

Dissertation  
Department of Business Administration

# Why are firms conducting entrepreneurial actions?

Towards a reconceptualization of entrepreneurial orientation

**Tobias Pehrsson**



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW



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By

Tobias Pehrsson



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW



*To my father*

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# Abstract

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This dissertation is concerned with the concept of entrepreneurial orientation (EO) and, more specifically, the question ‘Why are firms conducting entrepreneurial actions?’ This question rests upon two premises. First, entrepreneurial actions represent an important domain of scientific inquiry. Essentially, this makes the concept of EO, wherein entrepreneurial actions are treated as equivalent to that of the concept of EO (i.e., engaging in innovation, proactively entering new markets, and engaging in risky ventures), relevant for investigation. Second, to adequately answer the question, the concept of EO needs to be reconceptualized. More precisely, I argue that (1) EO represents a form of being; that is, a firm either is or is not ‘entrepreneurially oriented’, a necessary condition for conducting entrepreneurial actions; however, (2) EO is not the same as entrepreneurial actions; that is, being entrepreneurially oriented is not the same as the actions that are to be explained.

This dissertation consists of four appended papers that, together with seven chapters, serve to provide an answer to the question raised above. What the joint retroductive analysis clarifies has to do with the nature of being entrepreneurially oriented. In particular, the nature of EO concerns a practitioner’s (a) belief in the existence of an opportunity to actualize profits; (b) belief that there are ways of combining resources in a profitable manner; and (c) social identity embracing such beliefs. As such, the dissertation reconceptualizes EO. Specifically, it constructs the ‘actualization approach to entrepreneurial orientation’. It allows scholars to explain (1) why entrepreneurial actions exists, (2) that EO is not what EO does (i.e., innovativeness, proactiveness, and risk-taking) but what it is capable of doing, and (3) that EO is an individual-level (not firm- or unit-level) concept that matters for entrepreneurial actions at various levels. Implications for practitioners and policy makers are discussed.

**Keywords:** entrepreneurial orientation; actualization approach; entrepreneurial actions





## Preface

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This dissertation represents an attempt to offer a conceptualization of the nature of *being* entrepreneurially oriented, a being that constitutes a necessary condition for conducting entrepreneurial *actions*. When researching about the entrepreneurial actions of firms, I have become increasingly aware that prior literature treats being and action as equivalent to each other—through the concept of entrepreneurial orientation (EO)—so that a firm is treated as being entrepreneurially oriented only if it is conducting entrepreneurial actions. Admittedly, there are benefits to this treatment, not least with regard to possibility of gaining knowledge about the being simply by inquiring into a firm’s actions. However, there are also problems with this treatment, notably that it impedes one’s ability to answer the question ‘Why are firms conducting entrepreneurial actions?’ by using the concept of EO. Thus, by distinguishing between being and action, and thereby reconceptualizing the concept of EO, the intention is to bring to the EO literature a significant theoretical contribution, as well as plausible help for practitioners and policy makers when intervening in entrepreneurial actions and directing them toward what is believed to be beneficial.

Judging by prior EO literature’s implicit adherence to the philosophy of positivism, which colors not only the conceptualization of EO but also the way scientific work on EO is conducted, I expect that some scholars are inclined to be skeptical of the title (and overall research question) of this dissertation. However, as will be discussed, it should be remembered that there are inherent (and problematic) shortcomings in the philosophy of positivism. An alternative philosophy, that of critical realism, is able to handle these shortcomings. In adhering to critical realism, I was able to reconceptualize EO, so that being could be separated from action. In so doing, I argue that EO scholars are provided with a concept to adequately explain why firms are conducting entrepreneurial actions. In this sense, it is helpful to bear in mind that the title (and overall research

question) is not intended to carry with it a predictive statement of entrepreneurial actions; rather, it represents an attempt to provide an explanatory (yet causal) statement of such actions, an explanation that makes use of a reconceptualized version of EO.

It should be acknowledged that my intellectual home for the first half of my work on this dissertation relates to positivism, yet it was not until I became familiar with the works of Roy Bhaskar that I fully realized the extent to which I had been in a place that I rightfully could have termed my intellectual home. Among the many things I learned from this experience was the power of conventional wisdom and general beliefs. In fact, with this research journey of mine in mind—a journey that can be separated into two parts—I argue that it is appropriate to see this dissertation not only as a collection of papers but also, and perhaps more importantly, as a process toward offering a theoretical contribution to the EO literature. At the same time, the dissertation also represents my process towards understanding what scientific development is about. Indeed, this is why I have included the word ‘towards’ in the title of this dissertation, and it is also why I have attached the published papers (Paper 1 and 2) in their non-published versions, kept the non-published papers (Paper 3 and 4) in their original submitted versions, and crafted each chapter of this dissertation so that the reader can ongoingly enhance his or her understanding of entrepreneurial orientation. Together, the papers and chapters serve as an important part in the quest to fulfill the overarching research question.

My interest in conducting research related to firms in general, and entrepreneurial actions in particular, stems from my ongoing conversations with my father, Anders Pehrsson at Linnaeus University. My debt to him, for his advice and his belief in me, must therefore be stated early in this dissertation. My intellectual home for the first part of my academic career, as well as the courage to take the first step into another, owes much to this debt, giving me much of the incentive to continue with this major undertaking. I always consider myself very fortunate for his support. Obviously, I cannot think of a better person to whom to dedicate this dissertation, a dissertation that I am sure will result in even more fruitful conversations.

For the past three years, my academic home has been the School of Business, Economics and Law at the University of Gothenburg, Sweden. Amongst those from whom this dissertation has benefited the most, I would like to begin by gratefully thanking my supervisors, Roger Schweizer and Mikael Hilmersson. The successful completion of this dissertation is largely due to

their support and guidance, and I cannot escape the feeling that even when the final version of this dissertation reaches their hands, it will be returned to me with the demand for rewrites to increase clarity and coherence. Indeed, this is a feeling that has been highly motivating and constructive for me.

I am also especially indebted to Sylvie Chetty, Niklas Åkerman, Jan-Erik Vahlne and Pao Kao (at Uppsala University), who contributed greatly to the improvement of the dissertation at internal seminars. Of course, I will not attempt to name all the colleagues at Gothenburg from whom this dissertation has benefited, but I think Alexander Wong deserves a special mention, as do Ramsin Yakob, Johan Jakobsson, Richard Nakamura, Sarah Franz, Inge Ivarsson, Claes-Göran Alvstam, Martin Henning, Roman Martin, Curt Nestor, Sten Lorentzon, Apinya Nilsson and Marissa Ekdahl. Any ability I have to express myself in a simple and clear manner stems largely from my interactions with them and the challenge of seeking to convince them with my arguments. Of my other colleagues at the university to whom I owe a special debt, I thank Maria Norbäck, Rebecka Arman and Per Thilander, who supported me considerably, simply by trusting me to take part in their teaching courses (as did Ramsin, Roger, Johan and my father). In this sense, I must also acknowledge the many students from whom I have learned much as well.

As for the physical location of my academic home, the first part of my academic career was at the School of Business, Engineering and Science at Halmstad University, Sweden. There are many here that deserve to be mentioned, among them Svante Andersson, Jonas Gabrielsson, Klaus Solberg Søilen, Göran Svensson (at Kristiania University), Sabrina Luthfa (today at University West), Anders Billström, Ingemar Wictor, Hélène Laurell, Ulf Aagerup, Niklas Karlsson, Eva Berggren, Fawzi Halila, Maya Hoveskog, Henrik Florén and Magnus Holmén. Thank you for offering me your support and laughter and allowing me to be part of the group, as well as trusting me with teaching efforts. I would also like to take the opportunity to thank Pia Ulvenblad, Marie Mattsson and Joakim Tell for stimulating conversations and for teaching me about the academic world.

Amongst those colleagues that I have met outside my academic residences, Rebecca Piekari and Catherine Welch at Aalto University and the University of Sidney have helped me considerably (possibly without even knowing). I referred above to positivism as my intellectual home during the first half of my work with my dissertation, an insight that I gradually came to

grasp with the help of Rebecca and Catherine. Together with others in various PhD courses such as Nord-IB, they pushed me away from my inertia, with much help from excellent articles. I hope that I will not upset anyone by particularly mentioning Sumantra Ghoshal's article *Bad management theories are destroying good management practices* and *Theorizing from case studies: Towards a pluralist future of international business research* by Catherine, Rebecca, Emmanuella Plakoyiannaki and Eriikka Paavilainen-Mäntymäki, both of which helped me to slowly understand that the philosophy of positivism is in many ways ill-suited in the social sciences. However, this statement is not to be taken as an urge to dismiss prior EO literature, which is something I discuss further in the methodology chapter of this dissertation.

I must also acknowledge Erik, Rickard, Björn, Magnus, Camilla, Olof, Henrik, Nermin, Anders, Stefan, Richard, Jochem, Herman, Oskar and Andrew. Thank you for offering me your precious time as interviewees along the way. Everything you did was helpful and much appreciated. Hopefully, you will find this dissertation to be of value and your time well spent.

Last, but certainly not least, I owe much to the rest of my family and friends who stuck with me during the time of writing. You know who you are. I thank both those who will never read this dissertation and those who have taken the time to discuss it with me and might even find it to be stimulating and of value, as they have all helped me in different ways. I would especially like to thank my girlfriend Helén, who continuously supports me in my work and has patiently discussed with me particularly tricky concepts in my dissertation, such as the nature of knowledge. But what I am most thankful for, Helén, is simply that you are you.

*Tobias*

*Gothenburg, August 2020*

## List of appended papers

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The following papers are appended to this dissertation:

- Paper 1:** Pehrsson, A., and Pehrsson, T. (2015). Competition barriers and foreign subsidiary performance: Propositions on the moderating role of strategic orientation, *International Journal of Business Competition and Growth*, Vol. 4, No. 1/2, pp. 3-23.
- Paper 2:** Pehrsson, T. (2020). Do types of strategic orientations make a difference? A study of MNCs' performance in foreign markets, *European Business Review*, Vol. 32, No. 1, pp. 26-45.
- Paper 3:** Pehrsson, T. Why are firms entrepreneurially oriented? Towards the actualization approach of EO, *To be submitted to Journal of Business Venturing*.
- Paper 4:** Pehrsson, T. Explaining entrepreneurial re-orientation: The role of the transformative push, *To be submitted to Strategic Entrepreneurship Journal*.



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# 1 Introduction

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This dissertation will focus on the concept of entrepreneurial orientation (EO) and, more specifically, the question ‘Why are firms conducting entrepreneurial actions?’ This question rests upon two premises. First, entrepreneurial actions represent an important domain of scientific inquiry and are interesting. Essentially, this makes the concept of EO, wherein entrepreneurial actions are treated as equivalent to that of the concept of EO (i.e., engaging in innovation, proactively entering new markets, and engaging in risky ventures), relevant for investigation. Second, substantial advances in the understanding of why firms are conducting entrepreneurial actions require the concept of EO to be reconceptualized. What is offered in this dissertation is, accordingly, an attempt to respond to these premises.

## **1.1 Why firms are conducting entrepreneurial actions: Entrepreneurial orientation (EO) represents an important concept**

The first premise of this dissertation is, I believe, rather non-controversial: it is simply that the entrepreneurial actions of firms are interesting and represent an important domain of scientific inquiry. Among the widely held beliefs of our time, for instance, it is certainly so that entrepreneurial actions are held as one of the chief engines of economic, technological and social development (Landström *et al.*, 2012; United Nations, 2020). Indeed, there is an abundance of evidence showing that entrepreneurial actions are beneficial (e.g., Rauch *et al.*, 2009; Saeed *et al.*, 2014), and it is not surprising that fostering entrepreneurial actions represents an explicit policy priority of many countries (OECD, 2006, 2017, 2018). Thus, firms frequently conduct entrepreneurial actions, and a report by United Nations stresses for the necessity of their

continuance, notably because entrepreneurial actions “provide an important contribution to sustainable development by creating jobs and driving economic growth and innovation” (2014, p. 1). Moreover, turning to one of the dominant policy debates of our time—how to deal with climate change—there are certainly few solutions that present a more realistic promise (and threat) than that of the entrepreneurial actions of firms: our society inherently depends on firms to continuously conduct entrepreneurial actions to transform society for the better. Indeed, this is not least advocated for in the 2030 Agenda for Sustainable Development by the United Nations (2015), underlining the need for research on, as well as the realization of, entrepreneurial actions. Accordingly, it would seem that entrepreneurial actions are held as important to conduct (and research about), which follows from the allocation of meaning of conducting such actions by conventional wisdom.

The high regard for entrepreneurial actions is, however, not restricted only to the conventional wisdom of everyday life; it is evident in the scholarly and academic world too. In fact, there are many areas of study in the field of entrepreneurship that can be described as adhering to the Schumpeterian (1934/2012) idea of economic development, wherein entrepreneurial actions are seen as necessary for the profitability, growth and survival of firms. A fair attempt to inquire into entrepreneurial actions can be found in, for instance, the literature on entrepreneurial orientation (EO; Covin & Slevin, 1989; Lumpkin & Dess, 1996; Miller, 1983), corporate entrepreneurship (CE; Covin & Miles, 1999; Guth & Ginsberg, 1990; Kuratko *et al.*, 2011), and strategic entrepreneurship (SE; Hitt *et al.*, 2001; Ireland *et al.*, 2003; Kuratko & Audretsch, 2009), all of which adhere to the idea of entrepreneurial actions being important to conduct if a firm is to successfully pursue to the opportunities of a dynamic marketplace (Lampe *et al.*, 2019; see also Shane & Venkataraman, 2000).

Having established that entrepreneurial actions represent an important domain of scientific inquiry, we shall proceed by noting that this dissertation is concerned with entrepreneurial actions in the sense used in ordinary EO discourse; that is, what is to be investigated is a firm’s tendency to engage in innovation, enter new markets proactively, and engage in risky ventures—a view of entrepreneurial actions that is wholly in line with the concept of EO (Covin & Slevin, 1989; Miller, 1983) and the vast majority of EO research (Basso *et al.*, 2009; Covin & Wales, 2012; see also Covin & Miller, 2014). Hence, in guiding the forthcoming discussion, it is helpful to bear in mind

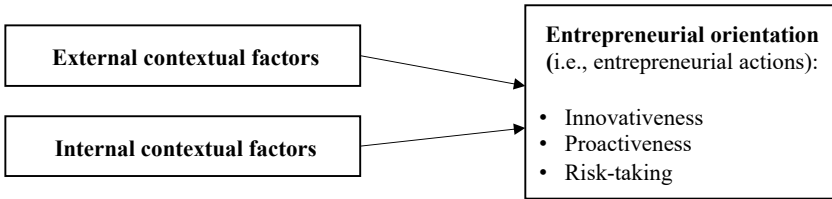
that the dissertation takes its point of departure from contemporary EO research (Covin & Wales, 2019; Wales *et al.*, 2013), largely because the concept of EO is more established than those of SE and CE within the field of entrepreneurship (Lampe *et al.*, 2019; Zahra *et al.*, 1999); moreover, scholars have recently noted that the concept of EO captures the nature of being an entrepreneurial firm, whereas CE and SE have more to do with entrepreneurial actions that are conducted occasionally (Covin & Wales, 2019; Lampe *et al.*, 2019).<sup>1</sup> In other words, if a firm is conducting the entrepreneurial *actions* noted above, that firm is held in the literature as *being* entrepreneurially oriented. Accordingly, we shall in this dissertation be concerned with the concept of entrepreneurial orientation, and more specifically with a question that arguably lies at the heart of the field: namely, ‘Why are firms conducting entrepreneurial actions?’ To answer this question, the dissertation thus makes use of the concept of EO.

To guide us in this quest, it is helpful to know that there is already a large body of EO literature dealing with this question (e.g., Wales *et al.*, 2013), essentially concluding that contextual factors determine the degree of entrepreneurial actions conducted (i.e., the degree of EO). Much stress in prior EO literature is placed on, for instance, contextual factors that are external to the firm; indeed, there is a flood of research underlining that a dynamic and turbulent environment (e.g., Covin & Slevin, 1991) as well as a favorable national culture (Engelen *et al.*, 2015) represent imperative contextual factors of EO. At the same time, it is also relevant to note a firm’s internal context in predicting EO: scholars typically explain that decentralization (Engelen, 2010), resources and capabilities (Altinay *et al.*, 2016; Rodrigo-Alarcón *et al.*, 2018) and the characteristics of top management (Wales *et al.*, 2013) are significant explanans of EO. As for the quest to explain why firms are conducting entrepreneurial actions, it is thus helpful to know that prior EO literature, in essence, pays attention to two broad factors: external contextual factors and internal contextual factors. Figure 1 illustrates this statement below.

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<sup>1</sup> For a brief comparison between EO, CE and SE, see Table 11 in Appendix.

**Figure 1:** Why are firms conducting entrepreneurial actions? The contemporary explanation



## 1.2 Why firms are conducting entrepreneurial actions: Entrepreneurial orientation (EO) needs to be reconceptualized

Having established the first premise of this dissertation (i.e., that entrepreneurial actions represents an important domain of scientific inquiry, essentially making the concept of EO relevant for what is to be explained), we proceed the second premise: namely, that if entrepreneurial actions are to be adequately explained, the concept of EO needs to be reconceptualized. More precisely, I argue that (a) EO represents a form of being (i.e., a firm either is or is not ‘entrepreneurially oriented’, a necessary condition for conducting entrepreneurial actions); however, (b) EO is not the same as entrepreneurial actions (i.e., being ‘entrepreneurially oriented’ is not the same as the actions that are to be explained). By reconceptualizing EO, I argue that scholars will be equipped with a concept to adequately explain why firms are conducting entrepreneurial actions, which is not the case with the current version of EO.

Now, while these two premises may appear peculiar together, it is helpful to bear in mind that they raise no particular difficulty with regard to what is to be explained, as they merely suggest that an explanation of entrepreneurial actions (by using the concept of EO) requires distinguishing between *being* ‘entrepreneurially oriented’ and engaging in entrepreneurial *actions* (see Bhaskar, 1979/2015). With this distinction in mind, it is thus perfectly reasonable that we take our point of departure from contemporary EO literature (Covin & Wales, 2019; Wales *et al.*, 2013), despite the fact that many of the ideas regarding EO will need to be reformulated if an adequate explanation



of entrepreneurial actions is to be provided. Moreover, as this would stipulate a reconceptualization of EO (see Covin & Wales, 2012), I expect that some scholars are inclined to be skeptical of this approach. After all, there are almost always good reasons for what scholars do and do not do, and it may, of course, be so that the premises noted above have been overlooked for a reason. Perhaps (a) *being* ‘entrepreneurially oriented’ simply *is* the same as entrepreneurial actions, (b) a necessary condition for *knowledge* of that being, and that (c) a *causal* explanation of entrepreneurial actions else must be neglected. In this dissertation, I will attempt to reject all three of these possibilities in the quest to answer why firms are conducting entrepreneurial actions.<sup>2</sup>

#### *Problems with the current version of EO*

To make sense of the premises noted above, it is helpful to turn our attention to three main problems with the current version of EO, which create the need for reconceptualization. First, entrepreneurial actions are wrongly assumed to exist all the time. Second, being ‘entrepreneurially oriented’ is more than what scholars are acknowledging. Third, entrepreneurial actions cannot be wholly separated from contextual conditions. In fact, once we take these issues into account, a moment’s reflection serves to make it clear that one cannot adequately explain why firms are conducting entrepreneurial actions by using the current version of EO (cf. Figure 1). However, this should not be interpreted as an urge to dismiss prior EO research; rather, what is argued for here is that an answer to the question asked herein requires making use of prior EO literature while rethinking what is really meant by the concept of EO. Essentially, this calls for scholarly work on reconceptualizing EO.

The three reasons mentioned above that call for a reconceptualization of EO will now be elaborated. First, what prior literature is required to assume is that entrepreneurial actions exist all the time (see Covin & Wales, 2012, p. 692); that is, EO is assumed to always exist to some degree in all firms. However, despite many of the benefits resulting from this assumption, including the emergence of the view of EO as a robust and rigorous scientific concept (Rauch *et al.*, 2009; Saeed *et al.*, 2014), it is worth noting that this assumption fails to answer the following question: “What happens if a firm does not conduct any entrepreneurial actions at all?” Indeed, this is a relevant

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<sup>2</sup> (a), (b) and (c) are essentially adhered to in the contemporary conceptualization of EO.

question, especially in light of the fact that two authorities of the field recently added that entrepreneurial actions are not conducted all the time (Covin & Wales, 2019, p. 7). Hence, if one is to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO, the concept of EO must acknowledge that entrepreneurial actions do not exist all the time.

Second, if we accept that entrepreneurial actions do not exist all the time, we immediately realize the difficulty and inappropriateness of scholars deciding—before any action has been conducted—*what* entrepreneurial actions to include in the concept of EO. The point here is, again, not to dismiss prior literature but to note that seeing EO solely in terms of actions (e.g., innovativeness, proactiveness, risk-taking) is too problematic to bear the weight of capturing the nature of being ‘entrepreneurially oriented’. The problem is that one cannot adequately determine what entrepreneurial actions to include in the concept without also restricting the concept to merely the tip of the iceberg of all possible actions—a problem already being indicated in the literature (Covin & Slevin, 1989; cf. Lumpkin & Dess, 1996; see also Table 11).<sup>3</sup> Hence, if one is to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO, the concept of EO must acknowledge that being ‘entrepreneurially oriented’ is more than what the current version of EO suggests.

Third, through the current version of EO, scholars are required to assume a universal nature of entrepreneurial actions—that is, that the meaning of actions is the same across contexts, essentially making the scholarly endeavor correspond closely with identifying ‘precisely the degree of entrepreneurial actions required’. However, ever since Hansen *et al.*’s (2011) critique of the validity of EO across national borders, we now understand that the view of EO as a universal concept, wholly separated from contextual conditions, may not serve the field well. There are significant variances in the meaning of entrepreneurial actions across contexts such as nations that, in fact, can only be explained by accepting that a universal nature of entrepreneurial actions, theoretically called forth, does not empirically exist. Hence, if one is to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO, the concept of EO must acknowledge that entrepreneurial actions are not wholly separable from contextual conditions.

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<sup>3</sup> Lumpkin and Dess (1996) argue that also the components of ‘autonomy’ and ‘competitive aggressiveness’ should be included in the concept of EO (in addition to innovativeness, proactiveness, and risk-taking).

In summary, this dissertation rests upon two premises. First, entrepreneurial actions represent an important domain of scientific inquiry and are interesting. Essentially, this makes the concept of EO relevant for answering the question ‘Why are firms conducting entrepreneurial actions?’, as EO is treated as equivalent to entrepreneurial actions. However, second, to adequately answer this question, there is a need for reconceptualizing EO, such that EO is treated as being and not actions. Indeed, the theoretical problem motivating this dissertation is a dissatisfaction with the current version of EO, wherein being and action are treated as equivalent. As previously discussed, this results in a dissatisfaction with the EO literature’s current explanation of entrepreneurial actions. The great majority of work in this literature can be interpreted as an attempt to predict variances in EO (i.e., the degree of entrepreneurial actions conducted) as a dependent variable. Considerable efforts have been given to external and internal factors in predicting such variances, with many findings that are admittedly useful for practitioners and policy makers alike (see Wales *et al.*, 2013). However, a number of scholars have begun recognizing the inherent fragilities of the current conceptualization of EO. Anderson and his colleagues (2015), for instance, argue that “fundamental questions surrounding what it means at the firm level to ‘be entrepreneurial’ remain unsettled” (p. 1580). This statement is, in fact, not too different from the intention of Miller’s question, “What does EO stand for?” (2011, p. 873). Thus, despite the increasing recognition of entrepreneurial actions as an important domain of scientific inquiry (e.g., Lampe *et al.*, 2019), it still remains difficult to answer the question ‘Why are firms conducting entrepreneurial actions?’ By reconceptualizing EO, this dissertation thereby represents an attempt to respond to the two premises. In so doing, it is argued that scholars will be provided with a concept that will enable them to adequately explain why firms are conducting entrepreneurial actions.

### 1.3 Purpose and research question

By attempting to deal with the premises noted above, this dissertation has the potential to provide a significant theoretical contribution to the EO literature, as well as plausible help for practitioners and policy makers when intervening in actions and directing future actions toward beneficial ends. The purpose of this dissertation is, accordingly, to *enhance the understanding of entrepreneurial orientation*. This research question (RQ) will be addressed:

RQ: *Why are firms conducting entrepreneurial actions?*

Judging by prior EO literature's implicit adherence to the works of Popper (1959/2005) and Hempel (1965), which can be placed under the label of the philosophy of positivism (see Godfrey-Smith, 2003; see also Bhaskar, 1986, p. 225-235), I expect that some scholars will be skeptical of the research question (and title) of this dissertation. Within the domain of contemporary EO literature, the question 'Why are firms conducting entrepreneurial actions' is namely seen as equivalent to the question 'Given what general law, and by virtue of what antecedent factors, does a particular degree of EO occur?' (Covin & Wales, 2019; see also Figure 1). Especially problematic, the EO scholar would say, is that science can never reach a complete (predictive) explanation of entrepreneurial actions (see Popper, 1959/2005), in general making "why" questions such as the one raised above controversial. A better option, it might be argued, would be to construct a question such as 'What is the relationship between a particular antecedent factor and EO?' In answering this question, the dissertation would thereby contribute to the cumulative body of corroborated knowledge of entrepreneurial actions (see Wales *et al.*, 2013), consisting of antecedents that have survived falsification attempts many times.

There are many problems with the view of scientific development described above, in addition to those already discussed in the previous section. These have to do with the positivist's view of causality, which the methodology and analysis chapters are devoted to discussing, and with the solution to the demarcation problem as introduced by Popper—namely, that of falsification. The problem with falsification is discussed in the methodology chapter. Indeed, once we take these issues into account, it becomes clear that one cannot adequately explain why firms are conducting

entrepreneurial actions by using the current version of EO, a concept that implicitly adheres to the philosophical assumptions of positivism.

To answer the research question raised above, this dissertation turns to the works of Roy Bhaskar (1975/2008, 1979/2015, 1986), which form the basis of the philosophy of critical realism (see Fleetwood, 2014). In adhering to the philosophical assumptions of critical realism, one is not faced with the shortcomings of positivism, and one is also able to reconceptualize the concept of EO. In this sense, it is helpful to bear in mind that the research question raised above is not intended to carry with it a predictive statement of entrepreneurial actions; rather, it represents an attempt to provide an explanatory (yet causal) statement of such actions, an explanation that makes use of a reconceptualized version of EO. Essentially, this means treating the question ‘Why are firms conducting entrepreneurial actions?’ as equivalent to the question ‘What properties of reality must exist for entrepreneurial actions to exist?’

