box retailers are not going to invest money in products that they can't sell. And you actually, when you sign up with these companies, you have to sign a waiver to say that the product is registered, is patented, and that you are not infringing on anyone else's rights. So I definitely believe that that is a definite, strong point. (MFG1)

This comment demonstrates that patents were used as intangible knowledge assets to prepare for internationalisation, as has been identified previously in born globals by Mudambi and Zahra (2007).

In addition to exploring the literature-suggested aspects of international orientation, risk-taking, innovativeness and proactiveness, our qualitative approach allowed us to examine other emerging themes from our interviews. **Passion** was one such theme, which was raised frequently. For example, the managers from MFG1 and MFG2 commented:

I'm following a passion. I'm following a dream. And everything that I'm doing you can look at it from a, you know, textbook point of view. It's just something that's really

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4 *just coming natural to me as a CEO... I'm an entrepreneur at heart. It's in my blood,*
5 *it's in my family. My dad was an entrepreneur. He developed a range of products in his*
6 *industry. And also did exactly what I'm doing worldwide. (MFG1)*
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10 *I think it's just passion. About wanting to do the business. Basically, having the vision*
11 *and passion to go offshore. (MFG2)*
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14 Another manager indicated that passion should be accompanied by business skills to ensure
15 company success:
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18 *Entrepreneurs are driven by passion, but they often lack business skills. There are*
19 *very few entrepreneurs that have both passion and business skills. If passion is*
20 *complemented with business skills, then there will be successful entrepreneurs. (ICT2)*
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24 This suggests that passion by itself may not be sufficient for successful entrepreneurs. All of
25 the interviewees demonstrated strong passion for their business, strong teams and good
26 business skills within their firms, which were critical to success. As the manager from ICT1
27 noted, "my team is extremely passionate and absolutely hungry for success." If entrepreneurs
28 lack business skills, the wider top management team or other external factors, such as
29 business relationships, may play an important role in offering business skills.
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37 The attribute of **perseverance** was also considered as an important driver for
38 performing successfully in overseas markets. For example:
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42 *And perseverance. Very, very important. Without perseverance we would have given*
43 *up a long time ago. Because it is very, very hard to break into international markets.*
44 *But it's got to be a long-term plan. So that's some of the characteristics that you need.*
45 *(MFG2)*
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48 *You know, we're only about 5% through of where I want to be. But I understand and I*
49 *recognize and I'm getting to learn this a little bit more as I get a little bit older that*
50 *there's no reason to sprint a marathon. But I'm not desperate to do anything. I want*
51 *do it and execute it 100% correctly. If I feel it's the right man for the job, then I'm*
52 *prepared to wait. I mean I'm not into a quick fix. I'm into long-term strategic*
53 *relationships. (MFG1)*
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The metaphor in the quote above “There’s no reason to sprint a marathon” from the MFG1 manager elegantly captures the dimension of perseverance and the associated long-term outlook. This suggests that understanding the “bigger picture” and putting in the necessary effort over time are important for these companies to succeed internationally, rather than looking for a quick fix. Patience and perseverance seem to be critical attributes for enduring challenging times. The key themes related to EO that evolved during the course of our interviews are summarised in Table 3.

Table 3 about here

Discussion

The objectives of this study were to examine how entrepreneurial orientation is manifested in the context of born global firms. Specifically, we sought to identify whether or not the three dimensions of the Miller/Covin and Slevin EO scale – innovativeness, proactiveness and risk-taking – were identifiable in born global firms. In addition, we investigated the potential of additional dimensions of EO, thus responding to Covin and Miller’s (2014, p. 12) call for research on “unrecognized elements of EO/IEO”.

