Track (12. Alliances and international networks) and Session Format (Competitive)

THE IMPACT OF ENTREPRENEURIAL ORIENTATION ON THE FORMATION OF STRATEGIC ALLIANCES AND THE ROLE OF TOP MANAGEMENT TEAM

Abstract

Strategic Alliances (SA) and Entrepreneurial Orientation (EO) has each been the subject of much scholarly attention, but have largely been considered separately rather than in conjunction with each other. The objective of this paper is to develop and empirically test a model where EO is associated with SA, this relationship is influenced by the predecessor (top management), and EO acts as multidimensional construct. The data collected from 101 firms in 2014, in Brazil, supported those hypotheses. Improving firm's EO, especially risk taking, is important in order to promote SA. Obviously, the top management influences SA, but firms with risk taking competence are more prone to promote SA formation and conduct their implementation. In this way, the present research contributes (1) to the consolidation of the EO construct by using it in a multidimensional way in a reflexive model, associated to the work of Lumpkin and Dess (1996) and suggested by Covin and Lumpkin (2011), (2) to the extension of the works relating EO and SA (Marino et al. 2002; Teng 2005; Franco & Haase 2013; Brouthers et al., 2014; Shu et al. 2014). EO should be used to increase SA, which would reduce entrance barriers and business risks.

Keywords: Entrepreneurial orientation, strategic alliances, top management team, entrepreneurship.

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INTRODUCTION

Although entrepreneurship and alliances research fields provide valuable information on exploitation and knowledge basis, the studies relating Entrepreneurial Orientation (EO) potentialities to Strategic Alliances (SA) formation remains limited. To the best of our knowledge, Marino et al. (2002) related the EO (risk taking, innovativeness and proactiveness) to SA by the moderating effect of national culture on the EO-SA relationship. Teng (2005) realized a theoretical study calling attention to SA by the paradigm of EO and institutional theory. Franco and Haase (2013) attempted to relate SA with Miller's (1983) EO. Brouthers et al, (2014) described SA as a moderator role between Miller's (1983) EO and international performance. Shu et al. (2014) established a framework for knowledge spillover theory of entrepreneurship at the firm alliances. However, these studies did not consider Lumpkin and Dess' (1996) EO perspectives as a multiple construction, and despite this apparent connection, these studies failed to consider how these two factors [EO and Top Management Team (TMT)] interact and how this influences SA.

Overall, our belief is that large corporations and SME that effectively integrate EO to SA are well positioned to continuously create wealth. In summary, due to resource limitations, economy instability, environmental uncertainties, SA maybe the best option for many firms with EO to get access to financial capital, international expansion, resource base, synergies, and compete in an increasingly challenging environmental in a global economy. In this way, the main objective of this work is to extend and contribute to the literature by looking at the multidimensionality of EO construct (Lumpkin & Dess, 1996; Covin & Lumpkin, 2011), generating a conceptual mechanism that illustrates the impact of EO on the formation of SA and the role of TMT on this relationship, teasing out a novel aspect for the EO literature (Marino et al., 2002; Teng, 2005; Menz, 2012; Franco & Haase, 2013;

Brouthers et al., 2014; Shu et al. 2014). To achieve these goals, we used a quantitative approach carried out on 2014 by structural equation modeling (SEM) to answer the following questions: Is there a relation between EO five dimensions and SA? Is the relation between EO and SA influenced by the antecedent of EO (TMT)? In this article, in an effort to overcome some of limitations of existing theory, we develop a new approach to explaining how firms' with EO relates to SA of their local environments.

SA represent a source of competitive advantage in the marketplace both to large corporations and to small and medium-sized enterprises (SME) (Das & Rahman, 2010), mainly due the economic value generated by SA of entrepreneurial companies (Alvarez & Barney, 2001). The greatest contribution of alliances to organizations is to provide resources and capabilities required to compete in the marketplace, reducing entrance barriers (Hitt et al., 2001; Robson et al., 2006). Regardless, more than half of alliances are doomed to failure (Wittmann, 2007). Given the popularity level that SA have, it is still surprising that we do not have an adequate understanding of what can really prompts SA by the paradigm of entrepreneurial behavior (Teng, 2005). The Special Edition of the Journal of Business Venturing (v. 21, 2006) dedicated to Entrepreneurship and SA acknowledges the importance of alliances to entrepreneurial firms, but, the knowledge of the role SA play in entrepreneurship, or vice-versa, is still limited (Montoro-Sánchez et al., 2009).