#### **1.4 Structure of the dissertation**

Following this introductory chapter, this dissertation consists of six chapters plus four appended papers. The general idea is to provide to the EO literature as well as practitioners and policy makers value beyond the individual papers. For this reason, each chapter and paper serve to fulfill one overall purpose: to enhance the understanding of entrepreneurial orientation. The rest of the dissertation is structured as follows. First, a literature review addresses the *raison d’etre* of EO—why firms are conducting entrepreneurial actions—from the perspective of the current state of the art. The review is divided into two parts: (1) Entrepreneurial orientation: The contemporary conceptualization, and (2) Context in the context of EO research. The third chapter presents a description of the dissertation’s methodology, highlighting philosophical considerations, methods, triangulation, and my research journey. The fourth chapter is designated to discuss the key takeaways of the appended papers, whereas the fifth analyses the concept of EO. This analysis is grounded in the foundational thoughts of the field, the key takeaways of the appended papers, and the philosophy of critical realism. Chapter five follows by a conclusion, contributions,

implications, discussion of further research, and final remarks. Last, the four appended papers are presented.

## 2 Literature review

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The path to an enhancement of the understanding of entrepreneurial orientation will, I believe, require taking its point of departure from contemporary EO research, essentially dealing with entrepreneurial actions. In this chapter, we shall accordingly delve into (1) the contemporary conceptualization of EO and (2) ways in which contextual factors are said to explain EO.

### 2.1 Entrepreneurial orientation (EO): The contemporary conceptualization

We can begin noting that the concept of EO can be traced to the work of Mintzberg (1973), who argued that the entrepreneurial firm tends to take more risks than other firms and to be more proactive when searching for new business opportunities. Building on these thoughts, Miller (1983) posited a conceptualization of the entrepreneurial firm as one that pursues innovation (i.e., innovativeness), enters new markets proactively (i.e., proactiveness), and accepts a high degree of financial and strategic risk in the pursuit of new opportunities (i.e., risk-taking). Under this view of the entrepreneurial firm, we thus learn that if a firm is to be considered to *be* entrepreneurially oriented, that firm must conduct entrepreneurial *actions*; thus, being is action—or, in a sense, EO is what EO (i.e., the entrepreneurially oriented firm) does. Indeed, this is evident in the following (widely cited) quote, stipulating that the entrepreneurial firm must demonstrate all of the above-mentioned ‘components’ to be considered entrepreneurial:

In general, theorists would not call a firm entrepreneurial if it changed its technology or product line...simply by directly imitating competitors while refusing to take any risks. Some proactiveness would be essential as well. By the same token, risk-taking firms that are highly leveraged financially are not necessarily entrepreneurial. They must also engage in product-market or technological innovation (Miller, 1983, p. 780).

Other influential works, such as those of Covin and Slevin (1988, 1989, 1991), continued on Miller's path by embedding the three above-mentioned components into the concept of EO (cf. Lumpkin and Dess, 1996), assuming the concept to be universal in nature as well as existing objectively, independent of human perception. In the period following Miller's and Covin and Slevin's work, most EO scholars would thus plot all firms along a conceptual continuum ranging from conservative (i.e., low degree of EO) to entrepreneurial (i.e., high degree of EO) (Covin & Wales, 2012), wherein all that can be known about EO is assumed to rest on what is observed about these components. In other words, EO is treated as a robust and rigorous scientific concept, as inferred by the cumulative body of literature that seeks to establish its antecedents and consequences (Rauch *et al.*, 2009; Saeed *et al.*, 2014; Wales *et al.*, 2013). Hence, within the domain of contemporary EO research, the question 'Why are firms conducting entrepreneurial actions?' is equivalent to the question 'Given what general law, and by virtue of what antecedent factors, does a particular degree of EO-as-what-EO-does occur?' (see Covin & Wales, 2019). What this reveals about contemporary EO research is that an attempt to answer the "why" question asked herein is treated as equivalent to a predictive statement between contextual factors and EO (see Figure 1).

### **2.1.1 EO is what EO does: Current definition(s)**

Having taken a few initial steps to understand EO research, we now turn to the way EO is defined in contemporary EO literature. To make sense of this discussion, it is helpful to bear in mind that EO is a latent concept; as Covin and Lumpkin explain, "there is a social construction element to understand what EO is" (2011, p. 856). That is, it is the scholarly definition of EO, or what scholars



choose to include in the label of EO, that lies at the core of current EO research. With this in mind, Table 1 provides examples of ways in which EO is defined in prior literature.

**Table 1:** Entrepreneurial orientation: Current definition(s)

Miller (1983)	“An entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch” (p. 771).
Covin and Slevin (1989)	“Entrepreneurial firms are those in which the top managers have entrepreneurial management styles”, as “demonstrated by the extent to which the top managers are inclined to take business-related risks, to favor change and innovation in order to obtain a competitive advantage for their firm, and to compete aggressively with other firms” (p. 77).
Lumpkin and Dess (1996)	“EO refers to the processes, practices, and decision-making activities that lead to new entry” as characterized by one, or more of the following dimensions: “a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities (pp. 136–137).
Anderson <i>et al.</i> (2015)	“[T]he decision-making practices, managerial philosophies, and strategic behaviors that are entrepreneurial in nature, with entrepreneurial referring to three components—innovativeness, proactiveness, and risk-taking” (p. 1579).
Covin and Wales (2019)	“EO refers to an organizational attribute reflecting how ‘being entrepreneurial’ is manifested in organizations or business units, with the specific domain of entrepreneurship understood as evidenced by risk taking, innovativeness, and proactiveness” (p. 4).

To understand what scholars mean by EO, we can begin by considering the definitions provided in Table 1 above. Here, it is worth noting that the key idea of EO has to do with the actions that the entrepreneurially oriented firm is ought to conduct. We learn, for instance, that engaging in innovation, undertaking risky ventures, and proactively beating competitors to a large extent represents the consensus of what is meant by EO (Anderson *et al.*, 2015; Covin & Slevin, 1989; Covin & Wales, 2019; Miller, 1983)—an important exception being, of course, Lumpkin and Dess’s (1996) proposition that competitive aggressiveness and the propensity to act autonomously

should also be included in the concept. An interesting aspect of Lumpkin and Dess's (1996) definition is, furthermore, the criterion of EO leading to *new entry*. If EO is seen this way, it must thus be somewhat causally linked to the launch of a new venture (or another 'entry' outcome) to be worthy of scholarly attention (for similar ideas, see Gartner, 1990; 1988). Other scholars, extending the idea of Miller (1983), argue that EO has less to do with new entry than with the strategic posture of '*being entrepreneurial*' (Anderson *et al.*, 2015; Covin & Slevin, 1989; Covin & Wales, 2019), essentially being captured by the components of EO (i.e., innovativeness, proactiveness, and risk-taking). Through this latter view, EO is thus separated from its potential outcome, and this separation represents the dominant scholarly view. However, what is clear is that—regardless of the definition—if a firm is to *be* entrepreneurially oriented, there must be entrepreneurial *actions* conducted; thus, EO is what EO does.

In discussing the scholarly way of defining EO, it is also worth mentioning the various ways in which the components of EO are assumed to relate to each other. As Lumpkin and Dess (1996) explain, “although some prior research suggest that the dimensions of an EO covary (e.g., Covin & Slevin, 1989), we suggest that autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness may vary independently” (Lumpkin and Dess, 1996, p. 137). Hence, whereas Covin and Slevin (1989) consider a firm entrepreneurially oriented only if it is simultaneously innovative, proactive *and* risk-taking, Lumpkin and Dess (1996) argue that a firm need only demonstrate a high degree of one of these characteristics to be considered an entrepreneurially oriented firm.

Accordingly, an intriguing question has to do with the empirical relationship between the components (e.g., George & Marino, 2011). Some (e.g., Lumpkin & Dess, 1996, 2001) argue that if a firm is to be characterized as being entrepreneurially oriented only when there are high degrees of all the components, as Covin and Slevin (1989) stipulate, then their variance must be dependent on the other components. In responding to this agenda, however, scholars generally conclude that the components instead vary independently of each other (Runyan *et al.*, 2012, p. 832). That is, it is not certain that a firm will proactively enter a new market just because it, for instance, engages in innovation. However, as Covin and Wales (2012) explain, “EO represents a theoretical construct” (p. 684), wherein the empirical relationship between the components is considered by the vast majority of EO scholars to be quite irrelevant. Indeed, this underlines that EO is a latent

concept; in explaining why firms are conducting entrepreneurial actions, scholars focus on their notion of what is meant by EO, hence neglecting that the empirical manifestation of a firm's entrepreneurial actions may be different from the scholarly view of EO.

### **2.1.2 A closer look into what EO does: The components of EO**

Having discussed the scholarly way of defining the concept of EO, it is time that we turn our attention to the components making up the concept: innovativeness, proactiveness, and risk-taking. Table 2 presents a brief summary of this discussion below.

**Table 2:** The components of EO: What the entrepreneurially oriented firm does

<i>Innovativeness</i>	<ul style="list-style-type: none"> <li>• A strong emphasis on R&amp;D, technological leadership, and innovation.</li> <li>• In recent years, many new product or service lines have been marketed.</li> <li>• In recent years, changes in product or service lines have usually been quite dramatic.</li> </ul>
<i>Proactiveness</i>	<ul style="list-style-type: none"> <li>• In dealing with competitors, the firm typically initiates actions to which competitors then respond.</li> <li>• In dealing with competitors, the firm is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.</li> <li>• In dealing with competitors, the firm typically adopts a very competitive, “undo-the-competitors” posture.</li> </ul>
<i>Risk-taking</i>	<ul style="list-style-type: none"> <li>• In general, the top managers of the firm have a strong proclivity for high-risk projects (with chances of very high returns).</li> <li>• In general, the top managers of the firm believe that owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm’s objectives.</li> <li>• When confronted with decision-making situations involving uncertainty, the firm typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.</li> </ul>

Adapted from Covin and Wales (2012, p. 692).

### *Innovativeness*

To understand the component of innovativeness, it is helpful to place it in a broader intellectual milieu. Among the contributions that have influenced this component the most, it is certainly so that Schumpeter's (1934/2012) "The Theory of Economic Development" stands out as a direct intellectual antecedent (see Miller, 2011). If we follow Schumpeter's work, we learn to appreciate the idea of economic progress (of economic systems, such as that of a local market) as the result of "creative destruction", wherein the existing economic system is disrupted by the introduction of "new combinations". The introduction of new combinations thus represents an action that is undertaken by firms, and Schumpeter adds an important assumption to this assertion: it is through such actions that firms are able to actualize profits, because competitors would then be outcompeted by the new combination. For scholars to understand economic progress (and firm profitability), thus is the introduction of new combinations crucial.

It is easy to see the resemblance between the Schumpeterian view of economic progress and the component of innovativeness. Innovativeness refers to "a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes" (Lumpkin and Dess, 1996, p. 142), essentially representing "a basic willingness to depart from the existing state of the art" (ibid, p. 142). Now, to better make sense of this definition, it is helpful to place it next to two of Schumpeter's cases of new combinations: (1) "the introduction of a new good—that one with which consumers are not yet familiar—or of a quality of a good" (Schumpeter, 1934/2012, p. 66), wherein 'a good' refers to what we today would think of as a product or service, and (2) the introduction of a new method of production. Thus, in seeing the component of innovativeness in the light of these two cases of new combinations, we learn that if a firm is to be innovative, it must place an emphasis on product-market innovation (product design, market research, advertisement, and promotion) as well as technological innovation (product and process development, engineering, research, technical expertise, and industry knowledge) (Covin & Slevin, 1989; Lumpkin & Dess, 1996). Table 2 above offers a guide into how these ideas are translated into what the entrepreneurially oriented firm is said to do.

### *Proactiveness*

In the same way that the component of innovativeness resides alongside the Schumpeterian notion of economic progress, we can also credit Schumpeter (1934/2012) for the component of proactiveness (see Miller, 2011). In “The Theory of Economic Development”, we learn that economic progress occurs as a result of firms taking initiative by means of anticipating and pursuing new opportunities to which competitors then respond. In so doing, the initiative-taking firm would be able to get a head start in establishing the emerging market and actualizing profits above those of the average firm. Today, the view that such actions are of importance is conventional, and we find similar ideas expressed by, for instance, Lieberman and Montgomery (1988), who advocate for the importance of first-mover advantage as the best strategy for realizing advantages in new markets. Similarly, Penrose (1959/2009) argues that such actions are of importance for the growth of the firm due to the amplifying effect of experience and learning, while Mintzberg (1973) argues that the entrepreneurial firm is active rather than passive in the search for new opportunities.

Proactiveness, as “the processes aimed at anticipating and acting on future needs” (Lumpkin and Dess, 1996, p. 146) by, for instance, introducing products ahead of competitors and seeking opportunities that may or may not be related to the present line of operations (ibid, 1996, p. 146), thus represents a component that is intended to capture what is said above. It should be noted that the components of proactiveness and innovativeness are closely related (Table 2; see also Pehrsson, 2015, p. 518). However, there are conceptual differences between the two, as proactiveness has to do with leadership over competitors—in a way, shaping the environment—whereas innovativeness has more to do with the means of pursuing opportunities.

### *Risk-taking*

The component of risk-taking is best understood by turning to the early entrepreneurship literature (Cantillon, 1755), where we get familiar with the idea of the “entrepreneur” as one who identifies discrepancies between supply and demand as an opportunity to buying cheaply and selling at a higher price (Carlsson *et al.*, 2013; Landström *et al.*, 2012). According to Cantillon, the

entrepreneurial function is thereby to bring stability to the economic system (see also Kirzner, 1997; cf. Schumpeter, 1934/2012), an endeavor that is inherently associated with risk.

Today, the EO literature treats the notion of risk as an inherent condition of all entrepreneurial actions (Covin & Slevin, 1989; Miller, 1983). This is a perfectly reasonable assumption due to the difficulty of predicting the precise consequence of an action (e.g., it is hard to predict the correct profit outcome that will follow the launch of a research and development project) (Knight, 1921). As such, it is helpful to bear in mind that there are considerable conceptual overlaps between the concept of risk—a condition in which the consequences of a decision and the probabilities associated with the consequences are known—and the Knightian concept of uncertainty, wherein consequences and probabilities are not fully known (or even impossible to know). Thus, to understand the component of risk-taking, it is helpful to place it next to Cantillon's (1755) notion of the entrepreneurial function and Knight's (1921) notion of uncertainty (see also Lumpkin & Dess, 1996, p. 144-146; Wales *et al.*, 2019, p. 99).

Risk-taking, then, as “a firm's proclivity to engage in risky projects and managers' preferences for bold versus cautious acts to achieve firm objectives” (Lumpkin and Dess, 1996, p. 146), represents a component that is intended to capture what is said above. Indeed, this is essentially the definition adopted by Covin and Slevin when using risk-taking items such as the following one, asking specifically about firms whose top managers have “a strong proclivity for high-risk projects with chances of very high returns” (Covin & Slevin, 1989, p. 86; see also Table 2). In fact, this is a view of the entrepreneurially oriented firm that closely resembles Mintzberg's (1973) treatment of the entrepreneurial mode of strategy making, Penrose's discussion about unavoidable uncertainty in the course of the expansion plans of a firm (1959/2009, p. 50-57), and, indeed, the Schumpeterian notion of economic progress.

### 2.1.3 Is EO what EO does, really? Problems

The version of EO that we have discussed thus far is conventional and thus represents the dominant understanding of what it means to be an entrepreneurially oriented firm (Covin & Wales, 2012). What needs to be stressed, however, is that despite the consensus, a number of scholars have begun to recognize the inherent fragility of treating entrepreneurial *actions* as equivalent to *being*

entrepreneurially oriented; thus, that EO is what EO does. For instance, as previously mentioned (chapter 1.2), Anderson and his colleagues (2015) argue that “fundamental questions surrounding what it means at the firm level to ‘be entrepreneurial’ remain unsettled” (p. 1580), and Miller asks “What does EO stand for?” (2011, p. 873). It is important to understand that these statements indicate major difficulties in the field, because they suggest that it remains a difficult task to adequately answer the question ‘Why are firms conducting entrepreneurial actions?’ by means of the current version of EO. Accordingly, below are three problems of the contemporary conceptualization discussed (these were mentioned in the introductory chapter).

*Entrepreneurial actions are wrongly assumed to exist all the time*

If we think of the way EO is put forth in the contemporary EO literature (Covin & Wales, 2012, 2019), we learn to appreciate the idea of EO as part of a conceptual continuum, ranging from conservative (i.e., low degree in EO) to entrepreneurial (i.e., high degree in EO). What seems to be an important effect of this view is the flood of research dealing with the exercise of explaining variation in that conceptual space (e.g., Wales *et al.*, 2011; Wales *et al.*, 2013; Wiklund & Shepherd, 2011), which, of course, is assumed to capture the degree to which a firm is conducting entrepreneurial actions. Amongst EO scholars, being entrepreneurial is thus all about degrees, and it should be mentioned that the strengths of this view of EO are considerable, not least since it brings with it a language and tools associated with ‘scientific’ research, to some extent made possible by the assumption that entrepreneurial actions exist all the time along a conceptual continuum (Covin & Wales, 2012; Rauch *et al.*, 2009; see also Popper, 1959/2005, p. 49-50).

In the same way it is worth mentioning that the contemporary version of EO serves the literature well, it should be also mentioned that seeing EO through the lens of a conceptual continuum fails to acknowledge an inescapable fact: entrepreneurial actions do not exist all the time. This statement leads to an important question: What happens if a firm does not conduct entrepreneurial actions extensively nor even occasionally, but not at all? This is a particularly relevant question in light of the fact that the term ‘entrepreneur’ has only been used since the twelfth century (Carlsson *et al.*, 2013), that our economy during the years after World War II was based more on mass-production and efficiency than on entrepreneurial endeavors (Landström *et al.*,



2012), and that two authorities of the field recently noted that entrepreneurial actions are not conducted all the time (Covin & Wales, 2019, p. 7). The problem of treating entrepreneurial actions in terms of degrees is that one reduces the existential status of actions to that of a continuum, without even considering that such an assumption may be dubious or even false. Thus, instead of asking why there are variations in the degree of entrepreneurial actions, a better starting point would be to ask why entrepreneurial actions exist at all; that is, why do entrepreneurial actions exist as an object of inquiry that we can plot along a conceptual continuum? Thus, instead of restricting our view of entrepreneurial actions to movements between counterparts, we need a conceptualization of EO that provides scholars with a concept for explaining why such actions do vs. do not exist as an object that we can observe (instead of simply assuming their pre-existence). In other words, if one is to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO, the concept of EO must acknowledge that entrepreneurial actions do not exist all the time.

*'Being entrepreneurial' is more than what scholars are acknowledging*

With few exceptions (Lumpkin & Dess, 1996; see also Table 1), scholars have defined the concept of EO so as to capture what it means to 'be entrepreneurial', including having "entrepreneurial management styles" (Covin and Slevin 1989, p. 77), "behaviors that are entrepreneurial in nature" (Anderson *et al.*, 2015, p. 1579), and "an organizational attribute reflecting how 'being entrepreneurial' is manifested in organizations or business units" (Covin and Wales, 2019, p. 4). Entrepreneurial actions, then, are said to capture what it means to be entrepreneurial (Covin & Wales, 2012). A basic question that one might ask, however, is "What does 'entrepreneurial' mean?" The Merriam-Webster Online Dictionary defines 'entrepreneurial' as "having to do with the creation and development of economic ventures". From this definition, we thus understand that entrepreneurial has do to with actions or, more specifically, the creation and development of economic ventures.

However, while engaging in innovation, entering new markets proactively and taking risks (Covin & Slevin, 1989; Miller, 1983) would fall under the above definition, it would also seem appropriate to place the component of competitive aggressiveness (Lumpkin and Dess, 1996) under

the label of ‘entrepreneurial’. However, it is not easy to understand why the dominant conceptualization of EO excludes this component. Likewise, it is not easy to understand why similar components are excluded, with notable examples including internationalization (Hakala *et al.*, 2016; Hitt *et al.*, 2001; Javalgi & Todd, 2011), business model innovation (Kuratko & Audretsch, 2009; Kuratko *et al.*, 2011; see also Covin & Miles, 1999), corporate venturing (Guth & Ginsberg, 1990; Kuratko *et al.*, 2011; Lumpkin & Dess, 1996), strategic renewal (Covin & Miles, 1999; Guth & Ginsberg, 1990), strategic management of resources (Hitt *et al.*, 2001) networking (Dimitratos *et al.*, 2014; Hitt *et al.*, 2001), and initiative realization (O’Brien *et al.*, 2018). In other words, it would seem that restricting the meaning of being entrepreneurially oriented to actions is problematic, especially since the definition of EO carries with it a broad statement about what EO does. This is disturbing, since it not only impedes significant advances of EO research in general but, more importantly, limits the EO concept’s practical usability. Thus, instead of restricting the meaning of *being* ‘entrepreneurially oriented’ to the scholarly view of the entrepreneurial actions that firm ought to conduct, what is needed a different kind of conceptualization that takes into account that being an entrepreneurially oriented firm is more than what scholars are acknowledging.

#### *Entrepreneurial actions cannot be wholly separated from contextual conditions*

If we follow the current version of EO (Covin & Wales, 2012), we learn to appreciate the assumption of a distinction between entrepreneurial actions and contextual conditions, wherein contextual factors are said to predict the degree to which actions occur. The literature is shaped by this assumption, which is evident in the contemporary explanation of EO (see Figure 1). However, there is also a strong argument in the opposite direction, suggesting that it is not always so easy to make a distinction between the actions and context and that, more importantly, the assumption is problematic.

When speaking about EO, it is common to treat this object of inquiry as having to do with the components of innovativeness, proactiveness and risk-taking (Covin & Wales, 2012). These components are thus thought of as distinctive categories—that is, categories existing with meaningful distinctions between each other and contextual conditions. The problem is, however,

that the components cannot be wholly separated from context. As explained by Hansen and his colleagues regarding the component of proactiveness:

American SMEs [in comparison to Swedish, Indonesian, and Dutch small and medium sized firms] tend to view proactiveness from a competitive as opposed to product-oriented perspective. The fact that the U.S. ranks very high on individualism offers some explanation to this, as traits such as competitiveness, assertiveness, and initiative are highly correlated with this cultural dimension (Hansen *et al.*, 2011, p. 75).

It follows, then, that the assumed distinction between entrepreneurial actions and context loses its footing, as the meaning of the components is defined by practitioners within their contextual condition. In other words, entrepreneurial actions are context-dependent. The implication following this is perhaps most visible in researchers' specific concerns regarding some of the items intended to capture the components of EO. In several studies, scholars have deleted problematic items, especially those associated with risk-taking (Kreiser *et al.*, 2002; Runyan *et al.*, 2012), but also with proactiveness (Knight, 1997) and innovativeness (George & Marino, 2011).

Moreover, problems are also visible when considering the meaning of a 'high degree' of EO. As expressed by Hansen and his colleagues:

[O]ur finding indicates that the endorsement of the item for American respondents is significantly weaker than it is for respondents from the other four countries. For example, a score of four on a five-point scale does not mean to the American sample what it means to the others—it means less. Whereas this four may be thought of as “good” by respondents from the other countries, it is not of thought as “good” by Americans. It is thought of as something less (Hansen *et al.*, 2011, p. 75).

What is said above represents something that is problematic for the current version of EO, as, without meaningful distinctions between degrees of EO, there is no way of knowing whether differences in means are due to (a) differences in the latent variable itself (the true value), or (b) the intercept (the wrong value) (Hair *et al.*, 2014). It follows, then, that we must accept that phrases like “the degree of EO” or “the degree of entrepreneurial actions conducted” represent a theoretical construction that, in fact, does not empirically exist. Hence, instead of adhering to the assumption that entrepreneurial actions are separable from context, what is needed is a different kind of conceptualization of EO—a conceptualization that acknowledges that actions cannot be wholly separated from context. Therefore, it seems important to clarify the role of context in greater depth.

## **2.2 Context in the context of EO research**

What can initially be said about previous EO literature is that most of the research focusing on the question asked herein can be interpreted as an attempt to identify *the* contextual factor by which EO-as-what-EO-does is determined to the greatest extent. Considerable attention has, for instance, been given to the role of competition and cultural conditions (external factors), but resources, organizational structure and leadership (internal factors) have been found to be important too, as well as the relationship between external and internal factors, in regards to predicting entrepreneurial actions (Wales *et al.*, 2013). Thus, despite the many attempts to find the one all-important factor of EO, the literature gives one no reason to think of a single determining factor. Rather, the chief cause is to be found among many factors, of which none can be said to alone predict the entrepreneurial actions of a firm.

Now, before moving to the contextual factors highlighted in prior literature as imperative for EO-as-what-EO-does, it is helpful to sort out what is meant by context. In so doing, we can begin to trace the word ‘context’ (or contextualization) to its original, Latin meaning of ‘to knit together’ or ‘to make a connection’ (Rousseau & Fried, 2001), in terms of “linking together observations to a set of relevant facts, events, or points of view” (*ibid.*, 2001, p. 1). Indeed, if this represented the way context is understood in EO research, the role of context would be to make

possible an understanding of entrepreneurial actions as part of a larger whole, i.e., *verstehen* EO-as-what-EO-does, so that one could understand EO in its context. However, this is not the way context is used in the context of EO research: rather, context is more appreciated in line with the scientific ideal of *erklären* (explaining), which means that context is seen in terms of extrinsic factors (i.e., those factors that are external to EO-as-what-EO-does) that may or may not determine variations in EO (Wales *et al.*, 2013, p. 371; see also Figure 1). In seeing context in this way, the literature is thereby close to Johns's definition of context as "the functional relationship between variables" (2006, p. 386), which would underline context as those factors that directly or indirectly have an impact on EO-as-what-EO-does.

### **2.2.1 The many faces of context**

The foregoing discussion represents an attempt to make clear what is meant by context in the context of EO research. The problem, however, is that the definition provided is broad and, admittedly, rather vague. Accordingly, to get a better sense of how context has been scrutinized in prior EO research, next are the various manifestations, or 'faces', of context discussed. Table 4 offers a summary of this discussion below, while Table 3 shows the articles used for the summary.