Our interviews offered strong support for the importance of proactiveness as a component of entrepreneurial orientation. This is consistent with the literature and aligns with the INV model developed by Oviatt and McDougall (1994), which emphasises a proactive attitude and an opportunity-seeking strategic posture as key to INVs’ successful, rapid internationalization. The literature suggests that proactiveness may yield several advantages for firms, ranging from first-mover advantages (Lyon *et al.*, 2000) to superior business performance (Blesa and Ripollés, 2003; Frishammar and Andersson, 2009; Hughes and Morgan, 2007). Our interviewed firms displayed high levels of proactiveness and were, thus,

active in the exploration of opportunities. As such, these firms appear to operate more as 'leaders' than 'followers' (Lumpkin and Dess, 1996).

Another EO dimension, innovativeness, received strong support in our interview data. Lumpkin and Dess (1996, p. 142) defined innovativeness as a "firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes". Schumpeter (1934) identified it as lying at the heart of entrepreneurship. The firms in our study showed high levels of innovativeness, with respect to both technology and improving business processes. The interviewed managers stressed the importance of innovativeness for superior performance and competitive advantage, in order "not to get run over". These findings are consistent with the extant literature. For example, Lumpkin and Dess (1996) argued that young and small firms may depend more on innovativeness than older and larger companies. Innovativeness has also been linked to better firm performance (Calantone *et al.*, 2002; Cho and Pucik, 2005; Hughes and Morgan, 2007; Hult *et al.*, 2004). In a study of 211 high-technology UK firms, Hughes and Morgan (2007) examined the five dimensions of EO as developed by Lumpkin and Dess (1996), and reported a positive association between innovativeness and business performance. We obtained similar results in our interviews.

The third of the established EO dimensions, risk-taking, was of much less concern to the firms in our study. Defined as "the degree to which managers are willing to make large and risky resource commitments – i.e., those which have a reasonable chance of costly failures" (Miller and Friesen, 1978, p. 923), risk-taking is related to deciding on projects that are characterised by high potential losses. Our interviewees generally focused on reducing risk by carefully preparing for internationalisation.

While these findings differ from the traditional EO literature (e.g., Miller, 1983; Covin

and Slevin, 1989), they are consistent with some more recent studies. Studying Australian born globals, Liesch *et al.* (2007) found that the firms tended to adopt confident, but cautious, strategies that were not overly risky, but rather based on a quiet confidence in their abilities by focusing on serving the needs of their overseas clients. As one born global manager noted, “don’t put all your eggs in one basket and watch your costs” (Liesch *et al.*, 2007, p. 24). Partnering with larger firms was used as a risk-minimising strategy. Some scholars (e.g., Hughes and Morgan, 2007) have pointed to the potential negative effects of risk-taking on performance, while Frishammar and Andersson (2009) reported no significant relationship between risk-taking and international performance, and concluded that small firms “cannot make any risky resource commitments when going international” (2009, p. 71) and, therefore, may adopt internationalisation strategies with low levels of risk. This may be attributed to born globals’ small resource base, such that costly failure would jeopardise survival. Morgan and Strong (2003) concluded that high-performing medium and large firms were distinctly cautious, and not characterised by risk-taking attitudes. Another potential explanation for the relatively low level of risk-taking in our sample firms may be related to the external environment; the interviews were conducted during the Global Financial Crisis, which may have shaped the risk-taking attitude of the born global managers; they may have adopted a more cautious attitude for their business activities, given the challenging developments in the external environment.

Our study also responds to Covin and Miller’s (2014) recommendation for research on potential unrecognised elements of EO. The interviews revealed the importance of both perseverance and passion. Perseverance has been described as a necessary condition for being successful at starting and running entrepreneurial ventures (Baum and Locke, 2004), and relates to “continued goal striving in spite of adversity” (Van Gelderen, 2012, p. 630).

