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THREADING THE NEEDLE OF ENTREPRENEURIAL ORIENTATION OF FIRMS:  
THE EFFECTS OF DISRUPTIVE THREATS AND TURBULENCE ON CORPORATE  
SOCIAL RESPONSIBILITY ACTIONS AND COMPETITIVENESS

A Dissertation

Submitted to the Graduate Faculty of the  
University of South Alabama  
In partial fulfillment of the  
Requirements for the degree of

Doctor of Business Administration  
in  
Business Management

by  
Alice Gordon Holloway  
BA, University of South Alabama, 1991  
MBA, University of Alabama at Birmingham, 2014  
December 2021

This Dissertation is dedicated to my family, husband Weymon, son Skyler and to all those life-long learners out there who are pursuing this dream. It can Happen!

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“Faith is taking the first step, even when you do not see the entire staircase.”

—Dr. Martin Luther King

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## LIST OF ABBREVIATIONS

AVE	Average Variant Extract
BT	Business Threat
CA	Competitive Advantage
CSR	Corporate Social Responsibility
EO	Entrepreneurial Orientation
GED	General Education Degree
ID	Innovation Differentiation
IRB	Institutional Review Board
KMO	Kaiser-Meyer-Olkin
MD	Market Differentiation
SCA	Sustained Competitive Advantage
SD	Standard Deviation
SE	Standard Error
SPSS	Statistical Package for the Social Sciences
SWOT	Strength, Weaknesses, Opportunities, and Threats
TCA	Temporary Competitive Advantage
VIF	Variance Inflation Factor

## ABSTRACT

Holloway, Alice Gordon, Ph.D., University of South Alabama, December 2021.  
Threading the Needle of Entrepreneurial Orientation: The Effects of Disruptive Threats and Turbulence on Corporate Actions and Competitiveness. Chair of Committee: Matthew C. Howard, Ph.D.

Exploring the entrepreneurial actions of firms continues to be popular in management research, whereas literature on disruptions caused by business threats in those firms is limited. The research builds on the analysis of the complex disruptions that can threaten a firm. When firms are faced with unexpected circumstances, a business threat creates an inflexion point for the organization. This study examines the influence of entrepreneurial orientation (EO) and corporate social responsibility on competitive advantage and how business threats transform these relationships. EO is recognized as a multi-dimensional managerial process representing a strategic orientation. The conceptualization of EO is manifested in firms by three specific characteristics of risk-taking, proactiveness and innovation. These dimensions contribute to the evolutionary process of managing opportunities through innovation, risks, and proactively addressing organizational threats. The study includes data from 142 entrepreneurs and managers using a cross sectional survey and SmartPLS for data analysis. Findings conclude that there was not a relationship between the mediator corporate social responsibility and entrepreneurial orientation or competitive advantage. Furthermore, moderation was tested as the level of concern for business threats. The moderator revealed no effect on the

relationship between entrepreneurial orientation and corporate social responsibility, and therefore business threats did not change the entrepreneurial actions of the firm.

*Key words: entrepreneurial orientation, competitive advantage, corporate social responsibility, business threats, and SmartPLS*

## **CHAPTER I**

### **INTRODUCTION**

Organizational firm behavior is shaped by a multidimensional, complex set of intentional factors which combined with reactions to external factors underpin the foundational understanding of strategic and economic entrepreneurial actions undertaken by firms (Toma et al., 2014). At the firm level of analysis, this paper examines the confluence of entrepreneurial orientation (EO) on competitive advantage when mediated by corporate social responsibility (CSR) and how business threats impact those relationships. Entrepreneurial orientation, under the control of business managers and leaders, employ survival strategies and strategic growth of a firm which is interconnected and enhanced by the organizational process of entrepreneurship (Franco & Haase, 2013; Paek & Lee, 2018). It is this entrepreneurial process, orientation, and organization's behavior which contribute to how entrepreneurs make decisions on behalf of the firm (Covin & Wales, 2012). Furthermore, Rezaei et al. (2012) embraced the notion that firms which continually incorporate innovative practices have a better chance of surviving. Hence, firms which are consciously and strategically innovative, risk taking, and proactive are viewed as entrepreneurial (Sebora & Theerapatvong, 2010).

COVID-19 forced managers to innovate as it impacted firms worldwide whereas García-Sánchez & García-Sánchez (2020, p. 4), listed it as an “impactful shock.” During

the 2020 COVID-19 global pandemic, there was a different amplification of entrepreneurial behaviors (e.g., innovativeness, proactivity, and risk-taking) exhibited in firm responses. For example, COVID-19 caused firms across the world to adjust, innovate and redefine their approach to business. Examples of such innovative business practice occurred when Amazon enhanced its online food delivery service, offered 650,000 employees up to 10 days of emergency child or adult care services and launched a \$25 million relief fund for employees and vendors (Aguinis et al., 2020; Amazon, 2020). COVID-19 significantly impacted businesses as the needs of customers, suppliers, vendors, and stakeholders required entities to adapt, rethink, align, and address policies regarding corporate social responsibility (i.e., common good for society) and firms' goals to maintain a competitive advantage (García-Sánchez & García-Sánchez, 2020). When firms pivoted during the COVID-19 global pandemic, EO characteristics (e.g., risk-taking, proactiveness, and innovation) were further manifested and important in firms. These characteristics frame the discussion on the role of entrepreneurship and specifically entrepreneurial orientation in firms.

Entrepreneurship is often defined as the exploitation of opportunities for profit (Shane, 2003; Shane & Venkataraman, 2000) and is comprised of specific activities or skills that distinguish performance levels between firms (Santos, 2014). According to Global Entrepreneurship Monitor (G.E.M.) worldwide, 70% of the adult population highly value entrepreneurship as a worthwhile endeavor (G.E.M., 2017; Wiklund, 1999). Creating an opportunity was reported as the primary motivating factor for 83% of entrepreneurs who launched an entrepreneurial enterprise (G.E.M., 2017). This is compared to 14% who began a business venture out of necessity. Lee and Chu (2011)

addressed entrepreneurship by stating it is the process of adapting resources, the value of those skills, and the capabilities of the organization allows a firm to translate the firm's EO into competitive advantage. Organizations continually rely on exchange of resources, often called resource dependency, and gaining control over those resources is a foundational driver for understanding entrepreneurship (Jensen, 2001). In support of this point, research from the G.E.M. (2017) report indicated entrepreneurship is based on an economic model of profitability and growth. Both profitability and growth are two factors which can lead to sustained economic success in firms. Therefore, these economic drivers underscore the need to probe the relationships of EO to competitive advantage mediated by CSR when a business threat occurs. These relationships are the focus of this manuscript.

As part of normal business operations, firms experience business disruptions or threats within the organization. These could be caused by internal or external factors. The unexpected nature of a threatening business environment can make it difficult for a firm to successfully operate. One core tenant of entrepreneurship is the ability to operate in an uncertain and risky environment and manage the expectations of shareholders.

Another dimension to this intentional focus is exploring the benefits of CSR on firms and stakeholders. CSR actions have been exhibited by firms using both an economic and strategic lens. A relationship between CSR and a firm's competitive advantage has been shown to exist. It is shown that when a firm exhibits characteristics of good social behavior and then they are rewarded for that behavior by their customers.

Such that when a firm exhibits characteristics of good social behavior, then a competitive advantage is offered or rewarded to them by their customers that benefitted

from the firm's actions, hence a competitive advantage. In this paper, I discuss how CSR is used as a switch for competitiveness linking the relationship between the two (EO and competitive advantage). I further discuss CSR and how it serves as a mediating variable between the antecedent EO and competitive advantage as the dependent variable.

There are studies which show that CSR actions taken by the firm leads to competitive advantage. Du et al. (2015) illustrated this through a qualitative empirical research study conducted using a focus group and survey.

Martinuzzi and Krumay (2013) conducted a comprehensive literature review and found that CSR can be connected to four major business practices: (a) project-oriented CSR, (b) quality-oriented CSR, (c) strategic CSR, and (d) transformational CSR. They posited that firms could develop a stronger competitive advantage through these four uses of CSR. Moreover, CSR helps to affect the relationship between EO and competitive advantage, specifically as a firm enacts the tenants of innovative, proactive, and risky behaviors; to elevate and gain an advantage over rivals, therefore, seeking to use CSR as a lever to enhance competitive advantage.

Competitive advantage is well researched in the field of strategy and management. Businesses desire to attain and then retain a competitive advantage in their industry. It is this competitive advantage which is attributed to attaining and maintaining higher financial returns commonly joined to competitive advantage within a firm (Lechner & Gudmundsson, 2014). Firms are generally profit-making entities. The climate in which the business entity operates could have legal, social, economic, or philanthropic drivers which are the four dimensions of corporate social responsibility. Such firms with an increase in profitability due to strategic management, and sustainability efforts appears



to have a definitive link between the level of entrepreneurship within the firm. Based on this linkage, Joardar and Wu (2011) underscored that *discovering* and *evaluating* opportunities are characteristics in describing the entrepreneurial process. It is this process and the decisions of firms which contribute to economic and sustainability success factors leading to an overall improved society (Salarić & Jergović, 2012).

Chattopadhyay et al. (2001) addressed how increased levels of competitiveness could enhance efficiency in a firm, specifically based on decision making. Pressure to maintain a firm's competitive advantage and positioning may encourage a firm to seek new innovative strategies (Chattopadhyay et al., 2001). More research is needed to connect the ties between EO dimensions and actional elements of CSR where Taun (2015) determined that the two are loosely linked and "poorly cultivated" (p. 78). Overall, this leads to the question: what drives a firm towards implementing deliberate strategies for competitive advantage and corporate social responsibility in the context of entrepreneurial actions?

Methodologically, this research manuscript delves into the analysis of a firm's entrepreneurial orientation (i.e., risk-taking behaviors, proactiveness, and innovativeness) while balancing the firm's corporate social responsibility actions which lead to competitive advantage influenced by business threats. Differentiating the firms' product offerings is one suggestion to mitigate adverse impacts of profit pressures, by using CSR as a positive contributor to the firm.

Operational efficiency and stakeholder confidence could be hampered by a disruption in the firm related to a business threat. Those types of business threats are part of a what leadership and management face simply because of the environment of the

business climate. Managing, surviving, or working through a threat represents a business challenge, and herein represents a gap in the literature. Currently business challenges in firms in 2021 are not fully represented outside of the current global (COVID 19) pandemic and cyber or computer hacks. Technology and equipment breakdown, product sabotage, employee mismanagement (embezzlement), productivity issues, and scheduling and shifting supplier and manufacturing issues, as currently not adequately researched in the management literature. Managerial issues such as these help to contribute to the need for further investigation of business threats in firms.

Business threats, whether internal or external, have the potential to disrupt or temporarily change the way firms operate. Investigating this phenomenon's relationship with EO and CSR could inform managers at firms on the type and level of occurrence of a variety of threatening conditions. This dissertation tests the impact of business threats by studying entrepreneurial orientation with the impact of corporate social responsibility and competitive advantage being considered when the organization is encountering a business threat. When a business encounters a threat, the characteristics exhibited within the firm are essential to the business' survival. This phenomenon is the issue I research, investigated and address throughout the paper.

### **1.1 Research Question**

This introduction highlights the research question: *When a firm is experiencing a business threat what actions does an entrepreneurial oriented firm take to enhance corporate social responsibility and competitive outcomes?*

With this research question I first test and identify how EO impacts a firm's outcomes, specifically based on the moderating effects of a threat. I use entrepreneurs (business owners) and managers as a proxy for the firm. Secondly, I identify how EO dimensions interact with situational threats and corporate social responsibility and how the leaders of entrepreneurial firms manage this turbulence in various situations. Third, I assess how competitive advantage is manifested throughout the firm, for the benefit of the stakeholders in the organization. Fourth, I test the impact of situational threats and the dimensions of EO on a firm's corporate socially responsible actions. Fifth and finally, I test whether a firm can maintain their corporate social responsibility (i.e., legal, economic, social, and philanthropic) and competitiveness when encountering a business altering threat.

Considering the proposed tests above, there are also observable gaps in the literature. These gaps exist between the four variables: EO, CSR, competitive advantage, and moderator business threats. The research may add understanding of the interactions between these variables in the literature, but it is the internal actions of the firms' leadership, which calls for further study to better understand the decision-making process when confronted by business threats. I now offer an introduction on the four variables researched in this manuscript.

## **1.2 Entrepreneurial Orientation in Firms**

EO is a thriving area of research and a well-known strategic orientation construct which consists of the dimensions of risk-taking, proactiveness, and innovativeness (Covin & Slevin, 1991; Franco & Haase, 2013; Miller, 1983; Wales et al., 2020). According to

Linton (2019) EO imbues a firm with a level of entrepreneurship by using a management style with beliefs and norms designed to enhance the organization. The dimensions of EO are steeped in the strategy discipline and typically measured and researched at the organizational level (Wiklund & Shepherd, 2005). EO is used to measure behaviors at the strategic firm level and helps to explain entrepreneurial outcomes by illustrating how the three distinct dimensions of risk-taking, proactiveness, and innovativeness influence the characteristics exhibited by the firm.

Firm level entrepreneurial orientation is the focus of this manuscript, with an emphasis on the specific implementation of the three dimensions outlined in EO when the firm is under a threat. Moreover, this research may extend the literature by testing the confluence of specific styles and behavioral attributes at the firm level from a situational or environmental lens.

### **1.3 Corporate Social Responsibility in Firms**

CSR considers the needs of shareholders where Asemah et al. (2013), clarified that CSR is “about engaging and collaborating with stakeholders to effectively manage potential risks, build credibility and trust in society” (p. 45). CSR is conceptualized by supporting and creating a sustained strategic value which is important to a firm (Calabrese et al., 2013). Although there are no studies directly connecting CSR to economic or financial results, according to Calabrese et al. (2013) there are varying levels of correlations between the two constructs.

Economically, CSR contributes to enhancing profits and performance but these are not the only reason CSR is woven within an organization (Asemah et al., 2013). CSR

not only helps firms increase the bottom line and balance ethics of business and stakeholder management, but also supports the overall effects of a firm to do good in the face of adversities (e.g., a global pandemic).