**Table 3:** The role of context for EO: Prior studies

<b>External context</b>	<b>Internal context</b>
<u>Network ties</u> Martins (2016); van Doorn <i>et al.</i> (2017).	<u>Firm age</u> De Massis <i>et al.</i> (2014).
<u>National culture and institutions</u> Bachmann <i>et al.</i> (2016); Engelen (2010); Engelen <i>et al.</i> (2015); Hansen <i>et al.</i> (2011); Kreiser <i>et al.</i> (2010); Lee and Peterson (2000); Watson <i>et al.</i> (2019).	<u>Firm resources</u> Altinay <i>et al.</i> (2016); Covin and Slevin (1991); Eddleston <i>et al.</i> (2012); García-Villaverde <i>et al.</i> (2018); Miller (1983); Rodrigo-Alarcón <i>et al.</i> (2018); Ruiz-Ortega <i>et al.</i> (2013); van Doorn <i>et al.</i> (2017).
<u>Env. dynamism, turbulence, hostility, uncertainty</u> Covin and Slevin (1991); Engelen <i>et al.</i> (2015); Engelen <i>et al.</i> (2015); Miller (1983); Navarro-García <i>et al.</i> (2015); Ruiz-Ortega <i>et al.</i> (2013); Slevin and Covin (1990); Simsek <i>et al.</i> (2010).	<u>Organizational culture and mission</u> Brettel <i>et al.</i> (2015); Covin and Slevin (1991); Engelen (2010).
<u>Industry life-cycle</u> Covin and Slevin (1990); Covin and Slevin (1991).	<u>Organizational strategy</u> Bachmann <i>et al.</i> (2016); Covin and Slevin (1991); Eddleston <i>et al.</i> (2012); Green <i>et al.</i> (2008); Lumpkin <i>et al.</i> (2010); Miller (1983).
	<u>Organizational structure and design</u> Bauweraerts and Colot (2017); Boling <i>et al.</i> (2016); Covin and Slevin (1991); De Clercq <i>et al.</i> (2013); De Massis <i>et al.</i> (2014); Eddleston <i>et al.</i> (2012); Engelen (2010); Green <i>et al.</i> (2008); Kellermanns <i>et al.</i> (2008); Miller (1983); Navarro-García <i>et al.</i> (2015); Slevin and Covin (1990); Williams and Lee (2009).
	<u>Top management characteristics</u> Bauweraerts and Colot (2017); Boling <i>et al.</i> (2016); Covin and Slevin (1991); Deb and Wiklund, (2017); Engelen <i>et al.</i> (2015); Grünh <i>et al.</i> (2017); Kellermanns <i>et al.</i> (2008); Li <i>et al.</i> (2008); Miller (1983); Miller and Le Breton-Miller (2011); Poon <i>et al.</i> (2006); Sciascia <i>et al.</i> (2013); Slevin and Covin (1990); Simsek <i>et al.</i> (2010); Wales <i>et al.</i> (2013).

**Table 4:** Manifestation of context in prior EO research: Findings

Dimensions of context	Manifestation of context				Findings <sup>a</sup>	
	Discrete factor	Constant effect	Configuration	+	-	+/- Not sig.
<i>External contextual factors</i>						
Network ties	2			1		1
National culture and institutions	25	5		9	6	11
Environmental dynamism	9			4	1	2
Industry life-cycle		1		1		
<i>Internal contextual factors</i>						
Firm age	1					1
Firm resources	16			7		5
Organizational culture	13			10	3	4
Organizational strategy	5	10		9		6
Organizational structure and design	27	11	1	17	3	7
Top management characteristics	29	3	1	14	2	13
<i>Total</i>	<i>127</i>	<i>30</i>	<i>2</i>	<i>72</i>	<i>15</i>	<i>40</i>

<sup>a</sup> Findings include (hypothesized) direct positive (+), direct negative (-), U-, S-shaped or mediator (+/-), and non-significant (Not sig.) relationships with EO (as-what-EO-does) as the dependent variable.

*Context as a discrete factor(s)*

If we remind ourselves that the vast majority of EO research is concerned with predicting the degree to which EO-as-what-EO-does occurs, it should perhaps not come as a surprise that most EO research treats context as a discrete factor (see Table 4). Through this view, context is thus—much like the concept of EO—seen as a factor, wherein different aspects of context are constructed into separate factors thought to have causal relationships with EO.

A good example is found in Engelen *et al.*'s (2015) empirical study, where we learn that firms tend to respond to individualistic cultures by conducting entrepreneurial actions; the study concludes that a high degree of individualism significantly predicts a high degree of EO. Similar conclusions are drawn by Bachmann and his colleagues (2016), who find that individualism positively strengthens the relationship between a firm's strategic planning and EO. Despite these findings, however, it would not be appropriate to say that individualism is an imperative factor of EO. For example, Kreiser and his colleagues (2010) find that individualism negatively predicts variations in the component of proactiveness and that, moreover, there is no significant relationship between individualism and risk-taking. Thus, the literature is inconclusive regarding whether individualism determines EO.

On the other hand, more conclusive findings appear for the factor of environmental dynamism. As Covin and Slevin (1991) explain in their conceptual study, “[o]rganizations often respond to challenging environmental conditions, such as those present in high-tech or dynamic environments, by taking risks, innovating, and exhibiting proactive behaviors—that is, by adopting an entrepreneurial posture” (p. 11). Ruiz-Ortega *et al.* (2013), in their study of 253 firms in the information and communication technology industry, establish that EO is a function of the factor of environmental dynamism; this finding is validated by Engelen *et al.* (2015), Slevin and Covin (1990) and Navarro-García *et al.* (2015).

A second set of studies has pointed to the importance of internal contextual factors in predicting EO-as-what-EO-does. In a study of 404 firms from Germany and China, for instance, Engelen (2010) found that EO is a result of decentralization (categorized in Table 4 as an ‘organizational structure and design’). That is, if the firm aspires to conduct entrepreneurial actions, it would be wise to let key decisions be made by those that undertake these actions (cf. Mintzberg,



1973). Similar conclusions are drawn by Slevin and Covin (1990), Covin and Slevin (1991), Engelen (2010), and Eddleston *et al.* (2012) regarding the link between EO and centralization of decision-making. Moreover, EO has been found to be positively associated with learning capabilities (Altinay *et al.*, 2016; see also Anderson *et al.*, 2009), dynamic capabilities (Rodrigo-Alarcón *et al.*, 2018), and technological capabilities (Ruiz-Ortega *et al.*, 2013), although the relationship between factors related to firm resources and EO is inconclusive: while Rodrigo-Alarcón *et al.* (2018) report the relationship between relational resources and EO to be significant and positive, García-Villaverde *et al.* (2018) found the relationship to be non-significant.

Moreover, looking at the role of top management characteristics, several studies have found that narcissistic CEOs (as a contextual factor) increase the degree of EO-as-what-EO-does (e.g., Wales *et al.*, 2013). That is, if a firm wants to conduct entrepreneurial actions, all that needs to be done is to wait for a narcissistic CEO to enter, as there is a causal relationship between a high degree of CEO narcissism and EO. A similar conclusion is drawn by the studies of Engelen *et al.* (2015) and Simsek *et al.* (2010). Lastly, a few studies have looked into the role of organizational culture, finding that culture matters: group culture and team spirit are important for EO (Brettel *et al.*, 2015; Engelen, 2010; see also Covin & Slevin, 1991).

In combination, the above studies give rise to an additional important insight: a relationship between a particular contextual factor and EO-as-what-EO-does may appear stronger or weaker when taking into account additional contextual factors. For instance, Ruiz-Ortega and his colleagues (2013) found the relationship between environmental dynamism and EO to be stronger for firms in possession of a high degree of technological capabilities. Likewise, García-Villaverde *et al.* (2018) conclude that a firm's social capital (SD) negatively moderates the relationship between technological dynamism (TD) and EO, such that TD has a less positive effect on EO when the degree of SD increases.

### *Context as a constant effect*

It is also worth mentioning studies that treat context not as a discrete factor(s), but as a constant effect. It should be remembered that most, if not all (Covin & Wales, 2019), EO research is conducted in a non-experimental setting and is cross-sectional; that is, analyses concern the

observed entrepreneurial actions of firms at a specific point in time. Consequently, although many of the important discrete factors may be taken into account in a particular study, it would be difficult, if not impossible, to account for all factors that have an effect on EO (see Antonakis *et al.*, 2010). Indeed, this poses a serious constraint on EO research, essentially resulting in the omission of factors with a constant effect (i.e., the ‘omitted variables’ problem).

In Miller’s (1983) foundational work in this field, we can see an early example of a study considering constant effects. In this study, firms are grouped into three contextual types: (1) simple firms, (2) planning firms, and (3) organic firms,<sup>4</sup> wherein the determinants of EO-as-what-EO-does are examined in each strategy/structure context. What is interesting about this study is that determinants differ across contexts. Key determinants are as follows: in simple firms, leadership (but not strategy and environmental dynamism); in planning firms, an explicit strategy and leadership (but not environmental dynamism); and in organic firms, a dynamic environment (but not leadership and strategy). That is, although the independent effect of these dimensions of contextual factors (i.e., leadership, strategy, and environmental dynamism) is, in general, significantly and positively related to EO (see Table 4), it is clear that effects vary across firm-level contexts (see also Miller & Le Breton-Miller 2011). Similar conclusions are drawn regarding the constant effect of country (Engelen, 2010) and industry life-cycle (Covin & Slevin, 1990). Indeed, these findings underline that aspects of a given contextual boundary significantly influence the degree of EO-as-what-EO-does; that is, there are constant effects of EO, albeit the literature cannot say what comprise these effects.

### *Context as a configuration*

Another way of treating context in the EO literature is through the lens of a configurational approach, which refers to treating context not as a single discrete factor but as a set of factors, or “any multidimensional constellation of conceptually distinct characteristics that commonly occur together” (Meyer *et al.*, 1993, p. 1175). Through this view, EO-as-what-EO-does is thus explained

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<sup>4</sup> *Simple firms* correspond to those firms that pursue an ‘entrepreneurial mode’ of strategy making (Mintzberg, 1973) and possess a ‘simple structure’ (Mintzberg, 1983); *planning firms* are those that pursue a ‘planning mode’ of strategy making (Mintzberg, 1973) and a ‘machine bureaucracy structure’ (Mintzberg, 1983); and *organic firms* conform to Mintzberg’s (1973) ‘adaptive mode’ of strategy making and his ‘adhocracy’ structure (1983).

in regards to a particular configuration of contextual factors, thought of as having a direct or indirect causal relationship with EO.

To help us understand the logic of this view, we may initially recall the work of Slevin and Covin (1990). Here, we learn that a firm's organizational structure and management style represent important imperatives of EO. When considered together, however, they form different configurations, each of which bring different implications for the effectiveness of EO.<sup>5</sup> As Slevin and Covin note, an 'effective entrepreneurial firm' is one that possesses an organic organizational structure and an entrepreneurial management style. The opposite type, an 'efficient bureaucratic firm', conforms to a mechanistic structure and a conservative management style. In other words, different contextual factors form different configurations, each bringing a unique implication to EO.

### 2.2.2 The role of context for EO: Problems

It is evident that the literature offers a number of important insights into the way in which context holds a determining role on EO-as-what-EO-does. However, there are many problems in the literature, most of which are implicit in the foregoing discussion, that would impede one's ability to explain why firms are conducting entrepreneurial actions. We have already reviewed the problems regarding the way EO is conceptualized in contemporary literature (i.e., entrepreneurial actions are wrongly assumed to exist all the time, 'being entrepreneurial' is more than what scholars are acknowledging, and entrepreneurial actions cannot be wholly separated from contextual conditions). Regarding context, however, we can note an additional problem, described below.

*Context is wrongly assumed to exist all the time as exogenous to entrepreneurial actions*

If we follow the contemporary EO literature's view of context—whether it is described as a discrete factor, as in Engelen *et al.*'s (2015) study; a constant effect, as in Miller's (1983); or a configuration of many contextual factors, as in Slevin and Covin's (1990)—we learn to appreciate the idea of

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<sup>5</sup> Slevin and Covin construct a matrix with two axes: (1) organizational structure (ranging from 'mechanistic' to 'organic'), and (2) management style (ranging from 'entrepreneurial' to 'conservative'). In so doing, four configurations are constructed, each of which brings different implications to the effectiveness of EO.

context as something that exists all the time and exogenously to EO-as-what-EO-does. The general idea is thus that context determines entrepreneurial actions, and not the reverse (see Figure 1 and Table 4). However, what is argued here is that it might not be beneficial to adhere to this assumption, as in reality it is likely so that contextual factors do not exist all the time nor are exogenous to entrepreneurial actions.

To make sense of this statement, consider the contextual factor of ‘market turbulence’—that is, the rate at which a firm’s customer base and its customers’ preferences change (Jaworski & Kohli, 1993)—which was found by Engelen and his colleagues (2015) to determine the degree to which EO-as-what-EO-does occurs. Here, the concept of market turbulence is thought of as a discrete factor, existing independently of EO-as-what-EO-does. In reality, however, market turbulence in many ways is not independent of but rather dependent on entrepreneurial actions. Ever since the seminal work of Schumpeter (1934/2012), there has been wide recognition of the idea of economic progress occurring as a result of ‘creative destruction’, wherein existing market structures are disrupted by the entrepreneurial actions of firms. The existence and change of customer preferences is, we now recognize (Landström *et al.*, 2012), thus largely explained by entrepreneurial actions, creating such preferences and changes in them. Hence, what we realize today is not only that entrepreneurial actions alter customers preferences but also, and more importantly, that firms are fully aware that customer preferences are not independent of their actions but rather can be altered and to some extent ‘created’.<sup>6</sup>

If we take what has been said above into account, we realize that market turbulence, as a contextual factor, does not exist all the time (along a conceptual continuum), nor does it exist exogenously to EO; rather, it is something that is created through the course of entrepreneurial actions. The problem, then, is that the explanation of the kind offered in contemporary EO literature (i.e., that contextual factors determine the degree to which entrepreneurial actions are conducted; see Figure 1), loses its footing unless one can also determine the magnitude to which entrepreneurial actions predict not only changes in, but also the existence, of contextual factors. Of course, as this

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<sup>6</sup> Consider, for instance, the non-existence of customer preferences for smart phones prior Apple’s launch of the iPhone. Such a preference did, of course, not exist prior that launch.

would be an impossible task, it means that the existing explanation of entrepreneurial actions is seriously flawed, advocating the need for a more realistic view of context in EO research.<sup>7</sup>

### 2.3 Summing up the literature review

This section summarizes what has been said so far in this chapter. To explain why firms are conducting entrepreneurial actions, the EO literature makes use of the concept of EO—entrepreneurial actions are treated as equivalent to that of the concept of EO. The concept of EO was constructed by Covin and Slevin (1989), Miller (1983) and Lumpkin and Dess (1996), representing core works because they direct how scholars are to treat the concept of EO (and the way scientific work on EO is to be conducted) (see Rauch *et al.*, 2009; Saeed *et al.*, 2014; Wales *et al.*, 2013). More precisely, if a firm is conducting entrepreneurial actions, that firm is considered to be entrepreneurially oriented. The actions referred to are: (1) pursuing innovation, (2) entering new markets proactively, and (3) engaging in risky ventures. Theoretically, these components relates strongly to the idea of economic development introduced by Schumpeter (1934/2012), but other ideas are at play here as well, such as the Knightian (1921) notion about uncertainty, Penrose's (1959/2009) idea about learning and experience during the course of action, and Mintzberg's (1973) treatment of the entrepreneurial mode of strategy making.

This chapter discusses the problems with the current version of EO. First, entrepreneurial actions are wrongly assumed to exist all the time. Second, being 'entrepreneurially oriented' is more than what scholars are acknowledging. Third, entrepreneurial actions cannot be wholly separated from contextual conditions. The implication of these problems is that scholars cannot adequately explain why firms are conducting entrepreneurial actions by using the concept of EO. This calls for a reconceptualization of EO.

Another important aspect in the literature's attempt to explain why firms are conducting entrepreneurial actions (which follows from the current conceptualization of EO) has to do with

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<sup>7</sup> If this discussion seems to indicate an 'endogeneity issue' (see Antonakis *et al.*, 2010), wherein the problem simply has to do with reverse causality between two variables, I would recommend, instead of thinking of what has been said as a 'technical' problem, reflecting upon the impossibility of predicting non-existence.

the role of antecedents (see Figure 1). Antecedents are the extrinsic factors of EO (i.e., those factors that are external to EO) that have an impact on or influence EO. In this dissertation, these factors are called contextual factors. Scholars typically treat these factors in one of the following ways: (1) context as a discrete factor(s), (2) context as a constant effect, or (3) context as a configuration. Results in the literature are thus far inconsistent and inconclusive regarding whether there is a contextual factor that can be said to determine EO (see Table 4).<sup>8</sup>

The chapter also discuss the problem of the literature's assumption that contextual factors exist all the time as well as independently of entrepreneurial actions. This erroneous assumption calls for a more realistic treatment of context in EO research. In essence, this view of context follows directly from the current conceptualization of EO.

In summary, the position held in this dissertation is that there are reasons to question some of the fundamental underlying assumptions in the current understanding of EO. More precisely, it is argued that scholars cannot use the concept of EO to adequately explain why firms are conducting entrepreneurial actions. In taking this critical stance, the dissertation is thereby not too far away from the recommendations of Popper (1959/2005), who stipulated that science should be characterized by a permanent openness and critical stance, even with respect to the fundamental ideas of a field. In this dissertation, such a stance is represented by an attempt to reconceptualize the concept of EO. In so doing, it is argued that scholars will be provided with a concept that allows them to adequately explain why firms are conducting entrepreneurial actions.

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<sup>8</sup> This statement follows from the recommendation of Popper (1959/2005), suggesting that if an antecedent factor has not survived attempts of falsification many times, a research field has not reached a state of corroborated knowledge.

## 3 Methodology

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To explain why firms are conducting entrepreneurial actions, it is helpful to bear in mind that every such attempt rests upon two fundamental but distinct elements: (1) philosophical considerations, including one's view of causality and what the world must be like if one is to know the world, and (2) methods, or the mode of inference as well as research design and procedure by which one generates and analyzes data. The first two sections of this chapter deal with these elements, while a third deals with how the four appended papers, essentially adhering to different philosophical assumptions and methods, can be said to serve one overall purpose. In the fourth section, my research journey as the author is discussed.

### 3.1 Philosophical considerations

Aristotle said that humans have an inherent desire to gain new knowledge. To produce knowledge related to the concept of EO is certainly one of the chief objectives in the EO literature. However, it is important to bear in mind that every such attempt requires reflection upon key assumptions on which knowledge claims are derived.

The key philosophical assumptions upon which the concept of EO relies are as follows: (1) ontology (i.e., the nature or being of the object of inquiry; here, EO); (2) epistemology (i.e., how knowledge of the object of inquiry is gained; here, how we know what we claim to know about EO); and (3) etiology (i.e., the causes that produce change in the world; here, the underlying cause related to EO) (Danermark *et al.*, 2002; Fleetwood, 2014; Godfrey-Smith, 2003; see also Tsoukas & Chia, 2011).

### 3.1.1 Ontology

As noted earlier (chapter 2.1-2.1.2), prior literature has described EO in terms of three components: innovativeness, proactiveness, and risk-taking (Covin & Wales, 2012). As long as these components are observed, they are turned (by the researcher) into variables that can range between two conceptual counterparts, conservative (low degree of EO) and entrepreneurial (high degree of EO). That is, in today's EO literature, the nature of this concept consists of independent components (i.e., independent from other factors such as contextual factors) that are external to the observer (i.e., part of an independent reality) and are deterministic (i.e., determining, and determined by, other factors). It is also relevant to note that no distinction is made between the components and human agency (i.e., there is no acknowledgement of agency in the concept of EO).<sup>9</sup>

A summary of the philosophical assumptions and methods applied in the appended papers, as well as the philosophical assumptions and methods applied of the overall dissertation, is provided in Table 5 below. How the dissertation can be said to adhere to one overall philosophy and method is discussed in chapter 3.3.

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<sup>9</sup> In other words, agency (i.e., a practitioner's reason to conduct an action) is 'collapsed' into the components of EO. It follows that EO, as a concept, represents a rational (or at least boundedly rational) decision-making orientation, incapable of reflecting upon its own being, including the entrepreneurial actions that are conducted (e.g., the component of innovativeness could not be expected to reflect upon itself). Through this conceptualization, it is thus logical to say that EO (1) is what scholars say it is and (2) is determined by contextual factors (also see the section 'Etiology').



**Table 5:** Philosophical assumptions and methods of appended papers and the dissertation

Assumption and methods	Paper 1	Paper 2	Paper 3	Paper 4
<i>Ontology</i>	EO is a composite of independent, deterministic components. There is no distinction between components and agency.	Components form, together with contextual factors, different deterministic orientations. Otherwise same as Paper 1.	EO is differentiated (social structure) and stratified (empirical, actual, real). The structure and agency are distinct but related.	Same as Paper 3.
<i>Epistemology</i>	All that can be known about EO rests upon sensory experience; event regularities.	Same as Paper 1.	Imagination may be used to explain entrepreneurial actions, but reality imposes constraints on what should be regarded as plausible knowledge.	Same as Paper 3.
<i>Etiology</i>	Determinism.	Same as Paper 1.	Causal power of structures.	Same as Paper 3.
<i>Philosophical roots</i>	Positivism.	Same as Paper 1.	Critical realism.	Same as Paper 3.
<i>Mode of inference</i>	Induction.	Induction; Deduction.	Retroduction.	Abduction.
<i>Research design and procedure</i>	Cross-sectional case study; Eisenhardt.	Survey; Cluster analysis; Regression analysis.	Conceptual.	Longitudinal case study; Gioia.
<i>Overall philosophy and mode of inference of the dissertation</i>	Critical realism (same as Paper 3 and 4) and retroduction.			

The EO literature's way of conceptualizing the nature of EO, essentially adhering to the philosophy of positivism (Hempel, 1965; Popper, 2005; see also Godfrey-Smith, 2003), is adhered to in one paper: Paper 1. Here, EO is seen as the composite of the components of innovativeness, proactiveness, and risk-taking (i.e., EO is what EO does), wherein part of the scholarly work of that paper had to do with capturing the degree to which EO had occurred in different firms (see Paper 1 for more information). In Paper 2, a similar ontology is accepted, although it is acknowledged that the components, together with contextual factors, form different orientations (other than EO). So, instead of treating EO as the composite of the three components, the focus of Paper 2 is on identifying different orientations that firms pursue.

Turning to Papers 3 and 4, an important aspect relates to the differentiated nature of EO. Contrary to the assumption of the aforementioned papers, EO is assumed to be an inherently 'meaningful' object. Hence, entrepreneurial actions are what they are by virtue of what they mean to the practitioner (being part of a society) that is conducting the entrepreneurial actions. For instance, as Sayer notes about the phenomenon of using money:

We could observe the physical behavior of handing over the little metal discs until the cows come home and we could use every statistical technique in the book to process observational data, yet if we didn't know the meaning under which the use of money is dependent in the society under study, we would still not have any idea of what was actually happening, or what kind of 'action' it was (Sayer, 2010, p. 31).

That is, just as the use of money depends on a complex set of other social phenomena (e.g., goods and labor markets, ownership, wage labor), so Papers 3 and 4 acknowledge that this is also the case for entrepreneurial actions. Entrepreneurial actions, then, are assumed to be not independent of but dependent on other things (i.e., some concepts are constitutive for entrepreneurial actions). That is, there is a relationship between entrepreneurial actions and an extant social totality, consisting of concepts within our society that cannot be excluded (from the concept of EO) without also dissolving the meaning of entrepreneurial actions. This is an important assumption, because it means that what lies at the core of EO is not entrepreneurial actions as such but the concepts

forming what may be termed ‘the social structure’ of entrepreneurial actions—that is, the structure of mutually dependent concepts necessary for a firm to conduct entrepreneurial actions.<sup>10</sup> Essentially, this means that when ‘entrepreneurially orientation’ is discussed, what is referred to is the social structure of entrepreneurial actions. In treating the concept of EO in this way, we are thereby able to distinguish between being and action (discussed further below).

Another aspect of Papers 3 and 4 relates to the stratified nature of EO. What Papers 3 and 4 share with Papers 1 and 2 is the assumption that what one is able to observe about EO constitutes an important part of its nature; however, observable aspects are only a part of its nature. Thus, the social structure of entrepreneurial actions is distinguished into three domains: the empirical, the actual, and the real. The empirical domain consists of our experiences of EO (the social structure of entrepreneurial actions) according to what we are able to experience through our senses (i.e., as mediated by our conceptual schema). In contrast, the actual domain consists of events that have occurred regardless of whether or not they are experienced. The fact that research on EO is cumulative, like science in general, constitutes a proof of the existence of an aspect of reality that we cannot or have not yet experienced; otherwise, all the possible factors would forever be in our grasp for examination. Thus, our experience of the social structure is not the same as what is happening in regards to the structure. Finally, the real domain is where the real basis of a causal law resides, making it perfectly intelligible to say that the social structure is a necessary condition for a practitioner to conduct entrepreneurial actions and that the social structure constitutes the nature of *being* entrepreneurially oriented. Now, to make sense of this statement, it must be accepted that knowledge, and the possibility of knowledge, is not an essential property of what there is to know—that is, of reality (Bhaskar, 1975/2008). Accordingly, the existence of a social structure, as an object of inquiry, is dependent on our knowing (in the empirical domain) as well as independent of our knowing (in the domain of the real), making it reasonable to say that we may know that a social structure is a necessary condition for conducting entrepreneurial actions without

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<sup>10</sup> My use of the term “social structure” stems from the philosophy of critical realism (Bhaskar, 1975/2008, 1979/2015, 1986). In the analysis chapter of this dissertation, however, the term “a practitioner’s contextual knowledge of entrepreneurial actions” is used (contextual knowledge is seen as an equivalent term to social structure). The reason for using this term is that it makes pedagogical sense in regards to prior EO literature, focusing on contextual factors that determine EO-as-what-EO-does. Also, I think the use of this term makes it easier for the reader to grasp that practitioners themselves can think about and form the contextual knowledge. Thus, it is easier to understand the role of agency (for clarification, see chapter 5).

knowing through our sensory experience why. To explain why a social structure is necessary for an action, Papers 3 and 4 (as well as the dissertation as a whole) thus refer to the structure's 'causal power', which, "metaphorically speaking, drives, propels, pushes, asserts pressure" (Fleetwood, 2014, p. 208), essentially constituting the structure's "ways of acting" (Bhaskar, 1975/2008, p. 14) under the circumstance of human action that draws upon the structure for conducting an action. To ascribe causal power to an object of inquiry such as EO, then, means to make a statement of what that object will do, under the circumstance of human action, by virtue of its causal power (existing independently of being exerted by human action or not) (Bhaskar, 1975/2008, 1979/2015, 1986).