According to Baum and Locke (2004, p. 588), perseverance involves “sustaining goal-directed action and energy even when faced with obstacles”. In the entrepreneurship context, as individuals react differently to similar adverse situations, it has been proposed that the ability to persevere may determine the success of a new venture (Markman, *et al.*, 2005). For example, perseverance has been found to have an indirect effect on venture growth (Baum and Locke, 2004), and linked to successful leadership (Kirkpatrick and Locke, 1991), on the basis that effective leaders have a “degree of strength of will or perseverance” (Bass 1990, p. 68). In addition, the determinants of perseverance in the business start-up phase have been examined in the literature, focusing on the role of entrepreneurs’ cognitive orientation. For example, Gatewood, Shaver, and Gartner (1995) found that entrepreneurs who displayed internal/stable reasons for establishing their business ventures (e.g., “I’ve always wanted to have my own business”) were more likely to persist in their actions that led to the successful creation of the new venture. Baron (2000) showed that entrepreneurs were significantly less likely to engage in counterfactual thinking (“What might have been?”) in the venture formation process, and displayed significantly less regret over past actions, compared to non-entrepreneurs. Gatewood, Shaver, Powers, and Gartner (2002) examined the relationship between entrepreneurial expectancy and the effort-performance linkage. Their study provided evidence that the type of feedback (positive or negative) regarding entrepreneurial abilities changed the expectancies of future entrepreneurial performance, although not the level of effort to persevere on the entrepreneurial task (Gatewood *et al.*, 2002). Operationalising perseverance as perceived control over adversity and responsibility for the outcome of adversity, Markman *et al.* (2005) found that entrepreneurs tended to have higher levels of perseverance than non-entrepreneurs. In addition, perseverance was positively related to annual earnings (Markman *et al.*, 2005), thus potentially being a driver of an overall, albeit

crude, measure of personal success.

As shown above, perseverance is related to the continued goal-striving in spite of adversities, and is, thus, linked to the survival of the firm. However, while perseverance is arguably necessary for survival, the literature indicates the primary need for critical business skills, especially in light of prior findings that the lack of appropriate management skills and poor financial management (e.g., inadequate accounting records and knowledge, lack of capital) are the two key causes of business failure (Hall and Young, 1991; Berryman, 1994). Our findings support this view. For example, the manager of ICT2 emphasized several times that “the first rule of business is to stay in business”, and noted that many new companies fail because even though the entrepreneurs in the firms are passionate, they may lack the required business skills. The manager from MFG1 used the analogy of not “sprinting a marathon” in reference to the need for both perseverance and a strong business foundation. Thus, our interviews revealed that strong perseverance and a long-term strategic outlook are critical for born globals, in order to survive and prosper.

Passion was the second new dimension related to entrepreneurial orientation that was clear in our interviews. Interviewees described it as a fundamental posture that is necessary, in order to succeed in business. Similar to perseverance, participating managers noted that passion is a necessary, but not sufficient, component of business success, highlighting that, even though entrepreneurs are passionate, they may fail if they lack the necessary business skills. The role of passion has been emphasised in the popular press, with well-known leaders such as Steve Jobs noting that “Being the richest man in the cemetery doesn’t matter to me. Going to bed at night saying, I’ve done something wonderful. That’s what matters” (Gallo, 2011).

Entrepreneurial passion has been defined in the literature as “consciously accessible,

intense positive feelings experienced by engagement in entrepreneurial activities associated with roles that are meaningful and salient to the self-identity of the entrepreneur” (Cardon *et al.*, 2009, p. 517). In the psychology field, entrepreneurial passion has been conceptualised as a “strong inclination toward an activity that people like, that they find important, and in which they invest time and energy” (Vallerand *et al.*, 2003, p. 757). Passion is an intense positive emotion, and has a motivational effect that stimulates entrepreneurs to overcome obstacles and remain engaged (Cardon *et al.*, 2009). Smilor (1997, p. 342) noted passion as “perhaps the most observed phenomenon of the entrepreneurial process”, and Ma and Tan (2006) argued that entrepreneurship is the embodiment of passion. Cardon *et al.* (2005) proposed the parenthood metaphor, by describing entrepreneurship as a “parent and child” relationship in which the entrepreneur feels a sense of attachment and identification with his/her own venture that is analogous to the parenting process. As a result, values such as passion, identification, attachment and nurturing, as well as fear, rejection and regret, are key attributes of the entrepreneurship process (Cardon *et al.*, 2005).