Four other important rationales for incorporating CSR into a firm are CSR enhances (a) sustainable performance, (b) higher market share, (c) productivity, and (d) competitive advantage (Calabrese et al., 2013; García-Sánchez & García-Sánchez, 2020). Contrary to the rationale are also gaps in the literature. One identifiable gap is the scant research on businesses' desire to balance corporate social responsibility actions in the context of the firm seeking to attain or maintain a competitive advantage. This work further contributes to filling this gap in the literature by assessing how competitive advantage is manifested throughout the firm, for the benefit of the stakeholders in the organization when the firm is under threat and tests whether a firm can maintain their corporate social responsibility (i.e., legal, economic, social, and philanthropic) and competitiveness when encountering a business altering threat.

#### **1.4 Business Threats in Firms**

When firms operate within a volatile environment the organizational disruptions could enhance hostility within the organization or with its external stakeholders. Environmental hostility in a firm suggests an internal issue impacting the firm, for example employees stage a walk out or internal sabotage. Direct research on business threats (i.e., environmental hostility) directly is scant in the management literature and authors Kreiser et al. (2020) note the connection between EO and hostility exists in a “complicated space” with inconclusiveness. The first notable gap includes the limited

research associating EO with threats in an entrepreneurial firm environment. Threats can occur in a business entity but where this study starts to fill the gap in the literature about such threats is to explore and test the impact of how a firm's entrepreneurial orientation is further exhibited during those times.

Next, I review competitive advantage in firms.

### **1.5 Competitive Advantage in Firms**

Internal workings of a firm can be a primary source of competitive advantage (Barney, 1995). Neutralizing threats and investigating opportunities is how businesses address the question of value creation specifically on how such value is enhanced in the firm. Research by Barney (1995), Stonehouse and Snowdon (2007), and Porter (2011) indicate competitive advantage is highly dependent on the aspects of a firm's resources, internal and external rareness, and the exploitation of its capabilities. Porter and Kramer (2011) explained competitive advantage as the mingling of economic value and shared value which they believed can simultaneously coexist to create value for a society. Shared value is viewed as a systematic business process by which economic and societal values operate to further enhance the competitive nature of the firm.

Decisions made by managers and executives are predicated on the temperaments of those within the organization, specifically the firm must have agents to carry out its functions (Covin & Wales, 2012). Here I examine the influence of EO on competitive advantage when the relationship is moderated by CSR and the business is experiencing a threat. In a constrained environment when a business is under threat, firms may consider such options as, measuring internal and external factors, considering stakeholders,

evaluating resources, and engaging in specific actions based on the confluence of corporate social responsibility for a competitive advantage. Prior research exploring business threats and their influence on corporate social responsibility and competitive advantage among business firms is limited in the management literature. Therefore, the following research question is presented.

### **1.6 Research Question and Theoretical Framework**

As noted, there is one research question which guides this study:

*Research Question: When a firm is experiencing a business threat what actions does an entrepreneurially oriented firm (organization) take to enhance corporate social responsibility and competitive outcomes?*

Discussed from the perspective of the firm (Mishra, 2017), I focus on competitive advantage where the firm seeks to engage in specific activities out of the desire for maintaining or seeking an advantage. Determining what situational business threats influence reactive or proactive actions while engaging in an entrepreneurially competitive environment, may provide insight on how the four dimensions of corporate social responsibility (i.e., legal, economic, social, and philanthropic) and competitiveness can coexist under turbulent conditions.

One would hope that a business threat would be a rare occurrence, but firms must consistently balance success or failure based on the external environment (Sajilan et al., 2015). I probe deeper to understand what occurs when a threat is eminent, does the threat cause a firm and its leaders to modify the positive inclination to make the actions sound ethically based decisions? Thus, understanding this phenomenon leads to further understanding of the extent to which a business threat moderates the effects of EO on

competitive advantage. Lechner and Gudmundsson (2014) stated EO and competitive advantage need each other. The next section addresses the prior and current theoretical framing and theories used to test entrepreneurship.

Many theories have been used to explain the behavioral characteristics of an entrepreneurially oriented firm including prospect theory (Chattopadhyay et al., 2001), stakeholder theory (Freeman & Phillips, 2001) and threat rigidity theory (Saebi et al., 2017). Each theoretical framework is addressed and outlined as to how each has been used to study entrepreneurship at the firm level. Additionally, the theories are concomitant with understanding the study of business threats in firms.

First, prospect theory (Chattopadhyay et al., 2001) posited that firms have the potential to lose more than they can win in adversarial situations and have a propensity to be risk averse when the odds are not favorable towards the firm. Second, stakeholder theory (Martínez-Martínez et al., 2017) is focused on satisfying the stakeholders and managing the firm's reputation to enhance advantages. Freeman and Phillips (2001) stated "stakeholder theory is also a managerial conception of organizational strategy and ethics and is dependent on how the organization manages customers, employees, and community relations" (p. 333). Third, threat rigidity theory underscores a firm's organizational actions and adaptation to threats based on what is traditionally routine, habitual, or normal (Saebi et al., 2017).

I chose threat rigidity theory as the framework to test my hypotheses. When a firm is facing threatening or hostile conditions in the organization, an inflection point is created. Threat rigidity theory is based on the actions of firms and further amplified by a common course of action, a centralized focal point and resource preservation (Kreiser et



al., 2020). As uncertain conditions change, the firm retreats or falls back on traditional business practices, processes, or policies which have worked before instead of engaging in risky ventures or behaviors. In theory, unexpected rifts and changes in the firm would positively influence or lead to the firm behaving differently. Contrarily, this does not happen with threat rigidity theory. Leadership in the firm collapse the hierarchal structure whereas, leadership is limited, the span of control is more restricted, and resources are constrained (Kreiser et al., 2020). Moreover, threat rigidity theory framework is useful in assessing actions taken by a firm.

I used Kreiser et al. (2020) to support the idea an organizational level threat leads to a firm negative change in the entrepreneurial orientation for a firm. Therefore, when the business threat level is increased then EO enacted in the firm decreases, representing a correlation in the relationship between the threat and the decrease in EO, but not specifically causation.

Lastly, my research examines the relationship between EO and CSR to competitive advantage and actions within a firm when the entity must interact, engage, and perform under the pressure of an impending business threat. Next, I elucidate the theoretical contributions I seek to make.

### **1.7 Theoretical Contribution**

The theoretical contribution of this research explores a boundary condition which highlights the link between the decision-making process of the firm and EO when a threatening or disruptive business environment exists, and the four corporate social responsibility dimensions are present. When agents of the firm face environmental

business threats, characteristics of EO are exhibited in relation to CSR actions and the outcomes impact competitive advantage.

My research further considers the influencing factors of specific characteristics and situations on the firm's actions in relation to business threats and presents an investigation on how the theory of threat rigidity guides my conceptual model. This compelling theoretical position contributes by addressing the circumstances under which specific actions occur in a climate of threatening business conditions.

In Chapter II, entrepreneurship is explored by first defining the concept and its many facets, followed by the hypothesis development in Chapter III. Chapter III outlines each hypothesis and how each is tested. The measures used in this paper are explored in Chapter IV, followed by the extensive data analysis and results in Chapter V. The paper concludes with theoretical and practical implications, limitations, and recommendations for future research in Chapter VI.

## **CHAPTER II**

### **LITERATURE REVIEW**

Historical context and the early foundations of entrepreneurship help to establish the structure of Chapter II. Discussions begin at the intersectionality between entrepreneurship and corporate social responsibility. Although the connectivity between entrepreneurial orientation (EO) and corporate social responsibility (CSR) has limited research there is a long-standing connection between EO and competitive advantage. Zeebaree and Siron (2017) agreed that EO and competitive advantage have deep ties in both empirical and conceptual modeling.

In this chapter, I also introduce the moderator variable, business threat, and examine how under various situational circumstances, conditions change, specifically as it relates to EO.

#### **2.1 Early Beginnings**

Economist Richard Cantillon (circa 1734) was among the early economists to recognize the role of entrepreneurship. The French scholar noted the concept of the entrepreneur as a go-between as an individual who engages for profit in an uncertain

environment focused on risk-taking endeavors (Long, 1983; Omisakin et al., 2016; Tripathi, 2011). An early categorization of entrepreneurship dates to Australian scholar Joseph Schumpeter (1942) who identified this developing form of economic processing as “creative destruction.” Schumpeter was instrumental in developing the *Schumpeterian entrepreneurial dynamics* as a new combination that propelled this dynamic evolution of innovativeness (Lumpkin & Dess, 1996; Schumpeter, 1942). Both Schumpeter and Cantillon, were influential in developing the concept of innovation and broadly studied it along with uncertainty and risk-taking attributed as key forms of entrepreneurship. It is noteworthy to see the evolution of these characteristics has not changed and are reflected in EO. Taken a step further, the literature surrounding entrepreneurship has only broadened highlighting characteristics exhibited by the firm based on a firms’ specific actions and orientation.

## **2.2 Entrepreneurship**

Decades of researchers of management literature have studied the process of entrepreneurship with extensive variations in how the concept is modeled and defined. This makes it challenging to narrow down one overarching definition. The interpretation of entrepreneurship is considered a basic concept of economic prowess by agents possessing specific characteristics (e.g., Covin & Slevin, 1989; Koe, 2016; Lumpkin & Dess, 1996 & 2001; Miller, 1983; Mintzberg, 1973). Koe (2016) stated entrepreneurship involved the four aspects of intentionality, planning, action, and cognition, whereas Venkataraman (1997) said the field of entrepreneurship was a mystery and it would be a mistake to use the definition of an entrepreneur to define entrepreneurship. He further

posited that entrepreneurship considered effort, resources, and time investment without having a clear vision of the distribution of future returns. Gartner (1989) noted one should focus on the process by which new organizations are created to define entrepreneurship, but Henrekson and Sanandaj (2020) rather simply defined entrepreneurship as any innovative activity. Analyzing entrepreneurship at the firm level encompasses specific dimensions of entrepreneurial attributes within the firm. Hence, advancing corporate entrepreneurship is defined by three activities (a) business creation or sustainability of corporate competitiveness, (b) transformation of organizations, and (c) enhancement of the competitiveness in a firm (Covin & Miles, 1999; Stopford & Baden-Fuller, 1994). Corporate entrepreneurship connects directly to the three dimensions of EO:

- proactiveness – the practice of acting on an opportunity and acquiring the resources necessary; (Omisakin et al., 2016)
- innovative practices – the generation of new ideas and processes achieved through administrative systems on, controls, and structure (Omisakin et al., 2016); and
- risk taking – the action of creation, undertaking calculated opportunities which are uncertain, thereby investing resources with a desire to secure higher returns (Omisakin, et al. 2016; Paek & Lee, 2018).

Each of the three dimensions of EO help to operationalize the way firms see themselves operating as profit-oriented entities to remain competitive.

By these various iterations, evidence points to the analogy that entrepreneurship is an amalgamation of new and expanded opportunities with varying definitions extensively entrenched in the management literature.

### **2.3 EO at the Firm Level**

In the 1970s, Mintzberg (1973, as cited in Covin & Wales, 2012) addressed EO in the strategy literature and firm level of analysis stating EO was inclusive of “managerial disposition” (p. 679) and norms of decision-making by continually seeking new opportunities and exponential growth. Beliefs, leadership tenants, and management goals of the organization are the dominant logic interwoven into EO within the senior ranks of management. Here entrepreneurship is displayed specifically in the style of management (Wales et al., 2020).

Covin and Slevin (1989) defined EO as a specific posture designed to encourage innovation, manage risk, and proactively seek opportunities in a deliberately strategic way, characterized by a process, behavior, and structure. EO was initially focused on identifying the performance level of firms and originally consisted of five dimensions, or subparts, including (a) autonomy, (b) competitiveness, (c) innovativeness, (d) risk-taking, and (e) proactiveness (Koe, 2016). Building on this framework, EO is defined by the specific behaviors or processes of the individual firm where three of the dimensions were considered for further study. In further defining EO, Lumpkin and Dess (1996) concluded that EO was a series of practices, processes, and decision-making initiatives leading to new entries. The EO dimensions of risk-taking, proactiveness, and innovativeness are the foundational framework for this manuscript.

There are many definitions of risk. Most commonly risk is taking bold action and managing the uncertainty of the unknown (Morgan et al., 2015). Lumpkin and Dess (2001) defined risk as conquering the unknown with new ventures and markets and utilizing resources to delve into the unknown. Wiklund and Shepherd (2003) expounded on defining the EO dimension of risk-taking as, “managing in an environment where the cost of failure is high and the willingness to break away from the tried-and-true and venture into the unknown where more attention is focused towards opportunities” (p. 1309). Therefore, risk-taking is related and associated with entrepreneurship where under certain conditions rather than avoiding risk and possible threats, the threat is embraced and the individuals in the firm exhibit more risk-taking behaviors (Cacciotti & Hayton, 2015; McCarthy et al., 2018). Risk-based behaviors and situational threats share a common bond because risk-taking refers to a willingness to commit resources to projects, ideas, or processes whose outcomes are uncertain and for which the cost of failure would be high and situational threats could create a possibility of failure.

Proactiveness in EO is also viewed as a desirable characteristic demonstrating leadership. Lumpkin and Dess (2001) defined proactiveness as looking towards the future by introducing new products or services which move beyond the competition to make forward changes. When predicting opportunities and seizing the moment, a firm which has a higher degree of proactiveness could have the propensity to maintain a competitive advantage by forging a first-movers advantage to stay ahead of the competition and dominate the various market segments (Wiklund & Shepherd, 2003). In an entrepreneurial venture, proactiveness could be valuable when the threat level is high or high value decision needs to be made. Furthermore, when a firm exhibits a high degree of

proactiveness, they are more likely to exhibit actions which help them to advance in difficult situations.

Innovativeness considers new ideas generated using a series of exploration and experiments to uncover a creative process (Lumpkin & Dess, 1996; Morgan et al., 2015). The culture of innovativeness helps to drive an environment where the uniqueness of ideas is welcomed even when the customer or desired customer is unaware of their future needs (Morgan et al., 2015). Innovativeness is the inclination to support new processes. In leading an organization or possessing entrepreneurial orientation and intention, innovation is a highly regarded trait which can be difficult to quantify (Wiklund & Shepherd, 2005).

EO was initially developed for use at the firm-level in the strategic management discipline (Liu et al., 2011; Wales et al., 2013). The EO scale was created for the macro-organizational level of analysis. My research further provided connecting points bringing together an understanding of EO in relation to characteristics and traits at the firm level, how threats change decision making, and an association within a context of competitive advantage.

