

Entrepreneurial orientation and social ties in transitional economies

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ABSTRACT

Recent research suggests that entrepreneurial orientation (EO) has a more complex effect on performance (i.e. non-linear instead of linear) than previously considered. We extend this view by examining the non-linear effect of each individual dimension of EO (i.e. innovativeness, proactiveness, and risk-taking) on firm performance in the context of a transitional, collectivist economy. Drawing upon social capital theory, we also examine under which social capital conditions (i.e., business and political ties) each dimension of EO is most effective. Using survey data from 137 firms in Vietnam Top 500 Companies, this study shows that innovativeness and proactiveness have inverted U-shaped relationships with firm performance, while the effect of risk-taking on firm performance is also non-linear but in the form of increasing returns. Findings also show that social capital from business ties differentially moderates the effects of EO dimensions on performance. Similarly, social capital from political ties has different moderating effects on the innovativeness-performance and proactiveness-performance linkages. The findings urge managers of firms operating in transitional economies to take the levels of social capital from business ties and political ties into consideration when making their decision on which entrepreneurial strategy to pursue.

Introduction

Research on entrepreneurial orientation in transitional economies has recently received significant attention (Jiang et al., 2016; Bruton et al., 2008). As originally proposed by Miller (1983), entrepreneurial orientation (EO) is defined as a firm's strategic orientation combining innovativeness, proactiveness, and risk-taking (Covin et al., 2006; Covin and Slevin, 1989). Innovativeness refers to a firm's tendency to engage in experimentation, support new ideas and depart from established practices (Lumpkin and Dess, 2001). Proactiveness reflects a firm's propensity to act in anticipation of future demand to shape the environment and to act aggressively towards rival firms in the pursuit of favorable business opportunities (Hansen et al., 2011; Lumpkin and Dess, 2001). Risk-taking is a tendency to take bold actions such as making investments in projects that have uncertain outcomes (Lumpkin and Dess, 2001).

The EO literature has called for further research on the effect of the individual dimensions of EO on firm performance, because each sub-dimension has a different association with key outcome variables (George, 2006). However, what remains unexamined is the effects of the individual dimensions of EO on firm performance, especially in the context of transitional, collectivist economies. Compared to developed economies, transitional, collectivist economies offer a context with several unique characteristics. First,

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under a transitional economy setting, firms have to face tremendous instability and underdevelopment in the institutional environment as well as market environment. Such market volatility creates confusion, and difficulties for firms to forecast future market demand and business environment. Therefore, compared to developed economies, in transitional economies, the links between firms' EO strategies and their performance may follow more complex trajectories than simple, positive ones (Lumpkin and Dess, 2001). Second, unlike individualist cultures, highly collectivist cultures do not appreciate independence, competitiveness and individualism, which are important facilitators for the performance of firms' innovativeness strategies. Therefore, collectivist values and norms may inhibit the performance of firms with certain levels of innovativeness (Nguyen and Rose, 2009). Third, governments in transitional economies still control a significant portion of scarce resources, which may constrain the effectiveness of firms' proactive practices (Sheng et al., 2011). The aforementioned distinctive characteristics promote a need for further elaboration of the relationship between each EO dimension (i.e. innovativeness, proactiveness and risk-taking) and performance in the context of transitional, collectivist economies.

Being the second largest transitional economy after China in Asia with a highly collectivist Eastern culture, Vietnam is one of the under-researched economies with respect to entrepreneurship performance (De Jong et al., 2012). Vietnam offers an interesting research context to provide creative and insightful explanations of the effects of EO dimensions on business performance. Compared to other transitional, collectivist countries, Vietnam has a highly active entrepreneurial environment and a relatively young market with more than 61% of the population in the 15–54 age range, who are more willing to adopt entrepreneurial initiatives (Welter et al., 2013). In Vietnam, the coexistence of socialist and market-based capitalist systems, and the government's control over resources, financing, and materials distribution also create a distinctive environment for the performance effects of proactive, innovative or risk-taking strategies (Shultz, 2012). Therefore, the first aim of this research is to examine how each individual dimension of EO (innovativeness, proactiveness and risk-taking) imposes its complex effect on firm performance in the context of a transitional, collectivist economy.

In addition to providing an interesting context to investigate the performance effects of EO dimensions, Vietnam with its long tradition of using social ties to conduct business is also a potential setting to examine the role that social ties plays in the relationship between EO dimensions and firm performance (Sheng et al., 2011; Li et al., 2006). Prior research on the EO-performance relationship shows that the performance implication of EO is context-specific (Wales et al., 2013a; Wiklund and Shepherd, 2005; Lumpkin and Dess, 2001), and the strategic choices made by managers are most effective when they align with social capital embedded in social ties (e.g., business and political ties) (Gao et al., 2017; Boso et al., 2013). Social capital from business ties is built upon a firm's informal social connections with various market players (including suppliers, business buyers, and competitors), whereas social capital from political ties is developed through a firm's informal social connections with government officials at various levels (e.g., city councils, national government, regulatory institutions) (Dong et al., 2013; Acquah, 2007). In transitional economies, social ties that coordinate exchanges through informal, interpersonal social mechanisms (Granovetter, 1985) can act as informal governance mechanisms, allowing firms to better approach government-controlled resources and overcome the limits of weak institutional infrastructures (Xin and Pearce, 1996). Therefore, social ties may influence the effects of innovative, proactive and risk-taking practices on business performance. So, the second aim of the study is to investigate the moderating role of social capital from business and political ties on the relationships between the EO dimensions and firm performance.

By addressing the two aforementioned research purposes, our study makes several contributions to the literature. First, it is among the first studies to examine the complex performance outcome of individual EO dimension in the context of a transitional, collectivist economy. The findings of this study are useful for calibrating our expectations about EO dimensions. Prior research has only found linear effects of EO dimensions on firm performance, except for a recent study by Wales et al. (2013b), who found the nonlinear effect of the aggregated EO on firm performance in developed economies. In this study, we demonstrate that in the context of a transitional, collectivist economy with different institutional and cultural environments, expectation of such effects of EO dimensions is not pertinent. Instead, three dimensions of EO, innovativeness, proactiveness and risk-taking, have differential non-linear impacts on firm performance. Second, the current study enhances our understanding of the role of social ties in the performance effects of entrepreneurial practices in the context of transitional, collectivist economies. It clarifies how social capital from business and political ties imposes important and differential moderating impacts on the link between each EO dimension and firm performance. Our research also offers implications for managers in transitional economies how they should consider social capital from political or business ties their firms possess when they make decisions on innovativeness, proactiveness or risk-taking strategies to pursue.

Theoretical background and hypothesis development

To answer the questions about how each dimension of EO influences firm performance and how social capital from political and business ties moderates these influences, the conceptual model is developed and displayed in Fig. 1.

