

GENDER EFFECTS ON ENTREPRENEURIAL ORIENTATION AND VALUE INNOVATION: EVIDENCE FROM PAKISTAN

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ABSTRACT

The research objective of the study is to investigate the gender effects on entrepreneurial orientation and value innovation in young entrepreneurs in Pakistan. Moreover, the study analyzes the role of entrepreneurial orientation on value innovation in corporate sector in Pakistan. The study seeks to address the gap in the knowledge of the link between multiple dimensions of entrepreneurial orientation in the context of women. Furthermore, we highlight the contingencies in the shift from a red ocean to Blue Ocean *i.e.* value innovation. The study uses exploratory approach; primary data is collected from 120 professionals operating in different sectors of Pakistan. Although female and male entrepreneurs have similar entrepreneurial orientation perceptions, female entrepreneurs are likely to have lower entrepreneurial orientation propensity than male entrepreneurs. Furthermore, the study found a positive relationship between entrepreneurial orientation and value innovation. The study throws light on the importance of entrepreneurial orientation on value innovation to head on this fast-paced competition in the context of gender.

Key words: Entrepreneurial Orientation, Innovation, Organizational Performance, Blue Ocean Strategy, Value Innovation.

INTRODUCTION

The nudge for entrepreneurs to not only offsetting the competition but also staying one-step ahead of competitors comes from the conception of expedited competition and technological advancements in the 21st century. In this era of globalization and the more fierce ‘global recession’ entrepreneurs have to face ferocious competition, poorer profitability, and lesser market potential in their specific industries (Ayub et al. 2013). Businesses now days are not confined to their native boundaries instead are operating overseas, consequently resulting in increased product lines/offerrings, hence a variety of alternatives available for their customers.

Service provision in addition with a quality product is central to their core operations. Some businesses are competing against each other in providing quality products while others in providing value added services to their target customers. Businesses especially in under developed countries are not more than a services encounter. The focal is just only competing over the competitors somehow. No doubt, both the products and the services are the core and supplement aspects of businesses. However, in lieu of competitive eccentricity, entrepreneurs have to broaden their visionary approach in any of their hard-core contexts *i.e.* administration, products, services, operations, intelligence, technology, innovation etc.

Henceforth, businesses not only necessitate a sustainable growth but also a quantum leap into a new market space. A metaphor in the business parlance is Blue Ocean *i.e.* value innovation; defined by Kim and Mauborgne (2004) as “an uncontested market space for an unknown industry or innovation.” Entrepreneurs therefore are required to look beyond the competition into the Blue Ocean just like Bill Gates ‘the Founder of Microsoft’. One of the greatest business Tycoons of this era. This can be done by using a collaborative approach of need analysis (analyzing the needs and wants of customers) and need creation (creating a need for customers, which they even can’t expect). Thus, at the heart of this replica is the untapped market *i.e.* blue ocean.

Majority of research work by Kim and Mauborgne (2004) has been discussed, presented, and implemented on blue ocean strategy *i.e.* value innovation through yellow tail strategy, four action framework, and strategy canvas etc (Sheehan and Vaidyanathan, 2009; Abraham, 2006). Much research has been conducted on entrepreneurial orientation and organizational performance (Lumpking and Dess, 2001; Wiklund and Shepherd, 2003; Zahra and Coving, 1995). Barringer and Bluedorn, 1999; Wiklund and shepherd, 2003; Zahra and Garvis, (2000) further validate the construct that entrepreneurial orientation can be an important measure of how businesses exploit and discover market opportunities.

However, this study endeavors to find out the nexus between entrepreneurial orientation and value innovation specifically in the context of gender differences and their preferences. Over the last decade, research on female entrepreneurship has been given much emphasis, especially in developing countries like Pakistan for the reason that female entrepreneurs enter business world later on in life. There is, even disproportionately, less female entrepreneurship than males following through on ideas to set up in business. Henceforth, there arises the foremost need of entrepreneurs and innovative entrepreneurial activities undertaken by both females and males to take the plunge.

Thus, this study addresses the construct by analyzing the role of entrepreneurial orientation on value innovation in the context of gender. The following research questions are central to this study:

1. How gender influences entrepreneurial orientation and value innovation?
2. What is the influence of entrepreneurial orientation on value innovation?

The next sections discuss theoretical background, hypotheses development, theoretical model, research methods, results and discussions, and finally study concludes with important findings and managerial implications.

