

A Proposed Model for Influence of Entrepreneurial Orientation and Market Orientation on Commitment to Sustainable Development Practices

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Abstract

The main purpose of this paper is to propose a conceptual framework for the influence of entrepreneurial orientation and market orientation on commitment to sustainable development practices. This paper has used the Composition Based View (CBV) as the underpinning theory to develop the proposed conceptual model. Furthermore, network competence as a potential moderator between the understudy independent variables and dependent variables.

Key words: Entrepreneurial Orientation; Market Orientation; Commitment to Sustainable Development Practices

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Introduction

From the angle of macro businesses, the Small And Medium-Sized Enterprises (SMEs) are crucial to maintain the certain development. The SMEs in various countries rule the business arena [1]. Although Corporate Social Responsibility (CSR) mostly focuses on practices of big organizations, there are few reasons of researchers' interest about sustainability and socially responsible behaviour of SMEs that has been rapidly increasing in latest years. Firstly, according to Ayyagari et al., [2] SMEs cover 95% of enterprises of the world and SMEs are driver of economy of countries. Secondly, CSR contributions in SMEs are remarkably contrasted with of big firms. This is because of a number of peculiarities for instance, most of SMEs are run by their owners; they are strongly associated to business collaborators; have less human, financial, and other resources that may not allow them to execute related CSR practices as large companies [3-5]. Therefore, studies have revealed that Sustainable Development (SD) practices implemented by SMEs are less structured, organized and combined in their technique of running companies [6,7]. Studies have mentioned the utmost importance of the value of owners-managers regarding the implementation of CSR or SD practices [8,9].

Literature Review

The Impact of Market Orientation on Commitment to Sustainability

Market Orientation (MO) is one of the current theories of marketing. Generally, MO determines the implementation of the leading managerial concept of marketing [10,11]. MO is broad age of market intelligence referring to the need of present and future stakeholders, and diffusion of the intelligence crosswise sections [10].

Moreover, different studies have focused on different perspectives of MO. Some researchers have focused on the behavioural character of the concept while some emphasized on MO as a concept of culture [10,12]. Oakley [13] linked the strengths from different contexts and revealed structure of MO in three factors. Market oriented firms are more focused on customers, manage marketing as a practice of the whole company, and externally focused.

The Impact of Entrepreneurial Orientation on Commitment to Sustainability

Although the stake holders can play a significant part for the sustainability development, however sometimes customers do not clearly demand sustainable substitutes. Stakeholders or customers possibly do not know before what they need or, because of the joint and unknown value of environmental issues [14], have adequate information to assess and request the alternatives that have least influence on the natural environment [15]. Therefore, it is no wonder that studies which argued for the connection between sustainability and MO also observe the participation of customers and other stakeholders as an essential sustainability element [16,17]. There would be much less motivation to focus on sustainability for market oriented companies without the participation of stakeholders, in this settings, where sustainability might not necessarily be considered as a practice of concentrating on customers' demands and needs. Perhaps, the part of Entrepreneurial Orientation (EO) can be vital for organizations dedication to sustainability.

EO is usually considered to have three elements: proactiveness, risk taking, and innovativeness [18,19]. All these components have strong connection to sustainability. For instance, proactiveness and innovativeness might be considered to have an optimistic connection to find the opportunities in the market in order to create a new sustainable business [21]. Moreover, taking risks may lead to growing tendency to try new environmental techniques [22]. In entrepreneurship literature, many studies have found the impact of several types of innovations on entrepreneurial firms' sustainable business activities [23,24].

Moderating Influence of Network competence

Network competence is an ability of firm to build up and manage the relations with external partners [25]. Where, the vital part is developing the associations and connections that encourage belief and not opportunism [26]. These abilities act as the source of sustainable success for businesses [27,28]. Studies have revealed that the capability of pursuing, identifying, utilizing the opportunity in the market are the core practices of entrepreneurship [29]. However, not every entrepreneur has such capabilities and adequate resources to get the opportunities. The entrepreneurs are required to collaborate with other economic participants to get the access to marketplace [30]. And they need to build up networks to utilize new opportunities, learn from understanding, and acquire information to get resources critical for the businesses [31].

