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Exploring antecedents of entrepreneurial orientation: An international perspective

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This research has been conducted with financial support from
Russian Science Foundation grant (project No. 19-18-00081)

Research Motivation

- Despite increasing recognition of EO, insufficient attention has been devoted to **international factors** which foster it.
- A shift of the focus of EO research **from developed markets to emerging market** context in general and the setting of BRIC countries in particular (Javalgi and Todd, 2011; Dai Prá Martens et al., 2016; Tang et al., 2017).



RQ: What is the role of **managerial international exposure** in the formation of firms' EO in the emerging market context of **Russia**?

Theory and Hypotheses (1)

- **Subjectivist theory of entrepreneurship** (Kor et al., 2007): subjective entrepreneurial perceptions often originate from entrepreneurs' experiences in specific business settings. **International exposure** is one such business setting that will increase manager's openness to new opportunities and influence the development of their firms' EO (Covin and Lumpkin, 2011; Wales, 2016).
- **Attention-based view** (Ocasio, 1997): prior international exposure shapes what managers pay attention to when considering important matters such as the firms' overall strategic orientation.

H1: Managerial international exposure is positively associated with firms' exhibition of an entrepreneurial orientation.

Theory and Hypotheses (2)

- **External environment** has a strong impact on firms' strategic orientation (Rosenbusch et al., 2013).
- Firms' activities are embedded in a **local regional environment**, yet this context is often overlooked (Capello and Lenzi, 2016; Breitenecker et al., 2017).
- Regions differ in terms of their **involvement in international economic activity** (Bannò et al., 2015).
- Being **entrepreneurial** is likely to benefit from both the increased **munificence**, or **resources** brought to the region from its involvement in international activity, as well as the need to **compete more vigorously** given international competitive forces.

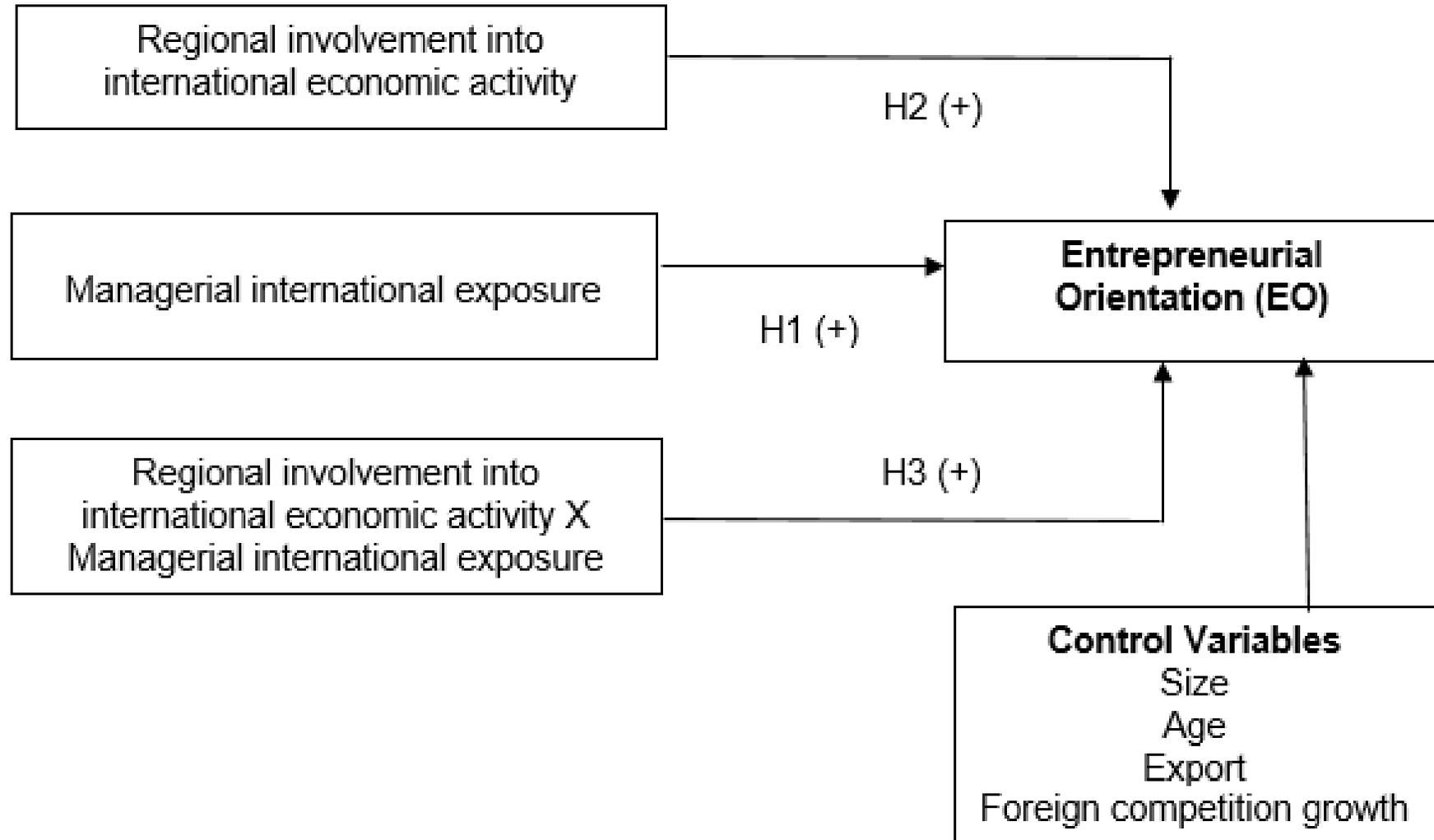
H2: Regional involvement in international economic activity is positively associated with firms' exhibition of an entrepreneurial orientation.

