

ISSN: 2313-6758

Volume 2, Issue 12

Pages: 554-570

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## Presenting a Conceptual Model of Organic Entrepreneurial Venture Growth: An Alternative Perspective

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The multidimensional view of entrepreneurial venture growth is addressed differently by number of scholars. However theoretical bases in this regard are still fragmented. We complement Rauch, et al., (2009) and Saeed, et al., (2014) and develop a conceptual framework on entrepreneurial organic venture growth. Entrepreneurial Orientation and venture growth have identified as main constructs of the study and potential moderators were also developed. Pertaining propositions established and finally an integrative conceptual model was developed to depict entrepreneurial venture growth. Also, the application of these constructs in a different setting has important implications. Finally we affirmed that, more scholarly investigations are required in this regard to validate the applicability of the model.

**Keywords:** Core Competencies, Entrepreneurial Orientation, Entrepreneurship, Growth, Organic,

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## INTRODUCTION

The notion of venture growth is multidimensional. Different scholars conceptualize it and view differently. This diverse dimensional views have attracted much scholarly attention at present, however, scholars' view in this regard is the literature is still fragmented (Wiklund, et al., 2009; Shepherd & Wiklund, 2009). Despite the high interest among the scholars at present on entrepreneurial venture growth, Wiklund, et al., (2009) postulated that the phenomenon has a less attention and conceptual and theoretical developments have been limited. Based on their emphasis, we intend to create picture on entrepreneurial venture growth by means of developing a conceptual model. We believe our attempt will contribute positively to disentangle the existing fragmented literature.

Growing entrepreneurial venture typically comprehends the value of expansion. In general, expansion can either be organic or inorganic. Within the perspective or organic growth of an entrepreneurial venture strategy of an entrepreneur and the resources the typical venture holds are invariably add value for the notion of expansion. In our foci, strategy of an entrepreneur viewed as Entrepreneurial Orientation (EO) (Lumpkin & Dess, 1996) and resources viewed as Core Competencies (CC) (Ljungquist, 2007). Given the understanding of EO and venture growth relationship has built a substantial cumulative body of knowledge, we bring potential moderators as refiners of the EO growth relationship (see, Rauch, et al., 2009). Furthermore, we bring cultural dimensions to the conceptual model as a blunt variable which is also an external influencer. Finally, we postulate CC and national culture can be employed as moderators of EO growth relationship, that inevitably brings novelty as an alternative perspective of organic entrepreneurial venture growth.

Given the prerequisite and the scholarly attempt, this study intends to construct a conceptual model of organic entrepreneurial venture growth within the context of Small and Medium Sized firms. As a starting point, we intend to identify the core constructs of the study as an entry point to discuss theoretical perspectives and pertaining proposition developments. Thereafter, the study proceeds to the discussion and presentation of the conceptual model of organic entrepreneurial venture growth.

### *Identification of the core constructs*

Regardless of the type of the size of a venture, entrepreneurship is in prime importance. Even after the establishment, entrepreneurial activities are indispensable to proper positioning of the desired value proposition. In other words, remaining 'entrepreneurial' is vital to entrepreneurs. Indeed, to be entrepreneurial, it requires innovation, expanding, and starting additional ventures (Davidsson, 1989). Given that, the notion of 'expanding' we rationalize as 'Growth'; and emphasize, venture growth is the essence of entrepreneurship. As we pointed above, venture growth has an increasing interest among the scholars at present (Delmar, et al., 2003; Brown, et al., 2001). Nevertheless, the notion of 'growth constitutes one of the least studied dimensions of performance within the field of management' (Moreno & Casillas, 2008, p.507). Adding to this, Ferreira, et al., (2011) write, the main cause for firm growth and success can be found inside of the firm. That is, factors with regard to the entrepreneur or to the owner manager. Based on the Ferreira, et al's rationalizations on venture growth, we keen to postulate that factors inside the firm are simply the entrepreneur and the resources which he/she holds. Our next constructs are developed based on the conceptualization of entrepreneur refers to the owner manager who should require to be capable enough to manage the venture lucratively. Thereby we bring Entrepreneurial Orientation (EO) as a dimension or a construct which depicts the strategy of an entrepreneur. Adding to that Moreno & Casillas (2008) affirmed, 'growth tends to be considered as a logical consequence of innovative, proactive and risk-taking behavior on the part of the firm, as these are the dimensions which define an Entrepreneurial Orientation (EO)', (p.507). Thus we affirm that our conceptualization is rational, in the perspective of entrepreneurship. Therefore, we build our next construct as EO as an antecedent of entrepreneurial venture growth.

Having known EO and growth as constructs of the conceptual model, we take an approach as follows to point out our next construct. Among the different conceptualizations of entrepreneurship, Venkataraman(1997) postulated that '...entrepreneurship as the scholarly examination of how, by whom, and with what effects opportunities to

create future goods and services are discovered, evaluated, and exploited' (p.218). This definition views entrepreneurship as identifying and exploiting an entrepreneurial opportunity. This is indeed a promising definition of entrepreneurship. Nonetheless, we state that the peoples' willingness to take an initiative and seek for new entrepreneurial opportunities, is at least or partially depend and implicitly influenced by cultural heritages. Thus we integrate Venkataraman's definitions of entrepreneurship and state that the premise of opportunity recognition which is also the entrepreneurship is largely implicitly influenced by the vested culture. Thus in this conceptualization we implement national culture as a dominant influencer to the conceptual model.

Furthermore, apart from the 'entrepreneur' we bring Core Competencies as a complete indicator of venture resources. That is also based on Ferreira, et al's rationalizations of 'factors inside the firm'. Establishing the domain of core competencies Ljungquist (2007) posited while criticizing the literature (e.g., Javidan, 1998; Prahalad & Hamel, 1990) and emphasized that core competencies can be presented in a merged hierarchy with the associated concepts of capabilities (as a supporting factor for core competencies) competencies (as improvements for core competencies) and resources (as utilizes of core competencies).

Above identification of variables or constructs of the conceptual model limits variables because, Homburg et al., (2008) warn a list of items in a variable can possibly lead to impede the detection of configurational cluster structures in empirical data. Thus our model formulation captures EO and growth relationship and the potential moderators of national culture and core competencies.