Covin and Lumpkin (2011) hypothesize that there is a gap of entrepreneurial configurations since only a few empirical researches actually use the EO construct five dimensions [autonomy (A), innovativeness (I), proactiveness (PA), risk taking (RT), and competitive aggressiveness (CA)] proposed by Lumpkin and Dess (1996). Even when these five dimensions are considered, they are usually approached as unidimensional construct. Notably, EO is a latent construct under the multidimensional conceptualization (Covin & Lumpkin, 2011; Lumpkin & Dess, 1996). Then the first contribution expected is (i) present a

rationale on the relationship between Lumpkin and Dess' (1996) EO competitive value and its effects on firm's growth patterns, leveraging resources and capabilities through SA. The second contribution is (ii) empirically confirm Covin and Lumpkin's (2011) propositions that EO is a multidimensional construct.

EO has become central in a global economy and, generally, a firm's EO is attributed to its top management (TM), responsible to lead the company to be sustainable overcoming ambiguity and uncertainty, but yet to date only one study (Simsek et al., 2010) have directed examined the TM as predecessor of the EO from Covin and Slevin's (1989) conceptualization. So, to the best of our knowledge, no research has related the TMT as predecessor of EO from Lumpkin and Dess (1996) view and, than connecting EO to SA. Our concern is not with the psychological characteristics of TMT, but with the differential aspects of how they work: in other words, as they imagine, design and operate their systems to human activities for a firm succeed as entrepreneur or as manager (Filion, 2000).

Excelling along EO and SA dimensions is not easy, because each demands many different organizational capabilities. However, when a firm pursue both, maybe it will be easier to achieve opportunities and advantages that are necessary for survival in the global economy nowadays (Hitt et al., 2001; Ketchen et al., 2007). The reality of firms behavior is complex, but at the same time interesting in the way that the TMT experiment to lead their firms in ways to create wealth must deal with the challenges presented by EO, alliances and strategy (Hitt et al., 2001; Ketchen et al., 2007). We argue that a fine-grained process level research and a better theory about the mechanisms and process that allow some TM (but not others) to exploit firms' EO on alliances is needed (Schulze, 2007). Then the third contribution expected from this article is (iii) show the existence of the predecessor of the EO (TMT) effect on the relationship between EO and SA helping in connecting the TMT into the entrepreneurship literature (Menz, 2012).

THEORETICAL BACKGROUND

Entrepreneurial Orientation

EO has received both empirical and conceptual substantial attention. In entrepreneurship research, EO represents one of the few areas where a cumulative body of knowledge has been developed (Rauch et al., 2009). The literature suggests that organizations with higher EO tend to perform better (Miller, 1983; Covin & Slevin, 1991; Zahra & Covin, 1993; Wiklund & Shepherd, 2005; Rauch et al., 2009). Therefore, the time now is to review, to evaluate, to mellow the document, and the cumulative knowledge on the relationship between EO and others variables beside firm performance (Anderson et al., 2014). EO is a strategic process which conceptual domain includes some performance indicators and the related managerial preferences, beliefs and behaviors expressed by the company's TM (Covin et al., 2006). Organizations which possess EO have several benefits. We highlight the fact that EO has a positive impact on the financial performance, be positively associated with growth, ability to discover new opportunities, facilitating the differentiation and the creation of competitive advantage, reduce or eliminate uncertainties, building entrance barriers, among others (Miller, 1983; Covin & Slevin 1991; Zahra & Covin, 1993; Wiklund & Shepherd, 2005; Teng, 2005; Rauch et al., 2009; Franco & Haase, 2013).

There are two main conceptualizations of EO construct. Unidimensional, related to Miller's (1983) and Covin and Slevin's (1989) work, and multidimensional, related to Lumpkin and Dess' (1996) view. Miller's (1983) and Covin and Slevin's (1989) concept is the dominant view of EO in the literature as two meta-analyses showed (Rauch et al., 2009; Rosenbusch et al., 2013). We therefore ground our discussion in the Lumpkin and Dess (1996) conceptualization, which needs more development. According to Lumpkin and Dess (1996) and supported by Covin and Lumpkin (2011), EO is a multidimensional construct that represents real phenomena and, as such, should be measured with a reflexive model. EO

exists as a continuous variable or as a set of variables, represented by five dimensions. Figure 1 presents the definitions for each of the EO's dimensions. Thus, we argue that EO by Lumpkin and Dess (1996) definition and agree with Covin and Lumpkin's (2011) propositions that EO is a multidimensional construct. The bibliometric research of Su et al. (2015) reinforce the importance of EO to entrepreneurial research and the focus of this study, the five dimensions of EO (Lumpkin & Dess, 1996) as a multidimensional construct.