Theory and Hypotheses (3)

- Firms with **high managerial international exposure** exposed to operating within **regions heavily involved in international economic activity** may foster regional resource stocks, and a need to develop innovative responses to deal with more intense rivalry (Yang et al., 2009).
- With increased regional involvement in international activity, the effects of managerial international exposure on EO will be enhanced as this regional involvement **facilitates the capability of opportunity recognition and creation**, key aspects entrepreneurial processes associated with the genesis of EO.

H3: Managerial international exposure and regional involvement in international economic activity positively interact. That is, their mutually reinforcing interaction further enhances firms' exhibition of an entrepreneurial orientation.

Theoretical framework



Method

- A robust sample of **769 manufacturing firms** from Russia collected in 2010.
- Respondents held various titles, the most common of which was **manager** (30.4%), followed by **department head** (22.5%), **deputy director** (20.3%) and **director** (18.4%).
- The sample is national in scope with firms from **all Russian federal districts** represented.
- **Classic scale** for measuring EO (Covin and Slevin, 1989).
- **International exposure**: a seven-point Likert scale covering items related to foreign market operations and contacts of firms' managers.
- **Regional international involvement**: share of each federal district's foreign trade turnover in the total country-level foreign trade turnover in 2010.
- **Controls**: firm size, age, participation in exporting activities and industry foreign competition growth.
- **Statistical approach**: linear regression with hierarchical OLS estimation.