## **THEORY AND PROPOSITIONS DEVELOPMENT**

### ***Entrepreneurial Orientation and Growth***

At the outset, we write EO is a dimension or a construct which depicts the strategy of a sole entrepreneur. The notion of EO firstly asserted by Miller(1983) encompassing the dimensions of innovativeness, proactiveness and risk taking dimensions. Since then, number of empirical investigations have been conducted the EO-performance relationship. Most of the studies have found positive associations but the strength of relationships varies knowingly across

contexts (Wales et al., 2013). However, Lumpkin & Dess, (1996) stated five dimensional framework of EO - risk-taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy. Furthermore, Lumpkin & Dess's framework is less examined in the entrepreneurship literature (Hughes & Morgan, 2007).

As we referred to Moreno & Casillas(2008), we strive to postulate the fact that, EO is inevitably a antecedent of venture growth. Our conceptualization is rational and we state that strategy of an entrepreneur (i.e., EO) is a dominant indicator of growing. Which means proper execution of lucrative strategies is indispensable for expansion as we state above. Stating the empirical justification; EO and growth relationship is not universally proven (Cassia & Minola, 2012) we intend to build EO as a main predictor construct of growth. Supportively, there are exceptions to the EO and firm performance relationship (Morgan & Strong, 2003; Colvin & Selvin, 1991). Also, there are very few number of studies have been assessed the EO and venture growth relationship (Moreno & Casillas, 2008; Covin, et al., 2006). Moreover, it is essential to assess intrinsic strategic characteristics which affect growth (Soininen et al., 2012). Also, Baum & Locke(2004) postulated somewhat differently the same meaning of entrepreneur's intrinsic characteristics and write, entrepreneur's traits, skill and motivation categories are significant direct or indirect predictors of new venture growth. Thus we intend to adopt EO as a construct which indicates intrinsic strategic characteristics of an entrepreneur. Supportively, EO is a construct which researched numerously within the fields of strategic management (Soininen et al., 2012). Focally, we differs this model formulation from other models, because we intend to extend to notion of EO which has numerously researched using Miller's (1983) framework.

In terms of business performance the notion of EO act as a valuable construct which depicts the entrepreneurs strategy. But we rationalize and argue the concept of venture growth is also another important dimension which talks about a complete picture acquired through high performance of a venture. In this EO and performance relationship several studies have reported positive (Jantunen et al., 2005; Madsen, 2007; Wiklund & Shepherd, 2005; Harms et al., 2010) no (Smart & Conant, 1994) relationships. However these 'relation is found not to be universally proven' (Cassia & Minola,

2012, p.181). Also studies such as Colvin & Selvin (1991) and Lumpkin & Dess (1996) suggest a positive relationship between EO and growth of firms. Direct effects from EO on growth suggest by Gurbuz & Aykol (2009) and Soinenen et al., (2012). Furthermore, EO and growth orientation are positively related to each other (Moreno & Casillas, 2008).

Our view in this regard is, EO a construct which has less interference from other variables. That is because strategy execution of an entrepreneur solely depends on the ability and the need of accomplishment. Thus we intend to build our main proposition as follows;

**Proposition 01:** *Entrepreneurial orientation has a direct positive influence on entrepreneurial venture growth.*

Suggesting the relationship of EO and growth following section details the sub-propositions anticipated. Further, it is important to know that, this sub-proposition development is mainly focusing on the direct relationships those have with the entrepreneurial venture growth regardless of the external influencers.

Shumpeter (1934 cited in Gurbuz & Aykol, 2009) initiated the notion of innovativeness to the entrepreneurship literature. Further, Lumpkin & Dess (1996) emphasized that innovativeness as a main construct in EO since it reflect an important means through which firms pursue new opportunities. Also they stated innovativeness as, 'the tendency of a firm to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes' (p. 142). Meanwhile, Rauch, et al., (2009) postulated that '[i]nnovativeness is the predisposition to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership via R&D in new processes' (p.736). Highlighting the prime importance of innovativeness of a firm Covin & Slevin (1991) stated if innovation is not employed there is no firm level entrepreneurship. Supportively, innovativeness has a positive influence on firm performance (Hughes & Morgan, 2007; Calantone, Çavuşgil, & Zhao, 2002; Hult, Hurley, & Knight, 2004). Perhaps most notably, Brüdel & Preisendörfer (2000) postulate innovation is the most important predictor for growth of the venture. Overall, we are keen to state that, since the era of industrial revolution much of the rise of living

standards among people is due to innovation capabilities of ventures. Entrepreneur's innovation capability not only creates positive contributions on effective competition but also to enhance national progress. Despite the other factors such as current technology, we state that entrepreneur's innovativeness inevitably has positive contributions to growth of a venture. Accordingly following sub-proposition is realized;

**Proposition 01a:** *Innovativeness has a positive direct influence on growth of entrepreneurial ventures.*

The general acceptance of risk taking is the willingness of an entrepreneur to assume a calculated risk in his business dealings. Also it is important to recognize that the definition of the typology of risk taking differs and vary from the context which it applies. However, Miller(1983) write risk taking initiatives that are motivated financially are not necessarily considered as entrepreneurial. Offering a definitional angle, Lumpkin & Dess(1996) write that the notion of risk taking is a vested concept in the phenomenon of entrepreneurship and risk taking is a prime assumption in entrepreneurship. But Brockhaus(1980) suggested determine either entrepreneurial or non-entrepreneurial, risk taking is not a feature to consider. In contrast, Lumpkin & Dess(1996) posited all business attempts involve some degree of a risk assume. Nonetheless, the researchers add that the risk can be mitigated by the knowledge which the owner manager has of the opportunity identified. Meanwhile, Rauch, et al., (2009) write, '[r]isk taking involves taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments' (p.763).