Main effects of innovativeness, proactiveness and risk-taking

The literature on entrepreneurship has identified and consistently used three dimensions of EO: innovativeness, proactiveness and risk-taking (Hansen et al., 2011). Innovativeness refers to a firm's tendency to engage in experimentation, support new ideas and depart from established practices (Lumpkin and Dess, 2001). Innovation in entrepreneurial firms is often considered a vital factor to facilitate growth, increase profit potential, and enhance overall market value (Cho and Pucik, 2005). Innovativeness can also develop firms' capabilities when it encourages the development of new organizational routines and unique approaches to technologies,

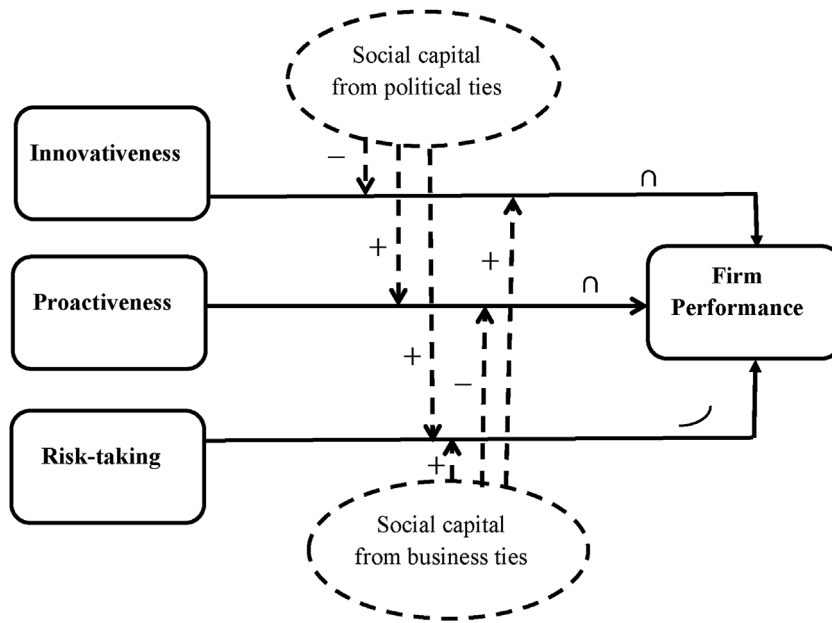


Fig. 1. Research model and hypotheses.

products, or processes (Kreiser et al., 2013). The introduction of new and innovative products can enhance firms' abilities to adapt to changing market conditions, especially in transitional economies, achieve some sort of competitive advantage, and thereby increase the firm performance (Hult et al., 2004). Furthermore, collectivism encourages and facilitates mutual collaboration and achievement of incremental innovation goals (Choi and Wu, 2009); therefore, firms engaging in innovation practices will be more likely to enhance their performance in collectivist economies.

However, too much focus on innovativeness may be counterproductive to entrepreneurial-oriented firms in transitional economies that embrace highly collectivist cultural values and norms like Vietnam. At higher levels of innovativeness, the collectivist culture may inhibit the effectiveness of new ideas and breakthrough innovations (Tieszen, 1997). In Vietnam, the collectivist culture does not motivate people to strive for recognition by aiming for goals beyond the norms, which lowers creativity for radical innovation and the benefits from such projects (Choi and Wu, 2009). These benefits may not reimburse the huge costs incurred by highly innovative projects, which will impede the performance of Vietnamese firms, which often possess limited budget and limited access to financial resources. Prior research finds an inverted U-shaped relationship between collectivism and entrepreneurship in that entrepreneurship declines when more collectivism is emphasized (Morris et al., 1994). Furthermore, prior research also shows that mature products and trusted brands are more effective and well accepted by customers in Vietnam where uncertainty avoidance is typically high (Chen et al., 2012). As such being highly innovative may, beyond a certain point, have a downturn effect and is more likely to dampen performance. Therefore, we hypothesize that:

Hypothesis 1. In a transitional, collectivist economy, innovativeness has an inverted U-shaped association with firm performance.

Proactiveness reflects a firm's propensity to act in anticipation of future demand to shape the environment and act aggressively towards rival firms in the pursuit of favorable business opportunities (Hansen et al., 2011; Lumpkin and Dess, 2001). Proactive firms aim to uncover latent customer needs, especially constantly changing customer needs in transitional economies, by working closely with lead users, which facilitates the development of new innovations. They can achieve competitive superiority with their pursuance of "step ahead" tactics and market leadership characteristics. Therefore, firms' increasing involvement in proactive activities will enhance their business performance.

However, a high level of proactiveness can backfire and negatively influence a firm's business performance for three reasons. First, collectivist cultures that emphasize collaboration over competition (Triandis, 1995) not only discourage firms' efforts to stand out, but may even penalize firms acting over-competitively or over-aggressively towards others (Choi and Wu, 2009). Therefore, firms' over-emphasis in proactive projects to conquer the market in collectivistic cultures can become counter-productive and instead cause a decrease in business performance. Second, according to institutional theory, the institutional system influences organizations' strategic posture and processes (Scott, 1995). Institutionally developed countries with strong emphasis on performance orientation can offer important institutional support for entrepreneurial activities, and enhance their performance (Semrau et al., 2016). Meanwhile, in transitional economies, the coexistence and contradictions of the two antagonistic ideologies, the socialist system and the capitalist system, may create market unpredictability (Tang et al., 2008). Such market volatility creates confusion, stress and difficulties for firms to act proactively in anticipation of future demand to shape the environment. Therefore, when firms focus too much attention on leading the market, they may overlook the constraint of two opposing systems, which reduces firms' capability to immediately adapt to institutional changes and negatively influences firm performance (Tang et al., 2008). Third, in order to lead the

market and overtake competitors, high levels of proactiveness require an escalating commitment of resources, which may be difficult to access in Vietnam. Indeed, accessibility to scarce resources (e.g., capital, infrastructure, subsidies) in transitional, collectivist economies is a major challenge for highly proactive firms. Governments in these economies still control a significant portion of scarce resources and play a central role in devising industry development plans and regulatory policies (Sheng et al., 2011). Such a formal institutional void may inhibit the performance of firms' activities to shape the environment due to significant costs that arise from increased uncertainty in obtaining adequate resources. In this context, the costs and uncertainty associated with increases in proactiveness may outweigh their potential benefits. Therefore, we hypothesize that:

Hypothesis 2. In a transitional, collectivist economy, proactiveness has an inverted U-shaped association with firm performance.

The EO literature refers to risk-taking as a tendency to take bold actions such as making investments in projects that have uncertain outcomes (Lumpkin and Dess, 2001). Entrepreneurial firms are more likely to venture into highly risk-taking initiatives that have uncertain outcomes and a high likelihood of failure. Innovative initiatives are highly risky and require substantial investment (Wiklund and Shepherd, 2005; Lumpkin and Dess, 2001). For example, technology-based innovations are technologically risky and costly, while market-based innovations are extremely risky on the market side because of the lack of ready acceptance by mainstream customers (Zhou et al., 2005).