[Insert Figure 1 here]

The entrepreneurship concept is valid for both SME initiatives and large corporations (Lumpkin & Dess, 1996). According to Browon et al. (2001), some businesses and environmental factors place individuals and companies either towards an entrepreneurial or a purely administrative (conservative) behavior. Despite the importance of firm performance considering the external task environment, little is known about the mechanisms that enable large corporations and SME to benefit from a specific environmental setting (Rosenbusch et al., 2013), like SA. This impairs the company's ability to create wealth, suggesting the need to identify ways to close the gap between EO and SA (Ketchen et al., 2007).

Entrepreneurial vision perceives SA as a way to develop or create opportunities, whether they reduce or eliminate uncertainties (Teng, 2005). The idea is that many SA embody the entrepreneurial approach. Since an EO may mitigate many institutional pressures for conformity, it can encourage the emergence of new business in a field, including the formation of SA. Naturally, an EO does not guarantee boosting SA (Teng, 2005).

Strategic Alliances

SA refer to the strengthening of business key positions through associations with strategic third parties and suppliers, as well as to its ability to keep them over time as a way to reduce or eliminate uncertainties and build entrance barriers (Sarasvathy, 2001).

While the SA theory has been used to explore the topic at differing levels of analysis, a growing body of research supports the conception that alliances play an important role in influencing many outcomes and forming a competitive context for sustaining, establishing and growing firm's wealth (Schulze, 2007). For example, large corporations tend to be able at setting up competitive advantages, but sometimes they undermine their skill to explore additional opportunities continuously because, generally, their emphasis is on the operational effectiveness. On the other hand, SME opportunity-seeking capabilities can be strong, but usually their skill to get value from opportunities and competitive advantages are limited by their lack of market power and limited knowledge (Hitt et al., 2001). As result, they may wish to form some type of SA in order to get access to resources and partner's capabilities as a way of reducing risks, exploiting innovation and wealth creation (Ketchen et al., 2007).

SA help not only large companies but also SME, providing opportunities to learn new capabilities, to adapt to the technological discontinuities created by the introduction of a new or radical technology, or to reduce the costs and risks associated to innovation (Hitt et al., 2001). Value creation is not an easy task, but can be facilitated by the partners' prosperity as well as the competitors' prosperity in a multi-organizational environment (Han et al., 2012). This is particularly important to new firms since they usually have access to limited resources and it would raise their chances to survive and achieve success (Hitt et al., 2001). One of the advantages of a partnership between SME and large corporation would be the access to financial capital or to the international market (Alvarez et al., 2006). In addition, a large portfolio enables a greater exposition to a wider resource basis, providing expertise in the scale's effect on the organization development and growth (Yli-Renko & Janakiraman, 2008).

The members of this partnership may have non-economic (learning opportunities, capabilities and market development) and economic benefits (revenue). However, if the company chooses to make an alliance in order to fill a strategic resource gap, the performance

standards must be developed before its start (Wittmann, 2007). Another kind of partnership that can bring benefits to a small or new company is the maintenance of a strong and close relationship with its clients (Yli-Renko & Janakiraman, 2008). Alliances can represent both risk and opportunity, especially for SME with limited resources. An opportunistic behavior by one of the partners is, frequently, suggested as a primary cause of failure to the SA purposes (Dickson et al., 2006). Thus, an opportunistic partner is one of the greatest concerns of a collaborative alliance (Das & Rahman, 2010). Despite these considerations, the association between alliances and entrepreneurship has gained little attention from the academic community (Journal of Business Venturing, v. 21, 2006). Particularly, the EO influence on the decision to enter an alliance is poorly studied.

Conceptual Framework and Research Hypotheses

The Entrepreneurial Orientation in Strategic Alliances

The research of EO in SA utilized different approach, like EO and SA (Marino et al., 2002) institutional and EO theory (Teng, 2005), collaborative entrepreneurship (Franco & Haase, 2013), international performance and marketing alliances (Brouthers et al., 2014) and knowledge spillover theory of entrepreneurship (Shu et al. 2014) to study the relationship between EO and SA. Most of them (Marino et al., 2002; Franco & Haase, 2013; Brouthers, Nakos & Dimitratos, 2014; Shu et al., 2014) found support of their hypotheses, but none of them investigated the direct effect of EO from Lumpkin and Dess' (1996) view as multidimensional construct and neither used the TMT as predecessor of firm's EO.

Corroborating the theories on the importance of SA to entrepreneurial institutions, Han et al. (2012) showed that companies have significant and abnormally positive returns when their participation in collaborative innovation alliances is publicly announced. On the other hand, results from Montoro-Sánchez et al. (2009) indicate that financial resources and physical resources are not determinant for the alliance choice. But the capabilities are the

most important factors for the establishment of an alliance. Marino et al. (2002) showed a relationship between unidimensional EO (RT, innovativeness and proactiveness) was positively associated to SA, Franco and Haase (2013) confirmed that innovativeness was positively related to SA. Brouthers et al. (2014) supported that participation in research or marketing alliances had a positive moderating impact on the relation between EO and international performance. Shu et al. (2014) found that a focal firm's EO (RT, innovativeness, proactiveness and CA) was positively related to knowledge spillovers in an alliance. Hence, we propose:

Hypothesis 1 (H1) The dimensions of EO (a) autonomy, (b) risk taking, (c) competitive aggressiveness, (d) innovativeness, and (e) proactiveness have a positive effect on SA.