#### **2.4 EO and the Connection with CSR**

Further supporting this literature review, here are three new supporting examples of empirical studies investigating a specific EO behavior and its effect on CSR. Ding et al. (2020) conducted empirical testing with 1,800 manufacturing firms over a 13-year period and uncovered that stricter competition on their competition law index did increase CSR efforts in the firm. Firms with a higher degree of EO actions, specifically



innovation, are financially more successful because of such actions; hence, benefit from CSR actions. Shen et al. (2016) address innovation, one of the three dimensions of EO, where considerable attention is given to understanding the specific connection between this one specific EO dimension and whether it enhances competitive advantage at all. This is where Shen et al. (2016) picks up to acknowledge the call for additional research linking other strategic choices to a firm which could be concluded as risk taking and proactiveness, the two other EO based dimensions I study.

Additionally, Shen et al. (2016) posited with secondary data analysis of 3,315 U.S. firms that innovation within a firm positively effects CSR methods and therefore, “the greater the innovation level in a firm, the higher the level of CSR” (p. 15), hence firms benefit with elevated financial success. Therefore, enhanced competitive advantage is a byproduct of innovation of firms, whereas firms are likely to implement CSR as a strategy to take advantage of competitive based strategies.

Du et al.’s (2015) study also explained what attributes stakeholders believe are important for entities that help in the community (e.g., level of cognitive trustworthiness and positive perception). Du et al. further stated that “unprecedented opportunities for companies to gain long-term competitive advantage by creating both social and business value” (p. 1541), exist further connecting the relationship between CSR and competitive advantage. While Du et al. (2015) linked CSR to competitive advantage in a marketing related study, Martinuzzi and Krumay (2013) also focused on the relationship between CSR and competitive advantage in their management-based research.

My goal in this study was to test EO at the firm level of analysis with managers working in higher-level positions in their organization with regards to CSR and

competitive advantage. The additional EO dimensions, not covered in this paper, include competitiveness and autonomy.

### **2.5 EO Refreshed for 2020**

Debate on the number of dimensions in EO and refining the three dimensions has been extensively researched. However, there is new research by Wales et al. (2020) which proposes in a new multilevel analysis that it is time to reconsider EO's dimensions since the different dimensions have produced "diminished returns and confusion" (p. 640). Evolution is growth and change is constant. Over time business operations, management, environment, and internal behaviors evolve to meet the needs of the firm.

Since the EO construct was researched in the 80s and 90s and is still used as a foundational management orientation, now is the time to consider a fresh approach to EO to meet the demands, application, and orientation of firms for the 21st century. Anderson et al. (2015) outlined in their article that it is important to recast the definition of EO. Wales et al.'s research has continued into 2020 and conflates the EO dimensions and corporate social responsibility practices and influences managerial strategic decisions.

### **2.6 Origins of CSR**

Since its initial discovery in Bowen's 1953 book titled *Social Responsibilities of the Businessmen*, CSR has been researched nearly seventy years, where Bowen chronicled the actions of firms and touched the lives of those within the firm (Carroll, 1999). Prior to this phrase CSR, was simply called social responsibility (Carroll, 1999). CSR, as noted by Bowen (1953), is described as the intersection of business interests and

societal interests (Archimi et al., 2018). Understanding the dichotomy of these two distinct worlds—business and society—the collaborative existence has led to the popularity of CSR. CSR is lauded as a key component for businesses to create success by enhancing a firm’s competitive advantage through innovation and risk (Gallego-Álvarez et al., 2011). CSR practices have been researched as an ideal way to create societal impact along with sustainability and creativity in opportunities, therefore creating value and competitive advantage for the firm.

There are four dimensions of CSR: legal, ethical, philanthropic, and economic. Each are used in understanding the comprehensive nature of CSR and how society examines organizations and firm’s actions (Carroll & Shabana, 2010). Legal aspect of CSR ensures the company operates within the confine of the rules, guidelines, and structures of the prescribed law. In comparison, ethical aspects of CSR are not governed by law but rather by a moral or ethical compass or boundaries adopted by the firm and what is expected within societal norms (Archimi et al., 2018). Some research scholars combine discussion CSR and ethics together around “doing good” (Ferrell et al., 2019). Overall, there is this relational tie connecting ethics and CSR in addressing corporate governance and protection of stakeholders. Characteristically, both CSR and ethics are similar, but each are conflicting, interrelated, and different constructs (Ferrell et al., 2019). The economic dimension of CSR is a fundamental aspect focused on creating profits and benefits for the stakeholders of the firm. Lastly, the philanthropic dimension (responsibility) also known as discretionary is focused on a firm’s self-directed and volunteer activities to benefit society.

According to Carroll and Shabana (2010), CSR's prominence has influenced entities throughout the world. Carroll and Shabana's definition of CSR has been described as the most comprehensive explanation of CSR in management (Archimi et al., 2018). Martínez-Martínez et al. (2017) stated in their paper that CSR is a strategic tool and that managing a firm's reputation along with satisfying the needs of stakeholders and the creation of value is a component of CSR (Gallego-Álvarez et al., 2011). Additionally, Zhuang et al. (2020) and Colucci et al. (2020) determined that the forces of CSR help to drive sustainable changes in organizations when encouraged by proactive, innovative, and risk-taking actions. Opoku-Dakwa et al. (2018), Porter and Kramer (2008), and the European Commission in 2011 connected CSR and CA citing increased competitiveness. The European Commission (2011) states "sustainable development enhanced both competitiveness and innovativeness and is beneficial to "risk management and innovation capacity" (p. 4). Competitive advantage and EO in innovativeness, are both in my model, demonstrating a connection to the literature.

Benefits of CSR are noted throughout the research literature and CSR is viewed as a positive impact and investment in business. Moreover, many benefits of CSR are directly due to the actions implemented by organizations, such as helping to legitimize organizations, encouraging strong community connections, and strengthening a company's reputation (Carroll & Shabana, 2010). The model in this paper considers CSR as a mediator between EO and competitive advantage.

## **2.7 Competitive Advantage: A Business's Holy Ground**

Approximately 1965 is when the term competitive advantage began to circulate with work by H. Igor Ansoff as noted in Sigalas et al. (2013). Newbert (2008) offered that “competitive advantage is the degree to which a firm has exploited opportunities, neutralized threats, and reduced costs” (p. 752). These phenomena are true as competitive advantage relates to rivals and competition. Furthermore, companies which exhibit differences, specifically in their value chain enhance such advantages competitively (Porter, 2001).

Another contributor was Peteraf and Barney (2003) stating that a firm has “competitive advantage if it can create more economic value than the breakeven or closest competitor in its market” (p. 314). Each of these definitions underscore the meaning of competitive advantage, and economic value which appear interchangeable. Economic value in firms and organizations is subjective and defined in Sigalas et al. (2013) as this difference of benefits perceived by the one purchasing the product or service and how much it cost to acquire the item. Understanding degrees of a firm's competitiveness could further identify how a firm is viewed in the business environment.

Debates occurring in the strategy literature have focused on defining a more specific definition of competitive advantage (Sigalas et al., 2013). Competitive advantage is commonly defined in relation to a firm's performance and the way it is viewed in firms continue to evolve. It is this concept of performance which is consistently conflated with profits and profitability in firms. Those profits can be viewed as resources, market positions, and capabilities in industries and are considered links and forces between a firm's superior performance and as major forces in a firm's ability to be competitive

(Huang et al., 2015). Some scholars have focused extensively on performance, however that in and of itself does not fully provide depth to the complexities of competitive advantage. Possessing superior skills and resources are sources of how a firm further understands competitive advantage since it is suggested that managers within those firms categorize, target, or observe other firms to focus on a competitor-centered perspective (O'Donnell et al., 2002).

Indisputably because a firm has competitive advantage once does not mean it consistently maintains such advantage. Two nascent areas of competitive advantage present a unique focus for understanding competitiveness with temporary competitive advantage and sustainable competitive advantage (Huang et al., 2015). Temporary competitive advantage (TCA) and sustainable competitive advantage (SCA) are unique in the strategy literature. TCA is the temporary state of competitive advantage attained by a one-time or inconsistent action making the advantage gained, temporary. SCA is the longer duration of such advantage which is the desired state by most firms to be a consistent continuous state of advantage. In the event of a turbulent business threat, TCA or SCA could both disappear and change the competitive advantage of the firm. Therefore, the condition of competitiveness is tenuous due to the volatility of business threats which may change when, how, and if a firm has a competitive advantage.

Porter (1990) highlighted that pressure and challenges are two driving forces which encourage companies to compete against each other. Operational business aspects such as interest rates, cost of labor, and production are pressing factors for entities and their ability to be competitive. Innovation, a dimension of EO, helps to contribute to competitive advantage based on how the firm delivers and executes these actions.

Porter (2001) believes that measuring value is a better predictor of addressing the competitive advantage of a firm. He also concluded that competitiveness is focused on plentiful resources, government regulations, and management practices, specifically in national competitiveness and the pursuit of being competitive. Being competitive in a firm leads to being more sophisticated over time in production efficiency with cost and differentiation strategies (Porter, 2011). Strategically analyzing these numerous factors of competitiveness serves as a discussion point for how to sustain the firm's positioning strategy when a threat encroaches.

### **2.8 Threats in an Uncertain Environment**

Entrepreneurs overcome many challenges and face the potential for looming business threats while conducting and operating a business venture. It is this counterbalance between managing the threats while simultaneously keeping the business operational that gets challenging. The unexpected nature of threats can challenge the stability of a business venture. This research examined how firms manage situational threats through the lens of the three dimensions of EO. Analyzing how the firm uses these dimensions while engaging in corporate social responsibility and the impact this relationship has on competitive advantage. Related concepts to be evaluated are how the firm supports the long-term success of entrepreneurial qualities through EO dimensions helps maintain a high level of competitive advantage in the face of those turbulent business threats within a firm's environment.

Acting and understanding how to overcome the disruptive nature of a business threat is a business issue managed within firms. Disregarding the impact of the threat

could be detrimental to maintaining a competitive advantage and the goodwill of the firm in the perception of its stakeholders. This leads to the importance of maintaining a consistent level of operations when analyzing the role and impact of actions taken after a business threat is present. Therefore, I argue that EO can influence the ability and desire to maintain a firm's competitive advantage. I propose that EO influences how organization manage threats.

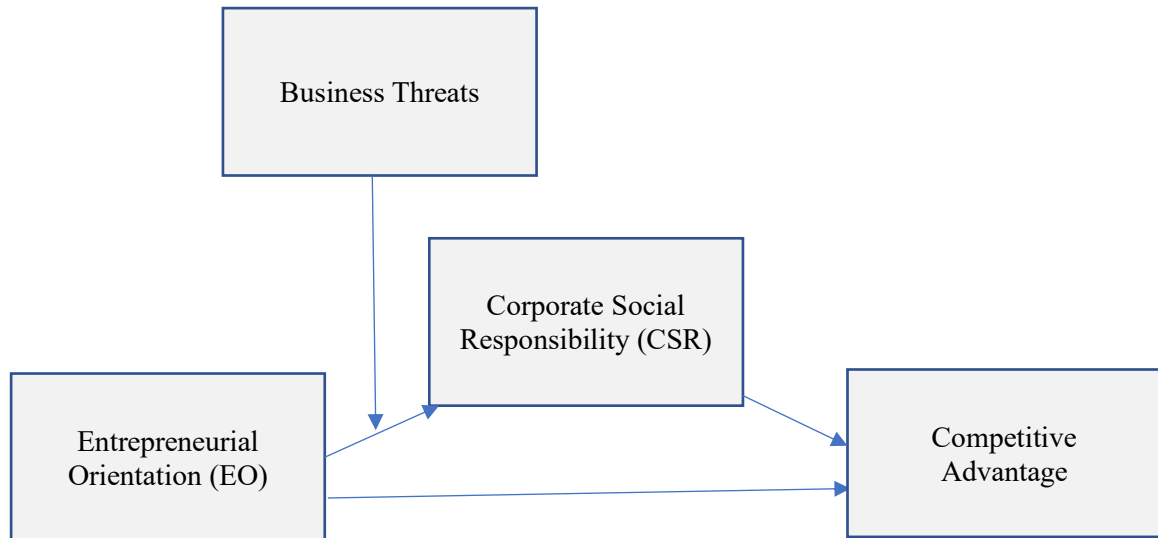
Hence, this is an operational business case in need of the research and will be hypothesized in this paper. The conceptual model later addresses business threats as a moderator. A detailed review of the hypothesized relationship along with a detail overview of the moderated and mediated relationships of those proposed relations are further explained in Chapter III.



## **CHAPTER III**

### **HYPOTHESIS DEVELOPMENT**

The early beginnings of entrepreneurship and its evolution in the management and strategy literature was covered in Chapter II. This section develops the logic among the four variables (entrepreneurial orientation [EO], corporate social responsibility [CSR], competitive advantage, and business threat). In Figure 1, the conceptual model outlines the hypothesized relationships of firm level business threats when I investigate the relationships of CSR and its mediated influence on EO, and competitive advantage when a firm encounters a business threat. This research helps to provide an investigative view of business threats in firms for management and strategy research scholars, entrepreneurs, and business practitioners.



*Figure 1.* Conceptual Model of Hypothesized Relationships of EO to Competitive Advantage Mediated by CSR and Moderated by Business Threats.

### **3.1 EO and CSR**

The three dimensions of EO (risk-taking, proactiveness, and innovativeness) form a critical research area to explore in connection with corporate social responsibility and its impact on competitive advantage (Lee & Chu, 2011; Lee & Lim, 2009). On the other hand, direct connection of EO to corporate social responsibility is less researched. EO initially began by Miller (1983), Lumpkin and Dess (1996), and Dess and Lumpkin (2005) as a three-dimension construct which I use in this paper.

CSR has become more prevalent in the business literature since post World War II and has continued its rise in organizations worldwide (Carroll & Shabana, 2010). Firm-level CSR actions can be explained by stakeholder theory in analyzing why a company engages the way they do, socially. Stakeholder theory explains why a firm engages in CSR. CSR is an organizational strategy and ethics theory focused on the way an entity's management manages the relationship with key groups such as suppliers, finance agents

and customers (Freeman & Phillips, 2001). This is at the heart of CSR because it is also focused on the interests of suppliers, finance agents and customers. Stakeholder theory and CSR both help to explain why EO actions are important to consider in a firm. Lastly, CSR includes a larger sphere of influence by incorporating concern for the organization's employees and stakeholders.