The ontological distinction among the three domains of reality implies, in other words, that our experiences of an object of inquiry, such as the entrepreneurial orientation of a firm, occur because the social structure exists independently of our experience; this, in turn, presuppose the existence of the social structure's causal power, a causal power that makes entrepreneurial actions possible to conduct under the circumstance of human action. This idea, together with the idea that the nature of the world is differentiated, stems from the philosophy of critical realism (Bhaskar, 1975/2008, 1979/2015, 1986), which carries with it the philosophical assumptions adhered to in the overall analysis of this dissertation. The ontological assumption of the stratified nature of EO is illustrated in Table 6 below.

**Table 6:** Ontological assumption of Paper 3 and 4: The nature of EO is stratified

	Domain of the Empirical	Domain of the Actual	Domain of the Real
<i>Experiences</i>	✓	✓	✓
<i>Actual events</i>		✓	✓
<i>Causal power</i>			✓

Note: adapted from Bhaskar (1975/2008, p. 13)

### 3.1.2 Epistemology

As we returned to prior literature to better understand the ontology of EO, it makes sense to do the same regarding epistemology. Two aspects are noteworthy in prior literature: (1) all tenable knowledge of EO is gained through sensory experience (e.g., perception), and (2) what counts as ‘scientific’ knowledge is knowledge about the manifestation of EO in a particular pattern (together with other factors) (Covin & Wales, 2019). To count as scientific knowledge, then, knowledge needs to be tested by examining whether it predicts event regularities in EO-as-what-EO-does; that is, whenever there is a high degree of  $X$ , there will be a high degree of  $Y$  (i.e., whenever  $X_1 \dots X_n$ , then  $Y$ ). A generic equation would be:<sup>11</sup>

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \dots + \dots \beta_n X_n + \varepsilon$$

This dissertation applies the above-mentioned epistemology in two papers: Papers 1 and 2 (see Table 5). Here, the pathway to knowledge is seen to be exhausted by sensory experience, and the focus lies in identifying the events that are (causally) linked with EO.

In Papers 3 and 4, the view of what counts as ‘scientific’ knowledge has to do not with event regularities in EO-as-what-EO-does (as in Papers 1 and 2) but with the conditions that make entrepreneurial actions possible at all. Thus, knowledge of EO derives not from knowing the factors leading to change in the degree of EO-as-what-EO-does, but from studying the social structure that is causally responsible for change in, as well as the existence of, entrepreneurial actions. Moreover, with the ontological assumptions of Papers 3 and 4 in mind (see Table 6), it would be important to note that the quest for such knowledge stipulates knowledge of not only what one can experience (i.e., the empirical domain) but also what cannot be reached through sensory experience (i.e., the

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<sup>11</sup>  $Y$ =the dependent variable (the explanandum, or what is to be predicted; here, EO-as-what-EO-does);  $X$ =the independent variable (the explanans, or what predicts  $Y$ ; here, contextual factors);  $\alpha$ =Alpha (a constant effect on  $Y$ , or the value of  $Y$  when the value of  $X$  is zero);  $\beta$ =Beta (the coefficient of  $X$ , or the magnitude of change in  $Y$  for each one-unit change in  $X$ );  $\varepsilon$ =error terms (unobserved factors that add ‘noise’ to the relationship between the explanans and the explanandum).

actual and real domains). Thus, given this premise, a relevant source of knowledge is imagination, although reality imposes constraints on what should be regarded as plausible knowledge.<sup>12</sup>

### 3.1.3 Etiology

Another philosophical aspect that differs across the papers is that of etiology, or causality. To understand how etiology is treated in this dissertation, we can begin discussing the contemporary treatment of EO (Covin & Wales, 2019). When searching for a cause of EO-as-what-EO-does, it is evident that prior research submits to the preceding events that is thought to operate under a general law (e.g., Wales *et al.*, 2013; see also Figure 1 and Table 4). In other words, if  $Y$  captures the event of a particular degree of EO that has occurred, then the antecedent factors identified as  $X_1, X_2 \dots X_k$  are held accountable to “cause” that event, if the relationship between  $Y$  and  $X$  operates under a general law that predicts such an occurrence (Hempel, 1965; Popper, 1959/2005). This implies, in other words, that a certain degree of EO-as-what-EO-does will take place by virtue of the realization of certain antecedent factors. This view of causality is termed determinism and is illustrated in Figure 2 below.<sup>13</sup>

**Figure 2:** Etiology of contemporary EO research (and Paper 1 and 2)



Note: adapted from Hempel (1965, p. 231-232).

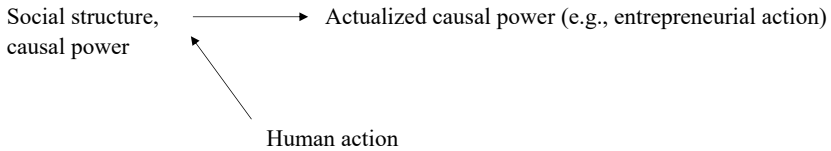
<sup>12</sup> In distinguishing ontology from epistemology, Papers 3 and 4 (as well as the dissertation as a whole) thereby escape the “epistemic fallacy” (Bhaskar, 1975/2008) of assuming that sensory experiences fully captures the reality or the nature of an object.

<sup>13</sup> An equivalent term for determinism is “the covering law” theory of explanation (Godfrey-Smith, 2003, p. 190-201).

This dissertation applies the above-mentioned etiology in Papers 1 and 2 (see Table 5). Here, EO-as-what-EO-does is assumed to automatically respond to factors that are extrinsic, or external, to the object. By referring to the preceding factor of EO, it is thus worth mentioning that this etiological assumption, together with a theory, allows one to, in a way, say that an one has contributed to the corroborated body of knowledge regarding why firms are conducting entrepreneurial actions, given that one has found an empirical relationship that is significant. However, as already discussed (chapter 2.1.3), there are fundamental problems related to this kind of explanation, essentially having to do with the philosophical assumptions adopted.

Papers 3 and 4 share with the former papers the assumption that changes in the world have a cause; however, they differ in that they have a different view of what constitutes a cause. In Papers 1 and 2, we learn to appreciate the idea of causality as determinism, following from their ontological assumption that EO-as-what-EO-does consists of deterministic components that are, moreover, collapsed into human agency. An important effect of this assumption is that EO is thought to automatically respond to the antecedent factors that are extrinsic, or external, to EO. In Papers 3 and 4, we step away from this assumption, seeing instead that causality stems from within the very nature of EO itself. Thus, bearing in mind the stratified and differentiated nature of EO, causality has to do with the causal power of the social structure, existing independently of any exertion by human action. This view of causality is termed the causal power of structures (Bhaskar, 1978, 1979/2015). With this assumption, structures are thus seen not to determine but to condition human action. Also, bearing in mind the stratified view of the world, when an entrepreneurial action is conducted by a practitioner of a firm, the structure's causal power is said to have been "actualized" (Ramoglou & Tsang, 2016). Figure 3 illustrates the etiological assumption of Papers 3 and 4, constituting the overall etiology of the dissertation as well.

**Figure 3:** Etiology of Papers 3 and 4 (and the dissertation as a whole)



Note: Adapted from Sayer (1992, p. 117).

## 3.2 Methods

Having discussed the philosophical assumptions upon which the knowledge claims (regarding the concept of EO) of this dissertation rely, it is time that we turn our attention to another of the fundamental prerequisites of any scientific discourse: that is, that reality does not speak for itself. Accordingly, in so far as the entrepreneurial actions that are to be explained do not explain themselves, what needs to be acknowledged is that any knowledge claim of such actions requires reflection upon one's way of (a) reasoning and arguing and (b) generating and analyzing data, both of which are necessary if one is to proceed successfully with a knowledge claim of a reality that does not speak for itself.

### 3.2.1 Mode of inference

It is a well-known fact that reality does not speak for itself and that one's ability to reason, think, abstract, and interpret reality is a fundamental precondition for making sense of reality (Godfrey-Smith, 2003). Of course, this is also true for entrepreneurial actions, wherefore any knowledge claim of such actions inevitably invites a set of questions related to one's way of reasoning and arguing in the process of drawing conclusions about something from something else. Essentially, what is called for is transparency regarding the appended papers' inference(s), distinguished



between four modes: deduction, induction, abduction, and retroduction (see Danermark *et al.*, 2002). A comparison of the four modes is presented in Table 7 below.

**Table 7:** Inference: Comparing between four modes

	<b>Deduction</b>	<b>Induction</b>	<b>Abduction</b>	<b>Retroduction</b>
<i>Fundamental structure/thought operation</i>	“To derive logically valid conclusions from given premises. To derive knowledge of individual phenomena from universal laws”.	“To draw universally valid conclusions about a whole population from a number of observations.”	“To interpret a phenomenon within a conceptual framework or a set of ideas”.	“To reconstruct from a description and analysis of concrete phenomena the basic conditions for these phenomena to be what they are.”
<i>The central issue</i>	“What are the logical conclusions of the premises?”	“What is the element in common for a number of observed entities that is also true of a larger population?”	“What meaning is given to something interpreted within a particular conceptual framework?”	“What properties must exist for something to be possible?”

Adapted from Danermark *et al.* (2002, p. 80).

### *Deduction*

As we turned to prior EO literature to better understand the philosophical assumptions of the appended papers', so it makes sense to do the same regarding the mode of inference. In the process of drawing conclusions, it is clear that the bulk of prior EO research submits to the logical rules of deduction (see Miller, 2011, p. 881-885; Wales *et al.*, 2013), wherein consequences are assumed to follow in a strictly logical manner from given premises (see Danermark *et al.*, 2002).<sup>14</sup> Within the domain of EO research, a commonly held consequence refers to the relationship between a contextual factor and EO-as-what-EO-does (Figure 1; cf. Rauch *et al.*, 2009), whilst a premise refers to a universal law (i.e., a theoretical statement). To explain why firms are conducting entrepreneurial actions, then, the average EO scholar would deduce the consequence of a given premise, wherein the normal scientific procedure implies that the premise should be tested against a sample of empirical observations (Covin & Wales, 2019; see also Popper, 1959/2005); this is called the "hypothetical deductive method" (see Godfrey-Smith, 2003).

This dissertation applies the above-mentioned inference in Paper 2 (see Table 5). Here, hypotheses are developed regarding the relationship between types of orientations and performance, grounded in an established theory (i.e., resource-advantage theory). In the next step, the hypotheses are tested against a sample of empirical observations.

### *Induction*

Another mode of inference that differs across the papers has to do with induction, or inductive reasoning, and we can begin discussing the contemporary EO literature to make sense of this way of reasoning. A good example is found in the inductive reasoning of Hagen and her colleagues (2012), who find similarities in the empirical observation of EO-as-what-EO-does amongst different firms, leading them to draw the conclusion that similarities also apply to non-observed cases. In particular, the authors conclude that there are *types* of orientations across different firms. Inductive reasoning, then, means that one draws a conclusion about a whole population from a

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<sup>14</sup> Although prior EO research is sometimes criticized for "lacking a strong theoretical grounding" (Covin & Lumpkin, 2011, p. 870), wherein "research findings too often wait for the theory to catch up with the facts" (*ibid.*, p. 870), I argue that prior literature, in essence, follows the logical rules of deduction (see Covin & Wales, 2019).

number of observations (see Danermark *et al.*, 2002); that is, one starts from what is observed and concludes about that which is (at present) not observed.

Inductive reasoning is applied in Papers 1 and 2 (see Table 5). In Paper 2, for instance, *types* of orientations (of firms) are identified across the empirical observation of EO-as-what-EO-does, with the reasoning then going that the existence of types of orientations represents a valid conclusion across the study's sample of cases. In Paper 1, the reasoning process is similar, although the conclusion differs: the observed co-variants between EO and other factors are also said to exist for a larger population.

### *Abduction*

It is also worth mentioning a third mode of inference, sometimes stipulated as lying somewhere in between the opposite poles of deduction and induction (e.g., Klag & Langley, 2013): namely, abduction. Abduction differs from induction in that one starts from a rule, while it differs from deduction in that the conclusion does not follow logically from the rule (Danermark *et al.*, 2002; Godfrey-Smith, 2003). Abduction, then, is about neither generalizations like induction nor strictly logical conclusions like deduction; rather, it is about interpreting reality (i.e., entrepreneurial actions) through a 'rule', in the sense of a theoretical idea or statement. In essence, this means moving, by means of "conceptual leaping" (Klag & Langley, 2013), from a set of ideas about reality to another set of ideas, thereby gaining new insights.

Abductive reasoning is applied in Paper 4 (see Table 5). Here, the concept of EO is interpreted through the meta-theoretical framework of critical realism (e.g., Bhaskar, 1975/2008, 1979/2015), which means that entrepreneurial actions are interpreted as part of social structures (see chapter 3.1.1).

### *Retroduction*

A fourth mode of inference, which is perhaps not as common in prior EO literature (see Wales, 2016, p. 13) as it is in the broader field of entrepreneurship (e.g., Blundel, 2007; Ramoglou & Tsang, 2016), is retroduction. Retroduction can be described as a mode of inference by which one

attempts to clarify the necessary conditions of an object (e.g., entrepreneurial actions), where the ‘necessary conditions’ refer to the properties without which an object cannot exist (Danermark *et al.*, 2002). The fundamental question, then, is “What properties must exist for an object to exist and be what it is?” Retroduction can thus be said to resemble deduction, induction and abduction insofar as it is a reasoning process by which one moves from something to something else, thereby drawing conclusions. It differs, however, in that one starts with what is observed (e.g., entrepreneurial actions) and arrives at that of which cannot be observed (e.g., real causal power) (see Tsoukas, 1989). As such, as retroduction goes beyond the “empirical domain” (see chapter 3.1.1), this mode of inference is inherently related to the philosophy of critical realism (Bhaskar, 1975/2008, 1979/2015, 1986).

Retroductive reasoning is applied in Paper 3 (see Table 5). Here, the reasoning follows the process of clarifying the social structure of entrepreneurial actions, thereby arriving at a reconceptualization of EO. It is also important to mention that retroduction serves as the overall mode of inference for the dissertation as a whole. That is, although different reasoning processes are applied in the various papers, they are all aligned under one common mode of inference (more about this in chapter 3.3). Thus, by retroductive analysis, the social structure, or “a practitioner’s contextual knowledge of entrepreneurial actions” as the social structure is termed in the analysis, is clarified (the reason for not using the term “social structure” is dealt with in chapter 3.1.1).

### **3.2.2 Research design and procedure**

Having discussed the modes of inference through which the reasoning process of the appended papers proceeded, we now turn to the generation and analysis of the paper’s empirical material. That is, insofar as the entrepreneurial actions that are to be explained do not explain themselves, what was the role of the appended papers’ research design and procedure in arriving at knowledge claims?

Different designs and procedures for generating and analyzing data were applied in the papers. In Paper 1, for instance—essentially adhering to the philosophy of positivism (Hempel, 1965; Popper, 1959/2005), albeit with an inductive mode of inference—a case study was considered a suitable research design, as prior knowledge about the phenomenon was limited (see

Eisenhardt, 1989). In particular, the paper contains analyses of cross-sectional data from four subsidiaries of Swedish manufacturing firms operating in the United States. Here, the analysis led, in line with the recommendations of Eisenhardt (1989), to the development of propositions, which were related to the relationship between the competitive barriers of an industry and EO-as-what-EO-does.

In Paper 2, a survey design was used, including questionnaire data collected from a sample of 178 Swedish manufacturing firms. The analysis was conducted in two major steps. First, for the inductive part of the analysis, cluster analysis was conducted, wherein the variables of EO and MO constituted the input of a hierarchical and K-means cluster analysis (Hair *et al.*, 2014). These analyses were necessary to identify *types* of orientations stemming from the data. Second, for the deductive part, hypotheses were developed regarding the relationship between types and performance, and the hypotheses were tested by means of linear regression analysis (Hair *et al.*, 2014).

Paper 3, which is conceptual, adheres to the philosophical assumptions of critical realism (Bhaskar, 1975/2008, 1979/2015, 1986) and includes an analysis in line with the reasoning process of retrodution (for more info, see Paper 3). Hence, the necessary condition of entrepreneurial actions was analyzed, leading to an important step in reaching a reconceptualization of EO.

In the fourth paper, a case study design was considered appropriate. The reason for this was the lack of prior research regarding the process by which a strategic change is relevant for a firm to conduct entrepreneurial actions. In particular, a variant of grounded theory (Gioia *et al.*, 2012), albeit with abductive reasoning (see Timmermans & Tavory, 2012), was applied, so that conceptual leaping below the surface of the empirical data could be reached (Klag & Langley, 2013). Thus, longitudinal data of a Swedish manufacturing firm was analyzed, leading to the construction of concepts and their relationships (more info in Paper 4).

### 3.3 Merging the results: Systematic triangulation by means of retroduction

Having discussed the methodological elements of the appended papers, we will now reflect upon the implication of the agglomerate of philosophical assumptions and methods applied in this dissertation. It seems clear that the elements applied often contradict each other; thus, how can they be said to serve one overall purpose?

To make sense of this question, it is helpful to remember that the aim of this dissertation is to generate a *knowledge claim* about entrepreneurial orientation by reconceptualizing the concept of EO, so as to use this concept to adequately explain why firms are conducting entrepreneurial actions. If we turn to contemporary EO literature, we learn that most scholars (see Miller, 2011, p. 886-887; Wales, 2016, p. 13) take a positivist view of knowledge, meaning that knowledge has to do with our experience of reality, wherein ‘scientific knowledge’ only includes that of which predicts event regularities between EO-as-what-EO-does and other factors (Covin & Wales, 2019; see also Figure 1). With this treatment of knowledge, deduction becomes thus an important mode of inference (Popper, 1959/2005), although inductive reasoning matters too (Eisenhardt, 1989; see also Hempel, 1965), preferably at an initial stage of knowledge development. As such, the “positivistic circle” of knowledge development is obtained. Hence, if this dissertation were to adhere to a positivist’s treatment of knowledge, Papers 1 and 2 would need to be emphasized, whilst Papers 3 and 4 would need to be downplayed or, better, ignored. The key reason for this is that, unlike Papers 1 and 2, the knowledge claims of Papers 3 and 4 rely on inferences that are not essentially related to experience (see Godfrey-Smith, 2003).

Just as it is worth mentioning the two initial papers’ adherence to positivism in generating knowledge claims, it should also be noted that it is worth questioning the positivistic treatment of knowledge. What the positivist is required to neglect is the essence of Bhaskar’s critique (1975/2008)—that is, that our experience of the world is not an essential property of what there is to know (i.e., the independent reality). This means that if knowledge claims (about things that exist in reality) are to be possible, these claims cannot rely solely on (a) deduction, as this reasoning process does not tell us anything about reality beyond what is already stated in the premises, nor (b) induction, as induction can never ‘capture’ reality, regardless of how well grounded in data. Thus, if reality cannot be reduced to statements about knowledge about that reality, I think that one can, by means of deductive reasoning, create a form of inward collapse of the positivistic circle; if

our experience of the world cannot grasp the independent reality at its fullest, then it is logically impossible that knowledge claims are inherent only in deduction and induction.<sup>15</sup> Rather, it is necessary to make use of other inferences as well, such as abduction and retrodution, so as to fulfill the purpose of this dissertation. Thus, it is necessary to make use of all appended papers.

The appended papers can be said to fulfill one overall purpose because the dissertation, as a whole, adheres to a view of knowledge in line with the philosophy of critical realism (Bhaskar, 1975/2008, 1979/2015, 1986). This involves seeing knowledge not as the event regularities of a given object but rather as the necessary condition that makes an object (such as entrepreneurial actions) possible at all. As such, knowledge about entrepreneurial actions is not about predictions that are deduced (or induced) but rather about what makes it possible for entrepreneurial actions to exist at all. Because this requires of the researcher to assume that the reality exists regardless of anyone having knowledge about it, it means that a *knowledge claim* (about things existing in reality) cannot rely solely on experiences of reality. It is with this in mind that I see retrodution as an appropriate mode of inference for the dissertation as a whole, essentially because it allows one to adhere to the ontological assumptions laid out by Bhaskar. In so doing, I argue that it is possible to extend the research program of contemporary EO literature by systematically triangulating the key takeaways of the appended papers, as well as the literature review in this dissertation, as a source of knowledge (Flick, 2017; see also Godfrey-Smith, 2003, p. 102-121). Simply put, by means of retrodution, it is possible for the dissertation as a whole to reconceptualize EO. In so doing, I argue that scholars will be provided with a concept that allows them to adequately explain why firms are conducting entrepreneurial actions.

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<sup>15</sup> One might argue that the statement “one cannot reduce reality to statements about knowledge about reality” is, in itself, a knowledge statement and therefore says more about a discursive context than our ability to ever *know* if there is an independent reality. In response, I would propose that the contrary statement that “all statements about reality are relative to a discursive context” involves this statement itself. By deductive reasoning, then, we recognize the inward collapse of relativism (see Danermark *et al.*, 2002, p. 83-84). Hence, there is an independent reality regardless of our knowing.



### 3.4 My research journey

Before moving to the next chapter, I would like to take the opportunity to discuss my research journey as the author. Indeed, I have intended to construe this dissertation so as to represent where I stand in my *present* understanding of EO. However, as indicated in the preface to this dissertation, this understanding is far from the one I had when I began working on this topic. Therefore, in this chapter will describe my research journey, which has involved a major undertaking to understand what scientific development is about.

#### *The “positivistic circle” as my prior understanding of scientific development*

To make sense of my journey, I think it is helpful to place this process in relation to my prior understanding of scientific development. My interest in conducting research stems from my ongoing conversations with my father, which for the first part of my academic career were dominated by positivism as the ideal philosophy for the generation of knowledge claims. My debt to my father, as well as to Halmstad University wherein my academic career begun, was therefore made clearly visible in the preface to this dissertation. By the time I had left my residence at Halmstad to continue my work at the University of Gothenburg (September 2017), I had experience working with both quantitative (Fri *et al.*, 2013; Pehrsson, 2014, 2015, 2016; see also Karlsson *et al.*, 2018) and qualitative approaches (Pehrsson & Pehrsson, 2014, 2015; Pehrsson *et al.*, 2015), as well as with different theoretical frameworks such as the resource-based view (Pehrsson & Pehrsson, 2014; Pehrsson, 2014, 2015; Pehrsson *et al.*, 2015), industrial organization (Fri *et al.*, 2013; Pehrsson & Pehrsson, 2015; Pehrsson, 2016), institutional theory (Pehrsson, 2014) and stakeholder theory (Karlsson *et al.*, 2018). Indeed, although dealing with different topics, I find many of these peer-reviewed articles to be relevant for the understanding of entrepreneurial actions; however, the point I want to raise here is that they all essentially adhere to the idea of the “positivistic circle” as the ideal route for scientific development. This means that inductive generalizations are used to deductively develop hypotheses that are subsequently tested (i.e., falsified) on a sample of empirical observations (discussed in more detail later). Accordingly, regarding my overall understanding of scientific development, I think that the “positivistic circle” (or simply “the circle”) is a representative term to bear in mind for the first part of my academic

career, as well as for the way scientific development is believed to occur within contemporary EO literature (see Covin & Wales, 2019).

*The “positivistic circle” and the illusionary steps of scientific development*

After continuing my academic career at the University of Gothenburg, my intention of keeping to the circle as the ideal route for scientific development proved to be a realistic intention for about nine months. Indeed, a noteworthy feature about the School of Business, Economics and Law wherein I continued my work is, I believe, the non-dominant view of the circle as an ideal route for scientific development. Instead, what I encountered here were ideas inspired by—apart from Popper and Eisenhardt—Latour, Czarniawska, Foucault and others, representing ideas that I think can be rightfully placed in the social constructivist’s camp of the social sciences (Alvesson, 2009; Godfrey-Smith, 2003). Indeed, even in my immediate surrounding, there were strong voices against type of the cross-sectional research with which I was most familiar, advocating instead that it is better to see the world in term of processes. Also relevant to point out was my increasing interest in philosophy, which I explored through, for instance, the podcast *Filosofiska rummet* (“The Philosophical Room”), the TV program *Idévärlden* (“The Idea World”), and books written by Aristotle, Plato, and Immanuel Kant (*Physics; Writings, Book 4; Critique of Pure Reason*). I should also mention an article written by Sumantra Ghoshal, “Bad management theories are destroying good management practices,” which I encountered in the PhD course Nord-IB. Thus, I certainly encountered different “idea worlds,” which came to challenge my prior understanding of scientific development.

To be fair, I do not wish to imply that I fully came to grasp the above-mentioned ideas, nor to accept all of them, but amongst those that most challenged my high regard for the positivistic circle, I should especially mention the Kantian explanation of our experience of reality not being the same as reality, as well as the essence of Ghoshal’s argument, stating that humans—as part of the object of inquiry within the social sciences—are influenced by the theories and findings produced by researchers. Another challenging idea was the Aristotelian notion of causes, which argues that in order to explain why something has occurred, there must be an action involved, as well as some form of ‘material’ needed to execute the action. Accordingly, because these ideas are

essentially in conflict with the assumptions inherent in the philosophy of positivism, they ultimately led me to a sense that the positivistic circle represented not so much the necessary steps of scientific development but rather an illusion of such steps.<sup>16</sup>

*A first step away from the positivistic circle*

It should be acknowledged that the above insight was not immediately visible in my writings. For instance, by the time I had submitted my second paper of this dissertation, eight months after joining the University of Gothenburg (see Pehrsson, 2020, p. 26), it is evident that my intellectual thoughts as expressed in my writing were still in line with the philosophy of positivism (see Table 5). The same is true of the halfway seminar in early November 2017, wherein I defended my ideas of a dissertation that was envisioned to be about the moderating role of contextual factors on the relationship between EO and international performance.<sup>17</sup>

It was not until I started working with the fourth appended paper, after having submitted the second, that my insights regarding the circle were made more clearly visible in my writing. At an initial stage of working with this paper, however, I was simultaneously working on another paper, one containing classic Eisenhardtian elements with propositions developed from an (inductive) analysis of four case companies (see Pehrsson & Pehrsson, 2014, 2015; Pehrsson *et al.*, 2015). In fact, I even presented this early-stage paper at the McGill International Entrepreneurship conference at Halmstad University, August 2018.<sup>18</sup> However, due to the lack of relevant data supporting the analysis, I decided to leave this paper behind, focusing instead on what was to become Paper 4. Here, I thought the development of a strength and conditioning company was interesting, having over the course of a few years gone from conducting few to frequent entrepreneurial actions. Thus, by focusing solely on analyzing the empirical material so kindly

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<sup>16</sup> Also see chapter 3.3.