However, despite the importance of passion for entrepreneurs, it has been argued that entrepreneurial passion has not been studied systematically and existing research is generally fragmented (Cardon *et al.*, 2009; Shane *et al.*, 2003). In particular, there are few empirical studies dealing with passion among entrepreneurs (Shane *et al.*, 2003). Passion has been found to have an indirect positive relationship with venture growth, mediated by variables such as vision, goals, self-efficacy, competency, motivation, and competitive strategy (Baum and Locke, 2004; Baum *et al.*, 2001). Passion has also been linked to enabling greater opportunity recognition, idea development, and opportunity execution (Shane *et al.*, 2003; Baron and Ward, 2004). In our interviews, passion was perceived as a *sine qua non* an indispensable “must-have”, in order to be successful. The managers were “naturally

passionate” about their business (e.g., the interviewee from MFG1 noted that he is following a passion and a dream), while several managers likened their companies to “a small family”, lending support to the “parenthood metaphor” of Cardon *et al.* (2005). Based on our empirical findings, we propose that researchers consider incorporating perseverance and passion as new elements of EO as they are conceptually distinct from the dimensions of proactiveness, innovativeness, and risk-taking.

Limitations and future research

Our qualitative methodology is a strength, in that it provided us with rich data that allowed an in-depth examination of how EO is manifested in born globals, along with exploration of potential additional dimensions of EO for born global firms. However, the small number of cases makes our findings tentative in nature. In addition, the limited geographical context of Australia and New Zealand may not be representative of born globals in other parts of the world. The timing of our interviews, in the midst of the global financial crisis, could also have suppressed the level of risk taking of the firms in our sample.

Future research studies, with larger size samples and with born global firms from other parts of the world, and at a different point in time are needed. In addition, future studies may investigate how EO is present in born globals that are using various entry modes, thus responding to Covin and Miller’s (2014) suggestion that differences in investment strategies (e.g. overseas manufacturing vs. exporting) may affect the dimensions of EO. Covin and Miller (2014) called this the “cascading effect” of EO. Another potential future research area relates to the role of international trade shows as a manifestation of proactiveness. In this regard, further investigation into the motives for using trade shows and the dynamics on how trade shows are being effectively utilised by born globals may represent worthy avenues for

future research.

Concluding remarks

This is one of the few studies that delves deeply into the EO construct as it relates to born global firms; in doing so, we add to the theoretical understanding of the construct. Our study found strong support for the EO dimensions of proactiveness and innovativeness among these rapidly-internationalising firms. Risk-taking was present, albeit to a lesser degree, as the born global firms in our sample were generally relatively conservative, and in several cases, actively sought to reduce risk. Thus, contrary to most studies of EO, we found that risk-taking was not necessarily manifest alongside proactiveness and innovativeness. Consistent with Dai et al. (2014), this suggests that a multidimensional measure of the EO construct, which accounts for the dimensions separately, might be more useful than the aggregated measure associated with the Miller/Covin & Slevin (1989) scale. Further, the support that we found for the additional dimensions of perseverance and passion sheds light on EO in the context of born global firms, contributing to the IE literature. Specifically, our findings suggest that these two dimensions merit consideration as part of the EO construct, as separately-measured dimensions of the construct. We hope that future research will build on our exploratory study and further advance our understanding of EO, which is arguably an essential component for born global firms.

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Table 1: The measurement of EO and IEO in the context of born globals/INVs