In entrepreneurship literature 'risk taking and entrepreneurial behavior dimensions are sometimes considered as synonymous' (Gurbuz & Aykol, 2009; p.323). Furthermore, risk-taking reflects 'an acceptance of uncertainty and risk inherent in original activity and is typically characterized by resource commitment to uncertain outcomes and activities' (Hughes & Morgan, 2007; p.652). Study conducts by Hughes & Morgan (2007) affirm risk taking has a negative relationship on performance of venture. However, our justifications are different. In this perspective of entrepreneurial risk taking behavior perspective Das & Teng(1997) claimed that future orientations of individuals have an

influence upon the type of risk that they assumed and each defined as an entrepreneur or a non-entrepreneur. First, according to near-future orientation tend to be associated with risk averting behavior and he/she is improbable to be an entrepreneur (Das & Teng); second, distant-future orientated entrepreneurs are more likely be concerned about the future than the present and these entrepreneurial behavior is associated with risk-seeking propensity resulting the behavior is likely to be entrepreneurial (Das & Teng). Thus, bearing mind that remaining entrepreneurial is vital for a growing venture, we develop the next sub-proposition as;

**Proposition 01b:** *Distant-future oriented entrepreneurs with risk-seeking behaviour have a positive influence on growth of entrepreneurial ventures.*

Lieberman and Montgomery (1988 cited in Lumpkin & Dess, 1996) would be a good starting point to initiate the notion of proactiveness of an entrepreneur. They claimed the importance of first mover advantage as the finest way to capitalize entrepreneurial opportunity. This is recognized as important because, first mover in an industry can possibly gain high profits while establishing brand recognition. Adding to that, '...taking initiative by anticipating and pursuing new opportunities and by participating in emerging markets also has become associated with entrepreneurship' (Lumpkin & Dess, 1996, p.146). This typology is known as proactiveness. Supportively, '[p]roactiveness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand' (Rauch, et al., 2009, p.763) and proactiveness is an associate concept in entrepreneurship (Walter et al., 2006). Hughes & Morgan (2007), Lumpkin & Dess (2001) write proactiveness positively influence on venture performance. Accordingly, the following sub-proposition has developed based on the assumption of capitalizing entrepreneurial opportunity certainly requires first moving capability and thus we state that, regardless of the other influencers, proactiveness leads to growth. Thus we lay our next sub-proposition as;

**Proposition 02c:** *High level of opportunity seeking behavior (proactiveness) positively influence on growth of entrepreneurial ventures.*

The general understanding of new entrepreneurial ventures is, they tend to fail compared to established firms. Thus they required to initiate strategies to establish power and legitimacy in the market, basically in relation to key suppliers and customers. Porter (1985 cited in Lumpkin & Dess, 1996) posited that aggressive stance and intense competition are crucial to success and survival of new businesses. Thus Lumpkin & Dess (1996) write, '[c]ompetitive aggressiveness refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace (p.148). Moreover, '[c]ompetitive aggressiveness is the intensity of a firm's effort to outperform rivals and is characterized by a strong offensive posture or aggressive responses to competitive threats' (Rauch, et al., 2009, p.764). While Hughes & Morgan (2007) write, '[c]ompetitive aggressiveness conveys the intensity with which a firm chooses to compete and efforts to surpass competitors reflecting a bias toward out-maneuvering and outdoing rivals (p.652). They suggested that the typology of competitive aggressiveness refers to 'responsiveness'. The responsiveness can be in the form of head-to-head confrontation. Lumpkin and Dess added that, uncontroversial behaviors rather than traditional methods of competing are anticipated in competitive aggressiveness. The competitive advantage can be achieved by means of a competitive aggressive approach, and the typology has become a very important component in entrepreneurial orientation (Lumpkin & Dess, 1996).

The understanding of competitive aggressiveness is, if a venture outperforms others it eventually leads to enjoy a competitive advantage. Therefore we can postulate that it leads to growth as well. Thus we realize our next sub-proposition as follows;

**Proposition 01d:** *Higher degree of competitive aggressiveness positively influence on growth of entrepreneurial ventures.*

In the perspective of entrepreneurial orientation, autonomy refers to the extent of firms or owner managers to be independent and unconstrained in search of entrepreneurial opportunities. In general, self-determined people are often to unique in nature they hold new and better ideas, finally they make successful business out of it. Within the organizational

perspective, if freedom is granted to an individual and team who can possibly practice creativity and successful business ideas entrepreneurship inevitably occurs (Lumpkin & Dess, 1996). They further highlighted that '...an important impetus for new-entry activity is the independent spirit necessary to further new ventures' (Lumpkin & Dess, 1996, p.140). 'Autonomy refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion' (Lumpkin & Dess, 1996, p.140). Supporting this premise Rauch, Wiklund, Lumpkin, & Frese, (2009) write '*[a]utonomy refers to independent action undertaken by entrepreneurial leaders or teams directed at bringing about a new venture and seeing it to fruition*' [emphasis added] (p.764). Strengthening the typology further, Lumpkin & Dess (1996) posited that autonomy is a main measurement of an entrepreneurial orientation. The execution of autonomy in firms vary according to the size, ownership or management style (Lumpkin & Dess, 1996). Illustratively they suggested that in organizational perspective if the primary decision maker is the owner manager, thus the autonomy is implied by the vested authority of the position or the rights of ownership. Moreover the extent of execution of autonomy depends solely upon the level of centralization and how managers delegation of authority. This autonomous orientation permits firms to make self-reliant market oriented decisions with product and service novelties (Lumpkin & Dess, 1996; Frese, Brantjes, & Hoorn, 2002). Thus we form our final sub-proposition of EO as;

**Proposition 01e:** *Autonomy positively influence on growth of entrepreneurial ventures.*

*Insert Figure 01 here*

### **Moderators of EO-Growth Relationship** *National Culture*

As we noted above, almost every entrepreneurship researcher accept the fact that studies on EO has built a substantial cumulative body of knowledge with the inception of Miller's conceptualizations since 1983. Also, we intend to complement recent studies such as Rauch, Wiklund, Lumpkin, & Frese, (2009) and Saeed, Yousafzai, & Engelen, (2014) as well. Their identifications were EO-performance (our conceptualizations, EO-Growth) relationships requires assessments with potential moderators. Once (Rauch et

al., 2009) posited that national culture will be an influencer that inevitably has potential to address on EO-performance relationship. More concretely, we suggest national culture with the argument of people's willingness to take initiatives and seeking opportunities, at least partially depends on their vested cultural heritage. Thus we adapt national culture as an external influencer to the EO-growth relationship citing the seminal work of (Hofstede, 1981) cultural dimensions.