<sup>17</sup> More specifically, I defended an idea of a dissertation that was to be about ‘strategic orientations’ (SO), serving as an umbrella term for EO and market orientation (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990). The idea of focusing on SO stemmed from my master thesis, where I inquired into SO (Pehrsson, 2014), an inquiry that later came to be published as a peer-reviewed article (Pehrsson, 2015). The reason for not including this article in this dissertation is that the analysis in the paper is nearly identical to the one in my master thesis.

<sup>18</sup> This paper was entitled “Exploitative and explorative changes in strategic orientations: How local and global organizational principles are shaped in the MNC”—an idea that is wholly in line with a recent call for research on EO on different levels of analysis (Wales *et al.*, 2020).

offered by this firm, I was able to ‘dig deep’ into this interesting process, which I believed would enable me to elaborate on my recent insights.

To put Paper 4 in context, it is relevant to mention that, at the time of initiating my work with this paper (around April 2018), I understood that the overall ‘research findings’ of a paper to a large extent would be shaped by the technique used to analyze the empirical material. At that time, I thus understood that different techniques (or tools) for analyzing empirical material would bring about different results, just as using a hammer and chisel would bring about different results than using a feather when attempting to carve a statue. Thus, bearing in mind my intellectual background, which basically meant treating the analysis of ‘qualitative’ data as synonymous with the technique developed by Eisenhardt (1989), I considered it appropriate to attend a seminar on ways of theorizing from qualitative data. This seminar was held by Ann Langley, at the time a visiting Professor at University of Gothenburg.

At the seminar, I encountered not only one but a whole arsenal of new techniques (see Kouamé & Langley, 2017; Langley, 1999; Langley & Abdallah, 2015), among them the one I subsequently used in Paper 4: namely, the inductive technique developed by Gioia (Gioia & Chittipeddi, 1991; Corley & Gioia, 2004; Gioia *et al.*, 2012). I found this method’s robustness appealing partly because it bears some resemblance to the familiar cluster analysis (see Figure 1 of Paper 4; cf. Table 1 of Paper 2), a technique I had used in Paper 2.

Reflecting on my work with Paper 4, I believe I understood that my empirical material—or, more specifically, the reality the material was intended to frame—does not speak for itself but that, rather, my ability to think about this material would be a fundamental precondition for analyzing this (interpreted) reality. I have devoted chapter 3.2.1 to discussing this matter, but regarding the issue I want to raise here, it think it is relevant to say that this insight brought important implications for my way of using the Gioia method, which essentially represents an inductive mode of inference (see Gioia *et al.*, 2012). Hence, given that I believed my own thinking would represent a precondition for analyzing my empirical material, and that therefore it also must be true that this analysis inevitably would be biased towards my own (theoretical) preunderstanding,<sup>19</sup> I considered it necessary to move away from the view of treating the “findings”

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<sup>19</sup> A useful term here is “theory-ladenness of observation”—that is, observations are not unbiased because observational judgements are affected by the theoretical beliefs of the observer (e.g., Godfrey-Smith, 2003).

of my (Gioia method) analysis as an *inductive* “emergent theory” (Gioia *et al.*, 2012; see also Eisenhardt & Graebner, 2007)—that is, a theory emerging solely from the reality the empirical material intended to frame—since, if findings are also a product of my own prior understandings, they cannot be said to stem solely from reality.<sup>20</sup> Ironically, through this reasoning, I had begun contemplating a key issue discussed by Popper (1959/2005), namely “the problem of induction.”

Contrary to the recommendations of Popper (1959/2005), however, my way of handling the problem of induction was not through falsification but abduction. In fact, I recognized that within the social sciences there is also a ‘problem of falsification,’ considering that humans are influenced by the theories and findings of prior research (Ghoshal, 2005; see also Ferraro *et al.*, 2005). As Giddens notes, “there is a mutual interpretive interplay between social science and those whose activities compose its subject matter—a ‘double hermeneutic’. The theories and findings of the social sciences cannot be kept wholly separate from the universe of meaning and action which they are about” (Giddens, 1984, p. 33, cited in Ferraro *et al.*, 2005, p. 8).<sup>21</sup> The problem of falsification, then, has to do with the impossibility of falsifying, at least when it comes to objects of inquiries wherein humans are intrinsic (see also Godfrey-Smith, 2003, p. 57-74). Accordingly, I believe that a person’s (a practitioner’s or a researcher’s) prior understanding of the world matters for the actions that he or she is taking.

I think my prior understandings are visible in the analysis of Paper 4, considering that the final model (Figure 2 of Paper 4) is fairly similar to that of Corley and Gioia (2004, p. 185), although my model explicitly draws upon the meta-theoretical ideas of Bhaskar (1975/2008). However, my implicit understandings are also visible here, such as the Aristotelian notion of causes, the Knightian notion of ways of bearing uncertainty, and, indeed, the Schumpeterian notion of economic development—all of which implicitly color the overall findings of Paper 4. As such, I believe writing this paper was important for me with regard to understanding that practitioners

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<sup>20</sup> To be fair, the Gioia method is designed not for empirical generalizability but for transferability, which means that an emerging theory indeed can be of value for a wider audience—despite being influenced by the researcher’s prior understandings—but only when “principles are portable from one setting to another” (Gioia *et al.*, 2012, p. 25).

<sup>21</sup> Accordingly, the problem of falsification is that the *observed* relationship between an independent variable (X) and dependent variable (Y; EO) might be due not to the causal effect of X but to the prior understanding of X and Y by the practitioners (who are conducting the entrepreneurial actions), stipulating a particular kind of entrepreneurial action under the condition of X.

and researchers are part of an already interpreted reality (i.e., we are all embedded in conventional wisdom).

I continued working with Paper 4 (while also teaching) for about one year, until I submitted it to *Entrepreneurship, Theory and Practice* (ABS: 4), a leading journal in the field of entrepreneurship and, more specifically, entrepreneurial orientation (see also Lampe *et al.*, 2019, p. 10). While the three reviewers had positive comments about the paper, they also expressed some serious concerns, leading the editor to reject the paper. Two of the most critical issues were (1) the need for the conceptualization of “re-orientation” to be better grounded in the data and (2) the need for clarification of how the paper brings compelling novel theoretical insights. Regarding the first point, Review 3 stated, “change means that EO can increase or decrease...To really capture re-orientation, you would need three points in time, e.g., early life cycle data when the company was entrepreneurial, point in time when they lost their entrepreneurial orientation and the point in time of your re-orientation. Regarding the second point, the editor stated, “To me, it isn’t immediately clear how the notion of ‘the transformative push’ significantly extends our understanding of changes in EO”.

While I agree that the paper did not qualify for a second round of review, however, I do not consider the mentioned issues to be the most critical. Instead, I think the major issue with the paper has to do with the treatment of the concept of ‘the transformative push’ as a discrete factor, wholly distinguishable from other concepts (see Figure 1 of Paper 4), notably the aggregated dimension of ‘Alterations in the social structure of EO’. Indeed, given that the core idea of Paper 4 has to do with ‘the transformative push’ representing a causal power of a social structure that is undergoing change, it is imperative that this concept is intrinsic to the concept of ‘Alterations in the social structure of EO’—not extrinsic as the data figure of Paper 4 would seem to indicate. After all, the paper adheres to critical realism, and relevant assumptions should be adhered to accordingly.

I think there are two major reasons why the analysis was conducted as it was. First, the analysis is using the Gioia method, which, while representing an excellent method for bringing forth concepts grounded in *empirical* data, is less suitable for bringing forth concepts that are *non-empirical* (cf. Table 6), such as causal power. Second, while working with Paper 4, I had just begun learning about the philosophy of critical realism, notably through attending a doctoral course on case studies held by Rebecca Piekkari and Catherine Welch. In that course, I encountered a

paper (not part of the course literature) that discussed various ways of theorizing from case studies (Welch *et al.*, 2011), which led me to discover critical realism and especially the works of Danermark *et al.* (2002), Fleetwood (2005, 2014), Tsoukas (1989), Bhaskar (1975/2008) Ramoglou and Tsang (2016, 2017, 2018), and Reed (2005, 2005a). However, despite having read these works, I do not think I understood these to the same extent that I understand them today, having now read and re-read some key works of Bhaskar (1975/2008, 1979/2015, 1986). Thus, given the many issues of Paper 4, I think that if I were to conduct the analysis of Paper 4 again, I would use a method that is more in line with the philosophy of critical realism, preferably with a retroductive mode of inference. I think Welch *et al.* (2011), Tsoukas (1989), Blundel (2007) and Godfrey-Smith (2003) offer good advice for such an undertaking.

While I acknowledge the issues with Paper 4, I do not mean to imply that the paper's analysis has no value, as I believe there are also key takeaways offered in this paper (see next chapter). Rather, I mention these shortcomings to demonstrate how they have been of importance for my present understanding of entrepreneurial orientation, as well as for my overall understanding of scientific development. The point of all science, and indeed of all learning and development, is after all to develop our understanding and reduce illusion (Bhaskar, 1975/2008). Thus, I think it is appropriate not to hide mistakes but to embrace and make use of them, so as to facilitate learning and continuous development. Indeed, this is also important from a research ethics point of view.

#### *A second step away from the positivistic circle*

Around May 2019, I began working with what is now Paper 3, after having submitted Paper 4. Upon reflection, I believe that in Paper 4, although I had tried to provide a simple and convincing story of entrepreneurial *becoming*, I had failed to express this in a philosophically coherent and convincing way, as indicated by some of my colleagues at an internal seminar and, later on, the reviewers. So, although I was convinced that I was essentially on the right track toward providing a significant theoretical contribution to the EO literature, as well as enhancing my own understanding of scientific development, there were many things that needed to be clarified in my thinking before I could reach such an accomplishment.

Paper 3, then, was essentially an exercise in providing a conceptual explanation of entrepreneurial actions, which was to be well-grounded in the philosophy of critical realism, the foundational ideas of the EO literature, and the prior findings of the EO literature. This represented a major undertaking, as it required careful reading of Bhaskar's works (1975/2008, 1979/2015, 1986); returning to the core ideas of the EO literature (e.g., Covin & Slevin, 1989; Lumpkin & Dess, 1996; Miller, 1983); re-reading the seminal works of Schumpeter (1934/2012), Penrose (2009), and Turner *et al.* (1987; see also Ashforth & Mael, 1989; Hogg & Terry, 2000); and returning to and updating my own database of published articles on why firms are entrepreneurially oriented (see also Wales *et al.*, 2013).

I continued working with Paper 3 throughout the summer and autumn, eventually presenting it at an internal seminar (October 2019) and submitting it to *Entrepreneurship, Theory and Practice* in December 2019. Unfortunately, this paper was also rejected by the editor for two major reasons. First, the core arguments of the paper were hard to understand. In particular, the editor stated, "I think the arguments in this manuscript would need to be fundamentally clearer, simpler, and more focused if your proposed 'reconceptualization' of EO is to be considered to be useful by scholars and practitioners familiar with the concept." Second, the reconceptualization does not necessarily raise issues that are specific to EO. Rather, the editor said, "EO seems like an example of issues you perceive with the broader field" and "Could other behavioral entrepreneurial phenomenon be substituted for EO and the manuscript's arguments would not change very much?"

I fully agree with the first comment, especially when reflecting upon two sections of Paper 3, namely "Causal power" and "Propensity of the causal power: Triggering and releasing conditions." These chapters are crucial for my argument and are unfortunately rather hard to understand. I have therefore devoted a substantial portion of the analysis chapter of this dissertation (chapter 5) to clarify what I meant. A second aspect that I think the editor referred to when saying that my arguments need to be simpler has to do with the problematization of Paper 3, which states that the contemporary conceptualization of EO "is unable to handle the facts that (1) EO, as an object of investigation, is capable of self-change (Bhaskar, 1986, 1979/2015), and that (2) firms conduct entrepreneurial actions in open rather than closed systems (Bhaskar, 1975/1979/2015)" (p. 224). By point (1), I mean essentially what Ghoshal (2005) indicated in his "Bad management theories are destroying good management practices"—namely, that *because* humans are intrinsic



to the objects of inquiry within the social sciences and are capable of thinking and reflecting, it does not make sense to treat the entrepreneurially oriented firm solely in terms of innovativeness, proactiveness, and risk-taking, as these components cannot reflect upon themselves. Accordingly, it is imperative to acknowledge human agency in the conceptualization of EO.<sup>22</sup> However, in doing so, one must also reject the notion of internal/external factors being the chief cause of EO; this is something that critical realism is able to handle. Regarding point (2) (i.e., that firms conduct entrepreneurial actions in open rather than closed systems), what is referred to here has to do with the analysis technique of prior EO literature, essentially treating the analysis of EO as equivalent to that of an *experiment*, wherein all the factors that ‘determine’ EO are assumed to have been taken into account in the analysis. However, as firms operate in non-experimental settings, it should not take long before one realizes that this assumption loses its footing: it is impossible to take into account all the relevant factors (Bhaskar, 1975/2008). Again, this is something that critical realism is able to handle. Accordingly, from this problematization it follows that if one is to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO, the concept of EO needs to be reconceptualized.<sup>23</sup>

I think the editor’s second comment, noting that the reconceptualization of EO does not necessarily raise to issues that are specific to EO, is very interesting. Indeed, bearing in mind the running argument of this dissertation (implicit in Paper 3)—that if one is to adequately explain why firms are conducting entrepreneurial actions, one must distinguish between *being* and *action*—it seems clear to me that the editor’s comment represents a suggestion that *being* does not necessarily need to refer to being ‘entrepreneurially oriented’ but may perhaps refer to something else, such as being an ‘entrepreneurial firm’. The difference between the two concepts is discussed by Lampe *et al.* (2019), who treat research on ‘entrepreneurial firms’ as an umbrella term for research on entrepreneurial orientation, corporate entrepreneurship, and strategic entrepreneurship (see Table 11). So, instead of inquiring into the nature of being ‘entrepreneurially oriented’, I see the editor’s comment as a suggestion that it might be relevant to instead inquire into the nature of being an ‘entrepreneurial firm’, an inquiry that would bring contributions to a broader literature.

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<sup>22</sup> Human agency refers to an individual’s reason to conduct an action (Bhaskar, 1979/2015).

<sup>23</sup> Hence, the purpose of Paper 3 resembles closely the purpose of this dissertation. However, the problematization underlying the paper differs from that of this dissertation (see chapter 1.2). The reason for this is that I believe that the problematization of this dissertation is easier to understand (as I learned from the editor of Paper 3).

For the version of Paper 3 appended to this dissertation, as well as for the dissertation as a whole, I have chosen to inquire into the nature of being ‘entrepreneurially oriented’. This decision is based on the following considerations. First, the other appended papers deal with EO, with the consequence that I find it easier to bring forth a convincing theoretical contribution to the EO literature, rather than to research entrepreneurial firms. Second, I am more familiar with the EO literature, which means that I firmly believe that there are opportunities to offer to the EO literature a significant theoretical contribution. Third, the concept of ‘entrepreneurial orientation’ has been established building on decades of cumulative efforts of scholars; this is not the case for ‘entrepreneurial firms’, which is more of an umbrella term for concepts used in different streams of entrepreneurship research. However, I nevertheless find the editor’s suggestion to be interesting for the following reasons. First, I imagine that statements like “we are an entrepreneurial firm” represent everyday language better than statements like “we are an entrepreneurially oriented firm”. As such, I see the term ‘entrepreneurial firm’ to be more practically relevant. Second, given that ‘entrepreneurial orientation’ and ‘entrepreneurial firm’, as two different forms of *being*, are closely related (Lampe *et al.*, 2019; see also Table 11), when the editor asks if other entrepreneurial phenomena could be substituted for EO without substantially changing the manuscript, I feel I must answer yes, as this could be done by inquiring into the nature of being an entrepreneurial firm.

By offering this insight, I do not mean that I am conflicted about the object of my research; rather, I mean that I am convinced that the concepts and terms people use are not perfect reflections of reality. If we turn to contemporary EO literature’s treatment of EO, we learn that scholars adhere to a positivistic philosophy, wherein one implicitly assumes that the concept of ‘entrepreneurial orientation’ is part of reality and perfectly knowable. The EO scholar would even say that EO exists to the extent that it *is* knowable; that is, EO is the same as statements about knowledge about EO (e.g., Covin & Wales, 2012). However, this position neglects the essence of the Kantian critique—namely, that our knowledge of reality, such as knowledge about *being* entrepreneurially oriented, is as much a result of reality as the available categories of human comprehension.<sup>24</sup> As such, I see the concepts we use not as perfect reflections of reality but as ways of *framing* reality. Roy Bhaskar extended this Kantian idea by constructing a theory about reality, or the nature of being, ultimately

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<sup>24</sup> The analysis of Paper 4, implicitly colored by the categories and ideas developed by Aristotle, Knight and Schumpeter, serves to demonstrate this Kantian idea.

rejecting the idea that concepts are perfect reflections of reality. So, when we speak about a firm that is entrepreneurially oriented, I do not think it is correct to assume that the concept of EO fully captures the nature of being entrepreneurially oriented. Indeed, this brings implications regarding one's ability to, for instance, predict the relationship between two variables; if the concepts used can never (fully) capture the nature of an object, how can one then say that one has identified the precise magnitude between an antecedent factor and EO-as-what-EO-does?

Returning to the editor's second comment on Paper 3 (i.e., that the reconceptualization of EO does not necessarily raise issues that are specific to EO), I believe we have reached a position where it makes sense to conclude why this suggestion is so interesting. Thus, bearing in mind that the concept of EO can never fully capture the nature of being 'entrepreneurially oriented', I believe the editor's comment seems to touch upon the fact that the proposed reconceptualization frames perhaps not only the nature of EO but also the broader nature of being an 'entrepreneurial firm'. This demonstrate my step away from the "positivistic circle", wherein such a thought would not be possible.

### *Scientific development as the emancipation of illusion of reality*

Looking back at my research journey, I believe it is clear that the version of the dissertation presented here represents a major attempt to understand not only the nature of being entrepreneurially oriented but also, and perhaps more importantly, what scientific development is about. I referred previously to the "positivistic circle" as a representative term for my prior understanding of scientific development, wherein scientific development occurs as a result of inductive generalizations that are used to deductively develop hypotheses that are subsequently tested (i.e., falsified) on a sample of empirical observations. Yet it was not until I became familiar with the works of Roy Bhaskar that I better came to grasp some of the problems of the circle, as well as to realize that I had been in a place that I rightfully can call my 'prior intellectual home' (more about this later).

As stated earlier in this chapter, I think the circle is a representative term not only for my prior understanding of scientific development but also for the way knowledge development is believed to occur within contemporary EO literature. When I came to understand this, I realized

that there is an opportunity to bring to the EO literature a significant theoretical contribution. I have already discussed some of the problems related to the circle, but those I consider most crucial are (1) that our experience of reality is not the same as reality, (2) that humans are influenced by the findings and theories produced by researchers, and (3) that, to conduct an entrepreneurial action, there must be an action (not only an event) involved. Indeed, once I took these insights into account, I realized that the circle *inevitably* must collapse, as these insights bring to light not only the problem of induction but also that of falsification. Accordingly, as induction and falsification are important parts of the circle, it became clear to me that the positivistic circle represents only an illusion of the necessary steps of scientific development. However, I do not mean to imply that there is a need to dismiss prior EO literature; rather, I urge for a rethinking of what we really mean when we speak of EO, as well as the way in which knowledge development is believed to occur within contemporary EO literature. Thus, as I have stressed repeatedly, to explain why firms are conducting entrepreneurial actions by using the concept of EO, there is a need to reconceptualize EO (as well as to rethink how knowledge development related to this concept is supposed to occur).

To make sense of my present understanding of scientific development, it is helpful to return to the term “positivistic circle”. In using this term, one implicitly associates with it a specific meaning that says something about what a researcher should do and what scientific development is to be about. I have already mentioned the term’s close link to Popper’s (2005) notion of falsification and Eisenhardt’s (1989) inductive technique, but I think other techniques are associated with the term as well, such as the Gioia method (see Gioia & Thomas, 1996). Essentially, the term brings with it an understanding that concepts and their relationships, which are empirically grounded, are brought to light so that researchers subsequently can test, or falsify, these on a sample of empirical observations (Godfrey-Smith, 2003, p. 219-230). In addition, the philosophical assumptions of positivism are implicit in the circle (see chapter 3.1). However, this is not to say that grasping the meaning of the term “the positivistic circle” requires of the researcher to fully understand the term, nor even to have heard it before. Rather, what I find to be necessary for a researcher’s understanding of the circle is the system upon which the meaning of the term is mediated—that is, a researcher’s (a) position (i.e., “place, function, rules, tasks, duties, rights, etc.”) and (b) practice (i.e., “activities”) (Bhaskar, 1979/2015, p. 41). It is through this mediating system that a researcher may encounter the meaning of the circle, without ever having heard about it before.

Indeed, I think my research journey quite clearly demonstrates this statement, considering my ongoing conversations with my father and colleagues throughout my education. As far as I remember, I did not encounter the term “positivistic circle” until I attended a doctoral course on case studies in late 2018, despite having published six articles that essentially adhere to the meaning of the term. It is with this background that I find it suitable to call the positivistic circle my prior intellectual home even when I had not yet heard the term.

Clearly, my understanding of scientific development has changed since I started working with this dissertation. As a researcher, I have reflected upon the result of my scientific endeavors, discussed and compared it with the experience of others and, as a result, changed various things in my practice. For the practitioner conducting entrepreneurial actions, I see no reason to see the process of conducting such actions as occurring in an entirely different reality compared to that of the researcher. Of course, it is true that different things are required to conduct an entrepreneurial action compared to conducting a scientific activity, but regarding some of the aspects I have mentioned in this chapter—that our experience of reality is not the same as reality, that humans are capable of reflecting, and the necessity of conducting an action if there is to be an action—I am convinced that these insights are relevant to understand the reality of the researcher as well as the practitioner. It is through continuous reflection about reality that scientific development occurs, essentially representing a process of reducing the illusion of reality. Regarding a researcher’s view of reality, I think Kuhn’s ‘paradigm’ represents a good concept, but other concepts can be used as well, such as ‘research program’ (Lakatos) and ‘research tradition’ (Laudan), all of which highlight that a researcher’s understanding of reality roughly corresponds to that of other researchers within the same paradigm, program or tradition (see Godfrey-Smith, 2003). Another concept is, of course, Bhaskar’s ‘social structure’.

I think a useful term for describing scientific development is ‘emancipation’, which Bhaskar used in the sense of emancipation from previous dogmas and false beliefs. Compared to the positivistic circle, I see emancipation as a broader term, although admittedly both of these carry a form of emancipation statement (i.e., reducing the illusion of reality). But whereas the circle implies reducing the illusion through inductive generalizations of concepts and their relationships, as well as their falsification, the term emancipation goes further and carries with it an understanding that what is to be emancipated from is also the (potentially) false illusion of reality inherent in

scientific explanations. This is a thought that one cannot even consider through the positivistic circle of scientific development. Emancipation thus requires the researcher to understand the underlying philosophy of different scientific explanations, which would place a high regard on understanding the philosophical assumptions adhered to when applying a concept. Thus, for emancipation to be possible, I believe that different kinds of research are required, including is the kind associated with the circle, but also research that is able to handle the inherent shortcomings of the circle.

## 4 Key takeaways of appended papers

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At this point, I will discuss the key takeaways of the four appended papers of this dissertation. The term ‘key takeaways’ follows from the insights of the previous chapter, which essentially concluded that scientific development cannot rely solely on experiences of the world, thus calling for a conceptual analysis of the appended papers. An overview of the appended papers is provided in Table 8, stating the papers’ main research questions, main results, main theoretical contributions, and key takeaways of relevance for answering the research question. These papers are attached:

**Paper 1:** Pehrsson, A., and Pehrsson, T. (2015). Competition barriers and foreign subsidiary performance: Propositions on the moderating role of strategic orientation, *International Journal of Business Competition and Growth*, Vol. 4, No. 1/2, pp. 3-23.

**Paper 2:** Pehrsson, T. (2020). Do types of strategic orientations make a difference? A study of MNCs’ performance in foreign markets, *European Business Review*, Vol. 32, No. 1, pp. 26-45.

**Paper 3:** Pehrsson, T. Why are firms entrepreneurially oriented? Towards the actualization approach of EO, *To be submitted to Journal of Business Venturing*.

**Paper 4:** Pehrsson, T. Explaining entrepreneurial re-orientation: The role of the transformative push, *To be submitted to Strategic Entrepreneurship Journal*.

**Table 8:** Overview of appended papers

Paper no.	Main research question(s)	Main results	Main theoretical contribution	Key takeaway
1	How does EO moderate negative relationships between competition barriers and foreign subsidiary performance?	EO reduces the negative effect of barriers due to scale.	Propositions and a proposed conceptual model are developed.	It makes sense amongst practitioners at the subsidiary level to conduct entrepreneurial actions when competition barriers due to scale are perceived to be extensive.
2	What types of EO and MO can be identified? What is the relationship between types and performance?	EO and another orientation, MO, can be categorized into types, and there are performance differences between types.	EO does not operate in isolation but is mutually supportive of the contextual factor of MO.	It makes sense amongst practitioners at the firm level to conduct entrepreneurial actions when they have access to information about the market.
3	Why are firms entrepreneurially oriented?	The social structure of entrepreneurial actions is a necessary condition for entrepreneurial actions, thus constituting EO; there is continuous change in EO; EO is not what EO does but what it is capable of doing.	An actualization approach to EO is proposed.	The actualization approach to entrepreneurial orientation.
4	During a change in corporate strategy, how and why is entrepreneurial orientation changing?	A change in strategy enables change in the social structure of entrepreneurial actions; the nature of this structure pushes the structure to continuously change; agents have the ability to regain stability in the structure through their actions.	A processual model of change in EO is developed.	Although a strategic change in a firm may bring about reasons for the practitioners of a firm to conduct entrepreneurial actions, they are capable of reflecting upon their view of the world and thereby modifying what they are doing. Hence, a strategic change does not determine entrepreneurial actions



## 4.1 Paper 1

In an article that marks the beginning of extensive EO research, Covin and Slevin (1989) note that a firm's hostile environment represents an important contextual factor for EO-as-what-EO-does. The prediction was that a high degree of EO would be beneficial (in terms of better performance) in the context of a hostile environment, since "these environments contain fewer opportunities and are more competitive than benign environments" (p. 77). Now, three decades later, it appears that Covin and Slevin's overall prediction was generally correct. In general, research has confirmed the link between EO-as-what-EO-does and a hostile environment (e.g., Engelen *et al.*, 2015; Simsek *et al.*, 2010), although other contextual factors external to the firm have been found to be important as well, notably a favorable national culture (Engelen *et al.*, 2015; cf. Kreiser *et al.*, 2010) and industry lifecycle (Covin and Slevin, 1990).