CSR strategies embraced by the firm help to reduce the riskiness occurring in the firm it identified as a "risk management tool" (Mishra, 2017, p. 286). While the direct actions of CSR in a firm may not directly address EO dimensions specifically, it does include *risk*, as a benefit of CSR. Therefore, balancing profits and ethical behavior is what CSR is all about (Carroll & Shabana, 2010). It is these CSR characteristics which address the risks a company undertakes.

The role of CSR in firms continue to evolve and help to enhance high standards and trust in firms (Mishra, 2017). Carroll and Shabana (2010) characterized this new resurgence of CSR as CSR 2.0 to illustrate its continued state of evolution in business. Extant literature further highlights the positive connection that CSR has on an organizations' social perception and the attitudes of employees and stakeholders (Archimi et al., 2018). Although there is limited research connecting EO and CSR together, there is a relationship tie and therefore is cause for additional investigation. Both EO and CSR address how a firm engages within the boundary conditions of its environment. Furthermore, both constructs are important, different, and interconnected.

The three dimensions of EO – risk-taking, proactiveness, and innovativeness – are discussed throughout the paper as three distinct dimensions under one higher order construct. Here is a brief overview of each dimension and how it is interconnected to

CSR. Risk-taking is a fundamental foundation of entrepreneurial orientation (Guo & Jiang, 2020). Leaders that take risks do so with great uncertainty and place a firm in a tenuous position.

Zhuang et al. (2020) research centered on China as the second largest economy in the world investigated state-controlled entities where 60% of businesses in China are operated in varying degrees by the government. Zhuang et al. (2020) found that when a high-risk taking firm enacts this EO dimension, they are seeking to positively influence their CSR activities. However, this study has limited information on privately held state-controlled firms in China does not allow for a full comparison of both publicly and privately firms to firms in the United States. To effectively compare EO and CSR, the research from Zhuang et al. (2020) provides empirical research with results of 738 public companies. The research indicates firms with high degree of EO contribute more to the social well-being of the business community, state-controlled or private. The basis of my argument takes the view that EO and CSR do have a connection based on the empirical data of Zhuang et al. (2020). Consequentially, a comparison is difficult due to the difference in state-controlled (Chinese Companies) versus privately-operated companies in the US. Hence, there is a need for more research such as this. Miller (1983) expressed that entrepreneurial firms operate in risky ventures McCarthy et al. (2018) believed that the level of risk and its impacts on entrepreneurial endeavors has been understudied. The empirical data of Zhuang et al. (2020) and McCarthy et al. (2018) identify the connection between EO and CSR.

Proactiveness is a forward seeking dimension where a sense of discovering is occurring. Firms which are proactive take bold steps, calculate initiatives, and anticipate

emerging trends (Martins & Rialp, 2012). The discovery of proactive behaviors within an organization formulates the connection between EO and CSR based on what Zhuang et al. (2020) coined as *inter-organizational activities*, where such activities aid the firm in sharing information for the benefit of continuous improvement and information sharing and gathering. Proactiveness in this context supports the desire to enhance the firm. For instance, if the firm does not act upon or engage in CSR, it could lose its position among competitors, suppliers, or alliance partners. The proactive nature of acquisitions and pooling of resources could be attributed to competitiveness (i.e., aggressiveness; Lumpkin & Dess, 2001).

For a firm to survive over time it must embrace innovation, a dimension of EO, as a sustainable business practice (Gallego-Álvarez et al., 2011). Innovation is described as a method to consider new activities, implementation of new technologies, creating a new business path, and the ability to embrace this newness (Linton, 2019). Companies could use innovation tactics to distinguish themselves among their competition and the community. This may lead them to having an advantage in the business environment to stakeholders. Such unique and different innovative approaches and actions could support their firm by demonstrating to the public their support for socially good or beneficial projects. Apple, for example, continually innovates new technology, refines its product offerings and services, and exhibits CSR through such actions as adding a solar power grid in Thailand, launching an initiative to compost materials on an Oregon farm, and enforcing a supplier code of conduct (Dudovskiy, 2021).

Firms such as Walmart and Starbucks embrace innovation and rapid societal change, in consideration of global impacts. Walmart changed packaging, reduced single

use bags by 6.5% in Canada and recycled over 330 million pounds of plastic film in 2019. By April 2020, the retailer launched a new sustainable initiative aimed at waste reduction and reduced energy (Walmart, 2020). Starbucks embraced a people, planet, coffee mantra which included efforts expanding mental health to 20 free sessions annually and in Mexico and Kenya the company is reducing its sustainable footprint by saving 80% of water with new wet mill innovations designed to reduce its carbon footprint.

Carroll and Shabana (2010) stated relationships with firm customers are inextricably linked to the efforts of CSR. If a firm is effective and deliberate about managing risks, being proactive, and innovative, they would likely be concerned about operating ethically, legally, philanthropically and with integrity in enhancing their values through CSR actions. These specific actions which focus on the dimensions of EO and CSR are likely to be strong positive factors for a firm to embrace. Each speaks to specific areas that managers within a firm would be concerned about effectively affecting. Firms which have a propensity toward taking risks, proactive behaviors, and a desire to innovate could enhance their presence through socially responsible efforts.

Therefore, the following is hypothesized:

***Hypothesis 1 - Entrepreneurial orientation is positively associated with corporate social responsibility.***

### **3.2 Business Threats Influence on EO and CSR**

Threats bring out different types of behaviors or actions in a firm and their adaptation strategy. When a firm encounters a threat in its normal business operations and

based on threat-rigidity theory they could reduce the amount of CSR initiatives or actions in response. In experiencing the threat, the firm reactions could be to hold on, assess the situation and reevaluate their external actions. Even when encountering a competitive business threat, the business model may only change when there is overwhelming evidence to do so (Saebi et al., 2017). Chattopadhyay et al. (2001) and Saebi et al. (2017) define threat as a “negative situation where loss is likely and there is little control” (p. 570). According to Eberle and Holder (2009) internal fraud business threats are caused by employees 60% of the time, 15.8% of breaches in security are also from employees (e.g., employee theft, property and data destruction, communications). Therefore, when a firm encounters adverse business conditions, such as internal fraud, the firm could enact different operational (e.g., terminate employees) and financial (e.g., install new security cameras) solutions as a tactic to overcome the threat. Being proactive, risk-taking, and proactive (EO) dimensions continue to be part of the firm, however, the presence of business threats will impact its propensity or prevalence of CSR actions.

Threats can be associated with “urgency, difficulty, and high stakes” (Chattopadhyay et al., 2001, p. 939) negatively impacting those internal or external to the firm. Case in point, in the situation of an external business threat, outside agents can disrupt the firm by impacting relationships with suppliers, boards of directors, and even competitors. Internally, employees can create a hostile environment resulting in lost productivity, decreased employee morale, or sabotage such as destroyed documents.

Depending on the nature and severity of the business threat, it could be viewed as a crisis that might create a hostile work environment. For instance, if a firm’s employees stage a protest and sabotage the firm due to a wage dispute, this might lead to a hostile

internal environment. In contrast, if there is a product recall, the business threat is externally focused and may not create a hostile environment, hence the difference between a threat and a hostile environment. Business threats are not uncommon and are considered part of managing uncertainty in a business environment. When a firm is facing a business threat, customers, employees, and partners may each be impacted. Due to the nature of business threats, one would expect such threats to impact each entity differently. Facing a risky situation, the business model of the firm adapts, causing the firm to continue the desire to be competitive but limit exposure by possibly limiting the amount or type of CSR actions such as goodwill, economic, legal, or philanthropic actions.

There are a few theoretical frameworks used to analyze how a business firm responds to external threats. Specifically, as stated threat-rigidity theory best explains that when an entity is facing a threat, will then revert to current routine patterns, behaviors, acts with caution, conserves resources, and is more risk averse (Saebi et al., 2017). Thus, threat-rigidity theory explains how business threat moderates the EO to CSR relationship. The theory explains when a business encounters a threat the executive or entrepreneur go back to a previous, more conservative habit thereby, reducing the risk of challenging slack resources, goals, or operating outside what is considered normal operations (Chattopadhyay et al., 2001).

If a threat is imminent, firms would tend to do what is possible *not* to lose, therefore are less risky. Although, business threats are unexpected, a firm which possesses EO can use threat rigidity theory as a foundation. When the firm encounters a business threat and uses the threat-rigidity theory suggest that status quo becomes more



of the normal stance, thereby the firm is more cautious in its decision-making actions. Staw et al. (1984) addressed a type of restriction of processes and information, and even hierarchical control which causes an inflexible and a rigid environment.

When business threat levels are low, firms will have more EO tendencies than when business threat levels are high. Applying the framing of the threat rigidity theory when a firm has high levels of threat, they are more likely to go into a forced holding stance, possibly until the threat diminishes.

When facing a business threat within an organization, managers may feel they have little to no control over the negative impacts (Chattopadhyay et al., 2001). Therefore, business threats can derail a firm due to the uncertain nature of the threat and prevent the completion of projects and change business outcomes. This unexpected nature of threats challenge the stability of a business venture. Porter (1980) identified environmental threats and opportunities as defining a specific framework for outlining the model of strength, weaknesses, opportunities, and threats known as a SWOT analysis. It is this counterbalance between managing the threats with the firms' weaknesses, strengths, and opportunities while simultaneously keeping the firm operational which is the relationship we want to understand with this hypothesis and research question.

Internal and external threats on the relationship between EO and CSR can have a significant impact on the firm, and how the organization adapts to its new environment as discussed earlier. The small body of literature on business threats in the larger context of entrepreneurship further supports the need for research interpreting the traits of entrepreneurial behaviors when confronted with business threats. Firms will cut back or decrease the amount of CSR, reverting to a more conservative approach. The relationship

between EO and CSR would be stronger when business threats are low. The moderation effect tests the change in the relationship between the moderator business threats to EO and corporate social responsibility.

Therefore, it is hypothesized that:

***Hypothesis 2 - Business threat moderates the relationship between EO and CSR such that the relationship between EO and CSR is weaker when business threat is high.***

### **3.3 CSR and CA**

Integrating the business needs, societal needs and the desires of a firm are interrelated concepts based on Porter and Kramer (2006). Porter and Kramer (2006) posited that a powerful alliance is created when the social dynamics and competitiveness of a firm are combined. CSR addresses stakeholders and social issues and the contribution to economic prosperity as characteristics of CSR (González-Rodríguez et al., 2015). A firm's good reputation within the public can provide a competitive advantage. This specific advantage could be based on the behavior of humans (consumers, stakeholders) and the perceptions they have about the actions of a firm exhibiting CSR. A firm's financial and social performance helps support the view that CSR actions help to enhance competitive advantage.

Moir (2017) expressed there is an interconnected thread between the business and society tying the two together rather than as separate concepts. CSR desired actions could include concern for (a) workplace ethics, (b) employee relations, (c) environmental impacts, (d) vendor (supplier) relations, and (e) customer satisfaction. These

opportunities present themselves in several ways with the goal of growing the social responsibility of the organization. Prior research has tested that CSR *does* enhance social behaviors in the firm (Archimi et al., 2018). As a firm is developing its CSR strategy, one known factor is the importance of goodwill and perception of others of the entity. This occurs under certain circumstances.

Baden (2016, p. 3) posits that because a firm operates in a competitive environment the entity is subject to “temptations” where the firm may have an unbalanced focus and place profits over the needs of shareholders. This serves as an example of how CSR helps firms balance these needs. It also shapes the research that being competitive or possessing a competitive advantage is difficult due to the lack of direct observation. When business threats are high firms have the propensity to manage their resources in such a way that may draw attention away from using CSR as a lever to enhance competitive advantage.

An empirical test of 360 customers of ten international retail private and public banks found that by maintaining a connection to its customer based, enacting CSR actions led to sustainable competitive advantage (Shah & Khan, 2020). Firms have identified CSR as a proactive asset and by enacting CSR within the firm, a competitive advantage is realized. According to Shah and Khan (2020, p. 161), such investment “may create a sustained competitive advantage.”

Hence, the outward display of CSR initiatives within firms has a direct link to competitive advantage.

Therefore, the following hypothesis is proposed:

***Hypothesis 3 - CSR is positively associated with competitive advantage.***

### **3.4 EO and Connection with CA**

Barney (1991) defined competitive advantage as “implementing a value creating strategy not simultaneously being implemented by any current or potential competitors” (p. 102) in his seminal article. Ma (2000) defined competitive advantage as a difference between a pair of corporate rivals. Both scholars addressed interacting with rivals, hence, how one company engages with other entities. EO is focused on an entity taking risks, being proactive and innovative, those elements are used to attract and build up a firm’s competitive advantage. Each of those actions showcase the forward momentum of a firm to present itself in a competitive framework.

When a firm makes a business acquisition and pools its resources this could be attributed to an external signaling of competitiveness (Lumpkin & Dess, 2001). In an effort to remain competitive, actions by company leadership can include merging with or acquiring another entity to grow the business and alienate the competition, taking on financial debt to expand, or focusing on the firm’s uniqueness to grow and maintain customers (Carroll & Shabana, 2010). Barney (1995) underscored competitive advantage as a phenomenon of the strategy discipline of management. It is these dynamic competitive actions which makes the organization valuable, a key component of competitive advantage.

Firms continually seek and consider new innovations such as services lines, new products offerings as a way to engage in continuous improvement. It is this evolutionary process which is being analyzed. Evolution of the differentiation strategy helps to achieve a competitive advantage. Examples of such strategies include preventing competitors from entering a marketplace by placing barriers to entry and pricing models with specific

management actions (Wen-Cheng et al., 2011). The opportunity for an entity to remain competitive could be embedded in the business model adopted by the firm based on how it adapts to uncertain.

Empirical and conceptual research links EO and competitive advantage and the way entities work to attain and maintain such positioning strategy. Recent research characterized two primary ways firms enhance competitive advantage; through assessing value and rareness. The value aspect of an organization is based on research by Barney (1991, as cited in Lee & Chu, 2011) on how a firm uses its resources in response to environmental factors. Rareness is explained as those resources which are only held by a few companies. Hinterhuber (2013) reviewed the updated version of Barney (1991) and posited that sustained competitive advantage is what makes resources valuable or difficult to emulate, hence increasing the value or rareness of the entity with superior performance (Papadas et al., 2019). It is such a value proposition which allows firms to critically view tactics they undertake to exact competitiveness in an environment where EO exists.