Results

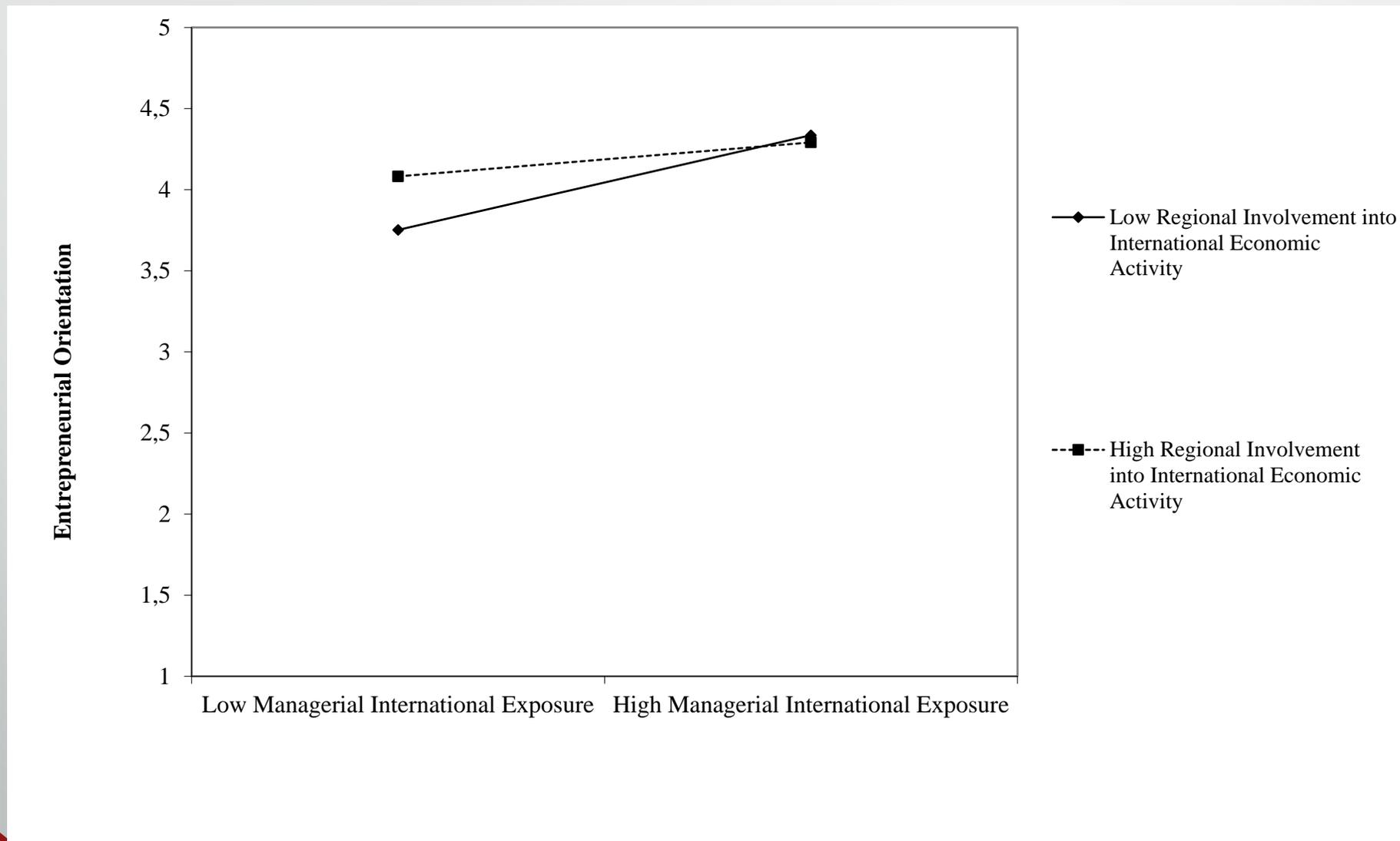
DV: entrepreneurial orientation	Ordinary Least Squares Regression		
	Model 1: Controls only	Model 2: Main effects	Model 3: Interactions
Control variables			
Size	0.183 (0.047) ^{***}	0.081 (0.048) [*]	0.076 (0.048)
Age	-0.028 (0.043)	-0.018 (0.042)	-0.024 (0.042)
Export	0.0001 (0.003)	-0.005 (0.003) [*]	-0.005 (0.003) [*]
Foreign competition growth	0.492 (0.111) ^{***}	0.455 (0.111) ^{***}	0.460 (0.111) ^{***}
Direct effects			
Managerial international exposure		0.214 (0.029) ^{***}	0.221 (0.030) ^{***}
Regional involvement into international economic activity		0.379 (0.236)	1.307 (0.473) ^{***}
Interaction			
IE X Regional involvement into international economic activity			-0.373 (0.153) ^{**}
Constant	3.411 (0.253) ^{***}	3.459 (0.256) ^{***}	3.493 (0.255) ^{***}
F	10.30 (4, 764)^{***}	17.11 (6, 762)^{***}	15.67 (7, 761)^{***}
R²	0.048	0.104	0.109
Δ R²		0.056^{***}	0.005^{**}

H₁ Supported

H₂ NS

H₃ Rejected

Interaction effect



Discussion

- International exposure helps managers identify new opportunities and enhance their firm's entrepreneurial orientation within the emerging market context of Russia.
- The value of international exposure greatly diminishes when it presumably becomes less 'special' as the region exhibits a higher level of involvement in international economic activity.



Regions, alongside country- and industry-level environments, should be thought of when considering factors that foster a strong EO.

Contribution

- Expansion of **EO's nomological network** by adding to the ongoing conversation on the **antecedents of entrepreneurial orientation** (Ruiz-Ortega et al., 2013; Engelen et al., 2015).
- Observation of **international exposure effects on firm's EO**, rather than focusing on EO's effects on international outcomes as has become more common within the EO literature (Covin and Miller, 2014).
- Extension of understanding of the **entrepreneurial behavior** exhibited by **Russian firms**.

Limitations and Future Research

- Potential for **reverse causality**? ➡ Future studies may focus on testing the impact of EO on managerial international exposure.
- **Sample** of only manufacturing private firms operating in Russia ➡ Further research is encouraged to explore and contrast the antecedents of EO within and across different emerging and developing economies.
- Non-exhaustive list of EO **antecedents and moderators** ➡ Embracing a wider range of factors related to the firm's international business activities can provide a more complex view of the EO formation process.



Thank you for your time!