Different from innovativeness and proactiveness, risk-taking does not have an inverted U-shaped effect on firm performance. Although increasing risk-taking is associated with increasing likelihood of failure (Avlonitis et al., 2001), firms can gain strong benefits from their risk-taking strategies, especially in the context of transitional, collectivist economies like Vietnam. Risk-taking represents the willingness to commit resources to uncertain projects, activities, and solutions out of the fear of missing out on an opportunity (Hughes and Morgan, 2007). With timely risk-taking, firms can increase strategic decision speed, avoid delay in introducing innovations, and quickly seize the market opportunities to increase their business performance (Hughes and Morgan, 2007). Especially, as a transitional economy, Vietnam currently has rapid economic growth, and in such an economic environment, entrepreneurial firms must be willing to take risks: “without risk-taking, however, the prospects for business growth wane” (Ward, 1997, p.323). When firms commit to low-to-moderate risk-taking activities, their performance will still improve but at a slow pace. They are benefiting from low-risk projects, but these benefits only slightly reimburse the costs of missing business opportunities offered by rapidly growing markets. Investing in risky projects enables firms to yield high returns from taking advantage of the business opportunities (Masina, 2006). Furthermore, Vietnam is characterized by its risk-averse culture which creates large costs to commercialize new products (Chen et al., 2012). Therefore, according to entrepreneurship hurdle effect, entrepreneurial firms need to opt for highly risky projects which can yield higher payoffs if successful with the hope to reimburse the expected commercialization costs (Li et al., 2006). This risk-averse culture only rewards firms that overcome their reluctance to invest in highly risky projects to stand out and overtake their competitors. Therefore, the more risk-taking activities a firm adopts, the more rapidly its business performance will increase. Accordingly, we hypothesize that:

Hypothesis 3. In a transitional, collectivist economy, risk-taking has a positive, increasing returns-to-scale association with firm performance such that this effect gets stronger with higher levels of risk-taking.

Moderating effects of social capital from business ties and political ties

Recent studies on moderators of the EO-performance relationship focus attention on social capital from social networks as potential contingencies that may enhance the wealth creation potential of EO (Gao et al., 2017; Boso et al., 2013). The central proposition of social capital theory is that relationship networks are valuable resources for firms, which provide them with the collectivity-owned capital embedded within mutual acquaintance and obligations (Nahapiet and Ghoshal, 1998). In this study, social capital from social ties is defined as the sum of “the actual and potential resources embedded within, available through, and derived from the network of relationships” possessed by a firm (Nahapiet and Ghoshal, 1998, p.243). The literature on social capital has highlighted how social ties can create value for firms by allowing access to and leveraging information and resources in relationships (Cheung et al., 2010; Autry and Griffis, 2008), by promoting cooperative behaviors (Lawson et al., 2008; Krause et al., 2007), and by creating a positive social climate whereby firms support each other (Semrau et al., 2016; Stephan and Uhlaner, 2010). Furthermore, social capital also enhances the quality, relevance and timeliness of the acquired information (Adler and Kwon, 2002). By coordinating exchanges through informal, interpersonal mechanisms, social ties help firms overcome the limits of weak institutional infrastructures (Boso et al., 2013; Xin and Pearce, 1996), to better forecast future demands and customer preferences (Adler and Kwon, 2002). Therefore, in transitional economies characterized by turbulent circumstances as a consequence of economic liberalization and transition towards market systems, social ties become a strategic choice for firms in an effort to secure resources and deal with an uncertain environment (Sheng et al., 2011). However, social capital from social ties may also cause some risks to the performance effects of EO strategies. Establishing and maintaining social ties requires considerable investments, which sometimes become a burden for firms with limited budgets, especially in transitional, collectivist economies. Furthermore, access to too much information and resources may create abundance and longer time to process, which slows down firms' reaction to rapidly changing markets in transitional economies (Adler and Kwon, 2002; Hansen and Research, 1998). While many EO firms in transitional, collectivist economies spend large investments in building social ties with the hope to facilitate their performance, the potential risks of social capital from social ties call for an examination into how social capital from social ties, such as business and political ties, differentially moderates the performance effects of EO strategies.

Social capital from business ties refers to market information and resources from a firm's informal social connections with various

market players, including suppliers, business buyers, and competitors, whereas social capital from political ties refers to regulatory information and resources developed through a firm's informal social connections with government officials at various levels (e.g., city councils, national government, regulatory institutions) (Dong et al., 2013; Acquaah, 2007). Social capital from political ties is imperative for the success of new business ventures, especially in transitional, collectivist economies (e.g., Vietnam), where regulatory resources and political legitimacy are sources of competitive advantage. In the context of Vietnam, reforms in the political system have progressed at a much slower pace than reforms in the economic system (Thayer, 2010), and “the incentive for entrepreneurs to establish government relationships ultimately arises from state control of key resources” (De Jong et al., 2012, p.324). Regulatory resources and political legitimacy acquired from social ties will allow firms to develop effective strategies to shape the market and lead the competition. Therefore, social capital from political ties will increase the effectiveness of these strategies, and positively enhance their impact on firm performance.

Social capital from political ties has a positive effect on the link between risk-taking activities and firm performance for two reasons. First, with high social capital from political ties, firms may have access to key regulatory resources, especially unpublished market intelligence, which allow firms to enhance their adaptability and performance of their risk-taking activities. In transitional economies, “firms use political ties to help decode policies and regulations as well as future development plans and priorities” that are likely to increase the effectiveness of risk-taking activities (Dong et al., 2013, p.42). Second, because of the lack of enforcement efficiency in transitional economies, firms with stronger political ties may rely on exploiting the power of their government connections for supporting transactions and minimizing unexpected returns from highly risky and uncertain projects. Therefore, we propose that when social capital from political ties increases, the impact of risk-taking on firm performance will become more positive or will be strengthened.

Furthermore, we expect that under increasing social capital from political ties condition, the U-inverted association between proactiveness and firm performance will also be positively influenced. With increasing social capital from political ties, the association between low-moderate proactiveness and firm performance will be less positive. When firms have access to large information and resources from political ties and only use a fraction of these on their low-to-moderate proactive strategies, it may create redundancy and delay in decision making process, which decreases the rate of increase in their firm performance. Increasing social capital from political ties will be more beneficial to moderately to highly proactive firms. Crucial access to important policy and aggregate industrial information, which is especially important in the context of transitional economies like Vietnam, helps firms increase the performance of their strong market-shaping strategies (Peng and Luo, 2000; Hillman et al., 1999). Therefore, increasing social capital from political ties helps to weaken the negative effect of moderately to highly proactive practices on firm performance.

On the other hand, we expect that under increasing social capital from political ties condition, the U-inverted association between innovativeness and firm performance will be negatively influenced. With increasing social capital from political ties, the association between low-moderate innovativeness and firm performance will be more positive because such ties can allow firms to get access to resources controlled by the government to better innovate products, and increase the firm performance (Hult et al., 2004). On the other hand, with increasing social capital from political ties, the effect of moderate-high levels of innovativeness on performance will be more negative. Strong ties with government officials result in firms' obligations to conform to norms or rules set up by government officials. When firms pursue moderate to high innovativeness strategies that aim at radical innovations beyond the norms, the officials are likely to interfere with these strategies, which negatively influences their performance (Wu, 2011). Furthermore, when managers pursue high levels of innovativeness but mainly depend on government support, they will have fewer incentives to improve innovation efficiency (Chen and Wu, 2011). Their highly innovative strategies are also likely to be less effective because compared to incremental innovation, radical innovation relies less on accessibility to regulatory resources and political legitimacy that are available through political ties (Sheng et al., 2011). Therefore, given the substantial costs needed to develop strong political ties, and the limited benefits gained from these ties to enhance the performance of innovativeness strategies, increasing social capital from political ties will negatively influence the effect of innovativeness on firm performance.

Hypothesis 4. In a transitional, collectivist economy, social capital from political ties positively influences the associations between (a) risk-taking, (b) proactiveness and firm performance while (c) negatively influences the association between innovativeness and firm performance.