EO is related to competitive advantage because as a firm enacts EO, they do so with the goal of enhancing or persuading perceptions, gaining an edge, and increasing marketing positioning – thereby building a competitive advantage. Therefore, a firm exhibits a high level of EO to achieve competitive advantage, resulting in a positive relationship between the characteristics or traits demonstrated by the firm (EO) and competitive advantage. Furthermore, if a firm deploys business tactics with a focus toward being competitive, then the potential of exhibiting value and rare tenants exists. These tenants help to enhances competitive advantage.

Emerging markets are an example of where risk-taking strategies, a key dimension of EO, are used to attain competitive advantage (Yang et al., 2018). Moreover, for firms to be competitive they must act with intention to balance risks, proactiveness and innovation as well as the desire to be socially responsible.

On this basis, I hypothesized the following:

***Hypothesis 4 - Entrepreneurial orientation is positively associated with competitive advantage.***

### **3.5 Partial Mediation Effects of CSR between EO and CA**

Corporate social responsibility has been used to enhance the image of firms for many decades (González-Rodríguez et al., 2015). EO firms use corporate social responsibility actions to enhance competitiveness. However, firms also have EO when they strive to attain a competitive advantage without the use of competitive advantage. Firms use CSR as a way to move forward and gain attention via the perception of goodwill. This is not a new concept, but rather a new research area to explore and exploit.

When a firm enacts CSR strategies, they do so under the management orientation of the firm (EO) along with the desire to enhance goodwill via CSR actions. EO firms employ tactics to achieve competitive advantage in certain circumstances such as when a firm offers employees a health benefit, for example a \$50 gift card, for a completed annual health screening, or an upgraded new piece of equipment before the required replacement which will produce a cleaner or greener product (i. e., economic CSR).

Another circumstance where EO firms would employ CSR for the benefit of being competitive, is by using their philanthropic goodwill to encourage support for an

adopt-a-school project (i. e., philanthropic CSR) or by taking a risk such as funding a legal fund at the firm to help employees offset legal services in creating create wills and probate services. Specific firm behaviors such as these illustrate CSR efforts designed to elevate the competitiveness of the firm. A final example is when a firm reports an oil leak from its facility which falls below the reporting limit, however, the entity decides to report the environmental issue as an ethical commitment anyway. These examples illustrate ethical CSR as a way to gain favorability among shareholders and customers.

Such actions support the organizations long-term strategic goals by providing a rare or unique opportunity where EO dimensions are actualized and the firm is taking a risk taking, thereby increasing customer and shareholder value (Asemah et al., 2013). Undertaking risk based, proactive and innovate measures outwardly demonstrated by a firm's CRS actions whether ethical, philanthropic, legal, or discretionary. Hence, utilizing continuous CSR goodwill measures with actionable efforts is used to gain a competitive advantage. This explains the importance of how CRS effectively mediates between EO and competitive advantage.

Gomes (1988) identified goodwill as an intangible asset which accrues and fluctuates based on competitive advantage. It is this goodwill which can elevate the societal perception of CSR actions and initiatives. In the role as a mediator, CSR can help an organization to increase cost saving opportunities and increase the competitive advantage of the firm (Martínez-Martínez et al., 2017). It is this intentional focus on competitive advantage which impacts the relationship between EO and competitive advantage (Zaini et al., 2014).

In addition, EO also is directly connected to competitive advantage actions and can be independent of CSR. These two phenomena can co-exist exist because a firm can have both socially responsible goodwill intentions and actions and act with the intention to be competitiveness. In this hypothesis, CSR acts as a partially mediated variable. Therefore, the following hypothesis is proposed for mediation:

***Hypothesis 5 - Corporate social responsibility partially mediates the relation between entrepreneurial orientation and competitive advantage.***



## **CHAPTER IV**

### **METHODS**

#### **4.1 Participants**

Participants were solicited from three different sources, each with access to entrepreneurs. First, participants were recruited using a Qualtrics research panel representing current and former business owners in the United States. The Qualtrics survey was distributed to adults who identified as entrepreneurs and business leaders working in leadership or management in their firm. Second, respondents were recruited from a regional women entrepreneurs and business membership organization representing the Southeastern region of the United States. Its regional organization's coverage zone included five southern states: Louisiana, Mississippi, Alabama, Florida, and Tennessee. Members from the organization were invited to participate in the data collection process via a letter emailed from the president encouraging volunteers to participate in the survey. According to the business-based organization in April 2021, approximately 921 entrepreneurs were members of the organization and contacted regarding the survey assessment. Third, the final respondent group was obtained via the researcher's contacts from LinkedIn with 2,400 contacts. Participants from LinkedIn responded to a general message posted on the researcher's online page and within business groups on the business networking social site.

The survey was distributed to individual entrepreneurs and company management representatives who served as the proxy on behalf of the firm and identified as full-time entrepreneur or founder of a business enterprise, part time entrepreneur, company employee, student, retired, disabled, or other. If “student” was selected or “other” without also selecting “entrepreneur,” the respondent was removed. Anonymity and a random sample were key to recruiting entrepreneurs from across the United States who were business leaders and entrepreneurs or those who make decisions. To allow for early screening after providing their informed consent, participants answered two questions regarding their employment status consisting of the seven choices above and, “Is your job designated as management?”

Demographical data noted representation of 56% (82) men, 43% (64) women, and 1% (1) other. All respondents resided in the United States with a diversity of respondent ages ranging from 18–78 years old. Respondents self-identified as 109 White or Caucasian, 19 African American, 6 Hispanic or Latino, 6 Asian American, 1 Native American, 2 multi-race, and 2 who chose not to answer. The levels of education included: 42% (62) with a bachelor’s degree, 23% (34) with graduate degree, 18% (27) with some college, 6% (9) associate degree, 6% (9) high school graduates or received General Education Degree (GED), and 5% (8) with a doctorate or terminal degree. Overall, these demographics represent a sample of 142 completed responses, out of 169 attempted surveys.

## **4.2 Procedures**

The survey was conducted in the spring between April–June 2021, one year into the COVID-19 global pandemic. Participants were comprised of entrepreneurs and business founders. The sample population was selected to test entrepreneurial orientation of those who began entrepreneurial ventures or worked in management for a firm. All participants were provided an online digital consent prior to taking the survey. The survey was conducted by providing the respondents an anonymous online questionnaire. The survey questionnaire included two attention checks and participants who failed the checks were removed and not included in the final analysis (see Appendix D).

In consideration of the three target entities used to collect data (business organization, LinkedIn, and Qualtrics), each group was approached slightly differently. To begin the distribution of the survey, the Executive Director of the organization submitted an email to the membership providing an advance announcement. This note alerted the members of the availability of the voluntary research survey. Participants from LinkedIn participated by clicked a survey link included in a written post that appeared on their news feed. Participants from Qualtrics were emailed a survey link forwarded from the Qualtrics research panel. Upon beginning the survey, all participants were asked to provide informed consent and complete the online, electronic-based questionnaire. Participants solicited from the research panel were compensated by Qualtrics with incentives on a point system in the form of gift cards or online games. Participants from the business organization or LinkedIn were not compensated for completing the survey.

In early April 2021, the University of South Alabama Institutional Review Board (IRB) approved the researcher's survey methodology (see Appendix A).

### **4.3 Research Design**

The design methodology used was a cross-sectional survey. Each participant responded to the scales described below. All scales used in this research paper are based on extant research literature which has been used in various studies. All measures were tested at the firm level of analysis (see Appendix Tables B1 & C1).

### **4.4 Entrepreneurial Orientation**

The EO scale was used as a reflective measurement model and is a higher order construct (Covin & Wales, 2012) using a 7-point Likert scale in which a score of (1 = *Strongly Disagree* to 7 = *Strongly Agree*). A score of 7 meant that the firm had the highest degree of entrepreneurial orientation (Martins & Rialp, 2012). Montoya et al. (2017) noted that the EO scale Kaiser-Meyer-Olkin (KMO) statistics, which determines the sample adequacy for factor analysis is and if the scales measure what is intended. The KMO for the EO scale was 0.46. This is good, considering the closer the KMO is to 1 the better. The Cronbach alpha was 0.80. In this paper and prior research, EO was measured by Miller (1983) and Covin and Slevin (1989) using a measurement instrument with a 9-item scale, featuring the three dimensions of risk taking, innovativeness, and proactiveness.

A sample risk-taking item was, “When confronted with decision-making situations involving uncertainty, my firm: Adopts a cautious ‘wait-and-see’ posture to minimize the probability of making costly decisions *or* Adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.” A sample proactiveness item is, “In dealing with its competitors, my firm typically: Responds to

actions which competitors initiate *or* Initiates actions to which competitors then respond.” Lastly, a sample innovation item was, “How many new lines of products or services has the firm marketed in the past five years: No new lines of products or services *or* Very many new lines of products or services?”

#### **4.5 Corporate Social Responsibility**

Ethical, legal, philanthropic, and economic are the four dimensions of CSR. In this paper, CSR was measured using a 22-item scale which included the four dimensions listed above and a fifth dimension of environmental. The scales used was a 7-point Likert scale where 1 = *Strongly Disagree* and 7 = *Strongly Agree*. This multi-dimension scale was adopted from Montazeri et al. (2017) who originally assessed sports fans. The scale used had a Cronbach alpha value range of 0.84 to 0.96 for each of the five dimensions (ethical, philanthropic, economic, legal, and environmental), and a KMO index of 0.927 (Montazeri et al., 2017).

An example item regarding ethical CSR was, “I believe my firm obeys ethical norms which society requires.” An example of a legal item on the CSR scale is, “I believe my firm ensures that their operations meets all legal standards.” An example philanthropic item was “I believe the firm supports cultural and social events in the community.” An example economic CSR item was, “I believe the firm tries to maximize their profits.”

#### **4.6 Competitive Advantage**

To measure competitive advantage, the scale developed by Chandler and Hanks (1994) was used and it was measured on a 7-point Likert scale (1 = *Strongly Agree* and 7 = *Strongly Disagree*). The 7-item scale is measured market differentiation (MD) and innovation differentiation (ID). An example of an item on competitive advantage item was, “We are constantly investing in generating new capabilities that give us an advantage compared to our competitors.”

#### **4.7 Business Threats**

Business threat was measured using the threat orientation scale developed by McCartney et al. (1999). The scale consisted of 26-items measuring the level of concern with respondents of operational crises (e.g., loss or records, computer hackers, fraudulent activities, theft, corruption) and natural disasters (e.g., flood, earthquake) on a Likert scale of 5 = *High Concern* to 1 = *No Concern*. The scale items also asked the respondent to answer if any of the current business threats or crisis listed had occurred within the last 3 years. An example of the item on the scale was, “Regarding theft or disappearance of records or boycott by consumers or the public, within the past three years has this type of incident occurred.”

#### **4.8 Control Variables**

Prior research has used age of the firm and tenure, years the entrepreneur agent completing the assessment has worked at the firm, as control variables when studying EO. Additionally, the level of management denoting whether the employee worked in

leadership in the firm was a new control variable. In this paper, these three common control variables were measured at the firm level of analysis.

#### **4.9 Data Analysis**

To effectively implement the proposed methodology, data analysis was conducted using Smart PLS SEM. Additionally, the five hypotheses were tested at the firm level of analysis with business owners and entrepreneurs who serve in leadership roles.

## CHAPTER V

### RESULTS

#### **5.1 Data Analysis of Software**

This chapter includes results of the data analysis discussed in the conceptual model (see Figure 1). The analysis of cause and effect was analyzed using partial least-squares structural equation modeling (PLS-SEM) with software SmartPLS SEM version 27 (Sarstedt et al., 2020). Hair et al. (2019) defined SmartPLS-SEM as a tool that helps to provide a statistical understanding and estimate relationships within a conceptual model. I chose this analytic approach to maximize the prediction of my dependent variables (Hair et al., 2017). SmartPLS was also used to analyze the conceptual model due to the smaller sample size.

The first step I took in the analysis is to run a correlation matrix looking at each of the variable relationships. Second, I reviewed the assessment of the measurement model using confirmatory composite analysis (CCA) to determine the outer loadings on each of the composites (EO, CSR, Competitive Advantage, and business threats). Third, I tested the convergent and discriminant validity of the measurement model. Fourth, I conducted a test for internal consistency with Cronbach alpha and the average variance extracted (AVE) also using SmartPLS. Lastly, I executed a bootstrap operation on the items which met the acceptable factor loading levels on the new items in the model. After running the



bootstrap algorithm function, I later assessed the data for the direct, indirect, and special effects of the moderated and mediated variables, followed by an analysis of  $r^2$  and the  $f^2$  effect of the conceptual model.

## **5.2 Missing Data Details**

As part of effectively cleaning up the database, an important component was developing a systematic process of managing missing data. In the initial data collection, a total of 169 respondents attempted the survey. After recoding the data, items with missing data were replaced with a value of .99. This made it easier to identify the areas where values were missing from the overall data set. Upon careful analysis, a total of 27 responses were removed due to failing one or two of the attention checks, straight lining through the survey, incomplete answers in the assessment or failing to complete the entire survey. The removal of 27 respondents, resulted in a final survey of 142 completed surveys.

Table 1 categorizes the 26 business threats scenarios and aggregates them based on the level of concern, (5 = *Extreme* or 4 = *Moderate*) rated by the respondents. “Theft or disappearance of records” and “Computers being hacked” topped the list of business threats at 16%, followed by “Major breakdown of major piece of equipment” and “Corruption of management” at 15%.

“Technology with the loss or records due to computer breakdown, Project or service malfunction, Government investigation, Internet disruption due to hackers or act of vengeance” were each at the *Extreme* or *Moderate* level of business threat concern with each coming in at 14%. “Death of a key executive” was at 12% level of concern.

Lastly, the lowest item of concern was “Employee violence at work” accounting for 8% of *Extreme* or *Moderate* level of concern. Although, the majority of the 26 scale items had *No* or *Some/Slight* level of concern, it was interesting to review the data to gain an understanding of the level of concern on the various threats.