The Top Management Team as Predecessor of the Entrepreneurial Orientation

TMT members are defined as the senior executives in the TMT responsible for one or more functional areas in their organizations (Menz, 2012). In this particular research, we differentiate the TMT by the way of acting as entrepreneur or as manager (Filion, 2000). Hambrick and Mason's (1984) seminal article on the upper echelons perspective, research TMT has developed into one of the most prominent areas in the management field and scholars have recently begun to study individual TMT members other than the CEO (Menz, 2012). In this context, the entrepreneur vision within the TMT plays an important role for EO.

While firms encourage their employees to have an entrepreneurial behavior in their functions, it is not clear why some TMT have entrepreneurial behavior and others not (Hashimoto & Nassif, 2014), especially how the TMT influences the firms' EO (Simsek et al., 2010) and, consequently, the formation of SA. In the case of SA, one of the reasons why managers choose not to make SA is that they focus exclusively on private benefits (obtained by subsets of members of the alliance), aimed at the generation of value (e.g., generated

shared benefits) (Wittmann, 2007; Dickson et al., 2006). The simplest reason for the organizations to not making partnerships is the lack of strategy for alliances from the TM point of view. This decision is a strategic choice (Wittmann, 2007). Thus, the figure of TMT is important to an SA decision.

A superior business performance is more frequently reached by internal leaders or groups of leaders (Lumpkin & Dess, 1996; Burgelman, 1983). Miller (1983) showed that, in the case of small entrepreneurial companies and planned companies, the high level of entrepreneurship was associated to presidents with a strong central authority and capable of acting as leaders, knowing the markets and emerging technologies. Drummond and Stone (2007) complement showing that successful enterprises are those with management philosophies operating open and inclusive approaches, stressing routine communication with no mediation between managers and workers, flat hierarchy, autonomy, and team work.

As Menz (2012) suggests, future studies on TMT members should especially regarding the nature of TMT members' work, and TMT processes, which may facilitate the cross-fertilization in the field. Following Menz's (2012) suggestions we argue that TMT is important to SA, but not as moderator between EO and SA as some studies (Lumpkin & Dess, 1996; Messersmith & Wales, 2011) propose when analyses EO and firm performance. We followed the Menz's (2012) proposals and Simsek et al. (2010), Miller (1983) and Burgelman' (1983) view that the TM is the company's heart, acting as predecessor of the EO-SA relation. We defend that TMT is important to SA decision. However we argument that TMT is also important to develop and maintain an EO. Then TMT is a predecessor of EO conditions to promote SA. Hence, we propose:

Hypothesis 2 (H2) The TMT has a positive effect on EO dimensions: (a) autonomy, (b) risk taking, (c) competitive aggressiveness, (d) innovatiness, and (e) proactiveness, and (f) SA.

METHOD

We developed a quantitative survey, using SEM in order to assess the proposed model. SEM has significant opportunities to generate insights within strategic management, especially in the field's core constructs (e.g., strategy, entrepreneurship, performance) are multidimensional and the relationships among them are complex (Shooks et al., 2004). The Partial Least Squares (PLS) modeling is particularly well-suited to many of the problems studied in management (Robins, 2014). PLS tool is a modeling approach to SEM without any previous assumption about the data distribution. Thus, the PLS-SEM is a suited alternative analysis technique whenever the sample has a small size, there is little theoretical support available, the predictive precision is primary, and the specification of the correct model cannot be assured (Wong, 2013; Robins, 2014; Sarstedt et al., 2014).

Sampling and Data Collection

We obtained data from a cross-sectional survey of 101 firms in Brazil. The firms were randomly selected from the 1000 Brazilian biggest companies in Exame Magazine and from the Brazilian Service to Support Micro and Small Enterprises (SEBRAE) to represent companies in a range of sectors, sizes, ownership structures and regions. We identify the research target population – TMT (owners, presidents, vice-presidents and/or directors). This population was prioritized because they are directly involved in the company's policies and strategies formulation. Of the 500 randomly selected firms, we collected via online survey by a link with the questionnaire to measure the five dimensions of the independent variable EO (A, RT, CA, I and PA), the dependent variable (SA), and the predecessor EO variable – TMT. The data collection was conducted in 2014. A total of 101 valid responses were analyzed, thus yielding an effective response rate of 20.20 %. The model is depicted in Figure 2.