Our argument with regard to entrepreneurial orientation and culture is fairly rational. As stated above, entrepreneurial orientation can be defined as a construct which depicts the strategy of a sole entrepreneur. When it comes to a field like entrepreneurship firms a rather small and the key decision makers have a larger authority to influence on strategic decisions and the orientation of the firm (Lumpkin & Dess, 1996; Colvin & Selvin, 1991). Offering this, Barringer & Ireland (2008) stated that the notion of entrepreneurship starts from opportunity recognition. They further postulated that, entrepreneurship is the process by which individuals pursue opportunities without regard to resources they currently control. Further they claim that opportunity is recognized either in a form of internal stimulation or in a form of external stimulation. Focally, external stimulation happens due to the external environmental factors. Also, opportunities are located in the environment and supportiveness of the external environment has a high influence over the phenomenon of entrepreneurship and an Entrepreneurial Orientation (Lee & Peterson, 2000; Morris, 1998). Moreover, internal stimulation happens due to the internal factors of the entrepreneur. Here the entrepreneur decides to start a firm depending on the internal stimuli. Given the internal and external stimulation of opportunity recognition of entrepreneurship, it has been empirically verified that vested culture in a nation may either stimulate or hinder entrepreneurial behavior (Lee & Peterson, 2000). Supportively, Cultural value depicts the degree of entrepreneurial behaviors, such as risk taking and independent thinking, (Hayton et al., 2002). Thus the researchers clam can be justified as, proper execution of entrepreneurial orientation and thereby to achieve growth (Mueller & Thomas, 2001) of a venture, national culture acts as a moderator within the relationship considered.

Assessment of the relationship between national culture and entrepreneurship persist for decades (McClelland, 1961; Schumpeter, 1934). Also the phenomenon has assessed empirically (Davidsson, 1995; Davidsson&Wiklund, 1997; Morris, et al., 1994). However, it is important to state that the relationship between entrepreneurship and culture is not well established (Hayton et al., 2002). However, some scholars have criticized Hofstede's work on culture basing on the principle for not being adequately describes the differences in entrepreneurial activity in different countries (Busenitz et al., 2000), but still many accept the Hofstede's work in the study of cultural values and entrepreneurship (Hayton et al., 2002).

The phenomenon of entrepreneurship appears to be more compatible with some cultures whereas with others do not. To identify these differences Hofstede's (1980) cultural dimensions would be a good starting point. Hofstede, (1980) in his seminal work on culture described a set of features that influences how group of people reacts to its environment and thus differentiates group membership. In his definition of national culture, five independent dimensions were proposed in relation to national culture. Namely; power distance, uncertainty avoidance, individualism - collectivism and masculinity - femininity.

*First dimension;* power distance, "[i]t indicates the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally, (Hofstede, 1980. P. 45). Also he further postulated that the notion of power distance is the perception of organizational and institutional members who have less power within a country expect and accept the fact that, power has not distributed equally (Hofstede, 2013). Elaborating more about the dimension, organizational structures with less power distance acknowledge individuals personal ability of making decisions, whereas organizations with high power distance does not accept individual's ability in making decisions (Hofstede, 2001). It is important to recognize that high power distance cultures often associate with and attributed to high degree of centralization, dominance of rules and regulations, less sharing of information and authority. As repercussions (van Everdingen & Waarts, 2003) postulated that organizations with high power distance cultures often have a low degree of adoption of new innovative product ideas because managers at top levels of the hierarchy do not identify operational problems

occurred at the lower levels and thus they rarely implements new product ideas which with less degree of proactiveness. Comparatively low power distance cultures often associates with high degree of reporting and connection with low and high levels of hierarchical positions in organizations and thus it implies that low power distance strengthens the EO-performance relationship (Saeed et al., 2014). Similarly, we postulate this rationale is also having links on EO-growth relationship as well. Furthermore, (Saeed et al., 2014) argued that timely implementation and commercialization of innovative products are constrained in high power distant cultures. We add to Saeed, et al's conceptualizations and state that not only high power distance inhibits commercialization of new products but rather it reduces proactiveness of an entrepreneurial venture. Similarly,(De Clercq et al., 2010)once more postulated that in a given degree of EO, implementation and commercialization of innovativeideas hinders in high power distant cultures. Thus assessing all the arguments on power distance elaborated above and complementing (Saeed et al., 2014)we confirm our next sub-proposition as;

**Proposition 2a:** *EO and entrepreneurial venture growth relationship is stronger in low power distant cultures.*

*Second dimension;* uncertainty avoidance, "indicates the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations by providing greater career stability, establishing more suitable rules, not tolerating deviant ideas and behaviors, and believing in absolute truths and the attainment of expertise" (Hofstede, 1980. P. 45). Furthermore, uncertainty avoidance depicts the degree or the extent to which a society deals with inherent ambiguities and complexities of life (Kreiser et al., 2010). It is said that, in countries which have high uncertainty avoidance, standardized procedures, clear structures and rules are accepted since they bring stability. In contrast, in countries which have low uncertainty avoidance, unfamiliar situation are accepted by the people. Furthermore, in low uncertainty scenarios people are less resistance to change (Hofstede, 2001).

Importantly, Luque & Javidan (2004 cited in (Saeed et al., 2014) argued that individuals characterized in high uncertainty avoidance structures avoid risks and they tend to prefer structural and defined rules and

regulations. Also, (van Everdingen & Waarts, 2003) asserted that entrepreneurial firms are less likely to initiate innovative products in countries with buyers with high uncertainty avoidance because buyers in such countries often focus on the risks accompanying with those products. Therefore, it is important to recognize that the performance of innovative products initiated for such buyers are tend to be less productive. Furthermore, (Saeed et al., 2014) stated that there is a resistance to switch among the suppliers in countries characterized by high uncertainty avoidance. Thus it is apparent that innovative products that brings novelty to the marketplace are less likely to win buyers (Saeed et al., 2014).