THEORETICAL BACKGROUND AND DEVELOPMENT OF HYPOTHESES

We can't solve problems by using the same kind of thinking we used when we created them. The inception point of value innovation can be traced in 2005 when Kim and Mauborgne based on a study of 150 strategic moves introduced Blue Ocean Strategy. The motive behind value innovation was the shifting paradigm of markets across overseas, resulting in expedited competition among businesses. In today's congested industries, competition head on results nothing but a 'red ocean' of foes competing with each other for a shriveling pool of profits. Thus, there arises an intense need for businesses to give a nudge to their strategic moves from red oceans to Blue Oceans where they solely can be the monopolists.

Wim and Mauborgne (2005) argued that there are neither eternally excellent industries nor eternally excellent companies; they only rise and fall based on their strategic moves. Extending this idea it is suggested that strategic moves consist of various actions and decisions taken by management in making a major market creating business offerings (Abraham, 2006; Sheehan and Vaidyanathan, 2009) and value innovation. Leavy (2005) stated that value and innovation are inseparable *i.e.* value innovation puts equal emphasis on innovation and value.

Accordingly, the study focuses on five dimensions of Value Innovation given by Win and Mauborgne (2005).

1. Industry assumption (business' perception about conditions of any particular industry can be shaped),
2. Strategic focus (strategic leap into an uncontested pool of buyers to dominate the market),
3. Customers (opting for the mass buyers in terms of embracing key commonalities of customers values),
4. Assets and capabilities (a sky-scraping visionary approach of thinking free from existing assets and capabilities of businesses to carry out something new-fangled),
5. Product/services (offering solutions to buyers' major bottlenecks).

1.1 Entrepreneurial Orientation and Value Innovation

Recently, managers are fervent in their organizations to practice entrepreneurial activities due to a variety of critical problems they come upon *i.e.* rapid growth of new rivals in market place, ongoing escalating weaknesses in conventional methods of management, needs of vivid and spectacular changes and innovations, and increased global competition (Kuratko and Welsch, 1994; Kuratko and Hodgetts, 2001). Lumpkin and Dess (2001) referred entrepreneurial orientation as the processes and activities of businesses that employ entrepreneurial behaviors and actions. Much research have been conducted on entrepreneurial orientation because of the fact that it has been recognized by managers and practitioners as a strategic move for sustainable growth and success for businesses. Many other studies including Coving and Miles (1999); Wiklund and Shepherd (2005) stated businesses that have high entrepreneurial orientation render high willingness to innovate, to opt for new mass of buyers, to take risks, and to be highly proactive towards opportunities in the marketplace.

The study focuses on the five dimensions of entrepreneurial orientation *i.e.* innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy for creating value innovation in this fast-paced business environment. Knight (1997) defined innovativeness as creativity and uniqueness in offerings in order to encounter threats that businesses face. In lieu of uniqueness and creativity, Lumpkin and Dess (2001) argued EO to be the willingness in support of creativity and experimentation for introducing new products and services, for achieving technological leadership and R&D in the development of new processes. Furthermore, Madhoushi et al. (2011) emphasized on the significance of entrepreneurial innovativeness in developing new capabilities to achieve higher performance.

Entrepreneurial firms or entrepreneurs are high-risk takers; hence develop different products and services targeted to new market segments/niches (Miller, 1983; Morris and Kuratko, 2002). Lumpkin and Dess (1996) referred proactiveness as the dimension of entrepreneurial orientation to be the business' agility in anticipation of dramatic changes and future needs and problems. Moreover, competitive aggressiveness is the tendency of a business to outperform rivals in the marketplace by intensely and directly challenging its competitors (Certo et al., 2009). In addition, Certo et al. (2009) stated entrepreneurial autonomy as the independent inclination of a team or individual in bringing forth a vision and seeing it through completion.

2.2 Gender and Entrepreneurial Orientation

Research on female entrepreneurs is increasing rapidly, but little academic literature has focused gender differences in entrepreneurs (Yordanova and Alexandrova-Boshnakova, 2010). This may be due to undersized conceptualization in milieu of female entrepreneurship (Brindley, 2005). Johnson and Powell (1994) emphasized on the significance of differences between male and female entrepreneurial behavior on the success of businesses because of their entrepreneurial orientation in decision contexts. Gender differences in behavior might be caused by gender differences in entrepreneurial orientation preferences, but they might also be caused by situational factors such as options provided to females and the advice they receive. Numerous theoretical and practical reasons support the generation of greater knowledge about the influences of situational and personal characteristics between females and males on decision-making (Blais and Weber, 2001). Thus, the study of gender differences may precipitate theoretical advances in the fields of risk taking.