[Insert Figure 2 here]

Measures

Established multiple-item scales were used and the scales items were randomly ordered to minimize survey method biases. Each scale item was measured by three seven-point Likert-type items.

SA were measured by: (a) "In general, my company uses (focus on) as business strategy: 1 – strategic analysis mostly (market research, long-term planning, etc.) to 7 – partnerships mostly (strategic alliances)"; (b) "In general, my company uses partnerships (alliances) as business strategy to eliminate entrance barriers: 1 – very rare to 7 – very often"; and (c) "When establishing partnerships with other companies, my company seeks for a relationship: 1 – short-term mostly (the "partner" is only another client) to 7 – long-term mostly (through a mutual cooperative effort)". This scale was developed for this study based on SA theory (Sarasvathy, 2001; Hitt et al., 2001; Dickson et al., 2006).

The EO construct was measured by five subdomains. The autonomy dimension was measured by the scale adapted from Dess and Lumpkin (2005). The proactivity was measured by the scale adapted from Dess and Lumpkin (2005). The RT was measured by the scale adapted from Miller and Friesen (1982). The CA was measured by the scale adapted from Covin and Covin (1990). The innovativeness was measured by the scale adapted from Milher and Friesen (1982).

The TMT construct was measured by five seven-point bipolar items that evaluated the differences on operational methodologies of an individual over their human activity system on the work between managers and entrepreneurs (Filion, 2000; Menz, 2012). Data regarding size and sector were reported by the TM according to Sebrae and Dieese (2008) as micro, small, medium and large enterprise, considering the number of employees.

RESULTS AND ANALYSES

The demographic characteristics of the samples are shown in Table 1.

[Insert Table 1 here]

Sample and Statistical Power. An a priori analysis is used to determine the necessary sample size N of a test given a desired α level, a desired power level (1 - β), and the size of the effect to be detected (Mayr et al., 2007). For this, the following values were considered: α = 0.05, average effect = 0.15, six predictors and statistical power of 80% (Hair et al., 2013). According G*Power software (Faul et al., 2009), the minimum required sample amount is 98 cases. In this study, the sample has 101 cases. So, this condition of a priori test was accepted.

Reliability of Measures. The reliability results are presented in Table 2. The data indicate robustness of the measurements in terms of internal consistency as indexed by the reliability composed by different measures varying from 0.71 to 0.88, which surpassed the recommended value of 0.7 (Fornell & Larcker, 1981). Moreover, in consonance with Fornell and Larcker directives, the average variance extracted (AVE) for each measurement exceeded 0.50.

[Insert Table 2 here]

Discriminant Validity. Table 3 shows the results of the discriminant validity evaluation of the scales. For all cases, the diagonal elements of the matrix, which represent the square root of the AVEs, are larger than the elements out of the diagonal line (situated in its correspondent row and column), which supports the discriminant validity of the scales.

[Insert Table 3 here]

Convergent Validity. The convergent validity was evaluated by extracting the factors and the factor loadings of each item for their respective latent constructs. The results (Table 4) indicate that all loaded items exceeded both the inferior (0.70) and superior (0.95) limits, i.e., for each item, the construct(s) correspondent to a specific item was/were the largest one(s).

[Insert Table 4 here]

Confirmation of Sample Validity. According to Hair et al. (2009), factor loadings above 0.70 assure significance in samples in which the number of records is superior to 60, which corroborates the sample size of 101 companies.

Hypotheses Testing (H1). The results of the structural model without the influence of TMT indicate that the beta coefficients of RT (beta = 0.280; $p < 0.10$) are positive and significant. The others EO variables [A (beta = 0.173), CA (beta = 0.045), I (beta = 0.049) e PA (beta = -0.075)] did not show a significant influence on SA. Therefore, the dimension RT of the EO construct had a positive influence on SA. In this way, the hypothesis h1 was partially accepted. The results of the structural model are presented in the Figure 3. The beta values of all path coefficients are shown and the beta values of the significant paths are indicated.

Hypotheses Testing (H2). Considering the effect of the variable TMT, the results show that, excepting innovativeness (beta = 0.180), all beta coefficients of the EO dimensions including the TMT itself are positive and significant: A (beta = 0.321; $p < 0.01$), RT (beta = 0.337; $p < 0.01$), CA (beta = 0.268; $p < 0.01$), PA (beta = 0.210; $p < 0.05$), TMT (beta = 0.372; $p < 0.01$). As expected, practically all EO dimensions (A, RT, CA, and PA) are associated with TMT, including the TMT itself showed a positive relationship with SA. Thus, the hypothesis h2 was almost fully accepted. TMT has a highly relevant role in the EO and SA of the firm.