Over recent years, many businesses have recognized how social capital from business ties with other firms, such as suppliers, buyers or competitors, allows them to achieve a distinct competitive advantage and performance improvements (Dong et al., 2013; Yli-Renko et al., 2001; Peng and Luo, 2000). In transitional economies with underdeveloped market-supporting institutions, being embedded in business ties emerges as an important strategic option to enable firms to secure resources and deal with uncertainty (Sheng et al., 2011). Not all firms, however, are affected by social capital from business ties to the same extent.

On one hand, social capital from business ties can positively influence the performance effect of innovativeness by making the association between low-moderate innovativeness and performance less positive and making the association between moderate-high innovativeness and performance less negative. Business ties require considerable resources to maintain, and when firms only use a fraction of the valuable information and resources from these ties on their low-to-moderate innovation strategies, these resources will be wasted, which decreases their firm performance. However, moderately and highly innovative firms can take full advantage of managerial networks to quickly obtain market intelligence from collaborating suppliers and competitors, thereby more effectively innovating their offerings and better serving customers (Lusch and Brown, 1996). In addition, social capital from business ties also positively influences the performance effect of risk-taking strategies. Prior research also shows that in transitional economies where market information is precious, access to information and resources from business ties helps a firm easily identify new market needs and quickly adapt their products to market changes, increasing the likelihood of success of their risky projects. Therefore, the positive

and increasing returns-to-scale association between risk-taking and firm performance will be intensified under increasing levels of social capital from business ties.

On the other hand, social capital from business ties negatively influences the U-inverted association between proactiveness and firm performance. It makes the association between low to moderate proactiveness and performance more positive by providing market information and resources to proactively lead the competition. However, with increasing social capital from business ties, the association between moderate to high proactiveness and performance becomes more negative. The embeddedness perspective argues that established inter-organizational relationships facilitate economic exchange, and constrain organizational change since organizational capabilities fit an obsolete economic and social system (Dixon et al., 2010). This is especially true in transitional economies, “where firms face transformation challenges of magnitudes rarely seen elsewhere” (Dixon et al., 2010, p.420). Newman (2000) claims that under condition of institutional upheaval as in transitional economies, firms more embedded in business ties are less likely to undertake transformational change than firms less embedded. These business ties create obligations among firms to help each other survive, even if that means missing out on the opportunities for some firms, who might be positioned to take advantage of them (Uzzi, 1997). These obligations will result in difficulties for proactive firms when they aim to optimize market opportunities to outperform others and lead the market; thus, their proactiveness strategies will be less effective in enhancing their firm performance. Building on the above argument, we expect that social capital from business ties negatively influences the effect of proactiveness on firm performance. Accordingly, we hypothesize the following:

Hypothesis 5. In a transitional, collectivist economy, social capital from business ties positively influences the associations between (a) innovativeness, (b) risk-taking and firm performance while negatively influences the association between (c) proactiveness and firm performance.

Data and methods

Research context

We selected firms in Vietnam to empirically examine our theoretical model. Vietnam, a transitional, collectivist economy, presents a fascinating empirical setting to examine the integration between strategic orientation and social capital theory. First, Vietnam is a developing, transitional economy that lacks market-supporting institutions and strong governance structures (Bonnet et al., 2017). In such a weakly regulated economy, interpersonal ties cultivated by managers become essential for business success (Li et al., 2006; Peng and Luo, 2000). Second, transitional, collectivist economies like Vietnam provide a favorable platform for empirically examining the effects of strategic choice and social ties on firm performance (Sheng et al., 2011; Li et al., 2006). As such, Vietnam represents a promising emerging context for exploring the micro-macro link (De Jong et al., 2012; Peng and Luo, 2000). Third, Vietnam has the second highest economic growth rate after China over the last decade (Meyer and Nguyen, 2005). Vietnam has a relatively young market with more than 61% of the population in the 15–54 age range who are more willing to adopt entrepreneurial initiatives (Welter et al., 2013). According to the 2016 Global Entrepreneurship Monitor report, Vietnam also has an active entrepreneurial environment with the rate of adults perceiving the opportunities for starting a new business ranking the 9th out of surveyed 60 countries and the rate of adults currently being owner-manager of an established business ranking the 3rd out of 60 countries in 2015 (Ward, 1997). Therefore, Vietnam offers an interesting research context to provide creative and insightful explanations of the effects of entrepreneurial strategies on performance (Shultz, 2012).

Measures

We adopted all construct measures in this study from existing tested multi-item 7-point Likert scales in previous research, if not otherwise indicated. As three dimensions of EO, measurement items of *innovativeness*, *proactiveness* and *risk-taking* were drawn from existing tested scales (Hansen et al., 2011; Covin and Slevin, 1989). The EO scale of Hansen et al. (2011) originates from the Covin and Slevin (1989) scale; however, Hansen et al. (2011) suggest eliminating item EO9 of the Covin and Slevin (1989) scale due to the high correlation problem, leaving eight items for the final scale. *Innovativeness* and *proactiveness* were both measured via three-item measures, while *risk-taking* was assessed via a two-item measure.

We adopted the measures of social capital from business and political ties from Acquaah (2007). We measured firm performance with a six-item scale adapted from Langerak et al. (2004). We asked key informants to assess firm performance with regard to revenue, sales growth, market share, return on investment, profitability, and customer satisfaction relative to the goals over the past year. According to earlier studies, perceptual performance measures tend to be highly correlated with objective indicators, which supports their validity (Gruber et al., 2010). Therefore, we examined the validity of the subjective performance measure by comparing the corresponding items reported by managers with average stock prices over the 12 months as the objective performance measure for a subset of 31 firms. We found a significant, positive correlation between the two measures ($r = 0.38$, $p < 0.05$), thus providing evidence for the validity of the subjective performance measure (Gruber et al., 2010). In testing the hypotheses, we included several control variables such as firm size, firm age, key informants' self-reported degree of knowledge about the issues under study, and industries. We measured firm size using the logarithm of the number of employees, and firm age by the number of years the firm has been in operation.

Sample and data collection

Our sample includes firms from a business directory of the top 500 companies in Vietnam, VNR500. We obtained data used in the analyses from multiple sources. Specifically, we conducted surveys with senior managers of participating firms who provided information about innovativeness, proactiveness, risk-taking, social capital from business ties, political ties, and firm performance, while the market research firm provided us with their archival data on firm age, sales volume, and ownership of these firms. This procedure helps to reduce common method bias.

We prepared the measurement instrument in English and then had it translated from English to Vietnamese and backwards by a bilingual researcher. We conducted five in-depth interviews with managers who had at least three years of business experience in Vietnam to assess informants' understanding of the questionnaire items and their relevance. We revised several questionnaire items on the basis of these responses to enhance their face validity and clarity.

We recruited and trained interviewers from a reputable national market research firm to conduct face-to-face on-site interviews. This method helps to generate more valid information and reduce the problem of a low response rate in emerging economies (Mathies et al., 2016). During the data collection process, we had an experienced research assistant travel to data collection sites and monitor the fieldwork to bolster the integrity of and confidence in the data. The data collection yielded responses from 137 firms, for a response rate of 27.4%. The independent samples *t*-test found no significant differences between participating and non-participating firms, thus indicating that nonresponse bias is not a significant concern in this study.