Moving toward the EO dimension and the link it has with uncertainty avoidance, it is important to recognize that entrepreneurial strategies face more obstacles in uncertainty avoidance situations. High degree of formalizations and bureaucracy are often associate with high uncertainty avoidance (2004 cited in (Saeed et al., 2014) and thus it implies that it renders commercialization and effective implementation of EO. Furthermore, (Shane, 1994) asserted that individuals who possess entrepreneurial capabilities are more effective and productive in low uncertainty avoidance, because high levels of uncertainty avoidance renders effective implementation of EO due to high rules and regulations on individual behavior. Thus we bring EO-entrepreneurial venture growth argument here and state that high uncertainty hinders performance of a venture while complementing to (Saeed et al., 2014). Overall, we form the next sub-proposition as;

**Proposition 2b:** *EO and entrepreneurial venture growth relationship is stronger in low uncertainty avoidance cultures.*

*Third dimension; individualism – Collectivism.* “The third dimension encompasses individualism and its opposite, Collectivism. Individualism implies a loosely knit social framework in which people are supposed to take care of themselves and of their immediate families only, while collectivism is characterized by a tight social framework in which people distinguish between in-groups and out-groups; they expect their in-group (relatives, clan, organizations) to look after them, and in exchange for that they feel they owe absolute loyalty to it” (Hofstede, 1980. P. 45). Simply put, this

dimension defines the independence of members of the society. Kreiser, et al., (2010) defines individualism as the relationship between collectivity and individual in a society. Put it more precisely (Hofstede, 2001) write cultures that are characterized by collectivism (in-group collectivism) refers to a ‘we’ mentality while cultures that are characterized by individualism (low in-group collectivism) refers to an ‘I’ mentality. Linking collectivism with entrepreneurship literature, (Steenkamp et al., 1999) asserted that low in-group collectivism stimulates and it is more open to initiate innovativeness which is also increases performance capability of an entrepreneurial venture. The rationale behind this is, collectivism tend to delay investments in innovation because of collective decision making process (van Everdingen & Waarts, 2003) and thus renders EO-performance linkage.

Actually, this collectivism and individualism can be argued in different manner. Explicitly, one can argue that collectivism stimulates EO’s performance, while individualism hinders EO’s performance, vice versa. Supportively, (Saeed et al., 2014) claimed that strong in-group collectivism provide a supportive environment to enhance EO’s effective implementation than in low in-group collectivism. Their study hypothesized that EO-performance relationship is strong with high in-group collectivism. However, in his empirical investigations the hypothesis was partially supported. We still believe that, though Saeed, et al’s conceptualizations were partially supported high in-group collectivism stimulates EO performance. That is because, collective cultures increases collaboration in decision making and thereby it facilitates effective implementation of EO commercialization. These inferences are drawn because, timely commercialization is particularly important to execute first mover advantages (Covin et al., 2006). Furthermore, (Rauch et al., 2010) posited that collectivism stimulates innovation effects and offer benefits to the entrepreneurial firm. Thus we state our next sub-proposition as;

**Proposition 2c:** *EO and entrepreneurial venture growth relationship is stronger in collective cultures.*

*Fourth dimension; Masculinity.* Its opposite pole, femininity. “Measurements in terms of this dimension express the extent to which the dominant values in society are “masculine” –that is, assertiveness, the



acquisition of money and things, and not caring for others, the quality of life, or people” (Hofstede, 1980. P. 45). The underline principle of this dimension is, women generally put emphasis on social factors, on the other hand men pay attention on ego goals, like money and career (Hofstede, 2001). This categorization leads to the typical question. How people are motivated? Hofstede (2001) suggests that in masculinity society the prime motivator is achievement and competition, whereas, in feminine society the quality of life and caring for others are consider as the signals of success. Kreiser, et al., (2010) write masculinity as the level of self-confidence and assertiveness in a culture.

(Saeed et al., 2014) asserted the term ‘economic calculations’ (p.261) which is known as a factor that becomes problematic when the economic value of an entrepreneurial activity cannot be examined fully and thus it prevents potential customers mainly in assertive cultures from taking products into attention. Supportively, Hartog (2004 cited in (Saeed et al., 2014) postulated that business relationships trust plays a major role in assertive cultures and thereby it stimulates novelty in products and services. Also they highlighted that high level of internal competition and lengthy meetings and competitions often associates with firms in assertive cultures and thus we can postulate that high levels of assertiveness hinders EO’e performance and thereby negative influences on growth aspirations as well. Furthermore, (Mueller et al., 2013) compiled it very precisely, low level of assertiveness often interconnects with trust in business relationships and it allows commercialization of EO by enhancing accessibility of resources, and explicit flows of information. Importantly, (Saeed et al., 2014) hypothesized that a strong EO-performance relationship in low level of assertiveness cultures but opposing findings occurred. However, despite (Saeed et al., 2014) finding, we tend to argue that;

**Proposition 2d:** *EO and entrepreneurial venture growth relationship is stronger in low assertive cultures.*

*Insert Figure 02 here*

### **Core Competencies**

Once more, complementing (Rauch et al., 2009) and (Saeed et al., 2014) we further assessing potential moderators of EO-entrepreneurial venture growth relationship. Focally in the field of strategic

management, the notion of core competence is undoubtedly an important concept for scholarly inquiry. Indeed the concept was initiated in the early 1990s and it was defined as “the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies” (Prahalad & Hamel, 1990. p. 82). Within the perspective of organizational renewal, the notion of Core Competence acts as a driving force for strategic change. However, the concept has the problem of defining and applying as a phenomenon (Ljungquist, 2007).

Different research streams address the notion of core competence differently. For example Resource-Based View (Barney, 1991; Penrose, 1959) and Dynamic Capability-Based View (Eisenhardt & Martin, 2000) are prominent. Thus, Ljungquist (2007) state, due to diverse origins and applications of contemporary notion of core competence, classification according to one particular theory has become problematic. This has become more complex due to the nature of ‘associated concepts’ of the notion itself. In the literature these concepts are used interchangeably depending on the phenomenon addressed. For example, Peteraf & Bergen (2003) postulated the notions of resources and capabilities, while Hamel & Prahalad (1994) postulate skill, competence, and capability. Adding to that, Spanos & Prastacos (2004) affirm capabilities and competencies.

