

IMPACT OF INNOVATION CAPABILITY AND COMPETITIVENESS ON ENTREPRENEURIAL ORIENTATION REGARDING TO THE ENTREPRENEURIAL EDUCATION IN BUSINESS PERFORMANCE AMONG SOUTH KOREAN FIRMS:

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Abstract: The current study examined the impact of influential factors innovation capability and competitiveness on entrepreneurial orientation. Entrepreneurial orientation leads towards business success, the study examined the influence of entrepreneurial orientation on business performance with moderating role of entrepreneurial education. The present study collected data from professional entrepreneurs with different experience and industries in South Korea. The study depicted that all direct hypotheses were accepted but moderating role was rejected on statistical grounds. Entrepreneurial activities escalate business activity through utilization of capable and competitive workforce. South Korea shifting their industry based economy towards entrepreneurial setups to strengthen their economy and to utilize the educated unemployed youth. Entrepreneurship provides business opportunities on creative and innovative grounds to contribute for nations' economy.

Keywords: Entrepreneurial Orientation (EO), Entrepreneurial Education (EE), Innovation Capability (IC), Competitiveness (Comp), Business Performance (BP)

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Introduction

The importance of entrepreneurial education is evident by growth tendency for higher education sector in South Korea. Government and education sector has realized that economic development, job creation and societal resilience can be achieved through entrepreneurship development and education. Currently, it has been identified that educated unemployment has become one of major issue due to decline in economic growth and has become national concern. The statistics of Korean education services identified 66% fall in employment rate among university graduates since 2012 according to Korean Educational Statistics Services.

It has been argued and observed in various economies of world that self-employment is source of economic development and recovery that accelerate economic activity (Shapiro, 2014). It has been observed that after interest and

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investment of government in entrepreneurship sector students increasingly taking steps to initiate their own businesses rather job hunt (Maresch, Harms, Kailer, & Wimmer-Wurm, 2016; Stverkova, Pohludka, Kurowska-Pysz & Szczepańska-Woszczyna, 2018). The intention behind entrepreneurial education possess the objectives of creating skills to be innovative and creative ideas development; further, implementation of ideas to harvest long term benefits (Schmitz, Urbano, Dandolini, de Souza, & Guerrero, 2017).

The change has been observed in the world from one type to economy to another; similarly, Korean economy is on edge to shift from industry to entrepreneurship in recent years. The existing small and large businesses lost their ability to provide huge employment to Koreans, therefore unemployment rate arise in recent years and became one of the most burning problem of Korean economy (Park, 2017). Increase in number of entrepreneurial activities will positively influence the economic figures and create the employment opportunities that are important objectives behind entrepreneurial efforts of government. Entrepreneurship boost the business activity and performance in country, business performance expressed on the base of financial and non-financial indicators as financial performance can be assess through growth and profitability. The nonfinancial performance can be assess through employee growth rate, socially responsible, capability, potential to growth and learning capability. The competition has increased in recent years as businesses initiated their operations to meet globalized presence. The phenomenon of globalization has increased that instigated the competition level among rivals to acquire the market. The competitiveness has gained attention for their growth, development and success. The nexus of entrepreneurship, competitiveness and innovation have been considered as challenge for economy and to sustain performance (Herman, 2018). The present study intends to determine the influence of innovation capability and competitiveness on entrepreneurial orientation, the study also determines the influence of entrepreneurial orientation towards business performance with moderating role of entrepreneurial education. The study contributes to the body of knowledge by explaining and empirically testing the relationship of proposed constructs.

Literature Review

Literature has embarked on entrepreneurship, entrepreneurial activities and entrepreneurial intention that influence the economy of the country and business performance (Ślusarczyk, Haseeb & Hussain, 2019). The studies have focused on entrepreneurship and its attributes to initiate business activity and its importance for economic condition of nation. Later research scholars have focused to determine the influential factors towards entrepreneurship and outcomes on economic and business situations. Self-employment creates job opportunities and economic activity in country that leads towards strengthened economy and sustainable performance of businesses. It has been stated that university graduates must be able to think innovatively, entrepreneurial oriented and creative, further

equipped with relevant educational certificate that allow them to initiate business activities. The literature stresses on possession of personal attributes and behavioral control to influence the entrepreneurial activities (Ferreira, Raposo, Gouveia Rodrigues, Dinis, & do Paço, 2012).

