Impact of Entrepreneurial Orientation and Organizational Learning Capability in Innovation and Firm Performance of Furniture Exporters

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Introdu∏∏o

As an alternative to potential internal market saturation and complex domestic tax structure, many Brazilian firms engage in export activities, in order to reduce business risks by operating in international markets. In this context, innovation has a positive effect through the development of new products, improving existing ones and saving costs, factors that lead to better profit and firm growth. Prior research suggests that innovation has a positive effect on increased sales through stimulating exporting activities, which may be a direct determinant of firm growth.

Problema de Pesquisa e Objetivo

This paper seeks to clarify the relationship of innovation and firm performance of exporting firms, which has been suggested to be poorly understood, addressing the following research question: What is the role of Entrepreneurial Orientation (EO) and Organizational Learning Capability (OLC) on the innovation and firm performances of export furniture manufacturers? The objective is to investigate the impact of EO and OLC on the innovation and firm performance of furniture manufacturers located in an emerging country such as Brazil and to identify significant interplaying factors on exporting.

Fundamenta I O Te I rica

EO can be described as the ability of a firm to demonstrate strategic proactivity involving calculated risks, influencing managers' intentions in favor of entrepreneurial behaviors in the search of new opportunities. OLC supports knowledge-based processes, including the search for information and the development of new knowledge of products, processes and services. Innovation performance is the combination of organizational achievements, result of the renewal and improvement efforts, considering aspects of innovation, such as new products, projects, processes and organizational arrangements.

Metodologia

For testing and validating the hypotheses of the current study, data obtained from furniture industry located in the Southern region of Brazil, were examined. The final sample included 100 thoroughly completed guestionnaires, which means a response rate of 20%. A guestionnaire with 56 inquiries was applied using a seven-point Likert scale, with 1 meaning "much worse than competitors" and 7 "much better than competitors." For the measurement of the results, it was used Structural Equations Modelling (SEM) with partial least squares (PLS) data analysis method.

An□lise dos Resultados

Results of this study found support for all the tested hypotheses, confirming the relationship between: EO and OLC; EO and innovation performance; OLC and innovation performance; and between innovation performance and firm performance. As for the control variables, firm size and export activities, results showed the moderation effect of the two variables, evidencing that the relationship between EO and innovation performance is more intense in medium and large and exporting firms. **Conclus** o

This paper contributes to the analysis of the EO-OLC-performance relationship in the context of exports in the furniture manufacturing industry. Furniture firm managers' strategies should consider that EO impacts more on innovation performance when the firm also exports, and especially in medium and large firms. EO improves the process of strategic formulation, characterized by tolerance for risk, inherent of the new market entry.

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