Based on the above discussions on core competencies we try to emphasize the concept associates with conceptual difficulties and there is a need of assessing the concept cautiously. Thus we intend to define the notion of core competence and thereby to develop the proposition supporting seminal works in the field (see, Ljungquist, 2007; Prahalad & Hamel, 1990; Hamel & Prahalad, 1994; Barney, 1991; Mitchelmore & Rowley, 2010). Accordingly we postulate, core competency is a strategic tool to encapsulate firm’s uniqueness which is determined by unique resources and capabilities. Our foci in conceptualizing core competencies is (Ljungquist, 2007) definitions. This is because (Ljungquist, 2007) criticized (Javidan, 1998) competence hierarchy and emphasized that, competence hierarchy apparently reasonable, but definitions of the associated concepts are not explicitly defined. Further, he stated that core competencies can be presented in a merged hierarchy with the associated concepts of capabilities (as a supporting factor for core

competencies) competencies (as improvements for core competencies) and resources (as utilizers of core competencies).

(Ljungquist, 2007) postulated that, a competence that satisfies following three criteria can be taken as a core competence. (1) It '[c]ontributes significantly to customer benefit from a product' (2) 'is competitively unique' (3) '[p]rovides potential access to a wide range of markets' (p.399). Stated empirically, (Duysters & Hagedoorn, 2000) write core competencies have a significance influence on firm performance. Also, highlighting the need of scholarly inquiry (Wang et al., 2004) postulated that few studies have given attention to the notion of core competencies and its impact on firm performance. It is true that ventures at present face an intense level of competition and firms try to understand the importance of having unique capabilities (core competencies) that creates sustained performance within the industry. Particularly, if a venture possess unique capability which means it provides useful means in creating competitive position for the venture. Thus it is also a clear indicator of venture growth as well. Overall, we postulate that unique capability (core competence) of a firm would inevitably add productive means for a venture and it acts as a moderating factor of venture growth. Simply put, presence of core competence leads to productive growth; vice versa. Thus we link core competence on EO-entrepreneurial venture growth and state;

**Proposition 03:** *EO-entrepreneurial venture growth relationship is moderated by core competence*

The general view of competence is that, competencies reside in teams of individuals. This implies that competencies are placed and it involves a cumulative hierarchy. Actually, number of research streams highlight this cumulative hierarchy concept merging different associated concepts. For example, single-loop learning (based on competencies), double-loop learning (based on capabilities), and triple-loop learning (based on dynamic capabilities). It is important to recognize that capabilities addressed differently highlighting different conceptualizations. For example, (Danneels, 2000) asserted that first order competencies typically comprises of technological and customer competencies; second order competence, as an integrator for previous competencies, and finally second order competence, as a creator for first order

competencies. Furthermore, touching the foci our discussion (i.e., entrepreneurial perspective) we believe, entrepreneurial competencies would bring a new perspective. This is because, (Mitchelmore & Rowley, 2010) postulated that, entrepreneurial competencies are important considerations of business success and growth and clear understanding would inevitably have significant consequences for practice. (Bird, 1995) write entrepreneurial competencies possessed by individuals (i.e., entrepreneurs) and they have the ability to transform organizations and they have the ability to impose value by means of organizing resources and opportunities. In her definitions of entrepreneurial competencies carries characteristics such as specific knowledge, traits, motives, skills and social roles, and self-images and those characteristics are resulted in phases of a venture (i.e., birth, survival and growth). (Johnson & Winterton, 1999) stated importantly, variety of competencies and skills required to run a small entrepreneurial firm typically differ from those required in larger organizations.

(Javidan, 1998) defined competencies as 'a cross-functional integration and co-ordination of capabilities' (p.62). And (Sanchez, 2004) defined 'the ability to sustain the coordinated deployment of assets in ways that help a firm achieve its goals' (p. 521). (Ljungquist, 2007) criticized (Javidan, 1998) conceptualization on competencies and asserted that the terms of 'co-ordination' and 'integration' have the difficulty of applying. Further, (Ljungquist, 2007) highlighted that (Sanchez, 2004) conceptualizations are also blurs the meaning of competencies. Pointing out the major difficulties of (Javidan, 1998) and (Sanchez, 2004), (Ljungquist, 2007) proposed that, competency can be viewed as an inherent quality vested in teams and individuals in organizations, it is an attribute that enhances something (i.e., resources and capabilities), infrequently to a definite end state. Finally, (Ljungquist, 2007) defined competence as 'developments made by individuals and teams' (p.396). Furthermore, competence empirically defined as 'improvements' (Ljungquist, 2007, p.396). To develop our argument we bring (Ljungquist, 2007) conceptualizations of competencies and state that entrepreneurial competencies acts as basis in developing core competencies in the firm. Further, entrepreneurial capabilities are subjective in nature

and however it brings improvements core competencies. Thus our proposition is made as follows;

**Proposition 04:** *The moderating effect of core competencies on the relationship between EO and growth is improved by competencies of a firm.*

Within the contemporary research in capabilities, scholars tend to distinguish the terms of capabilities being operational and dynamic (Helfat & Peteraf, 2003). Operational capabilities generally includes all the routines involved in activities such as manufacturing, while dynamic capabilities (Eisenhardt & Martin, 2000) integrate and build operational capabilities. Also, the resource based view of the firm affirms that firm specific capabilities are important to a firm's success (Peteraf, 1993). However, it is important to recognize that, different scholars have suggested different conceptual as well as empirical definitions of capabilities. In fact, these disparities in conceptual definitions have increased definitional problems. For example, (Gruber et al., 2010) conceptualized that as a well-defined functional area, such as sales and distribution. Further, (Collis, 1994) asserted that there are two different meanings of capability concept. One is capacity as suggested by (Javidan, 1998). The second meaning is coordination. (Nelson & Winter, 1982) stated that the meaning of coordination typically includes tacit knowledge, mix of routines, and organizational memory. Importantly, (Ljungquist, 2007) suggested that the categorization of operational and dynamic capabilities have a tendency to evoke as a notion of hierarchy and dynamic capabilities are suggested as of complex organizational value. Furthermore, (Javidan, 1998) defined capability as a notion which encompasses less organizational value and complexity than organizational competence. He defined competence as 'cross-functional integration and coordination of capabilities' (p.62). Citing (Javidan, 1998) definitional problems, (Ljungquist, 2007) claimed that defining the notion of capability as 'systems and routines' may impede definitional problems. These definitions of capability as systems and routines have previously suggested by (Winter, 2003). We too accept the fact that the previous definition of capability as 'capacity' and 'coordination' since these concepts are too vague and those have operational difficulties. (Ljungquist, 2007) defined the notion of capability conceptually and empirically. Conceptual definition

captures systems and routines and empirical definition as 'supports' to core competencies. Overall, we propose our next proposition as;