Of the key informants, 46% had marketing and sales executive titles, while 54% were chief executive officers or general managers. Key informants had mean industry experience of 9.7 years and mean firm experience of 7.9 years. Of the 137 firms, 21.2% were from the banking and finance industry, 13.1% food manufacturing, 13.2% retailing, 10.9% motor vehicles manufacturing, 9.5% IT and telecommunication, 8% real estate, 6.6% electronics manufacturing, 5.1% plastics manufacturing, 2.9% garment and textiles, and 9.5% others. The firms represented in the sample had revenues (in Vietnamese dong; VND 20,000 = USD 1) of lower than VND 49 billion (4.5%), VND 50 billion to VND 99 billion (5.8%), VND 100 billion to VND 499 billion (20.4%), VND 500 billion to VND 999 billion (17.5%), and greater than VND 1000 billion (51.8%). Ownership structures included state-owned (21.9%), and non-state-owned (78.1%).

To control the common method bias, the study applied several procedural remedies suggested by Podsakoff et al. (2003). First, respondents were assured of complete confidentiality during data collection, given no implication about right or wrong answers, and encouraged to answer as honestly as possible. Second, the study carefully constructed the measurement items to avoid item ambiguity and complexity from the comprehension stage of the response process (Podsakoff et al., 2003). In addition to procedural remedies, we employed the marker-variable technique (Lindell and Whitney, 2001) to examine common method bias, using firm ownership as a marker variable ($r_m = 0.027$, $p = 0.76$). The mean change in correlations of all constructs ($r_u - r_a$) when partialling out the effect of r_m was 0.03, so common method bias is not likely to be a serious concern in our study.

Empirical results

Reliability, validity and descriptive statistics

We conducted confirmatory factor analysis (CFA) for a thorough validation of the measurement model. All variables are presented in Table 1, with their corresponding measures, loadings, *t*-statistics, composite reliabilities (CRs), average variances extracted (AVEs), and fit indices. The CFA results show a reasonable fit of the measurement model to the data, such that the non-normed fit index (NNFI), comparative fit index (CFI) and incremental fit index (IFI) all exceed 0.90 ($\chi^2 = 224.82$, d.f. = 155, root mean square error of approximation (RMSEA) = 0.058) (Gerbing and Anderson, 1992). The item loadings for all constructs ranged from 0.65 to 0.96, and their CRs exceeded the acceptable level of 0.70, indicating acceptable reliability (Hair et al., 2011; Fornell and Larcker, 1981).

Table 1 also shows good results for the convergent validity of all constructs with AVEs over 0.50 (Fornell and Larcker, 1981). Furthermore, Table 2 suggests that all square roots of the AVEs were consistently larger than the off-diagonal construct correlations, indicating satisfactory discriminant validity (Fornell and Larcker, 1981).

Results

This study tests the hypotheses by using OLS-based hierarchical regression. Following Homburg et al. (2011), we mean-centered all indicators of innovativeness, proactiveness, and risk-taking, and then squared them to measure the quadratic terms to enable model convergence and to facilitate the interpretation of the coefficients, without changing the form of the relationship. Table 3 summarizes the results of the analysis. The control variables in Model 1 explained 12% of the variance and only the motor industry ($\beta = -0.79$, $p < 0.05$) and the plastic industry ($\beta = -0.90$, $p < 0.05$) have significant effects on firm performance. After including the linear terms of innovativeness, proactiveness, and risk-taking, Model 2 was significantly improved, compared to Model 1 ($\Delta R^2 = 0.22$, ΔF -value = 13.53, $p < 0.001$). Model 3, including the quadratic terms of innovativeness, proactiveness and risk-taking, was further improved compared to Model 2 ($\Delta R^2 = 0.09$, ΔF -value = 6.03, $p < 0.001$). Model 3 supports Hypothesis 1 and Hypothesis 2 because both innovativeness and proactiveness have inverted U-shaped associations with firm performance (innovativeness²-firm performance: $\beta = -0.13$, $p < 0.05$; proactiveness²-firm performance: $\beta = -0.15$, $p < 0.05$). Furthermore, to examine whether risk-taking has a positive, increasing returns-to-scale association with firm performance, we need to test whether both the linear and squared terms of risk-taking are significantly positive in the model with firm performance as the dependent

Table 1
Construct measurement and confirmatory factor analysis.^{a,b}

	Loadings
Firm Performance CR = 0.95, AVE = 0.76 The following statements focus on how well your firm was performed on each of the statements in relation to its goals over the past year. Please circle the number in each statement that best reflects your views. (1 – Not at all, 7- Very much so)	
Our firm has:	
1. ... met revenue goals.	0.87
2. ... met sales growth goals	0.89
3. ... met market share goals.	0.86
4. met return on investment goals.	0.90
5. ... met profitability goals.	0.91
6. ... achieved customer satisfaction goals.	0.81
Innovativeness CR = 0.84, AVE = 0.64	
1. In general, the top managers of my company favor:	0.65
(1) ... a strong emphasis on the marketing of tried and true products or services	
(7) ... a strong emphasis on R&D technology leadership and innovations	
2. How many new lines of products or services has your company marketed during the past 3 years?	0.84
(1) ... no new lines or products or services	
(7) ... very many new lines of products and service	
3. Changes in product or service lines have been:	0.88
(1) ... mostly of a minor nature	
(7) ... quite dramatic	
Proactiveness CR = 0.85, AVE = 0.65	
1. In dealing with its competition, my company:	0.87
(1) ... typically responds to actions which competitors initiate	
(7) ... typically initiates actions to which competition then respond	
2. In dealing with its competition, my company is ... the first business to introduce new products or services, administrative techniques, operating technologies, etc.	0.78
(1) ... seldom	
(7) ... very often	
3. In dealing with its competition, my company:	0.77
(1) ... typically seeks to avoid competitive clashes, preferring a “live-and-let-live” posture.	
(7) ... typically adopts a very competitive, “undo-the-competition” posture.	
Risk-taking CR = 0.94, AVE = 0.89	
1. In general, the top managers of my company have a strong proclivity for:	0.94
(1) ... low risk projects (with normal and certain rates of return)	
(7) ... high-risk projects (with chances of very high returns)	
2. In general, the top managers of my company believe that:	0.94
(1) ... owing to the nature of the environment, it is best to explore it gradually via cautious, incremental behavior.	
(7) ... owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives	
Social capital from business ties CR = 0.91, AVE = 0.77 The relationships with top managers at other firms (suppliers, buyers, and competitors) had benefited your firm through ... (1- Very little, 7- Very extensive)	
1. ... access to information that could be used to the firm's advantage	0.84
2. ... access to valuable resources	0.91
3. ... acquisition and exploitation of knowledge from 2007 to 2010	0.87
Social capital from political ties CR = 0.96, AVE = 0.88 The relationships with government officials (central government, city, district) had benefited our firm through ... (1- Very little, 7- Very extensive)	
1. ... access to information that could be used to the firm's advantage	0.94
2. ... access to valuable resources	0.96
3. ... acquisition and exploitation of knowledge from 2007 to 2010	0.92

^a Fit of measurement model: $\chi^2(155) = 224.82$, $\chi^2/\text{df} = 1.45$, CFI = 0.96, IFI = 0.96, NNFI = 0.95, RMSEA = 0.058.

^b All estimates are significant at $p < 0.001$.

Table 2
Correlations.