Although the literature on EO has reached a point where it examines the role of various contextual factors on EO-as-what-EO-does, there is a lack of knowledge regarding the role of *competition barriers*. This brings with it two important limitations. First, it impedes the literature's ability to capture the idiosyncrasy of competitive barriers in terms of varying market opportunities. The importance of variety is underlined in the seminal work of Bain (1956) and that of Porter (1980). Second, it leads one to the conclusion that previous studies implicitly attempt to identify "best practices" across barriers, although most scholars would stipulate that the effectiveness of EO varies across contexts (Covin & Wales, 2019; see also Boyd *et al.*, 2012). Hence, if no specific attention is paid to competitive barriers, scholars and executives may find it difficult to understand why firms are conducting entrepreneurial actions. Hence, the argument underlying Paper 1 is that it is important to consider the role of competitive barriers for the conducting of entrepreneurial actions.

Paper 1 addresses this gap in the literature by inquiring into the relationship between competition barriers and EO-as-what-EO-does. A multiple case study analysis is used to develop propositions that distinguish exogenous competition barriers encountered by foreign subsidiaries of Swedish multinational corporations from EO. The first proposition illustrates that the more extensive the foreign subsidiary's EO is, the weaker will be the negative relationship between scale barriers and foreign subsidiary growth. That is, it makes sense amongst practitioners at the

subsidiary level to conduct entrepreneurial actions when competition barriers due to scale are perceived to be extensive. Overall, the results support the notion that competitive barriers matter for the conducting of entrepreneurial actions, with the main theoretical contribution being the propositions and a conceptual model that illuminates the way in which barriers are important for EO.

## 4.2 Paper 2

The general idea that firms must pass survival tests imposed by market conditions by conducting entrepreneurial actions has been part of conventional EO wisdom for a long time (Covin & Slevin, 1989; Miller, 1983). A typical suggestion amongst EO scholars is, accordingly, that access to *market information* is important for sustaining the competitive advantage of EO-as-what-EO-does (Boso *et al.*, 2012; Cadogan *et al.*, 2016; Pehrsson, 2016). Among the concepts that take the role of market information seriously, the factor of market orientation (MO) (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990) thus stands out as an important building block of current EO thought (Martens *et al.*, 2016). For instance, in looking at the EO literature, we learn that MO enhances the positive effect of EO (González-Benito *et al.*, 2009; Li *et al.*, 2010; Zahra, 2008), a finding that has been validated across various settings, including multinational corporations (Pehrsson, 2015), new ventures (Song & Jing, 2017), and Chinese firms (Li *et al.*, 2008). Hence, MO is important for EO-as-what-EO-does.

Although the literature has reached a point at which it examines the way in which the effectiveness of EO is served by MO (e.g., Cadogan, 2012; Pehrsson, 2016), it suffers from an important limitation. This limitation is the assumption that EO and MO are independent of each other, although firms probably enjoy the benefits of one orientation because of the other (see Miles & Snow, 1978). In other words, it is likely that practitioners conduct entrepreneurial actions because they have access to information about the target market; also, when conducting an action, access to market information is simultaneously gained. Thus, because this would imply that EO and MO are mutually supportive (i.e., not independent of each other), it might explain why previous meta-analyses on the relationship between EO/MO and performance experience problems with

standard errors. Saeed *et al.* (2014) and Rauch *et al.* (2009), for instance, report significant variance in the effect size between EO and performance, and similar findings appear in regards to MO (Cano *et al.*, 2004; Ellis, 2006). The independency assumption made by existing literature is, most likely, an important source of the variation, because it fails to capture an orientation's inherent complexity with another orientation. Therefore, the argument underlying Paper 2 is that it is important to address the way in which orientations are mutually supportive. Thus, bearing in mind the problems discussed in chapter 2.1.3 regarding the fact that EO cannot be wholly separated from contextual conditions, it is held in Paper 2 that EO-as-what-EO-does and MO might not be wholly separable from each other.

Paper 2 addresses the above-mentioned issue by examining the mutual dependence of EO-as-what-EO-does and MO. Thus, a configurational approach is used to distinguish the orientations of 89 Swedish multinational corporations according to *types*, or "any multidimensional constellation of conceptually distinct characteristics that commonly occur together" (Meyer *et al.*, 1993, p. 1175). Furthermore, regression analysis is used to test the performance implications amongst types. The results show that orientations can be categorized into four types: (1) conservative, (2) entrepreneurial, (3) maximizing, and (4) irresolute. In other words, the main theoretical contribution is in the finding that EO-as-what-EO-does does not operate in isolation but rather is mutually supported by the contextual factor of MO.

An interesting finding that deserves attention is that the relationship with performance is most positive for the maximizing type, followed by the conservative and irresolute types. The entrepreneurial type, being the type that most closely resembles EO-as-what-EO-does, is unexpectedly the worst performer. To make sense of this finding, it is helpful to bear in mind that the types identified stem from a sample of 89 firms, which hardly can be said to be representative of all firms, and thus the results regarding the entrepreneurial type's performance cannot be generalized beyond the study's sample. Instead, the key takeaway of Paper 2 is that it makes sense for practitioners to conduct entrepreneurial actions when they have access to information about the market, but this does not necessarily mean they will always do so.

### 4.3 Paper 3

It is widely acknowledged amongst EO scholars that the entrepreneurial actions of firms are among the chief engines of economic development (Landström *et al.*, 2012; see also Mthanti & Ojah, 2017) and a major driver of firm performance (Rauch *et al.*, 2009; Saeed *et al.*, 2014). However, despite the shared belief of EO-as-what-EO-does representing important actions to conduct (if firms are to compete successfully in highly competitive markets), it still remains difficult to answer the question ‘Why are firms conducting entrepreneurial actions?’<sup>25</sup>

What today’s explanation of entrepreneurial actions represents is, first and foremost, an attempt to illuminate causal relationships between factors that are extrinsic, or external, to the actions and EO-as-what-EO-does (Covin & Wales, 2019; see also Figure 1). However, this attempt carries with it philosophical assumptions that bring severe limitations to the field. Scholars are not equipped with a concept to adequately explain why firms are conducting entrepreneurial actions, because the accompanying assumptions are unable to handle the facts that (1) EO, as an object of investigation, is capable of self-change (i.e., a practitioner is capable of reflecting upon the entrepreneurial actions), and (2) firms conduct entrepreneurially actions in open rather than closed systems (i.e., because firms operate in non-experimental settings, it is impossible to isolate the one important factor that causally determines change in EO-as-what-EO-does). Once we take these issues into account, it becomes clear that the assumptions implicitly adhered to in the current conceptualization of EO create a great deal of confusion regarding where the chief cause of entrepreneurial actions originates, as it cannot be the case that extrinsic factors represent causes of such actions. In fact, current debates within the field also point in this direction, especially those with respect to the universal nature of EO (Hansen *et al.*, 2011; Runyan *et al.*, 2012), what components to include in the concept (Lumpkin & Dess, 1996), and whether covariation is necessary between the components (Covin & Lumpkin, 2011; George & Marino, 2011).<sup>26</sup> Indeed, these debates highlight a major difficulty of the field, because they shed light on the fact that the

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<sup>25</sup> The research question of Paper 3 is ‘Why are firms entrepreneurially oriented?’ However, what is essentially inquired into is the question ‘Why firms are conducting entrepreneurial actions?’ (i.e., engaging in innovation, proactively entering new markets, engaging in risky ventures).

<sup>26</sup> These debates are discussed in chapter 2.1.3.

literature is hindered in explaining why firms are conducting entrepreneurial actions by using the concept of EO.

Paper 3 addresses the issue raised above, not by focusing on the preceding factors of EO-as-what-EO-does in explaining why firms are conducting entrepreneurial actions, but by focusing on what makes it possible to conduct entrepreneurial actions in the first place—that is, what cannot be removed without also dissolving the meaning of conducting entrepreneurial actions (see Bhaskar, 1979/2015). In so doing, the paper reconceptualizes EO, so that scholars can make use of the new version of EO for the sake of explaining why firms are conducting entrepreneurial actions. The paper is conceptual and uses a retroductive mode of inference, thereby clarifying (1) the social structure of entrepreneurial actions, (2) the causal power of the social structure, and (3) the role of agency, drawing on the structure when conducting an entrepreneurial action. Essentially, the paper concludes that the social structure constitutes the nature of *being* entrepreneurially oriented—a necessary condition for the conducting of entrepreneurial actions. Thus, while this conceptualization is clearly at odds with the contemporary treatment of EO (Covin & Wales, 2012), it is consistent in that it focuses on the same object of inquiry (i.e., entrepreneurial actions). Overall, the paper contributes theoretically by construing the actualization approach to EO, essentially constituting a refinement of the conceptualization of EO. The actualization approach constitutes the key takeaway of Paper 3.

#### **4.4 Paper 4**

A general proposition in contemporary EO research is that the overall strategy of a firm requires EO-as-what-EO-does to be adapted (Covin & Slevin, 1991; Wales *et al.*, 2013); otherwise, the orientation would not bring positive implications for firm performance (Covin & Wales, 2019; see also Pehrsson, 2015). Thus, so long as we assume that strategy and EO are independent factors and that causality stems from the deterministic nature of factors, it is perfectly intelligible to answer the question ‘Why are firms conducting entrepreneurial actions?’ by referring to the contextual factor of strategy. In general, research has confirmed the link between a changed strategy and a changed degree of EO-as-what-EO-does, although it is admittedly the case that scholars have

delved into different kinds of strategy, notably long-term strategic planning (Bachmann *et al.*, 2016; Eddleston *et al.*, 2012; Miller, 1983) and strategic reactivity (Green *et al.*, 2008).

Now, although we know a great deal about the link between strategy and EO-as-what-EO-does, systematic attempts to understand the *process* of this link have not been a high priority amongst EO scholars. Rather, to facilitate the task of explaining why firms are conducting entrepreneurial actions, scholars treat EO-as-what-EO-does as an object of inquiry that is assumed to respond automatically to strategic changes. Hence, the process of change is in prior research treated as a ‘black box’—a box which scholars have long called for research upon (Covin & Miller, 2014; Miller, 2011; Wales, 2016). In fact, without knowledge of the process of change following a strategic change, not only is it difficult to pinpoint the *raison d’être* of change in entrepreneurial actions, but also firms may find it overwhelmingly difficult to find guidance in becoming entrepreneurially oriented. Hence, what is needed is an attempt to explain why and how firms conduct entrepreneurial actions following a strategic change.

To address this need, Paper 4 focuses on what makes it possible to conduct entrepreneurial actions—that is, the social structure of entrepreneurial actions. In this empirical manuscript, Paper 4 thereby clarifies (1) the role of the social structure of entrepreneurial actions in enabling practitioners to conduct entrepreneurial actions, (2) the role of a strategic change in triggering practitioners to find reasons to conduct entrepreneurial actions, and that (3) the nature of this social structure, i.e., a social structure that is undergoing rapid change, has active causal power—termed the transformative push—that ‘pushes’ practitioners to conduct entrepreneurial actions. However, (4), practitioners that are conducting entrepreneurial actions are capable of reflecting upon their view of the world and thereby modifying what they are doing. Thus, as practitioners are capable of reflecting upon what they are doing, they are capable of not being pushed towards conducting entrepreneurial actions. Overall, the paper contributes theoretically by developing a processual model of change in EO-as-what-EO-does, essentially constituting a refinement of the explanation of why and how firms conduct entrepreneurial action in the wake of a strategic change. The key takeaway is that although a strategic change may bring about reasons for practitioners of a firm to conduct entrepreneurial actions, they are capable of reflecting upon what they are doing and thereby modifying their view of the world. Hence, a strategic change does not determine entrepreneurial actions.

## 5 Analysis

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The starting point of this dissertation comprises the following points. First, entrepreneurial actions represent an important domain of scientific inquiry. Essentially, this makes it relevant to use the concept of EO to answer the question ‘Why are firms conducting entrepreneurial actions?’ The reason for this is that entrepreneurial actions are treated as equivalent to the concept of EO (i.e., engaging in innovation, proactively entering new markets, and engaging in risky ventures). However, second, to adequately answer this question, the concept of EO needs to be reconceptualized. The reason for this is that the current version of EO suffers from three limitations: (1) entrepreneurial actions are wrongly assumed to exist all the time, (2) ‘being entrepreneurial’ is more than what scholars are acknowledging, and (3) entrepreneurial actions cannot be wholly separated from contextual conditions. In this chapter, these limitations are dealt with through an analysis of EO, grounded in the foundational thoughts of the field, the key takeaways of the appended papers, and the philosophy of critical realism. In so doing, a reconceptualization of EO is provided, which provides scholars with a concept through which to adequately explain why firms are conducting entrepreneurial actions.

### 5.1 Why are firms conducting entrepreneurial actions?

Let the object of inquiry be the entrepreneurial actions of a firm. We can begin to think of this object as a firm’s tendency towards innovativeness, proactiveness, and risk-taking, with the components being merged into the higher-order concept of EO—a view of entrepreneurial actions that is wholly in line with the concept of EO (Covin & Slevin, 1989; Miller, 1983) as well as the vast majority of EO research (Covin & Wales, 2012). Moreover, in guiding the analysis of why

firms are conducting entrepreneurial actions, remember that this version of EO pays attention to entrepreneurial actions in terms of what the entrepreneurially oriented firm is said to *do*; in other words, EO is what EO does. Hence, it is the entrepreneurial *actions*, or those components that scholars have decided to put in the concept of EO, that are said to constitute the nature of *being* entrepreneurially oriented.

### 5.1.1 Contextual knowledge of entrepreneurial actions

To explain why firms are conducting entrepreneurial actions, it is helpful to turn to the contemporary explanation of such actions. Within the domain EO research, it is common to assert that contextual factors determine the degree to which EO-as-what-EO-does occurs (Covin & Wales, 2019; Wales *et al.*, 2013; see also Figure 1). Indeed, this represents an explanation that is shaped by the assumption that EO is a universal concept, wholly separable from context. However, this assumption is problematic.

Hansen *et al.*'s (2011) critique of the validity of EO across national borders demonstrated that the view of EO as a universal concept, wholly separable from context, may not serve the field well. There are significant variances in the meaning of the components of EO across nations which, as has been argued (chapter 2.1.3), can only be explained by moving away from the view of EO as a universal concept. Indeed, what Hansen and his colleagues' work leads us to understand, apart from providing a concrete answer regarding why scholars are required to delete problematic items in samples consisting of multinational firms (George & Marino, 2011; Knight, 1997; Kreiser *et al.*, 2002; Runyan *et al.*, 2012), is that there are discrepancies between the contemporary conceptualization of EO and its empirical meaning: the scholarly knowledge of EO does not capture the nature of this object. Hence, it would seem that treating EO as a universal concept, solely in terms of what EO does, is far too problematic to capture the nature of being entrepreneurially oriented.

Regarding the nature of being entrepreneurially oriented, we can note, as do Papers 3 and 4, that it is certainly a difficult task amongst both practitioners and researchers to adequately explain the meaning of EO-as-what-EO-does without using 'everyday' contextual concepts (e.g., opportunity, resources, norms). This is a way of describing EO by including contextual



concepts in the very concept of EO. For instance, as Wales and his colleagues explain, “A high level of EO leads organizations to question their existing norms, procedures, policies, and objectives as new opportunities are discovered and resources mobilized to exploit them” (2011, p. 907). Or, as is noted in Paper 1 of this dissertation, “entrepreneurial orientation facilitates the subsidiary’s proactive identification and exploitation of market opportunities” (Paper 1, p. 140; see also Table 2 of Paper 1). Also worth noting is that contextual concepts are used to measure the components of EO, such as in the case of this risk-taking item: “My firm typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities” (Covin & Wales, 2012, p. 692; see also Table 2). In other words, to explain the meaning of EO, it appears that, instead of simply referring to a particular degree, researchers make use of different contextual concepts, including *opportunity*, *resources*, and *social identity* (more about this in Paper 3, p. 239-241). Thus, it would seem that contextual concepts are not distinguished from EO, as would be the assumption in contemporary EO literature (e.g., Covin & Wales, 2012, 2019), but are included in the concept for the sake of explaining the meaning of EO-as-what-EO-does. Put simply, the concept of EO, which is the concept that scholars use to explain why firms are conducting entrepreneurial actions, cannot be—and is not, according to scholars’ way of speaking about the concept—wholly separable from context.

What Paper 3 and 4 alert us to is not only that EO-as-what-EO-does—engaging in innovation, entering new markets proactively, and engaging in risky ventures—is inherently related to the contextual concepts noted above but also, and more importantly, that these concepts are a necessary condition for a practitioner’s intentional act of conducting such actions. With a notable consensus, for instance, it is apparent in the empirical material of Paper 4 that the informants of the inquired firm did not say “Let’s call forth precisely the degree of EO required” but, rather, “We need to make better use of our competencies”—as such competencies, or resources, made entrepreneurial actions possible to conduct. A similar insight stems from Paper 1, wherein respondents explained that their actions represented an important means for adhering to the opportunities that seemed to appear in front of their eyes. Consequently, some concepts are constitutive for entrepreneurial actions, which is another way of saying that what lies at the core of EO is not the entrepreneurial actions as such but, rather, the contextual concepts necessary for the conducting of such actions. It follows, then, that the nature of being entrepreneurially oriented

would depend on the contextual concepts that a practitioner explicitly or implicitly uses for conducting an entrepreneurial action. Such concepts include:

- (a) *Opportunity belief*, which describes the practitioner's belief that market demand will dovetail with profits through the introduction of novel products or services.
- (b) *Resource combination belief*, which describes the practitioner's belief that accessible resources can be combined in a profitable manner.
- (c) *Social identity*, which describes the practitioner's categorization of him- or herself as part of a group, which roughly corresponds to his or her notion of 'being entrepreneurial'.

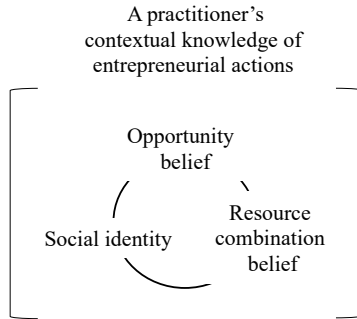
I believe the above insight represents an important step towards understanding that a firm's nature of being entrepreneurially oriented is not the same as the entrepreneurial actions conducted by the practitioners of that firm. This will be discussed in further detail throughout this chapter.

Before explicating the scholarly value of the insights provided above, we should note the following. First, as explained in Paper 3 and shown in Paper 4, the above concepts do not perfectly capture the contextual condition to which they refer. The concepts are, rather, a way of framing reality. What the concepts describe is thus an individual's subjective account of a real contextual condition. Second, the contextual concepts that are of importance for the nature of being entrepreneurially oriented are not extrinsic, or external, to entrepreneurial actions; rather, they are intrinsic, or internal (i.e., they cannot be removed without making the meaning of entrepreneurial actions disappear in their current form). Beliefs in the existence of an opportunity to actualize profits (opportunity belief) and ways of combining resources in a profitable manner (resource combination belief), as well as a practitioner's social identity (social identity) embracing such beliefs, are examples of such intrinsic concepts (Paper 3). Third, concepts are mutually dependent, which means that the meaning of one concept depends on the meaning of another. Paper 3, in particular, explains that there is a qualitative difference of the meaning of an opportunity when a practitioner of a firm, for instance, believes or does not believe that resources can be combined in a profitable manner, as in the latter case the practitioner will not see the point in allocating resources

to act upon an opportunity. Hence, an opportunity for one practitioner may not present an opportunity for another (see also Ramoglou & Tsang, 2016). Fourth, in the process of conducting an entrepreneurial action, it is inevitable that opportunity beliefs are redefined, new ways of combining resources are learned, and new group constellations are formed (Papers 3 and 4), because concepts can never capture reality at its fullest (Bhaskar, 1975/2008). Thus, as entrepreneurial actions are conducted, the mutually dependent concepts inevitably transform.

Now, before rushing to a conclusion, it should be mentioned that there is much to be explained before formulating a reconceptualized version of EO that scholars can use to adequately explain why firms are conducting entrepreneurial actions. At this point we have reached a position where we can indicate that a practitioner will not, and in general cannot, attempt to intentionally conduct an entrepreneurial action beyond what is here termed *a practitioner's contextual knowledge of entrepreneurial actions*. Such contextual knowledge represents the structure of mutually dependent contextual concepts that are necessary for a practitioner's intentional conducting of an entrepreneurial action. Carrying through such an action requires the practitioner to possess some form of knowledge of the action in relation to the relevant contextual condition—in a sense, a contextual knowledge of entrepreneurial actions—as otherwise he or she would not know what entrepreneurial actions to conduct. This means that what lies at the core of EO is not the entrepreneurial actions as such, but rather the contextual knowledge of such actions. Of course, this is another way of saying that entrepreneurial actions do not exist all the time, as if a practitioner did not possess knowledge of the world, he or she could not know what action to conduct (this will be discussed further later on). Thus, what has been established so far is that what constitutes EO is not the entrepreneurial actions but rather the practitioner's contextual knowledge of such actions. Figure 4 below illustrates this statement.

**Figure 4:** EO: A practitioner’s contextual knowledge of entrepreneurial actions



### 5.1.2 Determinism in EO research: An idea of causality worthy of rejection

If we follow our view of EO described thus far, we learn to appreciate the idea that EO is not what EO does (i.e., innovativeness, proactiveness, and risk-taking); rather, it is the practitioner’s contextual knowledge of such actions. In treating EO as contextual knowledge, we are thus taking an important step towards understanding the necessary condition of knowledge for conducting an entrepreneurial action—in other words, *what* is required for the conducting of an entrepreneurial action. However, what cannot be answered at this point is *why* the contextual knowledge represents a necessary condition for entrepreneurial actions.

Within the domain of contemporary EO literature, the question ‘Why are firms conducting entrepreneurial actions?’ is equivalent to the question ‘What factor determine change in the degree of EO-as-what-EO-does?’ (see Figure 1). Through this view, scholars thus adhere to the assumption of *determinism*, whereby contextual factors are assumed to determine ‘precisely the degree of EO required’ (Covin & Wales, 2019; Wales *et al.*, 2013). This assumption could be used in this dissertation as well. In so doing, we would explain why the contextual knowledge is a necessary condition for the conducting of an entrepreneurial action by illuminating a causal relation between the two.

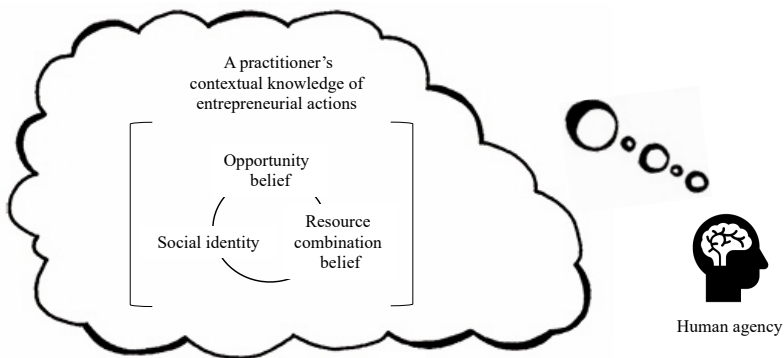
While it is worth mentioning the EO literature's adherence to determinism, it is also worth questioning the scholarly value of determinism as an assumption to rely on. If we think of our version of EO described thus far, with the contextual knowledge serving as the orientation (see Figure 4), we come to appreciate that entrepreneurial actions do not exist all the time. With this in mind, a question worth reflecting upon is this: 'What determinant is there for entrepreneurial actions that do not exist?' To answer this question, it must either be said that non-existing actions are determined by nothing (i.e., the world is indeterministic) or that the EO literature has not yet and never will identify an all-important determining factor. With our treatment of EO, we are thus in a position to reject the assumption of determinism. As there is a categorical independence between contextual knowledge and entrepreneurial actions (see Bhaskar, 1975/2008), it cannot be the case that the world is deterministic. This leads, of course, to a dissatisfaction with the (potential) idea that entrepreneurial actions are determined by contextual knowledge.

There is a second strong argument for rejecting the assumption of determinism in our quest to explain why contextual knowledge is a necessary condition for entrepreneurial actions. As Hempel explains (1965, p. 231-232), as does Popper (1959/2005, p. 38), for a factor to hold a determining role, it is necessary that another factor joins it. That is, determinism is equivalent to causality if, and only if, there is a causal relationship between the contextual knowledge and entrepreneurial actions. Now, to make sense of this statement, it is helpful to bear in mind that this view of causality makes it necessary to collapse *human agency* (i.e., a practitioner's reason for conducting an action) into the contextual knowledge (see chapter 3.1). In doing so, one is implicitly saying that practitioners find it impossible to reflect upon their contextual knowledge and actions; hence, knowledge determines action.

The second argument for rejecting determinism has to do with the need to distinguish between contextual knowledge and human agency in the conceptualization of EO. What is argued for here, contrary to what is held in the current version of EO, is that it must be acknowledged that practitioners are capable of reflecting upon their knowledge and actions. In fact, we need not go further than Paper 4 to find empirical support for the notion that practitioners are able to reflect upon their own actions and supply themselves with reasons for acting in certain ways. This is an important finding, because it speaks to the need to acknowledge human agency in the concept of EO. In so doing, we are reaching a position where we can not only (once again) reject a

deterministic view of the world but also, and more importantly, understand that practitioners are able to conduct entrepreneurial actions regardless of any determining factor (see also Ramoglou *et al.*, 2020). This is because they are capable of monitoring their contextual knowledge of entrepreneurial actions.<sup>27</sup> In our quest to explain why firms are conducting entrepreneurial actions by means of reconceptualizing the concept of EO, we thus add that contextual knowledge is distinguished from human agency; that is, it is acknowledged that practitioners are capable of reflecting upon what they know about entrepreneurial actions. Figure 5 illustrates this statement below.