Firms located in the states of Alabama, Florida, Texas, and California represented a greater percent of the responses (see Table 2). Responding to the survey were firms headquartered primarily in nine United States to include Florida ( $n = 13$ ), Alabama ( $n = 11$ ), California ( $n = 10$ ), Texas ( $n = 9$ ), Pennsylvania ( $n = 7$ ), Arizona ( $n = 6$ ), New York ( $n = 5$ ), Ohio ( $n = 5$ ), Illinois ( $n = 5$ ), with 71 respondents in the other 41 states. Geography could be attributed to those who noted weather related threats as a concern for the business, namely hurricanes (15%), snowstorms (15%) and floods (14%). Tornados and earthquakes had the lowest level of concern at 11% of the respondents regarding weather conditions as a threat.

Table 1. *Business Threats, Level of Concern, and Standard Deviation*

Business Threat	Level of Concern					Standard Deviation
	Extreme (5)	Moderate (4)	Some (3)	Slight (2)	No (1)	
1. Theft or disappearance of records	11 (8%)	11 (8%)	9 (6%)	12 (9%)	98 (69%)	8.55
2. Computer system invaded by hackers	13 (9%)	10 (7%)	9 (6%)	18 (13%)	91 (64%)	8.56
3. Loss of records due to computer breakdown	9 (6%)	11 (8%)	13 (9%)	20 (14%)	88 (62%)	8.55
4. Loss of records to fire	12 (8%)	7 (4%)	3 (2%)	4 (3%)	122 (82)	8.53
5. Major industrial accident	11 (8%)	7 (5%)	5 (4%)	6 (4%)	112 (79%)	8.53
6. Major project/service malfunction	10 (7%)	10 (7%)	10 (7%)	10 (7%)	101 (71%)	8.54
7. Death of a key executive	13 (9%)	4 (3%)	7 (5%)	7 (5%)	110 (78%)	8.53
8. Breakdown of a major piece of production/service equipment	7 (5%)	14 (10%)	10 (7%)	19 (13%)	91 (64%)	8.54
9. Internet site disrupted due to hacker or other act of vengeance	11 (8%)	8 (6%)	8 (6%)	16 (11%)	98 (69%)	8.54
10. Boycott by consumers or the public	10 (7%)	8 (6%)	7 (5%)	4 (3%)	111 (78%)	11.95
11. Product sabotage	7 (5%)	12 (9%)	4 (3%)	6 (4%)	111 (78%)	11.95
12. Negative media coverage	7 (5%)	10 (7%)	14 (10%)	9 (6%)	99 (70%)	14.57
13. Embezzlement by employee (s)	10 (7%)	7 (5%)	9 (6%)	10 (7%)	104 (73%)	11.964
14. Corruption by management	11 (8%)	10 (7%)	3 (2%)	5 (4%)	111 (78%)	11.96
15. Corporate espionage	6 (4%)	11 (8%)	2 (1%)	5 (4%)	116 (82%)	11.93
16. Theft of company property or materials	8 (6%)	13 (9%)	9 (6%)	20 (14%)	90 (63%)	11.98
17. Employee violence at the workplace	3 (2%)	9 (6%)	11 (8%)	11 (8%)	106 (75%)	11.93
18. Flood	12 (9%)	7 (5%)	6 (4%)	6 (4%)	109 (77%)	11.96
19. Tornado	10 (7%)	5 (4%)	11 (8%)	6 (4%)	109 (77%)	8.52
20. Snowstorm	3 (2%)	19 (13%)	12 (9%)	29 (20%)	78 (55%)	8.54
21. Hurricane	11 (8%)	10 (7%)	11 (8%)	12 (9%)	97 (68%)	8.55
22. Earthquake	5 (4%)	10 (7%)	8 (6%)	6 (4%)	112 (79%)	8.50
23. Consumer lawsuit	5 (4%)	10 (7%)	12 (9%)	6 (4%)	108 (76%)	8.51
24. Employee lawsuit	6 (4%)	13 (9%)	13 (9%)	12 (9%)	97 (68%)	8.53
25. Government investigation	5 (4%)	13 (10%)	7 (5%)	9 (6%)	107 (75%)	8.51
26. Product recall	10 (7%)	5 (4%)	7 (5%)	5 (4%)	113 (80%)	11.94

Table 2. *Location of U.S. Firm Headquarters Who Completed the Survey*

<b>State</b>	<b><i>n</i></b>
Florida	13
Alabama	11
California	10
Texas	9
Pennsylvania	7
Arizona	6
New York	5
Ohio	5
Illinois	5
Other states	71
<b>Total</b>	<b>142</b>

*Note:* Business Threats Scale  $N = 142$ .

### **5.3 Descriptive Statistics and Correlations**

In Table 3, I have included the analysis for each of the five variables to include the mean, standard deviations, and correlations. The correlation matrix looks at correlation coefficients differences between the variables using a two-tail test using the Pearson ( $r$ ) correlation test to determine the strength and significance of the model variables. On the off diagonal, a 1 represents a perfect correlation of the variable with itself in comparison and correlations with items to each other.

My results showed that EO and competitive advantage are positively correlated with results of (.148), in comparison CSR to competitive advantage which is also low and

is positively correlated at (.164). This shows that in a firm when EO increases competitive advantage increases; moreover; when CSR actions increase so does competitive advantage in firms.

The relationship between business threat and EO is (-.016) and business threat to CSR is (-.019), representing a negative correlation in each relationship. Furthermore, this means that when business threats increase, comparatively EO actions decrease. Lastly, this shows that when business threats increase in firms, CSR actions in those firms' decreases, measuring the strength of the relationships.

Table 3. *Mean, Standard Deviation, and Correlation of BT, CSR, EO & CA Variables*

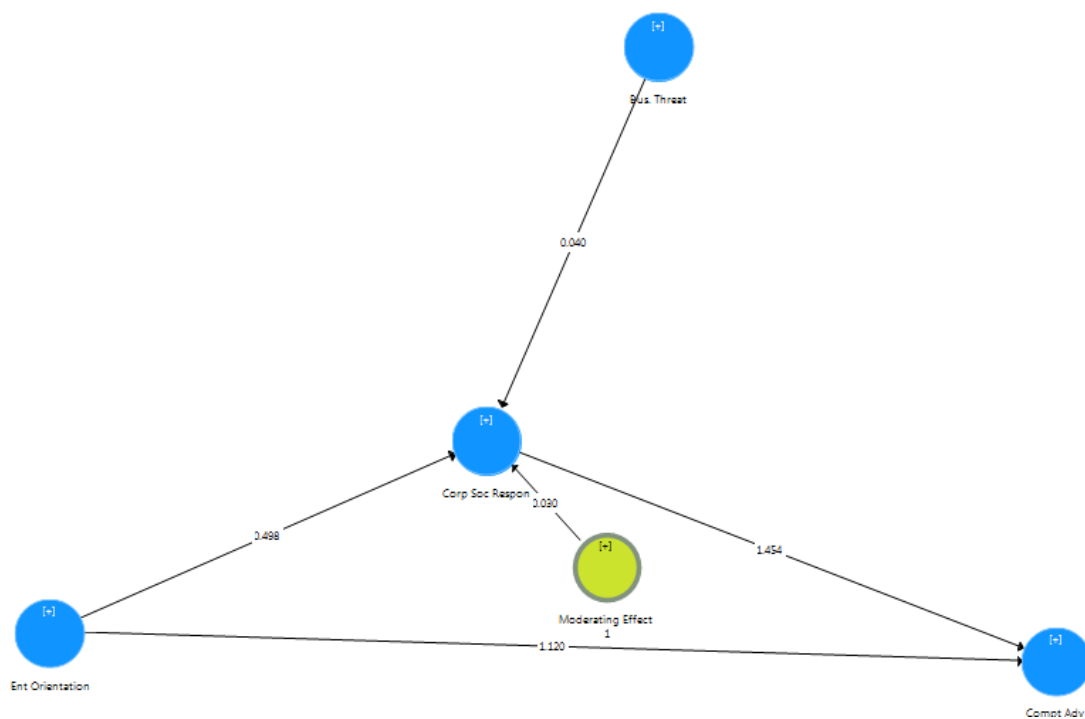
<b>Variable</b>	<b><i>M</i></b>	<b><i>SD</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1. Business Threats	.642	8.981	1			
2. Corporate Social Responsibility	5.619	.9533	-.019	1		
3. Entrepreneurial Orientation	4.373	11.294	-.016	-.010	1	
4. Competitive Advantage	4.323	.4767	.011	.164	.148	1

#### **5.4 Indicator Reliability**

In the initial measurement model, the outer loadings were analyzed to determine which factor loadings were below the acceptable minimum value of 0.708 (Hair et al., 2019). Indicator loadings between 0.70 and 0.90 are considered good based on Hair, Matthews, et al. (2017) and Sarstedt et al. (2017).

Tables B1 and C1 display each of the loadings prior to and after removing items. To improve the model, I analyzed the outer loadings items. Each of the initial indicators

that did not meet the acceptable level of 0.708 were removed. I conducted a detailed analysis of each of the four constructs resulting in three items removed from EO, 11 items removed from the CSR variable and four items were removed from CA. On the Business Threat latent construct, all items were retained and were above the acceptable minimum for the composite reliability. A total of 18 items were removed from all of the factors. The lowest factor loading of each individual item on the variable was analyzed for acceptance followed by conducting PLS Algorithm calculation after each of the low level items were removed individually. To ensure the stability of the factor, I retained the three-item construct of competitive advantage which is desired as a best practice for a solid factor to measure the construct. Therefore, although CA has a slightly lower loading, I decided to keep the third item in the construct for effective item measurement and stability (Costello & Osborne, 2005).



*Figure 2.* Hypothesis Model with Path Model and Betas of Entrepreneurial Orientation, Corporate Social Responsibility, Competitive Advantage & Moderator Business Threat

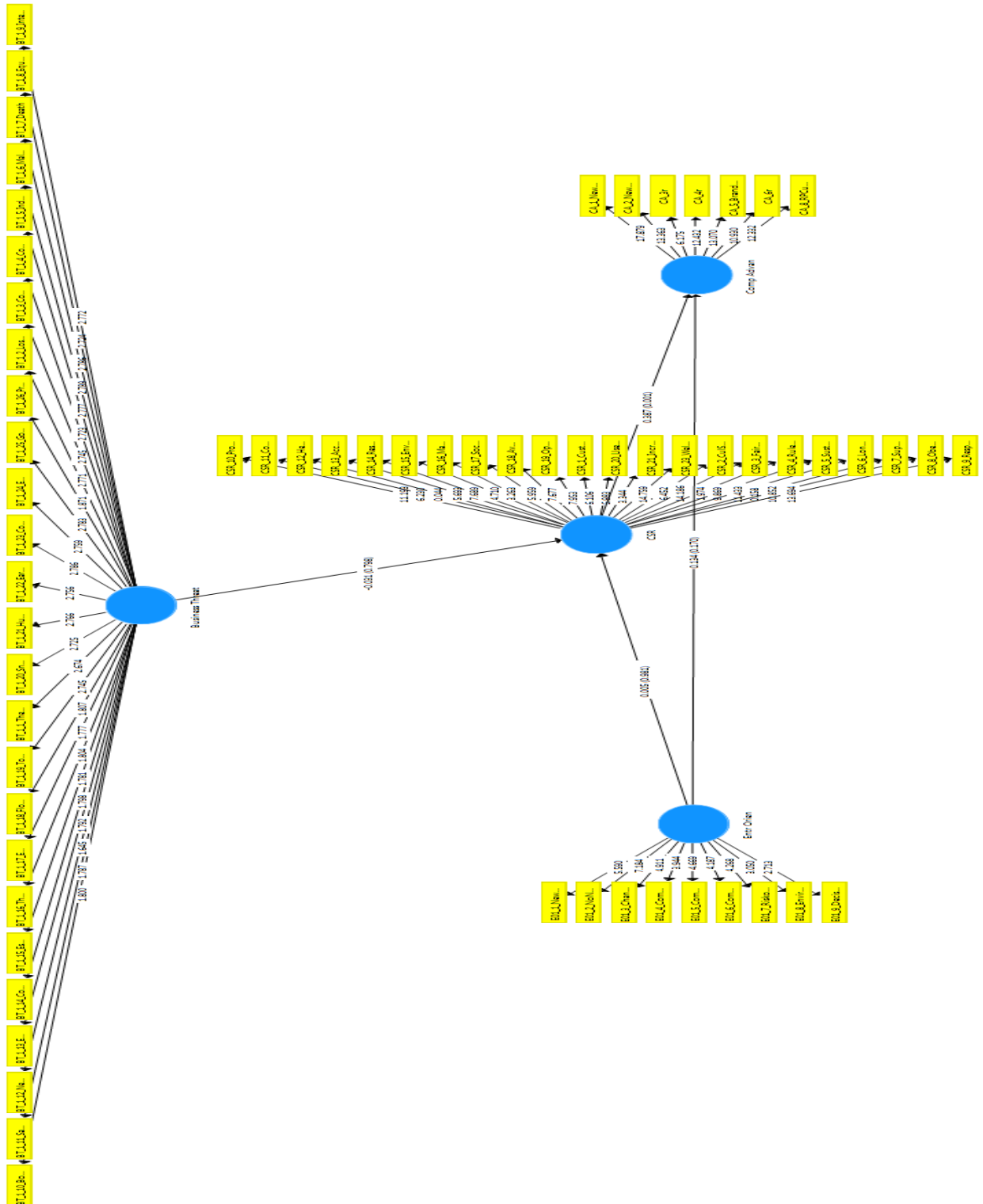


Figure 3. SmartPLS Path Coefficient Model of Conceptual Model



### **5.5 Convergent Validity**

Convergent and discriminant validity are the next steps in the process. Assessing the correlations of the indicators of the constructs in the conceptual model is part of the process of determining convergent validity. To test for discriminant and convergent validity, I ran the structural equation model. Upon completion, I analyzed the model for validity, thereby evaluated average variance extracted (AVE) for the items in the overall model which had an acceptable level greater than 0.50, and composite reliability (CR) which had an acceptable range of 0.70. AVE is based on the indicators and is the mean of the squared loadings of the individual indicators, explaining over 50% of the item's variance (Hair et al., 2019).

The AVE listed in Table 4 below highlights each construct in my structural model which are all above the acceptable level for the AVE; business threats was .834, competitive advantage was .683, CSR was 0.633 and EO was 0.989.

Also, after review of the composite reliability (CR), each had an acceptable level of greater than 0.70. Each of the constructs in my model measuring composite reliability EO at 0.99, CSR at 0.93, competitive advantage at .086, and business threats at 0.99 are each above the acceptable level noted in management literature (Hair et al., 2019; Sarstedt et al., 2017). Therefore, in consideration of the AVE and CR, I can support that my model has achieved convergent validity. Now, I move to analyze the HTMT.