Author	EO or IEO	Definition of EO/IEO	Operationalisation of EO/IEO	Journal*
Knight (2001)	IEO	“International entrepreneurial orientation is a fundamental corporate posture, contributing strongly to the international performance of the SME. It emphasizes innovation, risk taking, and a generally proactive approach to business in foreign markets.” (p. 159)	8 items adapted from Khandwalla (1977), Covin & Slevin (1989); Miller & Friesen (1984)	JIM
Ibeh & Young (2001)	Export-entrepreneurial orientation	“Export-related innovativeness (i.e. the extent to which they pursue new product ideas for export, consider new export markets, seek new information on exporting); proactiveness (nature of motivations regarding exporting, search for export information, attendance at local/foreign trade fairs); and risk taking (perceptions of exporting risks versus opportunities, relative focus on domestic versus export markets, relative emphasis on current export returns versus long-term marketing objectives).” (p. 570)	10 items Proactiveness Innovativeness Risk-taking	EJM
Knight & Cavusgil (2004)	IEO	“International entrepreneurial orientation reflects the firm’s overall innovativeness and proactiveness in the pursuit of international markets. It is associated with innovativeness, managerial vision, and proactive competitive posture.”(p. 129)	12 items adapted from Khandwalla (1977) and Covin & Slevin (1989)	JIBS
Mostafa et al. (2006)	EO		9 item scale as developed by Covin & Slevin (1989) Proactiveness Innovativeness Risk-taking	JIE
Freeman & Cavusgil (2007)	IEO	“International entrepreneurial orientation refers to the behavioral elements of a global orientation and captures top management’s propensity for risk taking, innovativeness, and proactiveness” (p. 3)	Qualitative study: Proactiveness Innovativeness Risk-taking	JIMKTG
Ripollés-Méla et al. (2007)	EO		9 item scale as developed by Covin & Slevin (1989) Proactiveness Innovativeness Risk-taking	JIE
Zhou (2007)	International entrepreneurial proclivity		14-item scale adapted from Covin & Slevin (1989); Lumpkin & Dess (1996); Smart &	JWB

Author	EO or IEO	Definition of EO/IEO	Operationalisation of EO/IEO	Journal*
			Conant (1994); Knight & Cavusgil (2004) Proactiveness Innovativeness Risk taking	
Kuivalainen et al. (2007)	IEO	Proactiveness, innovativeness, competitive aggressiveness	24-item scale Proactiveness and innovativeness items adapted from Jambulingam et al. (2005) Competitive aggressiveness: adapted from Narver & Slater (1990) and Jaworski & Kohli (1993)	JWB
Jantunen et al. (2008)	EO		9 items adapted from Naman & Slevin (1993) and Wiklund (1998)	JWB
Kropp et al. (2008)	IEO	Proactiveness, innovativeness and risk-taking	15-item scale adapted from Covin & Slevin (1989); Khandwalla (1977); Miller & Friesen (1984); Lumpkin & Dess (1996)	IJEER
Knight & Kim (2009)	International orientation		11 items adapted from Khandwalla (1977), Covin & Slevin (1989); Miller & Friesen (1984)	JIBS
Frishammar & Andersson (2009)	EO		9-item scale as developed by Covin & Slevin (1989) Proactiveness Innovativeness Risk-taking	JIE
Sundqvist et al. (2012)	IEO	“A set of behaviors associated with the potential creation of value, which manifest themselves as proactive and innovative methods, risk-taking activity, autonomous actions, and an emphasis on outperforming rivals, all variously aimed at discovering, enacting, evaluating, and exploiting opportunities across national borders.” (p. 205)	Proactiveness, innovativeness, risk-taking, and autonomy items adapted from Jambulingam et al. (2005) Competitive aggressiveness items adapted from Narver	IMR

Author	EO or IEO	Definition of EO/IEO	Operationalisation of EO/IEO	Journal*
			& Slater (1990) and Jaworski & Kohli (1993)	
Boso et al. (2013)	EO		13 items based on Lumpkin & Dess (1996), Covin & Slevin (1989), Jambulingam et al. (2012)	JBV
Dai et al. (2014)	EO		9-item scale as developed by Covin & Slevin (1989)	JBV

*JIM=Journal of International Management
EJM=European Journal of Marketing
JIBS=Journal of International Business Studies
JIE=Journal of International Entrepreneurship
JIMKTG=Journal of International Marketing
JWB=Journal of World Business
IJEBr=International Journal of Entrepreneurial Behaviour & Research
IMR=International Marketing Review
JBV=Journal of Business Venturing