**Figure 5:** EO: Distinguishing between contextual knowledge and human agency



<sup>27</sup> The idea of distinguishing contextual knowledge and human agency—in the very concept of EO—stems from the works of Bhaskar (e.g., 1979/2015) and not solely from Paper 4.

### 5.1.3 Returning to contextual knowledge: Interconnectedness with ‘the world’

Having rejected the assumption of determinism, it is appropriate to acknowledge the situation in which we find ourselves. At this point, we are unable to explain (a) why the contextual knowledge of entrepreneurial actions is a necessary condition for entrepreneurial actions and (b) why previous EO literature, as demonstrated in Table 4, sometimes finds the relationship between contextual factors and EO-as-what-EO-does to be significant. Now, to guide us in this situation, it should be remembered that we are dealing with EO as contextual knowledge of entrepreneurial actions, which, as has been established so far, is a form of knowledge about the world that practitioners can reflect upon (Figure 5). In seeing the concept of EO in this way, we thereby understand that EO is far from a universal concept. That is, in acknowledging EO as contextual knowledge, we realize that the meaning of being entrepreneurially oriented, as well as the meaning of entrepreneurial actions, must depend not only on the practitioners’ view of themselves but also on their understanding of the firm’s resources and the opportunities that are available to them.

Having established the non-universal nature of EO, we should also acknowledge the non-universal nature of contextual factors. In fact, with our treatment of EO, we are taking an important step towards understanding the interconnectedness between EO and contextual factors. Consider, for instance, Covin and Slevin’s way of describing a hostile environment: “these environments contain fewer *opportunities* and are more competitive than benign environments” (1989, p. 77, emphasis added). Or, as Saeed and his colleagues note regarding the concept of ‘developing economies’, “these dynamic environments provide ample new *opportunities* for entrepreneurial firms, in terms of both the number and the quality of *opportunities*” (2014, p. 262, emphasis added). Also worth noting are the items used to measure contextual factors, such as in the case of ‘environmental hostility’: the external environment in which my firm operates is characterized as “rich in investment and marketing *opportunities*” (Covin and Slevin, 1989, p. 85, emphasis added). In other words, to explain the meaning of a contextual factor, it appears that, instead of referring to a particular degree, scholars often use the same concepts that are used to explain the meaning of EO-as-what-EO-does. Accordingly, contextual factors are not distinguished from EO, as would be the assumption in contemporary EO literature (see chapter 2.1.3); rather, they are interconnected with the contextual knowledge in a complex way. This is an important insight in our quest to reconceptualize EO, because it means that what ‘connects’ a changing contextual condition to the

practitioner conducting an entrepreneurial action is not determinism (i.e., the EO literature's view of causality) but rather the concepts making up the contextual knowledge of entrepreneurial actions—that is, the contextual knowledge (detailed further in the next section).

#### **5.1.4 Contextual knowledge; empirical and actual: Stimuli as reason to act**

What has been established so far is that the concept of EO has to do with a practitioner's contextual knowledge, which the practitioner is capable of reflecting upon (Figure 5). Through this treatment, we learn that it is not determinism that 'connects' a changing contextual condition with the practitioner who is conducting entrepreneurial actions; rather, it is the practitioner's contextual knowledge. This is an important insight, as it partly explains why prior literature demonstrates links between contextual factors and EO-as-what-EO-does (Table 4). However, bearing in mind that practitioners are capable of reflecting upon their contextual knowledge, what cannot be adequately explained at this point is why the practitioner—when there are changing contextual conditions—would conduct entrepreneurial actions. That is, why does a practitioner find reason to conduct entrepreneurial actions when there are changing contextual conditions?

To answer this question, we must turn to a central assumption of the contextual knowledge described thus far—namely, that (1) it represents a form of knowledge that is a social product and that, as advocated in Figure 5, practitioners have the ability to think about and form for themselves. In other words, the contextual knowledge is mind-dependent. However, (2) albeit being mind-dependent, it is equally important to understand that the contextual knowledge constitutes knowledge *of something* that is independent of mind and thus not formed by the practitioner at all—in other words, the reality of the world. In other words, the contextual knowledge is also mind-independent. Once we accept this assumption, which essentially represents a central idea of critical realism (e.g., Bhaskar, 1986), we understand that if knowledge of a changing contextual condition, such as environmental dynamism or a competitor's development of extensive barriers (Paper 1), is to be possible, that condition must have a distinct being in time and space separate from our experience of it (see Table 6). After all, to perceive something means to see something that exists; as explained in Paper 3 and partly found in Paper 4, it is the independent occurrence of an event that the 'meaning' of perception, and the significance of such an event, stems from (or



emerges). In other words, in accepting a distinction between the independent reality and our perception of that reality, it becomes clear that a perception of change in a contextual condition matters for the practitioner because it is actually happening.<sup>28</sup> More precisely, when a practitioner is perceiving an actual change in a contextual condition, the contextual knowledge, which had been previously been opaque or non-meaningful, emerges to become visible or meaningful. It is in such a situation that the practitioner may find reason to conduct entrepreneurial actions.

A useful term here is *stimulus*, which frames the aforementioned situation wherein the contextual knowledge comes to be perceived as meaningful as a result of being exposed to an actual change in a contextual condition (related to the contextual knowledge). Because of this stimulus, the practitioner may find reason to conduct whatever action held as meaningful in relation to the contextual knowledge (Bhaskar, 1979/2015). In essence, this means conducting an action that is in line with the practitioner's resource combination belief, opportunity belief, and social identity.

Such a stimulus can take two forms (Bhaskar, 1975/2008, 1979/2015): that of (1) a trigger, referring to the active exposure to things related to the contextual knowledge, and (2) a releasing condition, referring to the removal of impediments to action.<sup>29</sup> Our earlier review of the considerable literature on EO can help us understand some of the triggers—including hostility of competitors (Covin & Slevin, 1989), technological change (Covin & Slevin, 1990, 1991), and change in consumers taste (Engelen *et al.*, 2015)—which may be broadly categorized as *Schumpeterian creative destruction* triggers because they are intrinsic to the contextual knowledge. For instance, as Saeed and his colleagues (2014, p. 262) state regarding the concept of 'developing

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<sup>28</sup> In conceptualizing the concept of EO by treating contextual knowledge as a simultaneously mind-dependent and mind-independent object, we are escaping the 'epistemic fallacy', which suggests that "statements about being can be reduced to statements about [mind-dependent] knowledge; that ontological questions can always be transmitted into epistemological terms" (Bhaskar, 1998, p. 27). Indeed, this is what the EO literature assumes (see chapter 3.1) and what has also been argued to be the standard assumption in the constructivist camp of the social sciences (for an interesting debate, see Contu & Willmott, 2005; Reed, 2005b, 2005a; see also Fleetwood, 2014). In other words, what is advocated for in this dissertation is that the existence of reality, independent of its identification, is a necessary condition for a practitioner to conduct entrepreneurial actions and, therefore, also a necessary condition for a conceptualization of EO (which is used to explain such actions). To say that there is an independent reality is to assert that there is a reality that is what it is, regardless of our categorizations used or manipulated to perceive it. For a proof of the existence of this independent reality, consider the fact that practitioners experiment with resources (e.g., Paper 4), as do scientists in their experimental activities (Bhaskar, 1975/2008). If there were no independent reality, what, then, would be the meaning of such experiments?

<sup>29</sup> It should be acknowledged that a stimulus which at one point may be categorized as a trigger may at another be categorized as a releasing condition. However, as the categorization of stimuli is done here mainly for pedagogical purposes, this creates no particular problems for what is to be explained.

economies', developing economies “provide ample new opportunities for entrepreneurial firms” (cf. Figure 4). Hence, as Schumpeterian creative destruction is intrinsic, or inherent, to contextual knowledge, the perception of such an occurrence gives the practitioner of a firm reason to conduct an entrepreneurial action.

It is also worth noting the key takeaway of Paper 1, alerting us to the triggering role of *competitive barriers*. Here, we learn that it makes sense for the practitioner to conduct entrepreneurial actions when key competitors possess advantages due to scale. The reason for this, as noted elsewhere (Pehrsson, 2016, p. 226), is that such barriers bring “varying technological and market opportunities”, wherein entrepreneurial actions may be seen as relevant to conduct for dealing with these varying opportunities. Hence, it makes sense for practitioners to conduct entrepreneurial actions when competition barriers due to scale are perceived to be extensive.

It is also helpful to acknowledge that triggers may also be constituted by factors that are commonly referred to as ‘internal’ to the firm. For instance, we can take note of the results of Paper 2, along with the seminal work of Miller (1983), essentially underlining the triggering role of *market information*. That is, as practitioners learn more about their competitors’ ways of behaving, their customers’ preferences and the technological developments within their industry—largely as a result of ongoing gathering and dissemination of market information—they may find reasons to conduct entrepreneurial actions as a way of responding to such knowledge.

Triggers may also be constituted by what are commonly referred to as dependent variables in EO research. In searching for such triggers, it is worth highlighting the discussion of Paper 3 (p. 243-245), noticing the path made clear by Covin and Slevin (1989) in attributing the main motive of entrepreneurial actions to *profits*. Covin and Slevin, like other EO scholars (e.g., Saeed *et al.*, 2014), treat profits as a variable—that is, something that always exists along a conceptual continuum (ranging from low to high). In reality, however, profits do not exist all the time but rather have the propensity to come into existence and then disappear once an entrepreneurial action is completed (see Ramoglou & Tsang, 2016). The fact that profits do not exist all the time should be clear when reflecting upon the definition of profits. For instance, Penrose defines profits as “investments that yields a positive return” (1959/2009, p. 25), whereas others define them more generally as returns on investment (Venkatraman & Ramanujam, 1986; see also Saeed *et al.*, 2014, p. 271). Indeed, as firms are not investing or conducting entrepreneurial actions all the time, there

is no reason to assume that profits exist all the time. Moreover, consider the difficulty, in a conceptual continuum, of distinguishing between (1) zero profits as the result of an action, (2) zero profits as the result of a lack of action, and (3) zero profits as the result of the fact that profits no longer exist. The inability to distinguish between these situations is problematic and provides a strong argument for the rejection of profits as a dependent variable. Instead, as profits are intrinsic to the concept of opportunity belief, which is essence has to do with a practitioner's belief that demand will dovetail with profits through the introduction of novel products or services, it is argued here that profits are intrinsic to the contextual knowledge. In other words, once we accept the rejection of profits as a dependent variable, we can understand that profits trigger the entrepreneurially oriented firm to continue to approach a perceived opportunity.

Much prior work is also relevant to understand that practitioners may find reasons to conduct entrepreneurial actions as a result of releasing conditions that remove the impediments to such actions. For instance, we can take note of the results of Paper 4, along with the growing strategy literature on EO (e.g., Bachmann *et al.*, 2016; Eddleston *et al.*, 2012), essentially emphasizing the role of *strategy* as a releasing condition. That is, it matters for the practitioner that the overall strategy of the firm is directed towards the opportunities perceived, as otherwise it is difficult to find reason to pursue those opportunities. Similarly, the literature emphasizes the role of *autonomy* (Dimitratos *et al.*, 2014; Engelen, 2010; Lumpkin & Dess, 1996) as well as *national culture* (e.g., Engelen *et al.* 2015). That is, if the practitioner possesses the autonomy to pursue the opportunities that seem to appear, it is easy to see that such an ability gives reason for that practitioner to do so; likewise, if the national culture is such that it favors entrepreneurial endeavors, and the individual conducting entrepreneurial actions categorizes him- or herself as part of that culture, then such a condition may be seen as an important releasing condition for a practitioner's reason to conduct an entrepreneurial action.

Table 9 summarizes the stimuli mentioned in this discussion, though it should be noted that these are likely only a few of the relevant stimuli (see Wales *et al.*, 2013).

**Table 9:** Stimuli to conduct entrepreneurial actions

Manifestation of stimuli	Insight of paper no.
<i>Triggers</i>	
Schumpeterian creative destruction	3
Competitive barriers	1
Market information	2
Profits	3
<i>Releasing conditions</i>	
Strategy	4
Autonomy	3
National culture	3

### 5.1.5 Causal power of contextual knowledge: Why knowledge is necessary for action

At this point, I have argued that if we are to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO, there is a need to distinguish between the contextual knowledge of entrepreneurial actions and human agency (see Figure 5). In this way, the reconceptualization takes into account the fact that practitioners are capable of reflecting upon their own knowledge, which, of course, is another way of saying that we are rejecting the assumption of determinism. The reconceptualization also allows for scholars to think of the various reasons a practitioner might have for conducting an entrepreneurial action. However, with determinism rejected, what still cannot be explained is why contextual knowledge is a necessary condition for entrepreneurial actions. In other words, why does knowledge make it possible to conduct actions?

To answer this question, it is again helpful to return to the central assumption of contextual knowledge: namely, that (1) it represents a social product that is mind-dependent, while, at the same time, (2) it constitutes knowledge of *something* that is independent of mind. This assumption brings an important implication for the reconceptualization of EO, as it means that knowledge, as well as the possibility of knowledge, is not an essential property of what there is to know (i.e., reality). Accordingly, if we are to understand why contextual knowledge is a necessary condition for entrepreneurial actions, we must accept that the relationship between knowledge and

action cannot be reduced to statements about knowledge or to knowledge in general. Simply put, it is possible to conduct entrepreneurial actions with contextual knowledge without anyone *knowing* (through the senses) why it is so. Once we accept this view of knowledge, finding its roots alongside Bhaskar's (1975/2008, 1979/2015, 1986) seminal work on the nature of being in the social sciences, it becomes perfectly intelligible to say that contextual knowledge is a necessary condition for entrepreneurial actions due to the properties of reality, which exists independently of any epistemological claims.

Now, while the above statement may seem peculiar, it raises no particular difficulty for our reconceptualization, as it merely means that being (entrepreneurially oriented) is not only what we can experience through our senses but also what cannot be experienced (Bhaskar, 1975/2008). With this in mind, it should not be too difficult to grasp that contextual knowledge, as an object of inquiry, is mind-dependent while at the same time existing independently of mind, *making entrepreneurial actions possible to conduct* (as we may know that the contextual knowledge is a necessary condition for entrepreneurial actions without experiencing why it is so). Indeed, even in the absence of evidence of the contextual knowledge's independent reality, there are still good grounds for supposing its existence, as it would otherwise not make sense that practitioners conduct entrepreneurial actions (e.g., Paper 4) or that scientists conduct experimental activities (Bhaskar, 1975/2008). Contextual knowledge, then, is thus partly what we can experience (see Figure 4) and partly what we can never experience (that which makes entrepreneurial actions possible to conduct), although it is possible to empirically identify the latter through its effects (see Bhaskar, 1975/2008). Accordingly, when there are entrepreneurial actions, it is possible to experience the entrepreneurial orientation; thus, when there are *actions*, we can experience a *being* (Bhaskar, 1975/2008; see also Table 6). This insight is important because it helps to explain why contemporary EO literature treat firms as being 'entrepreneurially oriented' only when they are conducting entrepreneurial actions (cf. Covin & Wales, 2012).

We have now reached a position from which we are able to provide a real basis for a causal law, an adequate alternative to the assumption of determinism. What follows from the above claim (i.e., that the contextual knowledge is simultaneously mind-dependent and independent of mind) is that causality is to be given to the nature of contextual knowledge, or more specifically its *causal power* (see Bhaskar, 1975/2008). Given that the nature of contextual knowledge is both

mind-dependent and independent of mind, it is perfectly reasonable to say that it is possible to conduct entrepreneurial actions due to the knowledge's independently existing causal power, or "ways of acting" (Bhaskar, 1975/2008, p. 14), which under the condition of human action (drawing on the knowledge) must be said to constitute the cause of the resulting entrepreneurial action. In explaining why knowledge represents a necessary condition for action, thereby taking an important step towards answering why firms are conducting entrepreneurial actions, we are thus turning our attention to the contextual knowledge of entrepreneurial actions and its causal power that, under the condition of human action, "metaphorically speaking, drives, propels, pushes, [and] asserts pressure" (Fleetwood, 2014, p. 208), essentially constituting the cause of the resulting action. Thus, it is the causal power of the contextual knowledge, or what is here termed *the entrepreneurial mechanism*, that lies at the core of our ontologically sound reconceptualization of EO.

The entrepreneurial mechanism is a term that makes it possible to speak about the contextual knowledge of entrepreneurial actions as that which constitutes the nature of *being* entrepreneurially oriented. In short, the entrepreneurial mechanism represents a practitioner's contextual knowledge of entrepreneurial actions' causal power, or ways of acting, that under the condition of human action generates, or makes it possible to conduct, entrepreneurial actions.

### **5.1.6 Actualization of contextual knowledge: From knowledge to entrepreneurial action**

Thus far, it has been established that a practitioner's contextual knowledge of entrepreneurial actions represents a necessary condition for conducting entrepreneurial actions. This is due to the (1) entrepreneurial mechanism of contextual knowledge and (2) human agency, which is capable of interfering with the properties of that knowledge (i.e., practitioners are capable of reflecting upon their own knowledge) as well as exerting it.

From this conceptualization, the rather peculiar role of the practitioner becomes clear, as although he or she is simultaneously a causal agent of the properties of the contextual knowledge and its exertion, he or she is not a causal agent of the causal power generating the resulting entrepreneurial action. When a practitioner exerts his or her knowledge through a form of input—an intentional action—the causal power is therefore said, in the language of Ramoglou and Tsang

(2016), to have been *actualized*. Accordingly, when a practitioner has conducted an entrepreneurial action, the practitioner's contextual knowledge is said to have been actualized.

Before discussing the contribution of this analysis, I would like to take the opportunity to further clarify the distinction between determinism and causal power. For determinism to be considered a causal law, it is imperative that factors co-join (Hempel, 1965, p. 231-232; Popper, 1959/2005, p. 38), so that there is a causal relationship between them. However, as there is categorical independence between factors, determinism needs to be rejected. For causal power, it is not necessary that factors co-join (Bhaskar, 1975/2008). The reason for this is that there is an ontological distinction between causal power, which is located in the domain of the real, and our experiences of the world, which are located in the empirical domain (see Table 6). This means that the causal power exists whether or not it is perceived or actualized. Thus, in acknowledging causality as causal power, it becomes clear that causal power represents neither a predictive statement nor a statement about experience but rather a statement about the contextual knowledge's ways of acting as an independently existing being. Essentially, it is with reference to contextual knowledge's causal power that it becomes reasonable to say that a firm is entrepreneurially oriented even when it is not currently conducting entrepreneurial actions. The predictive ability of factors (the key criterion of the positivist's causal law) is therefore replaced by the concept of *propensity*—that is, the propensity of the causal power to be exercised, as revealed through a practitioner's intentional action.





## 6 Conclusion, contributions and implications

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This chapter is devoted to the conclusion, contributions and implications of this dissertation. This discussion is made possible by the retroductive analysis of the EO concept (chapter 5), which was grounded in the foundational thoughts of the field, the key takeaways of the appended papers, and the philosophy of critical realism. Future research is also discussed in this chapter.

### 6.1 Reconceptualizing entrepreneurial orientation (EO): The actualization approach to EO

To adequately answer the research question raised in this dissertation, it has been argued that the concept of EO needs to be reconceptualized. Accordingly, the reconceptualized definition of EO, which is required if one is to make sense of the reconceptualization, is as follows:

*Entrepreneurial orientation is the propensity of a practitioner's contextual knowledge of entrepreneurial actions to be actualized into entrepreneurial actions by means of intentional action.*

In defining EO in this way, the dissertation thereby constructs the 'actualization approach to entrepreneurial orientation', as illustrated in Figure 6 below. Through this reconceptualization, scholars are provided with a concept that allows them to adequately answer the question 'Why are firms conducting entrepreneurial actions?' The previous chapter provides details leading to the definition and subsequent reconceptualization, of which a short summary is presented below.

In order to understand the redefinition of EO, it is helpful to remember that the question ‘Why are firms conducting entrepreneurial actions?’ is treated in this dissertation as equivalent to the question ‘What properties of reality must exist for entrepreneurial actions to exist?’ Essentially, this requires assuming that it is not a necessary condition for reality that entrepreneurial actions exist; however, it is a necessary condition for the existence of entrepreneurial actions that reality exists and has certain properties. Indeed, it is through the light of this assumption that it was possible to stipulate that if one is to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO, the concept of EO needs to be reconceptualized. More specifically, it was argued that there is a need to distinguish between *being* an entrepreneurially oriented firm and the entrepreneurial *actions* conducted by that firm.

To understand the nature of being entrepreneurially oriented, it is helpful to turn to the properties of reality which are necessary for conducting an entrepreneurial action. Through the illustration of Figure 6, we learn that it is a necessary condition that a practitioner, in order to intentionally conduct an entrepreneurial action, possesses some form of knowledge of that action in relation to the relevant contextual condition. The following concepts are intended to frame such knowledge:

- (a) *Opportunity belief*, which describes the practitioner’s belief that market demand will dovetail with profits through the introduction of novel products or services.
- (b) *Resource combination belief*, which describes the practitioner’s belief that accessible resources can be combined in a profitable manner.
- (c) *Social identity*, which describes the practitioner’s categorization of him or herself as part of a group, wherein the categorization roughly corresponds to his or her notion of ‘being entrepreneurial’.

Together, these mutually dependent concepts form *a practitioner’s contextual knowledge of entrepreneurial actions*. Without such knowledge, explicitly or implicitly used by the practitioner for conducting an entrepreneurial action, the practitioner could not know what action to conduct. Thus, even though contextual knowledge cannot represent reality at its fullest and may even be

wrong or false, it nevertheless informs the practitioner about possible entrepreneurial actions to conduct.

Figure 6 illustrates why a practitioner may find reason to conduct an entrepreneurial action. That is, why does the practitioner find reason to make use of contextual knowledge? To answer this question, it is helpful to point out that the contextual knowledge is simultaneously (1) mind-dependent (i.e., it represents something that one can think about and form) and (2) mind-independent (i.e., it constitutes knowledge of something that is independent of mind and thus not possible to form at all; i.e., reality). Accordingly, when there is an actual occurrence related to the contextual knowledge in the independent reality, such as a competitor's product launch or a competitor that is building a barrier for other competitors, the contextual knowledge, which had previously been opaque or considered non-meaningful becomes visible and meaningful, and it is in such a situation that a practitioner may find it meaningful to conduct an entrepreneurial action. In other words, knowledge of actual contextual conditions related to the contextual knowledge constitutes the *stimulus* that may provide the practitioner with a reason to conduct an entrepreneurial action.

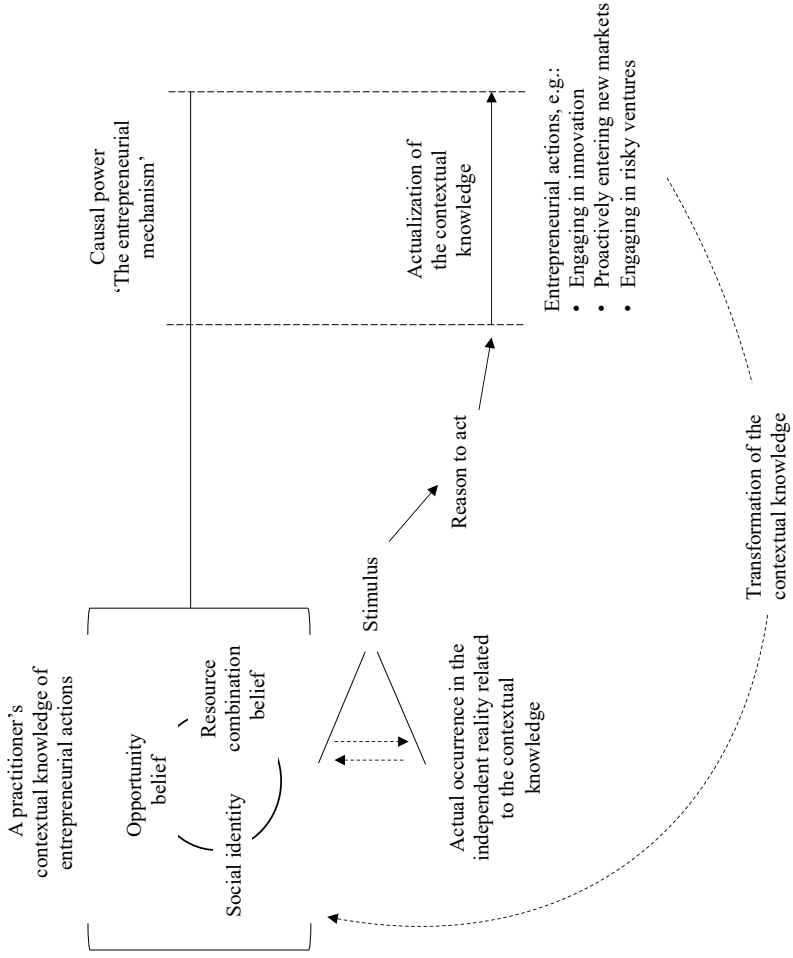
A somewhat tricky question that is dealt with in Figure 6 has to do with why it is possible to conduct entrepreneurial actions with contextual knowledge. That is, why is knowledge a necessary condition for action? To answer this question, it is helpful to return to the simultaneously mind-dependent and mind-independent nature of contextual knowledge. Essentially, this assumption means that knowledge, and the possibility of knowledge, is not an essential property of what there is to know (i.e., reality). Once we accept this assumption, we understand that it is perfectly intelligible to say that it is possible to conduct actions with knowledge without anyone *knowing* through the senses why it is so. In other words, contextual knowledge is a necessary condition for entrepreneurial actions due to the properties of reality, which exists independently of any knowledge claims. It is with reference to this key aspect of contextual knowledge that it makes sense to say that the contextual knowledge is necessary for entrepreneurial actions because of its nature of being. More specifically, this knowledge is necessary for such actions due to the contextual knowledge's independently existing *causal power* that, under the condition of human action (drawing on the knowledge), must be said to constitute the cause of the resulting entrepreneurial action. Thus, it is the causal power of the contextual knowledge, or what is termed

the *entrepreneurial mechanism*, that lies at the core of this dissertation's ontologically sound conceptualization of EO.