	1	2	3	4	5	6
1 Firm performance	0.87					
2 Innovativeness	0.38**	0.80				
3 Proactiveness	0.41**	0.57**	0.81			
4 Riskiness	0.38**	0.46**	0.69**	0.94		
5 Social capital from political ties	0.05	−0.06	−0.08	−0.11	0.94	
6 Social capital from business ties	−0.02	−0.15	−0.16	−0.08	0.63**	0.88
Mean	5.23	5.06	4.70	4.52	4.88	5.28
SD	0.97	1.23	1.13	1.45	1.47	1.10

Notes: * $p < 0.05$, ** $p < 0.01$; Diagonal elements represent the square root of the average variance extracted (AVE).

Table 3
Hierarchical results.

	Model 1			Model 2			Model 3			Model 4		
	β	t-value	p-value	β	t-value	p-value	β	t-value	p-value	β	t-value	p-value
Main Effects												
INO				0.19*	2.06	0.04	0.09	0.96	0.34	0.06	0.58	0.56
PRO				0.20 ⁺	1.76	0.08	0.16	1.45	0.15	0.31**	2.63	0.01
RIS				0.20 ⁺	1.85	0.07	0.19 ⁺	1.92	0.06	0.15	1.50	0.14
H1: INO ²							−0.13*	−2.08	0.04	0.02	0.28	0.78
H2: PRO ²							−0.15*	−2.30	0.02	−0.29***	−4.22	0.00
H3: RIS ²							0.19**	2.70	0.01	0.16*	2.17	0.03
Moderating Effects												
SCP										0.06	0.40	0.69
RIS x SCP										0.07	0.37	0.72
PRO x SCP										−0.50*	−2.43	0.02
INO x SCP										0.42*	2.14	0.03
H4a: RIS ² x SCP										−0.09	−0.58	0.56
H4b: PRO ² x SCP										0.58***	4.49	0.00
H4c: INO ² x SCP										−0.50***	−4.05	0.00
SCB										−0.12	−0.74	0.46
INO x SCB										−0.18	−1.25	0.22
RIS x SCB										−0.20	−1.04	0.30
PRO x SCB										0.27	1.35	0.18
H5a: INO ² x SCB										0.34***	3.28	0.00
H5b: RIS ² x SCB										0.25 ⁺	1.69	0.09
H5c: PRO ² x SCB										−0.44***	−3.24	0.00
Control Variables												
Firm age	0.00	−0.36	0.72	0.00	0.34	0.74	0.00	0.33	0.75	0.00	0.25	0.80
Firm size	0.01	0.26	0.79	0.07	1.44	0.15	0.09 ⁺	1.74	0.08	0.07	1.51	0.14
Informant knowledge	0.12	1.27	0.21	0.08	0.93	0.36	0.10	1.24	0.22	0.09	1.21	0.23
Industries												
Banking	−0.39	−1.21	0.23	−0.24	−0.82	0.41	−0.24	−0.89	0.38	−0.06	−0.22	0.82
Food	−0.77*	−2.12	0.04	−0.89**	−2.77	0.01	−1.02***	−3.29	0.00	−0.77**	−2.55	0.01
Retailing	−0.50	−1.35	0.18	−0.76*	−2.34	0.02	−0.77*	−2.43	0.02	−0.52 ⁺	−1.71	0.09
Vehicles	−0.79*	−2.14	0.03	−0.68*	−2.08	0.04	−0.75*	−2.43	0.02	−0.49	−1.62	0.11
IT	−0.58	−1.53	0.13	−0.69*	−2.06	0.04	−0.71*	−2.23	0.03	−0.47	−1.48	0.14
Real estate	−0.09	−0.23	0.82	0.05	0.15	0.88	−0.11	−0.33	0.74	0.17	0.52	0.60
Electronic	−0.29	−0.68	0.50	−0.24	−0.65	0.52	−0.43	−1.19	0.24	−0.17	−0.50	0.62
Plastic	−0.90*	−1.97	0.05	−0.60	−1.48	0.14	−0.63	−1.55	0.12	−0.59	−1.47	0.14
Textiles	0.40	0.69	0.49	0.07	0.13	0.90	0.09	0.19	0.85	0.45	0.92	0.36
$\Delta R^2/\Delta R^2$	0.12/0.12			0.34/0.22			0.43/0.09			0.56/0.13		
F/ΔF	1.34/1.34			4.11/13.53***			4.86/6.03***			4.17/2.32**		

Notes: INO = Innovativeness, PRO = Proactiveness, RIS = Risk-taking; SCP = Social capital from political ties, SCB = Social capital from business ties.

N = 137, ⁺p < 0.10; *p < 0.05; **p < 0.01; ***p < 0.001.

variable (Cohen et al., 2003). We found that the linear term of risk-taking is positive, and significant ($\beta = 0.19$, $p < 0.10$), whereas the quadratic term of risk-taking also has a positive and significant β -coefficient ($\beta = 0.19$, $p < 0.01$). These results indicate that there is a positive and increasing returns-to-scales association between risk-taking and firm performance, supporting Hypothesis 3 (Cohen et al., 2003). Multicollinearity did not appear to pose a problem because all VIFs ranged from 1.09 to 2.73, well below 10 (Mason and Perreault, 1991).

To examine the moderating roles of social capital from political and business ties for Hypotheses 4 and 5, we added to Model 4 the moderators, social capital from political and business ties, interaction terms between these moderators and innovativeness, proactiveness and risk-taking, and the interaction terms between these moderators and the quadratic terms of innovativeness, proactiveness and risk-taking. The results show that all hypotheses are supported, except Hypothesis 4a. Social capital from political ties negatively moderates the association between innovativeness and firm performance ($\beta = -0.50$, $p < 0.001$), and positively moderates the association between proactiveness and firm performance ($\beta = 0.58$, $p < 0.001$). Social capital from business ties positively moderates both innovativeness-firm performance ($\beta = 0.34$, $p < 0.001$), and risk-taking-firm performance ($\beta = 0.25$, $p < 0.10$) linkages, while negatively influences the relationship between proactiveness and firm performance ($\beta = -0.44$, $p < 0.001$).

For robustness check, following Lind and Mehlum (2010), we used the Sasabuchi (1980) test with joint null hypothesis testing to confirm the validity of curvilinear relationships. The Sasabuchi test results confirm that the U-inverted association between proactiveness and firm performance is significant ($p < 0.05$) and the U-inverted association between innovativeness and firm

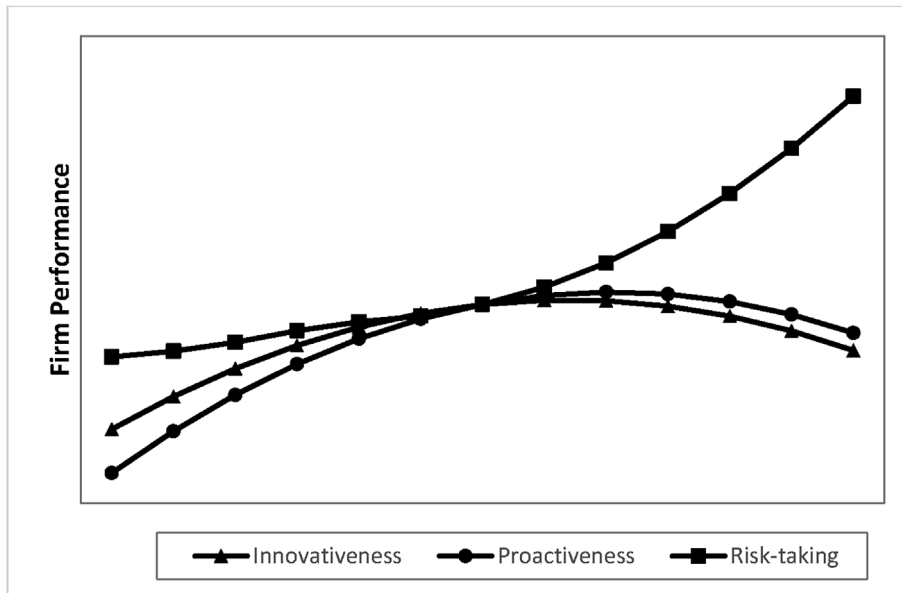


Fig. 2. Main effects of innovativeness, proactiveness and risk-taking.

performance is also marginally significant ($p < 0.10$).

