

Invited Editorial

Construction of Entrepreneurial Orientation: Dispute, Demand, and Dare

Vishal K. Gupta

Stated succinctly, entrepreneurial orientation (EO) refers to specific aspects of an organization-wide proclivity toward new endeavors. After about four decades of research on this topic, EO has emerged as a predominant construct of interest in strategic management. In addition, EO has also attracted attention from scholars and researchers working in other fields, such as marketing (e.g., Matsuno, Mentzer, & Ozsomer, 2002), tourism studies (e.g., Tajeddini, 2010), and operations research (e.g., Li, Liu, & Liu, 2011). A large body of research now distinguishes between entrepreneurial and conservative firms, depending on the emphasis on EO as reflected in the decision-making practices, managerial philosophies, and corporate behaviors that are entrepreneurial in nature (Rauch, Wiklund, Lumpkin, & Frese, 2009; Wales, Gupta, & Mousa, 2011). The word “entrepreneurial” generally refers to a holistic constellation of three primary characteristics: innovativeness, proactivity, and risk-taking (although sometimes it also includes two additional facets proposed by Lumpkin and Dess (1996): competitive aggressiveness and autonomy).

The three-pronged gestalt conceptualization of EO is common in the literature, but it also poses, what I believe, is a serious challenge to knowledge development in the area of EO. I invoke the 3D framework (Jennings & Brush, 2013)—dispute, demand, and dare—to discuss a hitherto underappreciated issue in the EO literature. My thesis is that turning the spotlight on the holistic conception of EO reveals a fundamental unsettled question that can serve as a fertile topic of inquiry for researchers and scholars.

There is general agreement in the EO literature that a firm would not be considered entrepreneurial unless it is not simultaneously proactive, risk-taking, and innovative (Covin, Green, & Slevin, 2006). To quote Tang, Tang, Marino, Zhang, and Li (2008: 219), a firm “must be concurrently risk-taking, innovative, and proactive in order to be labeled ‘entrepreneurial’” (Miller, 1983). Indeed, this gestalt construction of EO separates the vast majority of studies following Covin and Slevin (1989)’s concep-

tualization from the later and less-used Lumpkin and Dess (1996)’s conception of EO.

Gupta and Gupta (2015) recently turned a critical eye toward the gestalt EO concept and disputed the nature of interrelationship between the various facets of EO. More specifically, Gupta and Gupta (2015) raised concerns about our existing understanding of the ways in which the three (or five) sub-components of EO may be related to each other. This dispute can have profound, and far-reaching, implications for EO research. To my knowledge, empirical research to date sees EO as the overall sum of its various facets, so that the degree to which an organization is entrepreneurial is reflected in the sum of the organizational score on each of the various EO components. As Kuratko (2007: 4) wrote: “the degree of [EO] can be thought of as an additive function of the ...three entrepreneurial dimensions; that is, degree of innovativeness + degree of risk-taking + degree of proactiveness.” This additive view of EO can be contrasted with a possible multiplicative view (Gupta & Gupta, 2015), so that EO is the overall product of the various entrepreneurial elements. In other words, $EO = \text{degree of innovativeness} \times \text{degree of risk-taking} \times \text{degree of proactiveness}$. The dispute, therefore, is about how the entrepreneurial elements are related to each other within a holistic unitary conceptualization of EO.

It could be argued that the demands of conventional entrepreneurship research have so far precluded, or even discouraged, researchers from taking a nuanced look into the holistic EO concept. The additive view of EO is (almost) as old and well-established as the EO construct itself, and has remained largely unquestioned through its history. Entrepreneurship research has had to wage a constant battle for legitimacy (Chiles, Bluedorn, & Gupta, 2007; Shane & Venkataraman, 2000), and so it was perhaps not surprising that entrepreneurship researchers enthusiastically embraced the EO concept as it quickly gained popularity through publication in top journals (Covin & Slevin, 1989; Lumpkin & Dess, 1996). In subsequent years, knowledge generation around the EO construct occurred through em-

pirical research conducted in a wide range of settings, so that there now exist hundreds of published studies that explore how EO is related to other variables. However, conceptual development about the true nature of the EO construct has been limited (Anderson et al., 2015), leading Miller (2011) to call for new research that asks novel questions about EO.

The dictionary definition of dare is “doing something requiring boldness.” I believe EO research should aspire to tread more boldly when it comes to the issue of appropriate conceptualization of EO. Challenging the conventional conception of EO would require researchers, editors, and reviewers to be more daring in their approach. I see three possibilities in this regard: either the additive or the multiplicative view is valid, both additive and multiplicative views are valid, or neither the additive nor the multiplicative view is a valid way of conceiving of EO. I discuss the implications of the three possible alternatives below.