Evaluating Model Fit. The present model explained 25.5% of the EO variance in SA. The explanatory power of the model makes it a reliable representative of the strategy and entrepreneurship fields, since according to Cohen (1988) a $R^2 > 26\%$ indicates a large effect size and an excellent explanatory power.

[Insert Figure 3 here]

CONCLUSION AND IMPLICATIONS

The present study assumed the existence of a relationship between Lumpkin and Dess' EO (1996) and SA as a manner to decrease business-associated risks. This relationship would

be affected by the company's TMT, and the EO would act as a multidimensional construct. According to what has been suggested by Marino et al. (2002), Teng (2005), Franco and Haase (2013) and Shu et al. (2014), the present study found a relationship between EO and SA. The RT dimension showed a positive relationship with SA. The results of the relationship between one dimension of EO (RT) and SA were affected by the TMT, Moreover, this finding corroborates the argument of Covin and Lumpkin (2011) that the EO is a multidimensional construct and a firm with EO should have at least one of the five EO dimensions and this would be highly influenced by the company's TMT.

In the global world, which social, economic and political structures have been broken progressively, requires new knowledge needs. This refers to the idea that the power to anticipate the future, or minimize the risks associate to a business can be understood as one of the important factors for sustainability of the organizations, like EO and SA. In this way, great challenge concerns the need to be prepared for the risks associated to the business, that have not been invented and problems not yet known. However, this anticipation of the future or minimization of the business' risks can be associated to partnership between firms (SA) driven by a TMT with an EO. As any firm is ultimately based on strength, capacity and ability of persons belonging to, under the human aspect, it is essential the practice of the TMT and the EO, especially RT, can be an advantage to SA in the real business world.

Contribution to Theory

This study empirically assessed the cooperation as a manner to put the entrepreneurial activities into practice and connected two study areas: EO and SA, filling a theoretical and empirical gap identified in the literature. In order to find a relationship between Lumpkin and Dess' (1996) EO competitive value and its effects on companies' growth patterns, leveraging resources and capabilities through SA, the article showed that RT is associated with SA. This result exalts Covin and Lumpkin's (2011) propositions that EO is a multidimensional

construct. A full relation between EO and SA is not present, but this not signify an absence of relation. Using a multidimensional construct (Lumpkin & Dess, 1996), we showed that RT of EO is important to SA decision. This support the view of Lumpkin and Dess (1996) that the EO dimensions would be present in certain situations but not in others depending on internal and external factors, and acting in a multidimensional way.

This result indicates that investment on EO, especially, RT dimension, is important in order to promote SA. Of course, that TMT influences SA, but companies with RT capabilities developed are more prone to give support to an SA decision and conduct their implementation. In this way, this research contributes to the consolidation of the EO construct by using it in a multidimensional way in a reflexive model, associated to the work of Lumpkin and Dess (1996) and suggested by Covin and Lumpkin (2011). Lumpkin and Dess (1996) pointed out that researchers have failed to find consistency in relations/perceptions of RT in entrepreneurship, whether in the form of creation of new businesses or misleading relations between RT and performance. Furthermore, most of the studies related to the enterprise refer to the risk of the individual rather than the risk of the company.

The RT resides primarily at the individual level and then is transported to the company level. The RT of the companies can be shaped by the influence of individual risk perception, attitude, intention and behaviour. These practices apply to both large corporations and SME. Thus, the firms' RT that appear to contribute to high performance in the formation of SA are: (1) strong tendency to risky projects with a chance to receive very high returns, (2) take a bold approach in which large actions are needed to achieve the company's goals, and (3) adopt an aggressive posture to maximize the probability to explore potential opportunities.

The present study calls attention to TMT as predecessor of the EO effect on the relationship between EO and SA. TMT has direct impact to development on EO dimensions (A, RT, CA, and PA) and only one dimension is not associated with SA. The results incentive

firms to develop TMT in order to have an EO. If RT is associated with SA, other dimensions could be associated with other corporate or business strategies. Despite different views and approaches about the entrepreneur, there are many points of convergence among them. This study provides evidences and an understanding regarding the potential benefits associated with closer linkages between TMT and firm's EO and SA.

Implications

For academics, our ideas imply a new way of thinking strategic entrepreneurship, by the view of integrating two different subjects (EO and SA), and the need to approach the design of their research from a broader perspective than has been applied. For example, there is a vast literature on EO and SA offered by related diversification strategies, but they have ignored the opportunity of wealth creation when linking EO and SA within a firm. Given the integration of EO and SA suggests a different approach, as strategic entrepreneurship concept makes clear that the academic interested in explaining the relationship between EO and SA will capture both opportunity and competitive advantages within a particular research design.