Discussion and conclusion

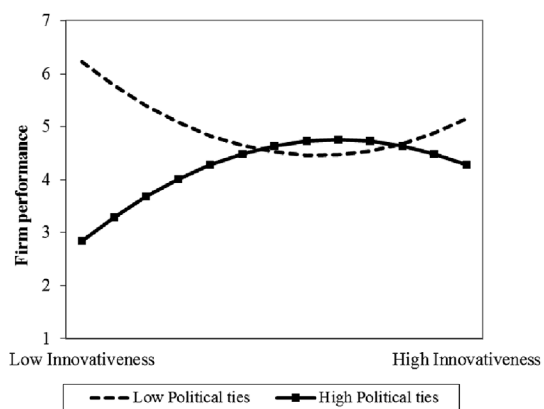
Theoretical implications

The current study extends the literature of EO by investigating how its three dimensions, innovativeness, proactiveness and risk-taking, have differential nonlinear impacts on firm performance in the context of a transitional, collectivist economy, as illustrated in Fig. 2. Most previous research largely ignores the complex impacts of EO dimensions on firm performance. Our findings show that innovativeness enhances firm performance to a certain point beyond which this effect diminishes. In line with the extant literature, our findings confirm that innovativeness is an important facilitator for business performance (Kreiser et al., 2013; Cho and Pucik, 2005). However, our study extends the literature by demonstrating that when innovativeness increases from moderate to high levels, too much concentration on innovativeness will put firms in a constraining situation and limit business performance, especially in the context of a collectivist culture like Vietnam (Tieszen, 1997).

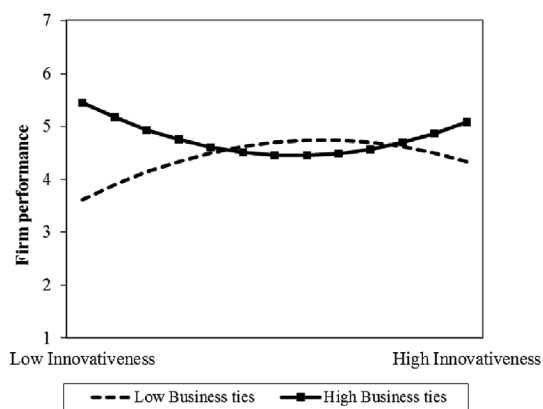
Second, our findings also underscore the need to move beyond the simplistic linear association between proactiveness and firm performance. Our study extends the extant literature by demonstrating that too much proactiveness can turn to inhibit firm performance in transitional economies. Entrepreneurial firms should keep in mind that proactiveness requires large resource commitment to new product or service development, while in transitional economies like Vietnam, the central government still controls resources, financing, investment size, bank loans, etc. (Sheng et al., 2011). Therefore, with limited access to resources to pursue their resource-consuming market-leading strategies, entrepreneurial firms should be aware that too much concentration on proactiveness may become a burden for them and decrease their business performance.

Third, our study shows the positive and increasing returns-to-scale effect of risk-taking on firm performance, which is specific to the context of transitional economies. We found that risk-taking gives little rise to firm performance until a certain point where the relationship between risk-taking and firm performance follows an increasing returns-to-scale trajectory. Our findings are in line with the existing literature, which argues that a willingness to take risks and challenge the existing order of business is necessary to secure firm performance. We suggest that as risk-averse firms do little to seize customer and market opportunities in an age of rapid change, the result would be weaker performance for them (Hughes and Morgan, 2007). However, the incremental increase in firm performance is larger at high levels of risk-taking than at its low levels. This result is an important extension to the literature which mainly focuses on the negative outcome of high levels of risk-taking (Kreiser et al., 2013; Su et al., 2011; Tang et al., 2008). Transitional economies like Vietnam offer their firms with high volatility in the business environment in terms of demand uncertainty, competitive intensity, and technological turbulence (Gao et al., 2007). Highly risk-taking firms should consider such an uncertain environment rich for business opportunities. The more risk-taking activities they engage in, the more business opportunities they can exploit and the higher the rate of business goals they can achieve.

In addition to contributing to the entrepreneurship literature, our findings improve our understanding of the role of social capital in entrepreneurial firms in the context of transitional economies by demonstrating that social capital from political and business ties imposes important and different moderating impacts on the links between EO dimensions and firm performance. Fig. 3a demonstrates



(a)



(b)

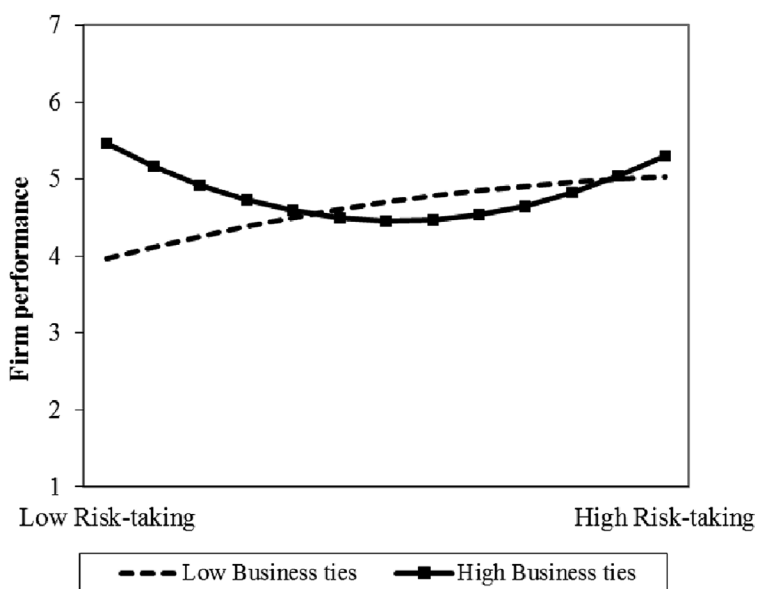
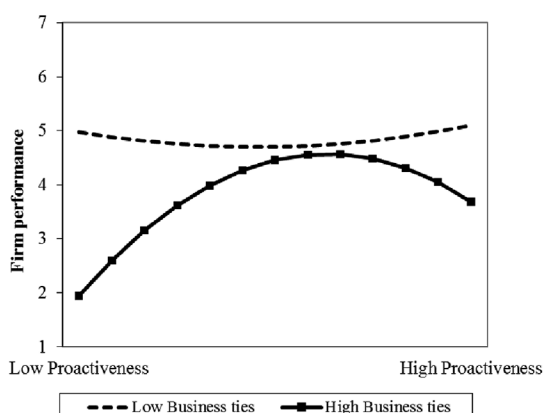
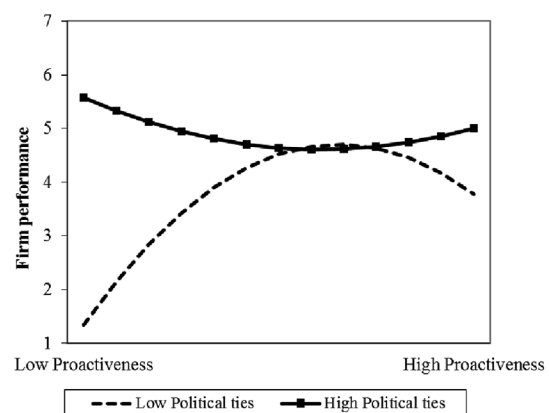