Literature has highlighted the importance of innovation capability in business success through adoption of latest established entrepreneurial practices. Entrepreneurship based on creativity and innovation level of firm and individual initiated in business operation. The literature has focused the importance of innovation capability in initiating entrepreneurial activity but there is lack of empirical evidence in determining the entrepreneurial orientation and business performance. Innovation has been expressed in previous studies to influence the organizational innovative capability (Mol & Birkinshaw, 2009). Previous studies have expressed the relationship between innovation capability and organizational structure with role of human resource management (Camisón & Villar-López, 2014). Various researchers have conducted empirical analysis on the relationship of managerial innovation while expressing the role of administration. The implementation of emerging practices of management, newly introduced processes and methods of product development to conduct business activities. Innovation capability focuses to implementation of newly developed methods to initiate changes at various levels of firm to meet the required objectives. Research scholars have expressed innovation capability of firms as conducting business processes according to effective methods of production by initiating improvements in practices to retain employees and manage their capabilities effectively. The firms must be able to introduce innovation solutions in order to gain long term benefits to project entrepreneurial orientation. The innovation at administration level addresses reward system and working activities for effective business processes and performance (Turulja & Bajgoric, 2019). Researcher hasn't come across any study that directly empirically examines the influence of innovation capability on entrepreneurial orientation. The present study is one of the pioneers in examining the relationship between innovation capability and entrepreneurial orientation. To empirical investigation of relationship between constructs following hypothesis is derived:

H1: Innovation Capability influence the Entrepreneurial Orientation among South Korean firms

Competitiveness enables firms to contribute in economic development and growth of country. Competitiveness play crucial and significant role in entrepreneurial activities for achievement of organizational goals and benefits. Literature has stressed upon entrepreneurship based on innovation, responsiveness towards market changes, highly competitive situations and competitive performance of nation. It has been well presented in literature that entrepreneurial activities in business initiatives based on novel ideas, creativity and responsiveness towards adoption of appropriate cultural changes to influence the economic and social factors. The competitiveness and innovation capability assist firms to avail

available opportunities to respond to market competition at micro level and improvement in performance (Khyareh & Rostami, 2018). Contrary, previous study conducted by Acs and Amorós (2008) reported that competitiveness and economic growth decreased by entrepreneurial activities in Latin America. The present study intends to determine the empirical relationship between competitiveness and entrepreneurial orientation among South Korean firms. The study contributes to the body of knowledge by explaining and empirically examining the effect of innovation capability and competitiveness on entrepreneurial orientation and further influence of entrepreneurial orientation on business performance with moderating effect of entrepreneurial education. For investigation the relationship following hypothesis is derived:

H2: Competitiveness influence the Entrepreneurial Orientation among South Korean firms

The success of businesses largely influenced by entrepreneurial activities; through initiating creativity and innovative constructive destruction of existing processes and practices. Entrepreneurship leads firms towards improved performance in highly uncertain market conditions and enable for harvesting benefits by availing external opportunities. Innovation introduces changes to existing practices and processes that lead firms towards economic development and increased performance. Literature coined the term of creative destruction while referring innovative initiatives at activities of business. Research scholars have expressed that entrepreneurship is defined as entrepreneurial orientation according to Cho and Lee (2018) and backed by various other researchers. Entrepreneurial orientation is referred as proactive nature of business to manufacture products or provide services to potential market while introducing novel feature with the risk of loss or failure. The proactive initiatives of firms have been referred as entrepreneurial orientation that involves large scale risk due to innovation as described in various research studies. The present study also follow the notion of previous research studies that entrepreneurial orientation has direct association with innovation, creativity and risk taking investments. The research scholars have reported above stated relationship after analyzing different level of experienced entrepreneurs including more than seven years and less experienced. The research scholars have defined the relationship between innovation category and level of risk involvement to proactive entrepreneurial orientation. The research scholars have empirically examined the study and found positive significant results. The proactive entrepreneurial activities influence positively and significantly economic figures of firms by improve its financial and non-financial benefits. Previous studies have examined the moderating role of education to determine the performance of business influenced by entrepreneurial orientation. The entrepreneurial activities enable firms to develop their product or services according to newly established requirement while introducing creative solutions to the existing issues. The entrepreneurial orientation influences the performance of firms by initiating innovative solution prior to competitors to gain long term benefits. Previous studies