For practitioners, we encourage that to their organizations to be sustainable and succeed the ideas presented here can be a better or easy way to achieve their goals. A firm can benefit from partners with strong EO through sharing knowledge that can induce to form an alliance and better performance. These imply that their companies need to have RT in seeking to form partnership. As a way to promote an EO, we would suggest two things. First, TMT must cultivate good relationships with their team members to encourage them to generate ideas and identify opportunities. Second, TMT must protect their intrapreneur from the institutional sanctions if their efforts fail, considering that, employees with autonomous entrepreneurial behaviour already have EO (Hashimoto & Nassif 2014).

Limitations and Future Research

A few general reservations in this study should be considered. First, our scales relied on subjective measures, although we took great care in data analysis (applying robustness checks and randomization) and biases reduction. Future research could verify the EO-SA relationship through secondary data or combining survey with secondary data.

Second, while for one side, theoretical guidance EO effectiveness suggests that EO outcome relationships should exhibit moderation from internal organizational variables (Covin & Slevin, 1991; Lumpkin & Dess, 1996; Rauch et al., 2009), for the other side, it is possible that these variables may influence EO. However, we consider this limitation as not a big problem. We argue that EO is influenced by the practices and philosophies of the TMT, which helps to explain the formation of SA. Thus, we believe that our framing is appropriate and sheds interesting light upon a theoretically meaningful EO-SA relationship, as calls have long advocated for within the EO literature (Journal of Business Venturing, v. 21, 2006).

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FIGURES

		Dimension	Definition
	Miller's (1983) and Covin and Slevin's (1989)	Proactiveness (PA)	Related to processes, seeking to anticipate and act upon future needs, searching for new opportunities that may or may not be related to the current line of operations, introduction of new products/trademarks ahead of the competition (Venkatraman, 1989).
		Innovativeness	Reflects the tendency of a company to be involved and

Lumpkin and Dess´s (1996) construct	construct	(I)	to support new ideas, singularities, experiments and creative processes that may result in new products, services or technological processes (Lumpkin & Dess, 1996).
	3dimensions (Unidimensional)		
5 dimensions (Multidimensional)		Risk Taking (RT)	Refers to the disposition to incur in elevated debts or to compromise a significant part of resources, aiming for high returns by seizing the opportunities and acting with courage even when a successful outcome is not certain (Lumpkin & Dess, 1996).
		Autonomy (A)	Refers to the independency of action of individuals or groups to come up with an idea or view and fully develop it (Lumpkin & Dess, 1996).
		Competitive Aggressiveness (CA)	Reflects the company's willingness to challenge its competitors directly and intensively when entering a marketplace or to improve its market positioning outperforming its competitors (Lumpkin & Dess, 1996).