Fig. 3. Moderating effects of social capital from political ties and business ties.

that social capital from political ties negatively influences the effect of innovativeness on firm performance by turning its U-shaped effect at low levels of political ties into a U-inverted effect at high levels of political ties (Haans et al., 2015). Low social capital from political ties seems to be useful for moderately to highly innovative firms. Being free from political influence, these firms can effectively implement their innovative ideas for better firm performance (Wu, 2011). We also suggest that high social capital from political ties is beneficial in providing firms possessing low to moderate innovativeness with access to resources often controlled by the government and support to enhance their performance (Rosenbusch et al., 2011). However, to highly innovative firms, high political ties with the restrictions and control by the government can become a barrier for them to implement their ground-breaking ideas for superior firm performance (Wu, 2011).

In addition, the study offers an extension to the literature on the performance impact of innovativeness. Fig. 3b demonstrates how social capital from business ties positively influences the U-inverted effect of innovativeness on firm performance (Haans et al., 2015). Social capital from business ties does not appear to be useful for low-to-moderately innovative firms, as strong business ties offer them an abundance of information that may be redundant for their low-and-moderately innovative activities and cause confusion and waste of time to process this information (Villena et al., 2011). Therefore, to firms with strong business ties, low-and-moderate innovativeness is negatively associated with firm performance. However, business ties appear to be more useful to moderate-to-highly innovative firms when they provide these firms with a large quantity of information from different sources useful to enhance the effectiveness of their innovative activities (Wu, 2011). Therefore, firms with high social capital from business ties can increase performance when they increase innovativeness from moderate to high levels.

The study also confirms the positive side of social capital from political ties in previous research when it is found to impose such a significantly positive effect on the proactiveness-performance link that it turns from a U-inverted curve to a U-shaped curve (Peng and Luo, 2000; Hillman et al., 1999), as demonstrated in Fig. 3c. High social capital from political ties is proved to be less beneficial to firms of low to moderate proactiveness. Political ties require considerable resources to maintain, and when firms only use a fraction of the valuable information and resources from political ties on their low to moderate proactive strategies, these resources will be wasted which decreases their firm performance. Strong political ties are more beneficial to moderately to highly proactive firms, because they allow firms to have crucial access to important policy and aggregate industrial information (Peng and Luo, 2000; Hillman et al., 1999), which is especially important in the context of transitional economies like Vietnam. Therefore, firms with high social capital from political ties can have increasing performance when they increase proactiveness from moderate to high levels.

The results of this study provide evidence for the negative side of social capital when we found social capital from business ties to negatively influence the U-inverted effect of proactiveness on performance. To firms that display high levels of proactiveness, strong business ties with other firms are likely to put them in collective blindness, which will hinder their pursuance of “step ahead” tactics (Autry and Griffis, 2008). Therefore, Fig. 3d demonstrates how social capital from business ties intensifies the negative effect of too much proactiveness on firm performance. While social capital from political ties does not have a significant impact on the link between risk-taking and firm performance, Fig. 3e demonstrates that social capital from business ties strengthens this link. In the context of transitional economies, risk-taking activities always carry costs; however, business ties provide these firms with access to rich information to reduce such costs of risk-taking activities (Lusch and Brown, 1996). Therefore, social capital from business ties can increase the positive effect of risk-taking on firm performance. The largely differential effects of social capital from business and political ties on the link between each EO dimension and firm performance clearly prove the need to disaggregate EO and examine its individual dimensions (George, 2006).

Managerial implications

From the findings about the effect of each EO dimension on firm performance and the moderating roles of social capital from political and business ties in the context of a transitional economy, our study issues a number of warnings for practitioners. First, our study confirms that innovativeness is an important catalyst for business performance. However, firms need to be careful not to over-focus on innovativeness, because when innovativeness reaches moderately high levels, its impact on firm performance will take an undesirable twist. Limited access to knowledge and resources in the context of transitional economies makes the costs of high innovativeness outweigh its benefits, decreasing firm performance. To firms with low political ties, it is advisable to pursue high levels of innovativeness; however, when firms possess large social capital from ties with government officials, it is detrimental to heavily focus on innovativeness. Such strong attachment creates restrictions and control by the government which become a barrier for firms to implement their ground-breaking ideas for superior firm performance. This warning is especially important for firms in transitional, collectivist economies like Vietnam, where deficiencies in the formal institutional structure urge firms to invest considerably in relationships with government officials in order to secure regulatory resources and political legitimacy. On the other hand, firms that possess high social capital from their ties with other businesses, such as suppliers, buyers, and competitors, should be encouraged to pursue high levels of innovativeness. Strong business ties provide highly innovative firms with information of high quality and quantity which can help them reverse the harmful effect of high innovativeness on firm performance.

Second, managers in transitional economies should also invest in their proactive strategies with caution, because they can reveal their detrimental side after reaching moderately high levels. Firms with large social capital from business ties should navigate from heavily investing in proactive strategies because strong business ties, especially in collectivist cultures, constrain firms from proactively creating new market opportunities to lead the market and overtake competitors. To firms that already focus heavily on proactiveness, they should develop strong relationships with government officials to acquire more regulatory resources and political legitimacy to mitigate the potential harmful effect of proactiveness. Finally, in the context of transitional, collectivist economies, firms are encouraged to adopt risk-taking strategies because rich opportunities offered in these economies can help firms make a

dramatic leap with their business performance. In particular, firms possessing large social capital from business ties should be even more willing to take risks to lead the market, because resources from business ties can allow them to decrease failure rates of risk-taking strategies and gain even faster growth.

Limitations and conclusion

The generalizability of these findings should be considered in light of several limitations of the current study. First, the operationalization of social capital in this study focuses only two types of ties, political ties and business ties while some research has categorized business ties into four specific types: ties with suppliers, ties with competitors, ties with customers, ties with universities and highlighted their significance in firm innovation activities and outcomes (Wu, 2011). Additional research may extend the current study by examining whether these four types of business ties have different moderating impacts on performance of EO dimensions. The second limitation is that this research concentrates on direct political and business ties of focal firms while relationships are embedded in a longer and potentially more complex network entailing other relationships such as with buyers of buyers, or suppliers of suppliers, and the like (Anderson et al., 1994). Therefore, it would be interesting if future studies could examine the effects of wider network structures and relationships on the performance of firms' entrepreneurial strategies. Third, the study relies on a cross-sectional data sample with one respondent in each participating firm. Future research should include more respondents from each participating firm to reduce the common method bias due to common sources (Podsakoff et al., 2003). Finally, a future study can extend this research by investigating whether there is any point upon which increasing risk-taking becomes detrimental to firm performance.

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