The basic concept of network competence consists of four elements: relational expertise, knowledge of partner, coordination, and internal communication [32]. All these components support each other and develop network competence as a higher-order construct [33]. However, some researchers have used the network competence as a moderator in the relationship among different variables and business performance within different contexts. Therefore, this study has also considered it as a moderator in the relationships among independent and dependent variables.

Development of Theoretical Framework and Underpinning Theory

Using the Composition Based View (CBV) of firm growth by Luo & Child [34] this study has proposed the theoretical framework based on which the ordinary resources and capabilities including entrepreneurial orientation, market orientation, and network competence may lead towards the effective sustainability development practices among SMEs. In this study, entrepreneurial orientation and market orientation have been taken as independent variables, network competence is the

moderator, and Commitment to Sustainable Development practices towards (i) environment, (ii) Human Resource Management, and (iii) Community and Local Development are the three dependent variables. The proposed theoretical framework is shown in Figure 1 as follow:

Development of Propositions

The following hypotheses have been proposed according to proposed theoretical framework:

P1: The entrepreneurial orientation positively impacts the commitment to sustainability towards environment among SMEs.

P2: The entrepreneurial orientation positively impacts the commitment to sustainability towards human resource management among SMEs.

P3: The entrepreneurial orientation positively impacts the commitment to sustainability towards community and local development among SMEs.

P4: The market orientation positively impacts the commitment to sustainability towards environment among SMEs.

P5: The market orientation positively impacts the commitment to sustainability towards human resource management among SMEs.

P6: The market orientation positively impacts the commitment to sustainability towards community and local development among SMEs.

P7: Network competence positively moderates the impacts of entrepreneurial orientation on commitment to sustainability towards environment among SMEs.

P8: Network competence positively moderates the impacts of entrepreneurial orientation on commitment to sustainability towards human resource management among SMEs.

P9: Network competence positively moderates the impacts of entrepreneurial orientation on commitment to sustainability towards community and local development among SMEs.

P10: Network competence positively moderates the impacts of market orientation on commitment to sustainability towards environment among SMEs.

P11: Network competence positively moderates the impacts of market orientation on commitment to sustainability towards human resource management among SMEs.

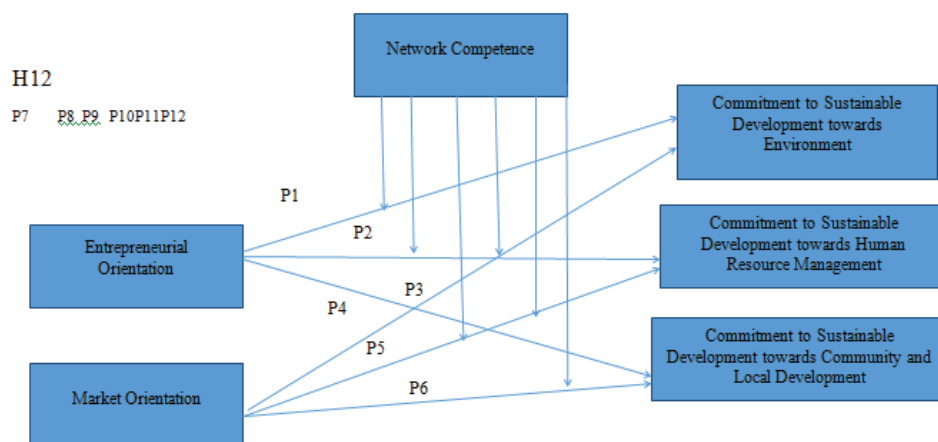


Figure 1: Proposed Theoretical Framework.

P12: Network competence positively moderates the impacts of market orientation on commitment to sustainability towards environment among SMEs.

Conclusion, Limitations, and Future Recommendations

Based on the importance of network competence, we concluded that it could be used as a moderator to enhance the relationships of entrepreneurial orientation and market orientation with commitment to sustainable development practices. However, this is only a conceptual paper based on proposed model. The other variables are needed to be identified by future studies to study their potential impacts on sustainable development practices. Moreover, empirical study is strongly recommended to be conducted based on the proposed conceptual model.

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