Next, when a practitioner has conducted an entrepreneurial action, the contextual knowledge is said to have been *actualized* (see Ramoglou & Tsang, 2016). This actualization is possible due to the contextual knowledge's causal power, or the 'entrepreneurial mechanism' of the contextual knowledge. In actualizing the contextual knowledge, the practitioner thus actualizes what he or she knows about entrepreneurial actions. In so doing, the contextual knowledge inevitably transforms. The reason for this is that the contextual knowledge cannot capture reality at its fullest. The entrepreneurial actions cover, but are not limited to, the three actions commonly constituting the components of EO: engaging in innovation, proactively entering new markets, and engaging in risky ventures.

In summary, the re-definition and accompanying reconceptualization of EO clarifies the nature of *being* entrepreneurially oriented. In particular, the nature of EO concerns a practitioner's: (a) belief that there exists an opportunity to actualize profits, (b) belief that there are ways of combining resources in a profitable manner, and (c) social identity embracing such beliefs. To be entrepreneurially oriented, it is not necessary that entrepreneurial actions are actually conducted; however, it is a necessary condition for the conducting of entrepreneurial actions that such being exists. It is with reference to the contextual knowledge's causal power, or the entrepreneurial mechanism, that it makes sense to speak about *being* entrepreneurially oriented, as a being that exists. It is, however, not possible to perceive the entrepreneurial mechanism other than indirectly when an entrepreneurial action has been conducted. Through the retroductive argument presented here, it is possible to say that one has knowledge about this being.

**Figure 6:** Why are firms conducting entrepreneurial actions? The actualization approach to entrepreneurial orientation



## 6.2 Why are firms conducting entrepreneurial actions? Explaining by means of the actualization approach

It is not certain that the practitioners of a firm will conduct entrepreneurial actions, but if they do so, they must actualize, or make use of, their *contextual knowledge of entrepreneurial actions*. Such knowledge includes:

- (a) *Opportunity belief*, which describes the practitioner's belief that market demand will dovetail with profits through the introduction of novel products or services.
- (b) *Resource combination belief*, which describes the practitioner's belief that accessible resources can be combined in a profitable manner.
- (c) *Social identity*, which describes the practitioner's categorization of him- or herself as part of a group that roughly corresponds to his or her notion of 'being entrepreneurial'.

Practitioners conduct entrepreneurial actions when they have a *reason* to do so. Such a reason may emerge when there is an actual occurrence, in the independent reality, which is held as meaningful in relation to the contextual knowledge the practitioner holds. A helpful term is *stimulus*, which frames the situation wherein knowledge of an actual occurrence related to the contextual knowledge has given the practitioner a reason to conduct an entrepreneurial action.

Because the practitioner, when conducting an entrepreneurial action, is actualizing whatever he or she knows about entrepreneurial actions, it is not possible to predict the kind of action that will be conducted. In some situations, the practitioner may engage in innovation, enter new markets proactively, and/or engage in risky ventures, but it is also possible that other entrepreneurial actions will be conducted. What matters for the practitioner is that the entrepreneurial actions conducted are held as meaningful in relation to the contextual knowledge.

### 6.3 Theoretical contributions

The scholarly value of the actualization approach to EO can be summarized in three key points. First, scholars are provided with a concept for explaining why firms are conducting entrepreneurial actions. Thus, the actualization approach represents a concept that scholars can use to explain why entrepreneurial actions exist as an object of inquiry. To make sense of this contribution, it is helpful to return to the EO literature's current treatment of entrepreneurial actions (e.g., Covin & Wales, 2012). Here, we learn that actions are assumed to always exist in all firms to some degree (i.e., from low to high) and that the travelling path goes along these counterparts. Thus, entrepreneurial actions are assumed not to have a specific reason for their existence; rather, they simply exist, albeit in varying degrees. The problem with making this assumption is that it reduces the existential status of actions to that of a continuum, without considering that such an assumption may be dubious or even false.

The scholarly value of the actualization approach is that scholars are provided with a concept for explaining why entrepreneurial actions exist. First, the practitioner conducting the actions must possess a pre-existing contextual knowledge of entrepreneurial actions. Second, this knowledge must have the propensity to be actualized into entrepreneurial actions by means of the intentional action of the practitioner. In other words, it is that practitioners have knowledge of entrepreneurial actions makes such actions possible, whether or not this knowledge is actualized. In essence, to be entrepreneurially oriented means to possess this form of knowledge; if there is no such *being*, there will be no entrepreneurial *actions*. In line with this contribution, it is also worth mentioning that the actualization approach allows one to speak about qualitative differences between (entrepreneurially oriented) firms. Today, with the current version of EO (see Covin & Slevin, 1989; Miller, 1983), scholars can only speak about quantitative differences (in terms of degrees). By means of the actualization approach, it is possible to speak about qualitative differences, if one follows the Aristotelian notion of seeing quality in terms of an object's ability to be influenced vs. susceptible to influence. Thus, when there are differences in being, there are qualitative differences between entrepreneurially oriented firms.

An advantage of the actualization approach to EO is that scholars can think of it, and use it, as a theory of entrepreneurial actions. EO research has long been criticized for "lacking a strong theoretical grounding" (Covin & Lumpkin, 2011, p. 870), wherein "research findings too often

wait for the theory to catch up with the facts” (ibid., p. 870). By means of the actualization approach, both scholars treating EO in terms of contextual knowledge and those treating EO as what-EO-does are provided with a theory of entrepreneurial actions. Regarding EO-as-what-EO-does, the actualization approach allows scholars to hypothesize about antecedents that have an impact (or influence); if an antecedent can be held as meaningful in relation to the contextual knowledge, it is worth testing its impact on EO-as-what-EO-does.

A second theoretical contribution resulting from the actualization approach has to do with what EO is capable of doing (i.e., the limits and possibilities of contextual knowledge). There is a strong argument suggesting that what the entrepreneurially oriented firm is capable of doing is much more than what scholars are acknowledging. As Bhaskar explains, “the identity of social effects (the ultimate explananda of social science) depends on their constituting in and by systems of (conceptualized or conceptualizable) differences, their ‘meaning’, so that social effects are intrinsically relational or relational-dependent in form [to the contextual knowledge]” (Bhaskar, 1986, p. 131-132). In simpler terms, in treating EO in terms of *being*, rather than *actions*, it becomes possible to say that EO is not what EO does but what it is capable of doing. Thus, when we pay attention to the contextual knowledge, we learn that what we may observe in terms of innovativeness, proactiveness, and risk-taking is merely a demonstration of what the entrepreneurially oriented firm is capable of doing. In fact, to even say that ‘EO is what EO does’ is to collapse the contextual knowledge’s causal power to its potential social effect. Instead, we should take the next step and start asking: ‘What is the entrepreneurially oriented firm capable of doing?’ Indeed, a few important steps have already been taken in this direction, notably regarding competitive aggressiveness (Lumpkin & Dess, 1996), internationalization (Hakala *et al.*, 2016; Hitt *et al.*, 2001; Javalgi & Todd, 2011), business model innovation (Kuratko & Audretsch, 2009; Kuratko *et al.*, 2011; see also Covin & Miles, 1999), corporate venturing (Guth & Ginsberg, 1990; Kuratko *et al.*, 2011; Lumpkin & Dess, 1996), strategic renewal (Covin & Miles, 1999; Guth & Ginsberg, 1990), strategic management of resources (Hitt *et al.*, 2001) networking (Dimitratos *et al.*, 2014; Hitt *et al.*, 2001), and initiative realization (O’Brien *et al.*, 2018), but it is of course likely that the entrepreneurially oriented firm is capable of doing more than these. In other words, EO is not what EO (i.e., the entrepreneurially oriented firm) does but what it is capable of doing.



Third, it is worth noting that the actualization approach represents a break from the conventional notion of treating entrepreneurial actions as if they occur only at a specific level, such as at the level of the firm or business unit (e.g., a subsidiary). Indeed, this is what the literature is assuming, as is evident in the contemporary definition of EO: “EO refers to an organizational attribute reflecting how ‘being entrepreneurial’ is manifested in organizations or business units, with the specific domain of entrepreneurship understood as evidenced by risk taking, innovativeness, and proactiveness” (Covin & Wales, 2019, p. 4; see also Wales *et al.*, 2011). By means of the actualization approach, scholars are provided with a concept for explaining that entrepreneurial actions are not bound to a specific level. Because the practitioner conducting an entrepreneurial action may be situated at various levels, such as at the level of the firm (Paper 2 and Paper 4), the subsidiary (Paper 1), or a collaboration between two firms (e.g., Pehrsson, 2015), it is clear that a definition of entrepreneurial orientation should be able to handle this fact.

Regarding the level of analysis of the reconceptualization presented here, it should be noted that the actualization approach represents a treatment of EO as an individual-level concept. After all, to conduct an entrepreneurial action, the practitioner can only actualize his or her contextual knowledge. However, two aspects should be immediately mentioned here. First, despite being an individual-level concept, a practitioner’s contextual knowledge is still complexly related to other levels. For instance, if we take a practitioner’s social identity into account, we learn that the practitioner’s view of him- or herself as part of a group matters for his or her contextual knowledge of entrepreneurial actions—whether that group is a specific business unit, a firm as a whole, or a national culture (e.g., Turner *et al.*, 1987). In this sense, although representing an individual-level concept, contextual knowledge becomes part of the practitioner’s view of the group’s knowledge. This is an important insight, going in line with the recommendation of Wales *et al.* (2020) that calls for research on EO on different levels. Second, I would advise scholars not to confuse the actualization approach with a new kind of trait-based approach, which has been well maintained by Gartner (1989) to be unfruitful in entrepreneurship research. Indeed, ‘Who is an entrepreneur?’ is still the wrong question (Ramoglou *et al.*, 2020). Instead, the actualization approach argues that it is not a practitioner’s personality traits that matter but rather his or her contextual knowledge of entrepreneurial actions. Table 10 compares the salient characteristics of the contemporary conceptualization of EO and the actualization approach presented in this dissertation.

**Table 10:** EO: Comparing salient characteristics of two approaches

	<b>Contemporary conceptualization of EO</b>	<b>Actualization approach to EO</b>
<i>Definition</i>	“An organizational attribute reflecting how ‘being entrepreneurial’ is manifested in organizations or business units, with the specific domain of entrepreneurship understood as evidenced by risk taking, innovativeness, and proactiveness” (Covin & Wales, 2019, p. 4).	The propensity of a practitioner’s contextual knowledge of entrepreneurial actions to be actualized into entrepreneurial actions by means of intentional action.
<i>Influencing works</i>	Covin and Slevin (1988, 1989); Lumpkin and Dess (1996); Miller (1983).	Bhaskar (1975/2008, 1979/2015, 1986); Ramoglou and Tsang (2016).
<i>Philosophical roots</i>	Positivism.	Critical realism.
<i>Ontology</i>	EO is the composite of factors. There is no distinction between factors and agency.	EO is differentiated (the contextual knowledge) and stratified (empirical, actual, real). Knowledge and agency are distinct but related.
<i>Epistemology</i>	All that can be known about EO rests upon sensory experience.	Sensory experience rests upon conceptual schemas and is fallible; imagination may be used in explanations, but reality imposes constraints on what should be regarded as plausible knowledge.
<i>Etiology</i>	Determinism.	Causal power.
<i>Mode of inference</i>	Deduction and induction.	Retroduction.

## 6.4 Implications for practitioners and policy makers

It is argued here that by presenting the actualization approach to entrepreneurial orientation, thereby providing a concept that can be used to explain why firms are conducting entrepreneurial actions, this dissertation represents a valuable source of knowledge for managers and policy makers as well, especially in light of the increasing importance attributed to innovation and technological renewal of firms. The general story of the firm portrays entrepreneurial actions as one of the most important sources of competitive advantage (Rauch *et al.*, 2009; Saeed *et al.*, 2014) and an important means for the economic and technological development of societies (Schumpeter, 1934/2012; Wiklund *et al.*, 2019). To gain and sustain these effects, practitioners and policy makers are more likely to accomplish and assist such actions by themselves being able to answer (and reflect upon) why firms are conducting entrepreneurial actions. I believe this dissertation offers plausible help in that direction.

### *Implications for practitioners at the entrepreneurially oriented firm*

What has been established in this dissertation is that a practitioner's contextual knowledge of entrepreneurial actions is required for conducting an entrepreneurial action; indeed, without such knowledge, he or she could not know what actions to conduct. However, there is no guarantee that an action will be beneficial when it is conducted.

What the practitioner can do in order to direct future actions to be beneficial is to think not only *with* but also *about* the contextual knowledge. This is because what one holds to be true is an inherent part of being entrepreneurially oriented. In other words, if a practitioner does not reflect upon (a) him- or herself as part of a group that is conducting entrepreneurial actions, (b) his or her notion of the firm's resources and how these can be combined in a profitable manner, and (c) the opportunities the practitioner believes to be available to him or her, the practitioner will be greatly at risk of incorporating flawed ideas and unrealistic illusions into the entrepreneurial actions conducted. For instance, because the belief in the existence of profit-making potential is not the same as real profit-making potential, it is clear that the entrepreneurial actions conducted by the non-reflective practitioner risk aiming at "non-opportunities" (Ramoglou & Tsang, 2016). In this

sense, because contextual knowledge about entrepreneurial actions represents a necessary condition for the conducting of entrepreneurial actions, the knowledge should be reflected upon.

### *Implications for policy makers*

Among the widely held beliefs of our time, entrepreneurial actions are considered to be among the chief engines of economic and technological development. Accordingly, an important issue for policy makers is whether they can assist practitioners to conduct actions that are beneficial for society.

Before considering these assisting actions of policy makers, however, it is worth reflecting upon what policy makers are taught to do by today's EO literature. Here, we can note, as do Covin and Wales (2012), that given the assumption that actions exist along a conceptual continuum, ranging in the degree to which they are conducted, all actions are treated as essentially the same *thing*. For instance, a firm's new product line is treated as equivalent to that of another firm (see Table 2). What the EO literature is designed to answer, then, is simply whether the mean value of all entrepreneurial actions conducted (of a given sample) is beneficial for society, as well as the determinants of such actions. Hence, the literature cannot even pretend to offer to the policy maker guidance regarding the benefits of a *specific* kind of entrepreneurial action (e.g., a desirable new product line) nor what the policy maker ought to do to assist such an action.

From a policy maker's perspective, however, the benefits of a specific kind of entrepreneurial action are highly important. In fact, one of the dominant debates of our time—how to deal with climate change—illustrates the importance of a specific kind of entrepreneurial action (i.e., those that are environmentally friendly). Indeed, whether policy makers can assist practitioners in conducting actions that are beneficial for society represents an important issue.

What the policy maker can do to intervene in future entrepreneurial actions is, first and foremost, to think not only about the entrepreneurial actions as such but also about the contextual knowledge required for conducting such actions. After all, to conduct an action, one must have some form of knowledge of the world—in a sense, a contextual knowledge of entrepreneurial actions—as otherwise one could not know what action to conduct. Thus, by intervening with a

practitioner's contextual knowledge, policy makers can assist practitioners in conducting actions that are believed to be beneficial to society. Such interventions include, for instance:

- (1) Educating practitioners in such a way that they: (a) can see themselves as part of a group that is conducting actions that are beneficial to society, (b) believe that resources can be combined in a way that is beneficial to society, and (c) believe in the profit-making potential of actions that are beneficial to society.

Of course, this would require of the policy maker to:

- (2) Adapt society in such a way that: (a) it is held as meaningful in society that firms conduct actions that are beneficial to society, (b) the resources required for actions that are beneficial to society are available and affordable amongst firms, and (c) it is financially advantageous to conduct actions that are beneficial to society.

## 6.5 Further research

The actualization approach to EO clearly brings implications regarding the overall understanding of entrepreneurial orientation as a whole. Advancing this approach and refining it theoretically thus represents an important agenda of a meta-theoretical base of entrepreneurship research (Ramoglou & Tsang, 2016). Indeed, there are several promising areas for future research and opportunities for making theoretical contributions, even outside the domain of entrepreneurship research.

### *Counteracting mechanisms*

First, in light of the entrepreneurial mechanism argued for here as the root cause of entrepreneurial actions, a first direction for further research has to do with counteracting mechanisms of being entrepreneurially oriented. An interesting question has to do with the mechanisms that cause the entrepreneurially oriented firm to become 'less' or even 'non-entrepreneurially oriented'. It is, after all, quite common for entrepreneurial firms to lament the loss of entrepreneurial capacity over time. Scholars have long delved into why this is so, often concluding that time (or age) represents an important factor (e.g., De Massis *et al.*, 2014). However, if we, unlike prior studies, see time not

as a variable but as that within which actions take place, we realize that there is a need for deeper knowledge, and the actualization approach offers a tool for that purpose.

Another interesting question within the area of counteracting mechanisms has to do with the mechanisms of ‘becoming’ entrepreneurially oriented. Indeed, given that researchers have acknowledged that entrepreneurial actions do not exist all the time (Covin & Wales, 2019; see also Figure 6), it seems appropriate to say the same regarding the nature of being entrepreneurially oriented. After all, why should it be the case that a practitioner believes, at all times, that there are opportunities to actualize profits? With this question in mind, I imagine that the process of becoming entrepreneurially oriented is often not a smooth process. Findings from our own field demonstrate, after all, that it normally takes two to four years until a CEO has contributed to the entrepreneurial actions of a firm (Grühn *et al.*, 2017), and the empirical material of Paper 4 demonstrates quite clearly that the process of becoming entrepreneurially oriented is a difficult one. An intriguing question, then, is, “Is there a limit to the pace of becoming entrepreneurially oriented and, if so, why?” This question echoes the seminal work of Penrose (1959/2009) regarding the limit to the growth of firms, signifying the theoretical as well as the practical value of this question (see also McKelvie & Wiklund, 2010).

#### *Contextual knowledge of entrepreneurial actions*

Another area of future research concerns the contextual knowledge of entrepreneurial actions. Indeed, although contextual knowledge as recognized in this study clearly brings valuable insights, it is certainly too early to say that the whole picture of entrepreneurial orientation has been provided. Researchers are therefore encouraged to have an open mind regarding contextual knowledge, though this does not imply that all concepts can be said to be intrinsic to entrepreneurial actions; there are guidelines on how to proceed with a retroductive argument (e.g., Bhaskar, 1979/2015; Danermark *et al.*, 2002). It is beyond the scope of the present work to suggest what other concepts can be said to constitute contextual knowledge. Thus, what I offer here is merely a question that may serve as a guide: “What properties of reality must exist for an entrepreneurial action to exist and be what it is?” In other words, “What cannot be removed without making entrepreneurial actions disappear in their current form?”

*What the entrepreneurially oriented firm is capable of doing*

A third area for future research has to do with what the entrepreneurially oriented is capable of doing. One example of such an action has to do with business model innovation (Foss & Saebi, 2016). Indeed, it may be true that “every new product development effort should be coupled with the development of a business model that defines its ‘go-to market’ and ‘capturing value’ strategies” (Teece, 2010, p. 183). As long as we assume that such a model originates from a single universal factor, I think it makes sense to reduce the explanation of a firm’s refinement of that model (i.e., business model innovation) to a firm’s “strong dynamic capabilities” (Teece, 2018, p. 43). However, if we have the ambition to go beyond the positivist’s adherence on reductionism and determinism, the actualization approach represents a tool for constructing an alternative explanation of such an empirical event—an explanation that takes into account that business models have no universal or absolute meaning and that reductionism suffers from similar philosophical problems already discussed in this dissertation (see Bhaskar, 1979/2015, p. 97-101).

With regard to what the entrepreneurially oriented is capable of doing, the actualization approach may also be used to deepen the understanding of firms’ internationalization into foreign markets (Johanson & Vahlne, 1977, 2009; Vahlne & Johanson, 2020). Currently, the dominant view treats internationalization as an ongoing process of increasing commitments in a foreign market, where knowledge is said to determine such commitments. As Johanson and Vahlne (1977, p. 28) explain, “there is a direct relationship between market knowledge and market commitment”. While I do not question the literature’s assumption of knowledge as inherent in internationalization, I do question the literature’s (1) treatment of knowledge as a homogenous concept and (2) seeming reliance on determinism (Johanson & Vahlne, 1977, p. 26; cf. Vahlne & Johanson, 2020, p. 6). When we take these problems into account, it becomes clear that there is a potential to provide a deeper explanation of why firms internationalize into foreign markets. As such, the actualization approach may also be useful within the field of international business.





## 7 Concluding remarks

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One of the long-standing questions in the entrepreneurial orientation literature is why firms are conducting entrepreneurial actions. For decades, scholars have inquired into the factors that predict entrepreneurial actions as a dependent variable, treated in the literature as equivalent to the concept of EO. However, repeated findings and ongoing debates within the literature demonstrate the need to rethink what we really mean when we speak of entrepreneurial orientation. This is important if scholars are to adequately explain why firms are conducting entrepreneurial actions by using the concept of EO.

This dissertation represents an attempt to reconceptualize the concept of EO, grounded in the foundational thoughts of the field, the key takeaways of the appended papers, and the philosophy of critical realism. Specifically, it constructs the ‘actualization approach to entrepreneurial orientation’. It allows scholars to explain (1) why entrepreneurial actions exist; (2) that EO is not what EO does (i.e., innovativeness, proactiveness, and risk-taking) but what it is capable of doing; and (3) that EO is an individual-level (i.e., not firm- or unit-level) concept that matters for entrepreneurial actions at various levels. Accordingly, what the actualization approach represents is, first and foremost, a theory about the nature of *being* entrepreneurially oriented, while the approach allows scholars to also explain why firms are conducting entrepreneurial *actions*.

In closing this dissertation, I hope that the actualization approach constructed herein stimulates further theoretical and empirical research on entrepreneurial orientation. This work is not intended as the final word on the subject matter but, rather, as a call for more research to deepen our knowledge of entrepreneurial orientation as a whole.



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# Appendix

**Table 11:** Comparing entrepreneurial orientation (EO), corporate entrepreneurship (CE), and strategic entrepreneurship (SE)

EO	Dimensions					
	Author(s)	Innovativeness	Proactiveness	Risk-taking	Competitive aggressiveness	Autonomy
	Covin and Slevin (1989), Miller (1983).	“A firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes”.	“The processes aimed at anticipating and acting on future needs”.	“A firm’s proclivity to engage in risky projects and managers’ preferences for bold versus cautious acts to achieve firm objectives”.	Not classified.	Not classified.
	Lumpkin and Dess (1996).	Same as above.	Same as above.	Same as above.	“A firm’s propensity to directly and intensively challenge its competitors to achieve or improve position”.	“The independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion”.

Adapted from Lampe *et al.* (2019).

**Table 11:** Continued

Author(s)	Dimensions		
	<i>Innovation</i>	<i>Venturing</i>	<i>Strategic renewal</i>
CE  Guth and Ginsberg (1990).	is described as “Corporate development) is considered as one of the possible ways to achieve strategic renewal”.	venturing (or new business creation through new combinations”.	renewal involves wealth creation through new combinations”.
Covin and Miles (1999).	“Strategic renewal is defined as a firm’s redefinition of its relationship with its markets or industry competitors by fundamentally altering how it competes”.	“Sustained regeneration is described as a firm’s activity in regularly and continuously introducing new products and services or entering new markets”.	“Domain redefinition is defined as the proactive creation of new product-market arenas that others have not recognized or actively sought to exploit”.
Kuratko <i>et al.</i> (2011).	“Corporate venturing is described as company involvement in the creation of new business”.	“Strategic entrepreneurship is further broken down into the dimensions of strategic renewal (that focuses on the adoption of a firm’s new strategy) and specific activities (sustained regeneration, domain redefinition, organizational rejuvenation, and business model reconstruction) that are adopted in the pursuit of competitive advantage”.	“Organizational rejuvenation is described as a firm’s sustainment or improvement of its competitive standing by altering its internal processes, structures, and capabilities”.

Adapted from Lampe *et al.* (2019).

Table 11: Continued

Author(s)	Dimensions			
	<i>Entrepreneurial mindset</i>	<i>Entrepreneurial culture and entrepreneurial leadership</i>	<i>Managing resources strategically</i>	<i>Applying creativity and developing innovation</i>
Ireland <i>et al.</i> (2003).	“A growth-oriented perspective through which individuals promote flexibility, creativity, and continuous innovation, and renewal”.	“New ideas and creativity are expected, risk taking is encouraged, failure is tolerated, learning is promoted, product, process and administrative innovations are championed, and continuous change is viewed as a conveyor of opportunities”.	“The strategic management of resources is described in terms of resources which are managed strategically when they foster simultaneous use of opportunity- and advantage-seeking behaviors”.	“Applying creativity and developing innovation is described as the creative destruction process which leads to novel combinations of existing resources that may result in new goods, services, processes, means of distribution, supplies of raw materials, or the creation of a new organization”.
Kuratko and Audretsch (2009).	“Strategic renewal (or strategic innovation) is described as the adoption of new strategies when they represent fundamental repositioning efforts”.	“Sustained regeneration (or innovations) is considered as an ongoing pattern of new product introductions and/or new market entries”.	“Sustained regeneration (or incremental innovations) is considered as an entrepreneurial activity that takes place in unoccupied competitive space to shape new product categories”.	“Innovation efforts that are associated with the firm’s internal operation to achieve competitive advantage without key components”.
	<i>Strategic renewal</i>	<i>Sustained regeneration</i>	<i>Domain redefinition</i>	<i>Organizational rejuvenation</i>
	<i>Business model reconstruction</i>			

Adapted from Lampe *et al.* (2019).



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Why are firms conducting entrepreneurial actions? In this dissertation, Tobias Pehrsson addresses this question by analyzing the concept of entrepreneurial orientation (EO), treated in prior EO literature as equivalent to that of entrepreneurial actions (i.e., engaging in innovation, proactively entering new markets, and engaging in risky ventures). The result of this analysis is a reconceptualization of the concept of EO. Specifically, the dissertation constructs ‘the actualization approach to entrepreneurial orientation.’ In so doing, Pehrsson argues that scholars are equipped with a concept to adequately explain why firms are conducting entrepreneurial actions, which is not the case with the current version of EO.

The scholarly value of the actualization approach is that it allows one to explain (1) why entrepreneurial actions exists, (2) that EO is not what EO does (i.e., innovativeness, proactiveness, and risk-taking) but what it is capable of doing, and (3) that EO is an individual-level (not firm- or unit-level) concept that matters for entrepreneurial actions at various levels. Moreover, Pehrsson argues that practitioners and policy makers are provided with a plausible help when intervening and directing future actions toward beneficial ends.

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