Table 4. *Construct Reliability and Average Variant Extract (AVE) of Variables*

<b>Variable</b>	<b>Cronbach's alpha</b>	<b>AVE</b>	<b>CR</b>
Entrepreneurial Orientation	0.98	0.98	0.99
Corporate Social Responsibility	0.92	0.63	0.93
Competitive Advantage	0.77	0.68	0.86
Business Threats	0.99	0.83	0.99

### **5.6 Discriminant Validity**

Testing for discriminant validity is based on the differences between the constructs and is analyzed by reviewing the cross-loadings (Hair et al., 2019). According to the Fornell-Larcker (1981) criterion method, which tests for discriminant validity, it is used to compare the degree of shared variance of latent variables and is addressed by analyzing the cross loadings of the square root of the AVE, which should be larger than the construct correlations of the other constructs (Hair et al., 2019). The numbers listed on the diagonal on the table are the criterion in relation to correlations.

Listed in Table 5, discriminant validity has been achieved because according to Fornell-Larcker criterion, all measures of EO at 0.994, business threat at 0.913, CSR at 0.795, and competitive advantage at 0.827 are higher than the correlations of the construct, therefore, discriminant validity has been achieved.

Table 5. *Discriminant Validity of Variables Business Threat, CA, CSR and EO*

<b>Variable</b>	<b>Business Threat</b>	<b>CA</b>	<b>CSR</b>	<b>EO</b>
Business Threat	0.913			
Competitive Advantage	0.037	0.827		
Corporate Social Responsibility	-0.076	0.340	0.795	
Entrepreneurial Orientation	-0.014	0.098	-0.059	0.994

*Note:* Business threat, Competitive Advantage, Corporate Social Responsibility & Entrepreneurial Orientation

### **5.7 Heterotrait-Monotrait Ratio**

In review of the heterotrait-monotrait ratio (HTMT) of correlations in Table 6, Hair et al. (2019) noted that HTMT helps to explain the correlations between two constructs and the value of the correlations of the indicators. If the HTMT is lower than 1 or < 0.85 for different constructs or < 0.90 for similar constructs, then the model does not have discriminant validity; however, because the HTMT of my conceptual model is well below the threshold of 0.90, there is discriminant validity (Hair, Hult, et al., 2017; Hair et al., 2019).

Table 6. *Heterotrait-Monotrait (HTMT) Ratio of Correlations Values*

<b>Item</b>	<b>Variable</b>	<b>Business Threat</b>	<b>CA</b>	<b>CSR</b>	<b>EO</b>
1	Business Threat				
2	Competitive Advantage	0.062			
3	Corporate Social Responsibility	0.094	0.368		
4	Entrepreneurial Orientation	0.015	0.108	0.080	

### **5.8 Variance Inflation Factor Analysis**

The variance inflation factor (VIF) addressed the concern of multi-collinearity. VIFs are analyzed to determine if there are items greater than the criteria of 3.0 which helps to review the model which could represent multicollinearity which has an acceptable level of less < 3. The VIF construct variables of EO were (VIF = 1), CSR (VIF = 1), and Business Threat (VIF = 1). Each have a level below 3.0, respectively, which does not indicate an issue with multi-collinearity as shown in Table 7.

Table 7. *Variance Inflation Factor (VIF)*

<b>Variable</b>	<b>Business Threat</b>	<b>CA</b>	<b>CSR</b>	<b>EO</b>
Business Threat	1.000			
Competitive Advantage		1.000		
Corporate Social Responsibility			1.000	
Entrepreneurial Orientation				1.000

*Note.* Source - Inner VIF for  $N = 142$ .

### **5.9 Coefficient of Determination ( $R^2$ ) and Effect Size ( $f^2$ )**

$R^2$  is described as the coefficient of determination and explains the explanatory power of the conceptual model (Shmueli et al., 2019). It helps to evaluate the predictive measure of the structural model and variance explained between the relationship of CA, the dependent variable, to EO, the independent variable (Hair et al., 2019). After examining the  $R^2$  for the path coefficient, I proposed for my theorized model of the dependent variable CA was 0.148 with  $R^2$  adjusted at 0.141, whereas CSR  $R^2$  was .009

with r squared adjustment at 0.006. Both CA and CSR have a small effect as indicated by the  $R^2$ .

The  $f^2$  which measures the effect size is the next item to review. As a guide, effect size ranges from small effect size ( $> 0.2$ ), medium ( $> 0.5$ ), and large ( $> 0.8$ ) in reference by Cohen (1988) and in the article by Lakens (2013). The effect size for CSR is 0.173 within the range of small; business threat is 0.001 also in the range of small, and EO at 0.008 is also.

### **5.10 Direct and Indirect Effects**

Hayes (2009; 2015), MacKinnon et al. (2000), and Hayes and Scharkow (2013) offered various ways to explain, analyze and understand mediation. My analysis used their research basis to explain my proposed partial mediation between entrepreneurial orientation and competitive advantage through corporate social responsibility. To analyze direct, indirect, and total effects along with the effect of the moderation and mediation variables, a bootstrap calculation was conducted (Cepeda-Carrion et al., 2018). Using the bootstrapping calculation provided an opportunity to review the significance of the model and is a non-parametric research tactic (Jensen & Meckling, 2019). As noted, the relationship between entrepreneurial orientation and competitive advantage is mediated by corporate social responsibility. To further understand the relationships between the variables I calculated the results using an unstandardized bootstrap calculation with 5,000 samples to test the significance level the 95% confidence interval with a 2.5% probability of error (Cepeda-Carrion et al., 2018; Ringle & Sarstedt, 2016). After reviewing the results of the first three hypotheses, each were tested for its direct, indirect, and special

effects relationship on the mediator. Later, the moderated relationship is discussed. Relationships are shown in Table 8.

The direct effects of each of the three relationships were not significant as shown in Table 8. The first review considers the direct effects of EO to CSR which was Hypothesis 1 ( $t = 0.431, p = 0.667$ ). Second, hypothesis 3 was CSR to competitive advantage was ( $t = 3.373, p = 0.001$ ), and EO to competitive advantage, which was Hypothesis 4 ( $t = 0.706, p = 0.263$ ), was calculated without the mediator variable. The overall indirect relationship representing EO to competitive advantage via CSR was Hypothesis 5, ( $t = 0.550, p = 0.582$ ), which included the mediator variable in the model. Each run was conducted separately in SmartPLS to understand the effect of the mediator on the model. Therefore, after investigating the direct and indirect effects of the model, Hypotheses 1, 4, and 5 were not significant based on the t-test and p value and did not have a significant impact on the relationship on the individual constructs.

Hypothesis 3, the relationship of CSR to competitive advantage was found to be statistically significant with the t-test and p-value ( $t = 3.373, p = 0.001$ ).

Moreover, in conclusion, Hypothesis 3 was statistically significant, however; the proposed hypothesized conceptual model of Hypotheses 1, 4 and 5 were not supported or significant, because each of the  $p$  values were above the acceptable level of less than ( $p < .05$ ).

Last, I analysed the confidence interval for the bias level. The calculations noted a bias at (0.018) compared to the range of the confidence interval measuring -0.05 at 2.5% and 0.198 at 97.5 %. Next, the moderator variable was tested.

Table 8. Mediated Model Results of the Overall Proposed Hypothesized Relationships

Hypothesized Model	Sample Mean (M)	T Statistic (O/STDEV)	P Values (p < .05)
EO → CSR	-0.015	0.431	0.667
<b>CSR → CA</b>	<b>0.348</b>	<b>3.373**</b>	<b>0.001**</b>
EO → CA	0.156	0.706	0.480
EO → CSR → CA	-0.011	0.550	0.582

Note: N = 142, p < .05\*\*.

### **5.11 Moderation**

To test for moderation, the model was drawn for the moderation which was the construct business threat and connected it to the endogenous variable, CSR. To complete the moderating effect, I selected the EO, the independent variable, and business threat as the moderator. The next step included retaining the output as unstandardized. After this is designed prior to the calculation, it sets up the interaction model by running the PLS Algorithm operation, followed by a bootstrap to review the significance. In the output, I analyzed the path coefficient for statistical significance, follow by defining the slope analysis.

Moderated model analysis is displayed in Table 9.

Table 9. Analysis of the Moderation Model of EO to CSR w/ Moderator Business Threat

Hypothesized Model	Sample Mean (M)	T Statistic (O/STDEV)	P Values (p < .05)
EO → CSR	-0.144	0.313	0.754
Moderation __EO →BT →CSR	2.521	0.498	0.619
<b>CSR → CA</b>	<b>0.350</b>	<b>3.292**</b>	<b>0.001**</b>
EO → CA	0.169	1.088	0.277
EO → CSR → CA	-0.558	0.558	0.577

According to the proposed Hypothesis 2, the moderator, business threat weakens the relationship between entrepreneurial orientation and CSR, therefore, the relationship is dampened by business threat as the moderator variable. My results did not conclude that to be true. Rather, the simple slope test for moderation results showed that when business threats are high ( $t = 0.498, p = 0.619$ ), the relationship is weaker in relation to the relationship between entrepreneurial orientation and corporate social responsibility. There was a positive relationship between BT between EO and CSR but not statistically significant. ( $t = 2.521, p = 0.619$ ).

Furthermore, when the final interaction results are reviewed, there is a disordinal relationship between the variable although it does not support moderation with Hypothesis 2, which stated that the relationship is stronger when business threat is low and is weakened when business threat is high.

In Table 10, the hypotheses analysis concluded that only Hypothesis 3 was tested and at the level of significance at ( $p < .0001$ ) and Hypotheses 1, 2, 4 and 5 were not



significant. This means that firms which enact corporate social responsibility actions do so to enhance or elevate their competitiveness to achieve a competitive advantage.

Table 10. *Hypotheses Analysis of the Overall Proposed Hypothesized Relationships*

Hypothesis	Path	Coefficient	Hypothesis Supported
H1	EO → CSR	0.754	No
H2	EO → Bus Threat → CSR	0.619	No
H3	CSR → CA	0.001**	Yes
H4	EO → CA	0.277	No
H5	EO → CSR → CA	0.577	No

Note.  $N = 142$ ; \*\*( $p < .01$ ); \*( $p < .05$ ).

Note. H1 - Entrepreneurial orientation to corporate social responsibility. H2 – Business threats moderates relationship between entrepreneurial orientation to corporate social responsibility. H3 - corporate social responsibility to competitive advantage. H4 - Entrepreneurial orientation to competitive advantage. H5 - Corporate social responsibility mediates relationship between entrepreneurial orientation to competitive advantage.

### **5.12 Control Variables**

In the model and listed in Table 11, I used the following control variables to include *Gender*, *Years on the job*, and *Year company was established*, which were placed in the model and calculated to determine whether there was any significance. Neither the gender of the entrepreneur nor the year the company was established had any significance ( $p = 0.310$ ) on the model, therefore were not significant. As such, *Years on the job* was significant based on the  $p$  value ( $p = 0.020$ ). This means that the length of time that an entrepreneur has worked or operated a firm, contributed to the degree of competitive advantage experienced.

Table 11. *Results of the Effect of Control Variables*

<b>Control Variable</b>	<b><i>P</i> Value – <math>p &lt; .05</math></b>
Gender	0.310
Years on the job	0.020**
Year company started	0.68

*Note.*  $N = 142$ ;  $p < .05^{**}$ .

## **CHAPTER VI**

### **DISCUSSION**

This research was designed to forge a path towards incorporating a comprehensive analysis on how entrepreneurial focused firms manage through uncertainty, threats, risks, and disruptions in a socially responsible and competitive way. The birth of new and deeper research on entrepreneurship, specifically organizational threats is a thriving area ready for additional exploration. Research addressing business threats is nascent in the management literature and its novel approach represents an opportunity for more empirical research in this area.

There were four primary goals of this paper: (1) extend the knowledge of the connection between the three dimensions of EO (risk taking, innovativeness, and proactiveness) and corporate responsibility in the face of business threats, (2) examine how firms experience and adapt to threatening conditions and how and under what circumstances those actions disrupt and change the firms' behaviors (3) review the impact of corporate social responsibility and the impact between EO and competitive advantage and (4) establish the moderation effect of business threats and the categories of such threats. Although the study was based on situations occurring in an entrepreneurial environment of a firm, the results did not connect each of the relationships, except one.

Only one hypothesis was supported (H3), that was EO to competitive advantage, the other four hypothesized results were not supported as proposed. Neither the relationships of entrepreneurial orientation to corporate social responsibility, and entrepreneurial orientation to competitive advantage were supported or influenced. The mediation relationship of corporate social responsibility linking entrepreneurial orientation and competitive advantage was not supported. Lastly, there was no moderation which strengthened or weakened the relationship connecting business threats as a link between entrepreneurial orientation and corporate social responsibility.

### **6.1 Theoretical and Managerial Considerations**

Upon careful review of the research literature on organizational threats, this contextualization is limited and has not been widely studied empirically. This presents an opportunity to contribute to this body of research on business threats in the management and strategy literature.

One theoretical and managerial consideration is the minimum number of research scales measuring business threats. Despite the consistent nature of threats, there was limited research for this topic and requires more study and a broader approach to understanding a firm level analysis of threats in business environments in comparison to hostile environment, which represents internal threats which also impact a firm externally also.

Chattopadhyay et al. (2001) noted that at the time there had not been an empirical test of threats in an organization. Threats in the context of opportunity has been studied more and dates to the 1990s. Whereas Ravasi and Schultz (2006) conducted a 25-year

longitudinal study with one organization and also agreed that although there were theoretical connections to threats, empirical data does not support it. Contrarily, research linking innovation and business model adaptation process in firms are linked together in prior studies and is opening the door to new ways scholars explain business threats (Saebi et al., 2017). More recent studies by Saebi et al. (2017) addressed the theoretical connection of binding threat of environmental threats under the prospect theory addressed in this paper. According to Saebi et al. (2017) there has not been a study examining threats and the adaptation strategy firms adopt to those changes. For research practitioners and scholars, threats in the current business environment are a key area primed for additional theoretical and management study.