**Proposition 05:** *The moderating effect of core competencies on the relationship between EO and growth is supported by capabilities of a firm.*

The seminal work of the theory of Resource Based View of the firm highlighted that valuable, rare imitable and non-substitutability of resources are basic premises in achieving competitive advantages (Barney, 1991). Here firm resources typically includes resources include all assets, capabilities, organizational process, firm attributes, information, knowledge, etc. Here we postulate the fact that resources are basic to a venture and we identify it as a natural object. That is because venture resources act as inputs to the value creation process (Eisenhardt & Martin, 2000). Supportively, Javidan (1998) write resources are the basic building blocks of venture competencies. Also, literature suggests that capabilities are necessary to acquire resources and to utilize it (Wiklund & Shepherd, 2003). Previously (Grant, 1991) and later (Ljungquist, 2007) resources as 'inputs to the value process in an organization' (p.398). Further, (Ljungquist, 2007) asserted that resources can be empirically defined as utilizers of core competence. This empirical and conceptual definitions are really concise and practical. That is because, a resource for any type of an organization would act as a utilizing factor of competencies (here we define as core competencies) and importantly effective utilizations are indispensable for more productive results. Thus we construct the next proposition as;

**Proposition 06:** *The moderating effect of core competencies on the relationship between EO and growth is utilized by resources of a firm.*

*Insert Figure 03 & 04 here*

## DISCUSSION

In this article we set out to develop a conceptual framework with regard to organic entrepreneurial venture growth. Also we add three main constructs as predictors and moderators of entrepreneurial venture growth. Importantly we complemented two main studies of entrepreneurship and satisfied their

recommendations by adding potential moderators to the entrepreneurial orientation and growth relationship. Since the existing entrepreneurship literature is fragmented, there is a prerequisite to address the phenomenon more in detail. Thus we hope our understanding on entrepreneurial venture growth will support the existing debate to be solved somehow. In the entrepreneurship literature entrepreneurial orientation is considered as one of the highly cited frameworks to depict the strategy of an entrepreneur. (Miller, 1983) posited the three dimensional framework and later (Lumpkin & Dess, 1996) postulated the five dimensional framework of entrepreneurial orientation. Our conceptualization acknowledged the five dimensional framework of entrepreneurial orientation and we linked it to entrepreneurial venture growth. We postulated that the entrepreneurial orientation as a predictor of venture growth. Furthermore, complementing (Rauch et al., 2009) and (Saeed et al., 2014) studies we add potential moderators on the entrepreneurial orientation and growth relationship. To depict organizational wide resources we acknowledge (Ljungquist, 2007) framework of core competencies and affirmed that competencies, capabilities and resources contribute to improve, support and utilize core competencies respectively. Finally, we adapt (Hofstede, 1981) five dimensional framework of national culture. We argued that national cultural dimensions vary differently with the entrepreneurial orientation and growth relationship. This conceptual development provides practical means as well. We claim the fact that, in general, some entrepreneurial ventures register for high growth whereas others do not. Given this, we keen to state that entrepreneurial orientation acts as a main predictor of venture growth complementing (Moreno & Casillas, 2008). Furthermore, we argue that core competencies and an external variable like national culture may have influences on entrepreneurial orientation and growth relationship. Thus we conceptualize that these constructs together and state that the prerequisite of assessing potential moderators on entrepreneurial orientation and growth may add value to disentangle the existing debate in entrepreneurship.

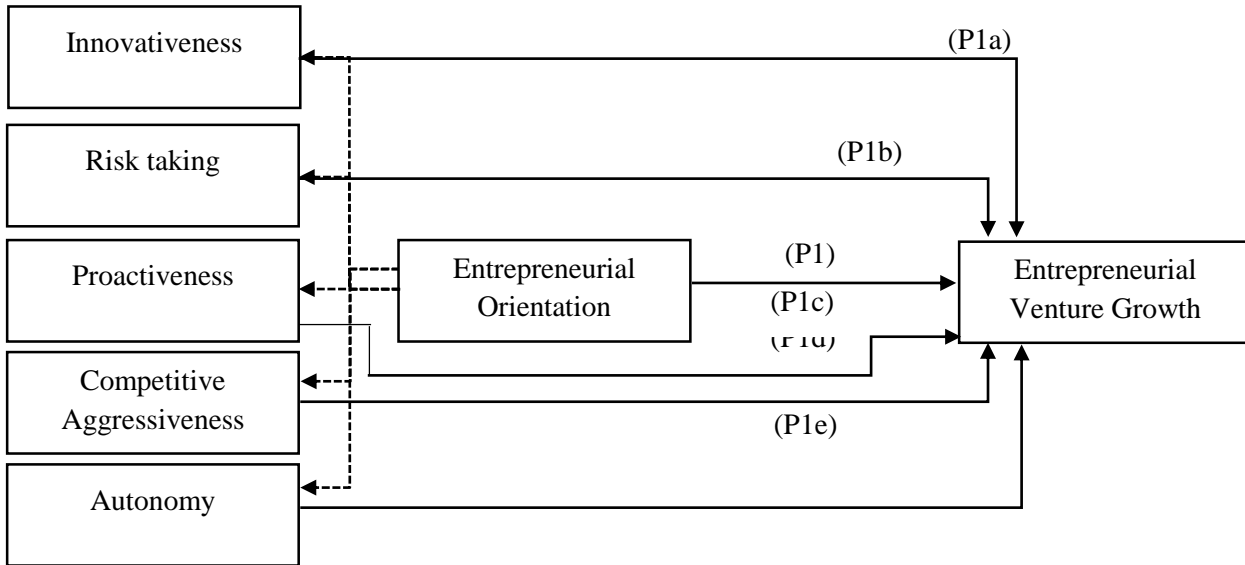
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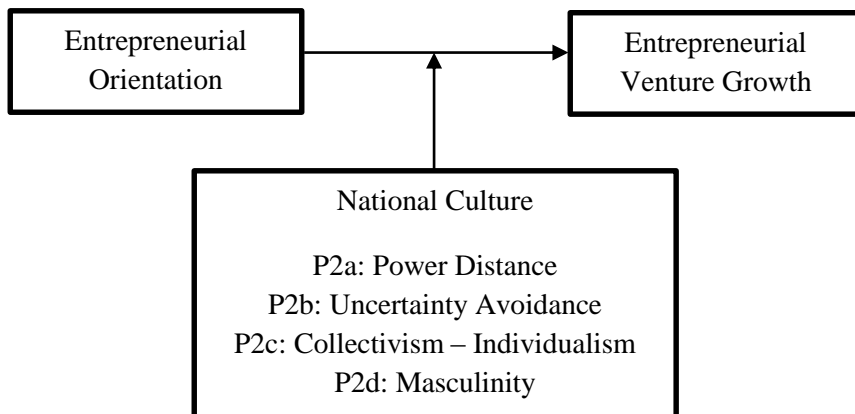
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**Figure 01:** Thematic relationships between EO and Growth