Table 2: Profile of interviewed companies¹

	FOOD	ICT1	ICT2	EDUC	OIL	WINE	MFG1	MFG2
Number of employees	15	70	75	32	50	8	15	42
Industry	Food	ICT	ICT	Education	Oil and Gas	Wine	Manu- facturing	Manu- facturing
Year of establishment	2001	2001	1999	2003	2002	1998	2003	1994
Year of first internationalisation	2003	2002	2001	2005	2003	1998	2006	1997
International sales ratio three years after firm establishment	60%	99%	98%	51%	50%	75%	40%	30%
First main international markets	USA, Australia, Singapore	Korea, USA, UK, Japan, Taiwan	France	Singapore Canada	Middle East	USA, UK, Europe	Hong Kong, Singapore UK, USA, Taiwan	USA, UK, Australia
Entry mode to first main international markets²	Export	Export, WOS(M)	Export	Export, Strategic alliance	Export, Joint venture	Export	Export, WOS(S)	Licensing, Export, Strategic alliance

¹ In order to preserve anonymity, the company names are not revealed. Instead, the company's industry is used as an identifier (e.g., FOOD, ICT1 etc.)

² WOS(M)=Wholly-owned manufacturing subsidiary, WOS(S)=Wholly-owned sales subsidiary

Figure 1: Coding structure for interviews

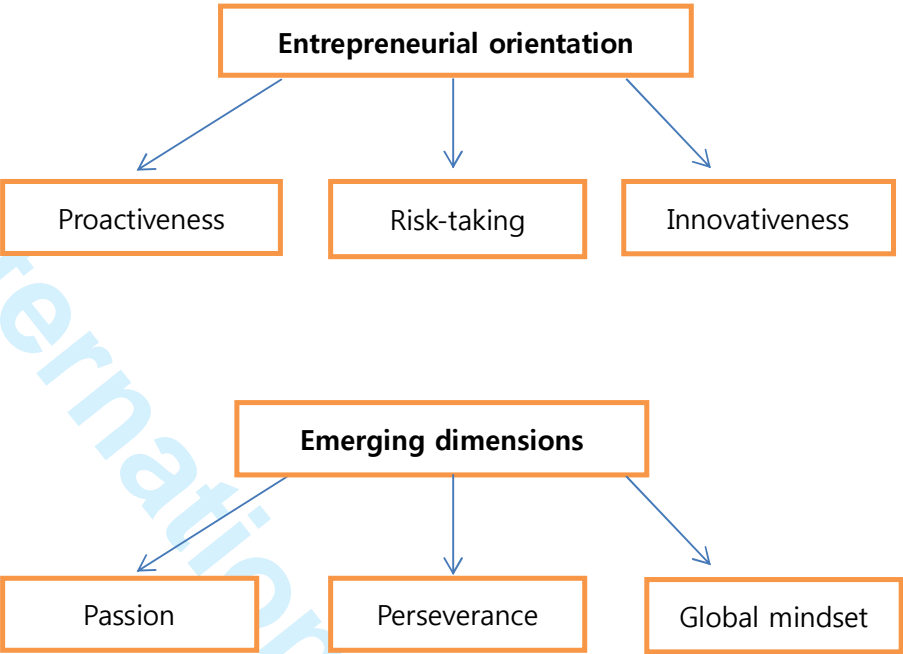


Table 3: Dimensions of EO from interviews

EO dimensions					
	Proactiveness	Risk-taking	Innovativeness	Perseverance	Passion
FOOD	Strongly present	Low degree	Strongly present	Strongly present	Strongly present
ICT1	Strongly present	Low degree	Strongly present	Strongly present	Strongly present
ICT2	Present	Low degree	Strongly present	Strongly present	Present
EDUC	Strongly present	Low degree	Strongly present	Present	Strongly present
OIL	Strongly present	Low degree	Strongly present	Strongly present	Strongly present
WINE	Present	Low degree	Present	Present	Strongly present
MFG1	Strongly present	Present	Strongly present	Strongly present	Strongly present
MFG2	Strongly present	Low degree	Strongly present	Strongly present	Strongly present