## **6.2 Practical Implications**

Common practice in business is mitigating threats and maximizing profits, the underlying fundamental foundation of success of the firms. My research was designed to elucidate the challenges faced by entrepreneurs seeking to balance the pendulum swing between EO dimensions, business threats and this push towards competitiveness. If a firm decides to launch a new division or expand a current one, they could be faced with embracing the entrepreneurial orientation dimensions, which was measured by the level of innovation, risk-taking, and proactiveness. Specific types of business threats could be germane to the country of origin, including the type of political or business environment where the firm operates. This was illustrated by the 26 scale items used to test various types of business threats in this paper (e.g., loss of records, theft of company property, employee lawsuit, major industrial accident, or weather-related issue).

Additional practical implications include the following six items: 1) to maintain a high degree of competitiveness, firms should consider adopting a strategy which addresses CSR actions and the ability to incorporate risk-taking, proactive, and innovative practices during difficult circumstances; 2) enhance goodwill in society with (CSR) actions associated with competitive advantage which can be balanced when the company is seeking an advantage and the findings showed a statistically significant relationship; 3) firms should increase their internal EO actions; 4) if the firm has long term employees or is well established (length of time), this can contribute to their stability by enhancing their level of competitive advantage; 5) practicing goodwill in society and among stakeholders, firms can also enhance their ability to have a competitive advantage; and 6) engaging in more EO actions at the firm is a positive step which may lead to a decrease in business disruptions.

Business leaders do not possess a crystal ball to foretell or instinctively have the skills to address situational or environmental business threats. Rather entrepreneurs call upon best practices, research, or experience to reinvent, innovate, survive, and thrive as discussed at the beginning of this paper. Practically speaking, analyzing potential threats encountered in firms could offer a glimpse into organizational success both at a competitive and corporate social responsibility level. Hence, the five hypotheses contribute to the conversation for both scholars and practitioners broadening the view of a firms' survivability.

### **6.3 Limitations**

There are five limitations addressed in the study. First was preparing for the survey assessment amid the COVID-19 global pandemic presented limitations to securing results. The second limitation was entrepreneurs and leaders working away from their regular environment which could have potentially distracted respondents from completing the study in an uninterrupted environment. This business disruption may have caused individuals to miss the email requests from the two business groups or LinkedIn due to the infrequency, follow up, or delivery of emails.

A third limitation was the length of the questionnaire contributing to incomplete survey responses and survey fatigue. A fourth limitation was the lack of ethnic diversity of the respondents which included a small sample of entrepreneurs of color. A more varied diverse population of participants, or an oversampling of a particular group of professionals, could have helped to overcome those limiting factors. The fifth and last limitation was the time of year the survey was administered. The questionnaire was distributed during the summer months of May and June immediately after the social distancing and pandemic travel mandates were being lifted across the United States, leaving busy entrepreneurs distracted.

### **6.4 Future Research**

Managing risks, resilience and innovation is an active continual process of entrepreneurship. The very nature of operating a business means at some point, a threatening situation or business interruption could occur. Another aspect to success is to

continue contributing to this research by developing more empirical studies and further testing how organizations manage unexpected business threat which threatens the firm.

Developing a wider stream of research in this area of management literature would benefit scholars and researchers alike, thereby providing more detailed research. Corporate social responsibility is a 70-year-old construct (Carroll & Shabana, 2010), followed by 30 years of study of competitive advantage (Porter, 2011). EO (Lumpkin & Dess, 1996) began in the 80s in comparison to the most recent construct of business threats. One novel approach would be to rename the construct potentially broadening its research appeal and renaming it *environmental hostility, organizational threat, or business disruption*. This provides future researchers new ground to build future studies upon.

Additionally, future research may incorporate an experiential qualitative survey design or mix method analysis, including both studies of quantitative and qualitative analysis. This process could provide an opportunity to collect more data by allowing the firm representative to place themselves in various situations and make determinations as to how they would react to a particular disruption. This could include an experimental structured interview or situation where the respondents are asked to review the situation and determine their course of action.

Entrepreneurial orientation in firms is not a panacea for adapting to disruptions but rather a fluid process involving the evolution of new ventures, opportunities, exploration, and exploitation. Actions taken during threatening or hostile business situations is an ideal approach to gather additional data in the future. In summary, one way would be to expand empirical studies using a longitudinal assessment allowing the



researcher to study the same panel group over time in varying situations. Although this was not part of the original model, developing insight into how firms incorporate intelligent artificial technology or software for data analysis, decision making, market disruption and threat mitigation overtime are also areas ripe for future studies.

### **6.5 Conclusion**

This paper attempted to contribute to the budding area of study by examining threats and recontextualizing competitive advantage to understand how firms manage encounters with environmental business influences and moderated by a business threat. Analyzing business threats and disruption is a nascent body of research and presents a large path of exploration for business scholars.

As stated, this area is ready for additional empirical testing designed to challenge current assumptions of the two antecedents and the moderators of threat (environmental turbulence). Thus, it represents a critical inflexion point to fully deepen the research, specifically at the firm level.

Researchers have long since believed performance was the preferred measured outcome, however; with this research, it addresses the next steps as a way to broaden the scope of assessing threats and competitive advantage in relation to EO. This brings this body of knowledge one step closer to determining critical factors of how firms manage the complexity of entrepreneurship within the firm.

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## **APPENDICES**

# Appendix A

## IRB Form

irb@southalabama.edu



TELEPHONE: (251) 460-6308  
AD 240 · MOBILE, AL. 36688-0002

### INSTITUTIONAL REVIEW BOARD April 15, 2021

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Principal Investigator: Alice Gordon Holloway  
IRB # and Title: IRB PROTOCOL: 21-128  
[1744818-1] Threading the Needle of Entrepreneurial Orientation of Firms: The Effects of Disruptive Threats and Balancing Act of Competitive Advantage and Corporate Social Responsibility

Status: APPROVED      Review Type: Exempt Review  
Approval Date: April 15, 2021      Submission Type: New Project  
Initial Approval: April 15, 2021      Expiration Date:  
Review Category: 45 CFR 46.104 (d)(2): Research that only includes interaction involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior (including visual or auditory recording):

ii. Any disclosure of the human subjects' responses outside of the research would not reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, educational advancement, or reputation

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*This panel, operating under the authority of the DHHS Office for Human Research and Protection, assurance number FWA 00001602, and IRB Database #00000286 or #00011574, has reviewed the submitted materials for the following:*

1. *Protection of the rights and the welfare of human subjects involved.*
2. *The methods used to secure and the appropriateness of informed consent.*
3. *The risk and potential benefits to the subject.*

The regulations require that the investigator not initiate any changes in the research without prior IRB approval, except where necessary to eliminate immediate hazards to the human subjects, and that **all problems involving risks and adverse events be reported to the IRB immediately!**

Subsequent supporting documents that have been approved will be stamped with an IRB approval and expiration date (if applicable) on every page. Copies of the supporting documents must be utilized with the current IRB approval stamp unless consent has been waived.

**Notes:**

## Appendix B

### Table B1

Table B1. *Factor Loadings of Recoded Variables Before Removal of Items*

Construct Items	Standardized Loadings			
Indicator	Business Threat	Competitive Advantage	Corporate Social Responsibility	Entrepreneurial Orientation
BT_1_10_Boycott	0.867			
BT_1_11_Sabotage	0.868			
BT_1_12_NegMedia	0.722			
BT_1_13_Embezzel	0.867			
BT_1_14_Corruption	0.868			
BT_1_15_Espionage	0.868			
BT_1_16_ThftofProperty	0.867			
BT_1_17_EmpWkViolence	0.867			
BT_1_18_Flood	0.867			
BT_1_19_Tornado	0.955			
BT_1_1_TheftofRecds	0.946			
BT_1_20_Snowstorm	0.959			
BT_1_21_Hurricane	0.959			
BT_1_22_Earthquake	0.962			
BT_1_23_ConsLawsuit	0.961			
BT_1_24_EmpLawsuite	0.961			
BT_1_25_GovInvest	0.961			
BT_1_26_ProdRecall	0.725			
BT_1_2_LosstoFire	0.961			
BT_1_3_CompBrkdwn	0.954			
BT_1_4_CompHckers	0.949			

Table B1 continued.

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BT_1_5_IndusAccident	0.961	
BT_1_6_Malfunction	0.961	
BT_1_7_Death	0.959	
BT_1_8_EquipBrkdwn	0.959	
BT_1_9_InternetSiteVeng	0.960	
CA_1_NewCapabilities		0.793
CA_2_NewWayServCust		0.784
CA_3r		-0.618
CA_4r		-0.736
CA_5_BrandnameReput		0.750
CA_6r		-0.696
CA_8_RPCulture		0.732
CSR_10_ProtEnv		0.722
CSR_11_ContCosts		0.566
CSR_12_HealthWell		0.016
CSR_13_AcctCritism		0.492
CSR_14_RespLaw		0.701
CSR_15_EnvTrning		0.437
CSR_16_MaxPrfts		0.388
CSR_17_SocialEthical		0.448
CSR_18_AvoidsEthcal		0.723
CSR_19_OperMeetLgl		0.754
CSR_1_CustSat		0.646
CSR_20_UseRenwal		0.614
CSR_21_IncrseCust		0.405
CSR_23_WelfofComm		0.754
CSR_2_CulSocEvtnt		0.487

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Table B1 continued.

CSR_3_FairCompe	0.805
CSR_4_RulesRegu	0.290
CSR_5_SustDev	0.682
CSR_6_LonTermSu	0.753
CSR_7_SuppNonGov	0.044
CSR_8_ObeyEthic	0.793
CSR_9_RespCust	0.833
E01_1_NewMarkProdServ	0.486
E01_2_NoNewMarkProdServ	0.517
E01_3_ChangesinProServ	0.889
E01_4_CompetitorsInitiate	0.897
E01_5_CometSeldom	0.896
E01_6_Competitors	0.894
E01_7_RiskofProducts	0.895
E01_8_Environment	0.895
E01_9_DecisionMaking	0.435



## Appendix C

### Table C1

Table C1. *Factor Loadings of Recoded Variables After Removal of Lowest Items*

<b>Construct</b>	<b>Items</b>	<b>Standardized Loadings</b>
Entrepreneurial Orientation	EO_3	0.98
	EO_4	0.98
	EO_5	0.98
	EO_6	0.98
	EO_7	0.98
Corporate Social Responsibility	CSR_3	0.83
	CSR_6	0.77
	CSR_8	0.83
	CSR_9	0.87
	CSR_10	0.72
	CSR_14	0.77
	CSR_18	0.79
	CSR_19	0.82
CSR_23	0.71	
Competitive Advantage	CA_1	0.88
	CA_2	0.90
	CA_5	0.66
Business Threat	BT_1	0.87
	BT_2	0.94
	BT_3	0.95
	BT_4	0.95
	BT_5	0.96
	BT_6	0.96

Table C1 continued.

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BT_7	0.96
BT_8	0.96
BT_9	0.96
BT_10	0.86
BT_11	0.89
BT_12	0.74
BT_13	0.86
BT_14	0.86
BT_15	0.86
BT_16	0.86
BT_17	0.86
BT_18	0.86
BT_19	0.95
BT_20	0.96
BT_21	0.96
BT_22	0.96
BT_23	0.96
BT_24	0.96
BT_25	0.96
BT_26	0.72

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## Appendix D

### IRB Form with Consent to Participate

irb@southalabama.edu



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#### INSTITUTIONAL REVIEW BOARD

April 15, 2021

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Principal Investigator: Alice Gordon Holloway  
IRB # and Title: IRB PROTOCOL: 21-128  
[1744818-1] Threading the Needle of Entrepreneurial Orientation of Firms: The Effects of Disruptive Threats and Balancing Act of Competitive Advantage and Corporate Social Responsibility

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Initial Approval: April 15, 2021      Expiration Date:  
Review Category: 45 CFR 46.104 (d)(2): Research that only includes interaction involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior (including visual or auditory recording):

ii. Any disclosure of the human subjects' responses outside of the research would not reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, educational advancement, or reputation

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- 2. The methods used to secure and the appropriateness of informed consent.*
- 3. The risk and potential benefits to the subject.*

The regulations require that the investigator not initiate any changes in the research without prior IRB approval, except where necessary to eliminate immediate hazards to the human subjects, and that **all problems involving risks and adverse events be reported to the IRB immediately!**

Subsequent supporting documents that have been approved will be stamped with an IRB approval and expiration date (if applicable) on every page. Copies of the supporting documents must be utilized with the current IRB approval stamp unless consent has been waived.

**Notes:**

A Study of Firms and Business Threats  
Alice Gordon Holloway  
[Agh1822@jagmail.SouthAlabama.edu](mailto:Agh1822@jagmail.SouthAlabama.edu)

You are invited to voluntarily participate in a research project on threats in business firms.

The purpose of the study is to better understand how business entities manage and adapt to threats in an organization in relation to corporate social responsibility actions. This will take no longer than 5 to 10 minutes to complete. Participation will remain anonymous and no identifying data will be collected.

You will be given a survey of about 70 items, most of which will be on a 1 (Strongly Disagree) to 7 (Strongly Agree) answer format. You have the right to refuse to answer any questions that you do not wish to complete and/or answer.

The results of this study may be potentially advantageous in future organizations and society as a result of information gathered in the study. While unlikely, it is possible that a loss of confidentiality may occur. Be aware, however, that no identifying information is recorded for the current study, and all responses will be saved on a password protected online account. Even if a loss of confidentiality occurs, the data will not have indicators to track responses to individual participants. Also, if a publication is produced from the data obtained in the current study, all results will be presented as overall findings – no direct information about particular responses will be provided.

All answers will be deleted after all data has been collected and three years have passed after any eventual publication. All information will be used for research purposes only.

If you agree to participate, you must be at least 18 years of age and proficient in the English language. You can withdraw at any time without consequence. Please contact me at [Agh1822@jagmail.SouthAlabama.edu](mailto:Agh1822@jagmail.SouthAlabama.edu) or the Institutional Review Board at the University of South Alabama at 251-460-6308 if you have questions about your rights as a research subject.

	USA Institutional Review Board	
	Approved:	04/15/2021
	IRB Number:	21-120/1740010-1

## **BIOGRAPHICAL SKETCH**

## BIOGRAPHICAL SKETCH

Name of Author: Alice Gordon Holloway

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Publications:

Alice Gordon Holloway, Contributing case study author in:

Hair Jr., J. F., Anderson, R., Mehta, R., Babin, B. (2020). *Sales Force*

*Management: Building Customer Relationships and Partnerships*

(2nd ed.). Wiley.