Empirical research in business and finance reveal that females and males differ in their entrepreneurial orientation. Numerous studies have approached gender differences in the contexts of risk orientation (Jianakopulos and Bernasek, 1998; Williams and Narendran, 1999; Croson and Gneezy, 2009) which is for the most part a central dimension of entrepreneurial orientation. In stance, Powell and Ansic (1997) stated that females have lesser risk preferences than males. Furthermore, Gustafson (1998) validated the thought discussed above by revealing females and males differences in risk perceptions both in qualitative and quantitative terms. Moreover, Gustafson (1998) argued that females are less oriented towards their working life because of risks of unemployment and economics problems, and more specifically, risk related towards their home and family. In summation, the findings in this section advocate that females have lower risk preferences than males. Thus, they are lesser entrepreneurial oriented than males.

The hypotheses in Table 1 can be developed based on previous theoretical discussion.

Table 1. Development of Hypotheses.

Hypotheses	Statements
H1	Female entrepreneurs exhibit lower entrepreneurial orientation than male entrepreneurs do.
H2	Entrepreneurial orientation positively correlates with value innovation.

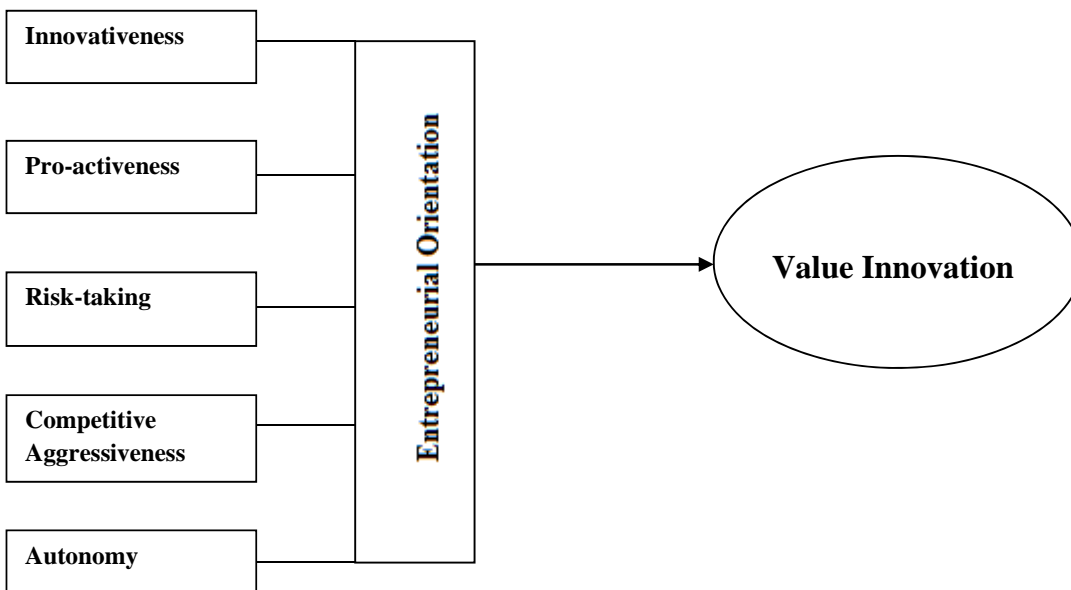


Figure 1: Entrepreneurial Orientation and Value Innovation.

RESEARCH METHODOLOGY

3.1 Sample and Sampling

The study is conducted to analyze the influence of entrepreneurial orientation on value innovation in the context of gender. This is an exploratory research based on primary data. The primary data is collected from professionals working in different corporate sectors located in Rawalpindi and Islamabad in Pakistan. The sampling population is the professionals/entrepreneurs working in different organizations. A sample of 150 professional and survey questionnaire distribution process was personally administered by the research team. A total of 120 usable survey questionnaires were returned leaving a response rate of 80%. The authors used convenience-sampling technique to select respondents. The sample included respondents from both genders, diverse backgrounds, and different industries so that results can be generalized. In two phases, the survey was conducted, in first phase the self-explanatory questionnaires were distributed among respondents. In second phase, the questionnaires were collected from respondents after a reasonable time. Moreover, a reminder was also given to respondents to ensure maximum response.