Figure 1 - Entrepreneurial orientation construct

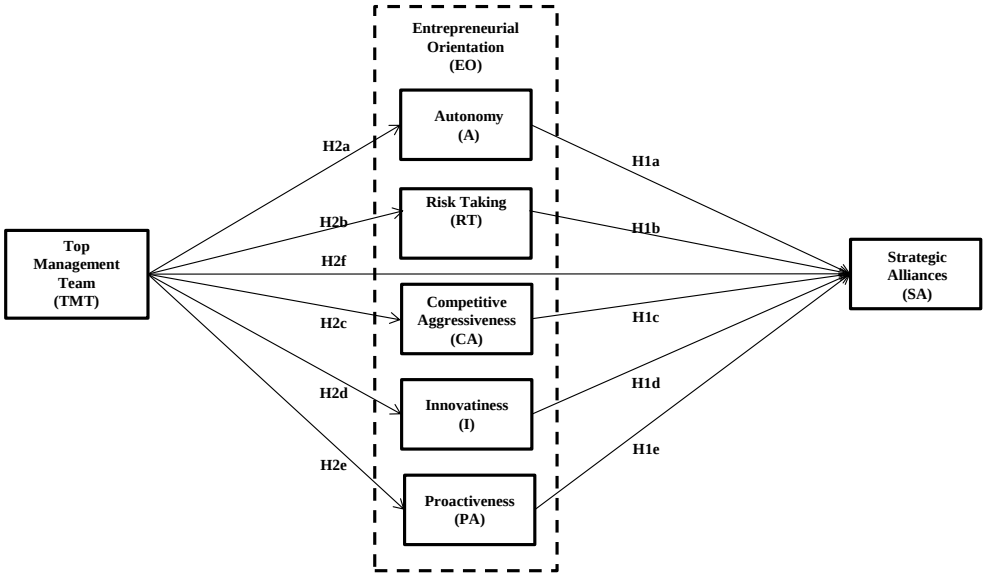

Figure 2 - Investigated model

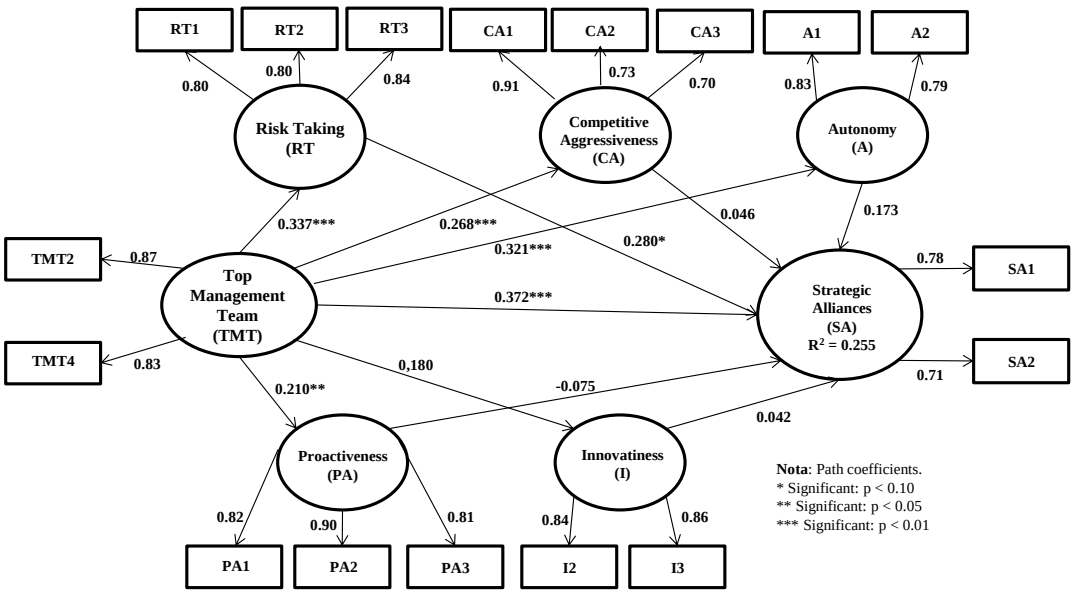

Figure 3 - Structural model results

TABLES

Table 1 - Sample

Items	2014
Total number of companies	101 (100%)
Large companies	37%
Mid-sized enterprises	15%
Small and micro-enterprises	48%
Industry/Construction	13%
Trading	22%
Services	66%

Table 2 - Measurement model assessment

Constructs	AVE	Internal Consistency
SA	0.55	0.71
A	0.66	0.79
RT	0.64	0.84
CA	0.62	0.83
I	0.72	0.84
PA	0.71	0.88
TMT	0.72	0.84

Table 3 - Discriminant validity (correlations) of the construct variables

Latent Variable	SA	A	RT	CA	I	PA	TMT
SA	**0.74**						
A	0.39	**0.81**					
RT	0.40	0.51	**0.80**				
CA	0.26	0.45	0.43	**0.79**			
I	0.26	0.49	0.43	0.60	**0.85**		
PA	0.19	0.28	0.47	0.71	0.51	**0.84**	
TMT	0.37	0.32	0.34	0.27	0.18	0.21	**0.85**

Table 4 - Factor loading (bold) and cross loading

	SA	A	CAR	CA	I	PA	TMT
SA1	**0.78**	0.28	0.29	0.09	0.09	0.09	0.35
SA2	**0.71**	0.30	0.30	0.30	0.31	0.19	0.19
A1	0.35	**0.83**	0.38	0.34	0.42	0.26	0.25
A2	0.28	**0.79**	0.45	0.39	0.38	0.19	0.27
RT1	0.32	0.40	**0.80**	0.27	0.42	0.35	0.24
RT2	0.29	0.41	**0.80**	0.52	0.44	0.54	0.23
RT3	0.35	0.42	**0.80**	0.28	0.22	0.28	0.33
CA1	0.23	0.38	0.36	**0.91**	0.51	0.59	0.34
CA2	0.18	0.33	0.40	**0.73**	0.54	0.71	0.10
CA3	0.20	0.36	0.29	**0.70**	0.39	0.43	0.09
I2	0.18	0.36	0.34	0.62	**0.84**	0.53	0.20
I3	0.26	0.47	0.40	0.41	**0.86**	0.36	0.11
PA1	0.08	0.23	0.37	0.61	0.39	**0.82**	0.15
PA2	0.17	0.22	0.44	0.66	0.44	**0.90**	0.23
PA3	0.20	0.26	0.37	0.53	0.47	**0.80**	0.13
TMT2	0.32	0.31	0.28	0.23	0.19	0.18	**0.87**
TMT4	0.31	0.23	0.29	0.22	0.11	0.18	**0.83**