It is possible that only one of two ways of looking at the EO concept—additive or multiplicative—is valid. If this is the case, researchers should directly compare the additive and multiplicative formulations of EO so as to generate insights about which formulation truly captures the essence of the EO concept. Alternatively, it is possible that both additive and multiplicative formulations are valid ways of understanding the EO concept. Researchers may then strive to understand whether there are specific situations in which one or the other formulation is more or less effective. A goal of such studies would be to generate insights about which formulation has more explanatory or predictive power in what situation.

It is the third possibility that excites me the most: maybe, neither multiplicative nor additive for-

mulations adequately capture the holistic EO concept. Perhaps, EO is manifested in an intertwined systems of relationships and meanings of the entrepreneurial elements of risk-taking, proactivity, and innovativeness. In other words, EO may occur “at the intersection” of the three (or possibly, five) entrepreneurial components. Extending this logic further, is it possible to conceive the various entrepreneurial elements as “interlocking” with one another? One can then visualize EO in terms of interlocking rings of entrepreneurial elements, linked in such a way that the movements of any one of them (e.g., risk-taking) is constrained by the others (e.g., innovativeness or proactivity). I refer to such a formulation as a geometric view of EO.

It will be clear from the above discussion that once we open ourselves to the idea that the additive function may not be the only way to formulate the EO concept, we are confronted with exciting possibilities about the nature of EO. Over the years, a large—and growing—body of research has accumulated about EO, but questions do persist about the way(s) in which the various facets of EO are linked to each other. This essay distinguishes between three ways in which the various entrepreneurial elements can be combined to form the overall EO construct: additive, multiplicative, and geometric. The underlying motivation to draw this tripartite distinction is the belief that conceptual development about EO will be accelerated if researchers explore new formulations not considered before. I hope the ideas discussed here will be useful for EO researchers and scholars interested in challenging conventional wisdom in the field.

References

- Anderson, B. S., Kreiser, P. M., Kuratko, D. F., Hornsby, J. S., & Eshima, Y. (2015). Reconceptualizing entrepreneurial orientation. *Strategic Management Journal*, 36(10): 1579-1596.
- Chiles, T. H., Bluedorn, A. C., & Gupta, V. K. (2007). Beyond creative destruction and entrepreneurial discovery: a radical Austrian approach to entrepreneurship. *Organization Studies*, 28(4), 467-493.
- Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1), 75-87.
- Covin, J. G., Green, K. M., & Slevin, D. P. (2006). Strategic process effects on the entrepreneurial orientation-sales growth rate relationship. *Entrepreneurship Theory and Practice*, 30(1), 57-81.
- Gupta, V. K., & Gupta, A. (2015). The concept of entrepreneurial orientation. *Foundations and Trends in Entrepreneurship*, 11(2), 55-137.
- Jennings, J. E., & Brush, C. G. (2013). Research on women entrepreneurs: challenges to (and from) the broader entrepreneurship literature? *Academy of Management Annals*, 7(1), 663-715.
- Kuratko, D. F. (2007). Entrepreneurial leadership in the 21st century. *Journal of Leadership and Organizational Studies*, 13(4), 1-12.
- Li, Y., Liu, Y., & Liu, H. (2011). Co-opetition, distributor's entrepreneurial orientation and manufacturer's knowledge acquisition: Evidence from China. *Journal of Operations Management*, 29(1), 128-142.

- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135–172.
- Matsuno, K., Mentzer, J. T., & Özsomer, A. (2002). The effects of entrepreneurial proclivity and market orientation on business performance. *Journal of Marketing*, 66(3), 18–32.
- Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7), 770–791.
- Miller, D. (2011). Miller (1983) revisited: A reflection on EO research and some suggestions for the future. *Entrepreneurship Theory and Practice*, 35(5), 873–894.
- Priem, R. L., & Butler, J. E. (2001). Is the resource-based “view” a useful perspective for strategic management research? *Academy of Management Review*, 26(1), 22–40.
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice*, 33(3), 761–787.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217–226.
- Tang, J., Tang, Z., Marino, L. D., Zhang, Y., & Li, Q. (2008). Exploring an inverted U-shape relationship between entrepreneurial orientation and performance in Chinese ventures. *Entrepreneurship Theory and Practice*, 32(1), 219–239.
- Tajeddini, K. (2010). Effect of customer orientation and entrepreneurial orientation on innovativeness: Evidence from the hotel industry in Switzerland. *Tourism Management*, 31(2), 221–231.
- Wales, W. J., Gupta, V. K., & Mousa, F. T. (2011). Empirical research on entrepreneurial orientation: An assessment and suggestions for future research. *International Small Business Journal*, 31(4), 357–383.

About the Author



VISHAL K. GUPTA (vgupta@bus.olemiss.edu) is Associate Professor in School of Business Administration at the University of Mississippi. He received his PhD in strategic management (with emphasis in entrepreneurship) from the University of Missouri. His research interests include entrepreneurial orientation and corporate entrepreneurship.