Measurement and Instrument

3.2. Dependent variable

There is one dependent variable in the study, this study analyses the role of entrepreneurial orientation on value innovation. The instrument to measure value innovation has been measured on 5-point Likert scale (1 for Strongly Agree and 5 for Strongly Disagree). The instrument contains 8 items; the scale is manipulated based on the dimension given by Wim and Mauborgne (2005).

3.2.2 Independent variable

The study analyses the role of entrepreneurial orientation value innovation, therefore the independent variable in this study is entrepreneurial orientation. The instrument to measure entrepreneurial orientation has been adopted from Li et al. (2008). The instrument contains 13 items addressing different dimensions on entrepreneurial orientation and is measured on 5-point Likert scale (1 for Strongly Agree and 5 for Strong Disagree).

3.3 Data Analysis

The data collected was initially fed into SPSS software and transformation of variables was done. Then descriptive statistics, independent sample T-test, and Pearson's correlation analysis was done.

Table 2. Gender and Dimensions of Entrepreneurial Orientation Statistics

Gender	N	Mean	Std. Deviation	Std. Error Mean
EOI M	60	7.1000	3.02364	.39035
F	60	7.2500	3.43277	.44317
EOR M	60	4.7000	1.77840	.22959
F	60	5.5500	1.76044	.22727
EOP M	60	6.5500	2.28796	.29537
F	60	6.3500	1.16190	.15000
EOC M	60	4.4000	1.63852	.21153
F	60	4.9500	1.44298	.18629
EOA M	60	6.9000	2.03944	.26329
F	60	7.2500	2.46759	.31856

Table 3. Gender, Entrepreneurial Orientation, and Value Innovation Statistics

Gender	N	Mean	Std. Deviation	Std. Error Mean
EO M	60	29.6500	9.78900	1.26375
F	60	31.3500	8.51086	1.09875
VI M	60	16.8500	6.44356	.83186
F	60	19.3500	4.68978	.60545

Table 4. Correlations

		EO	BO
EO	Pearson Correlation	1	.778**
	Sig. (2-tailed)		.000
	N	120	120
VI	Pearson Correlation	.778**	1
	Sig. (2-tailed)	.000	
	N	120	120

** . Correlation is significant at the 0.01 level (2-tailed).

RESULTS AND DISCUSSIONS

The study is undertaken to analyze the role of entrepreneurial orientation on value innovation in the context of gender. Table 2 shows following statistics *i.e.* mean and standard deviation. While results comply with literature review. Table 2 indicates that females have slightly lower innovativeness and autonomy than males. For proactiveness, they are slightly more proactive than male entrepreneurs are. Moreover, females lesser risk-takers and aggressive than male. Table 3 validates our construct and support existing literature that females are lesser inclined towards entrepreneurial orientation and value innovation than male entrepreneurs. Thus, it supports hypothesis H1.

Hypotheses	Empirical Evidence
H1. Female entrepreneurs exhibit lower entrepreneurial orientation than male entrepreneurs do.	Supported
H2. Entrepreneurial orientation positively correlates with value innovation.	Supported

The correlations analysis is produced in Table 4. Table 4 shows positive correlation between entrepreneurial orientation and value innovation. The value of P should be less than 0.05 in order to accept any hypothesis. The value of P is well below than 0.05, therefore we accept our hypotheses H1 and H2. The results of reliability analysis are also very sound with 0.954 value of Cronbach's Alpha of all 21 items that were used in the scale.

CONCLUSION

This study is conducted to analyze the role of entrepreneurial orientation in creating value innovation in the context of gender. It is the important study in the context that it provides additional and significant insights to females and males entrepreneurs about the importance of entrepreneurial orientation in creating value innovation besides the actual paradigm of this terminology. Although female and male entrepreneurs have similar entrepreneurial orientation perceptions, female entrepreneurs are likely to have lower entrepreneurial orientation propensity than male entrepreneurs. The study also found highly significant positive relationship between entrepreneurial orientation and value innovation. Thus, these findings are very meaningful for managers and entrepreneurs, and for researchers. The study demonstrates that entrepreneurs not only can cope up with fast-paced competition but also can stay ahead of their rivals by leaving competition far behind through entrepreneurial orientation. Moreover, it also provides useful references for future researchers on this subject matter.

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