**Figure 02:** Thematic relationships between EO, Growth and Culture



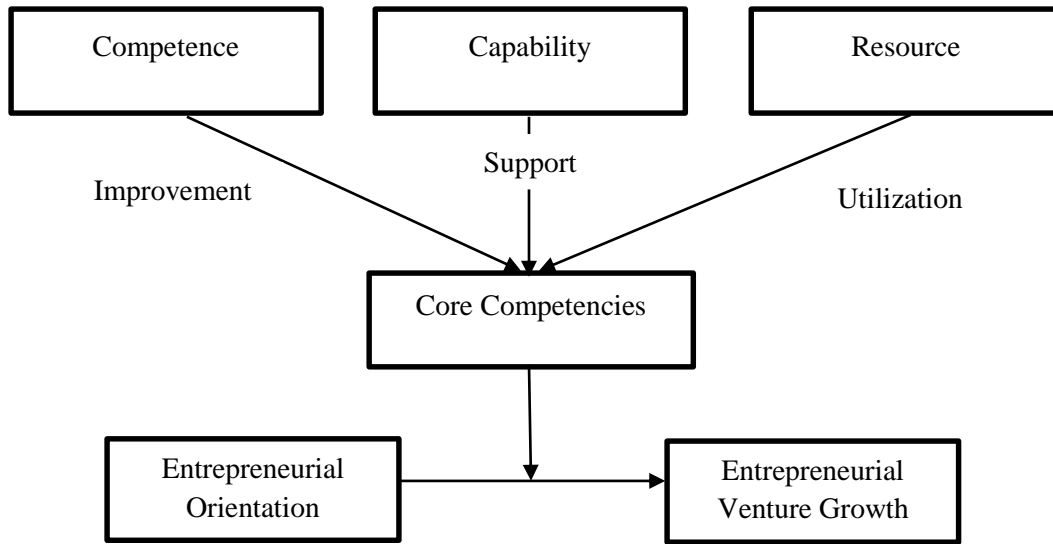


Figure 03: Thematic relationships between EO, Growth and Core Competencies

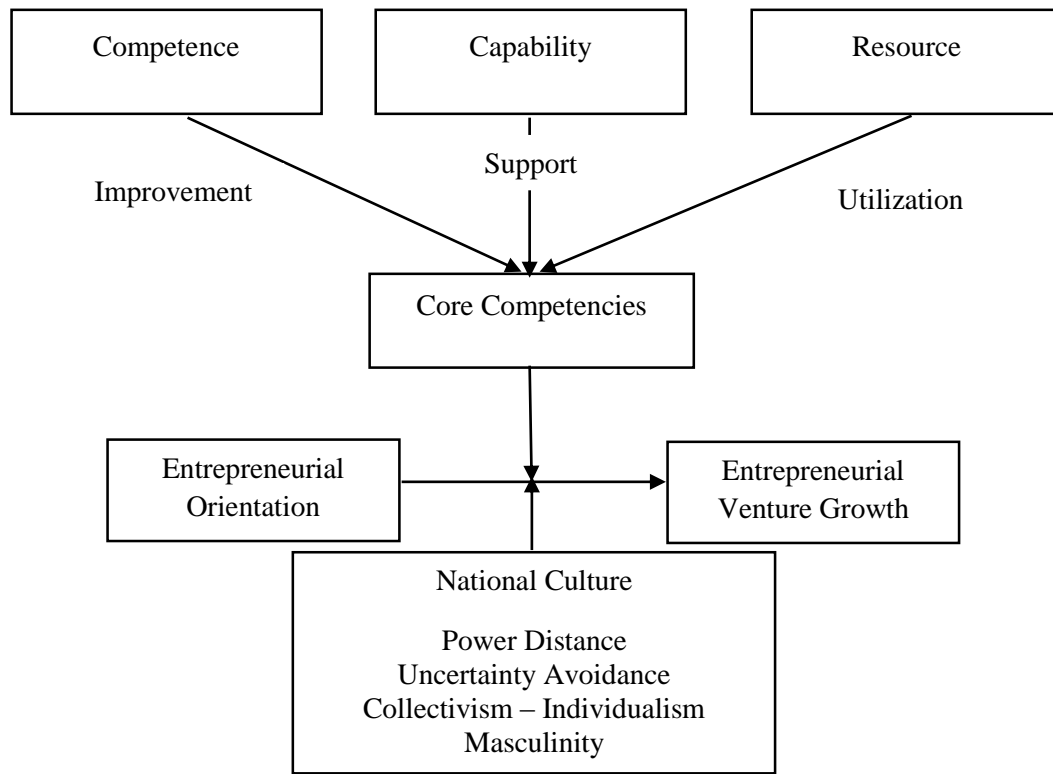


Figure 04: Integrative Conceptual Framework