examined entrepreneurial orientation at firm level but now it is required to assess at individual level, therefore present study intends to determine the entrepreneurial orientation at individual level among South Korean sample. The present study intends to empirically examine the influence of entrepreneurial orientation on business performance. On the base of above explanation following hypothesis is proposed:

H3: Entrepreneurial Orientation influences the Business Performance among South Korean firms

Entrepreneurial education referred as training provided to individuals for innovative and progressive initiatives for successful businesses. The enrichment of knowledge and skills among employees must be incorporated through effective scheme to initiate innovative solutions considered as entrepreneurial education (Ekpe & Mat, 2012). Entrepreneurial education assists firms to enable their participants to acquire required skills and abilities that support them for innovative solutions (Ediagbonya, 2013). The educational level, skill level and abilities level receives direct affect from entrepreneurial education initiatives that enhance creativity, critical thinking and self-employment. Previously, scholars have expressed entrepreneurial education as enrichment of skills, knowledge and abilities to influence the innovative and creative solutions in business processes (Fatoki, 2014). The improvement in skills, knowledge and abilities is possible through entrepreneurial education that further play crucial role in success of organization. Research scholars have argued that entrepreneurship can be learned through effective education and skills enrichment programs, further, entrepreneurial education enable firms and individuals to overcome their previous mistakes. It has been argued that entrepreneurial education develop appropriate culture among participants to establish progressive career (Kirkley, 2017). On the other hand, it is identified in recent studies that there is lack of empirical evidence in examining the influence of entrepreneurship activities on performance of business and there is scarcity of studies to determine the role of education in entrepreneurial setup in South Korea (Cho & Lee, 2018). The present study intends to determine the moderating role of entrepreneurial education between entrepreneurial orientation and business performance. By following the above discussion moderating hypothesis is developed as under:

H4: Entrepreneurial Education Moderate the Relationship between Entrepreneurial Orientation and Business Performance among South Korean firms

Research Methodology

The current section of study explains research methodology as cross sectional and quantitative in nature. The data was collected through survey questionnaire. The present study collected data from professional entrepreneurs with different experience and industries in South Korea. In total 200 questionnaires were distributed through email and face to face meeting and 181 were returned as usable

responses. The study utilized SMART-PLS for data analysis through PLS algorithm and bootstrapping method.

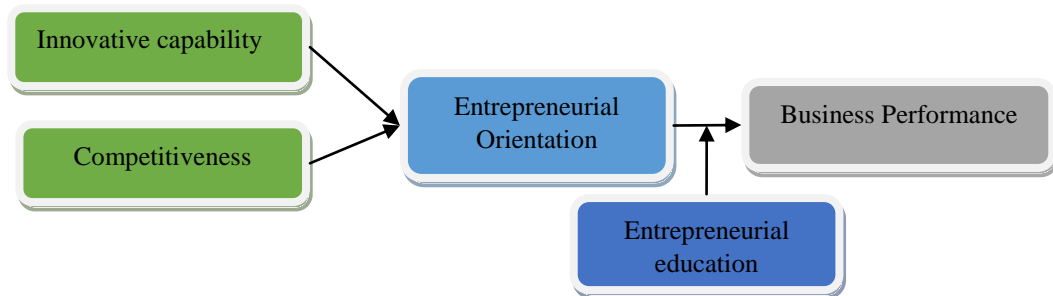


Figure 1. Proposed Framework

Results Analysis

The analysis section of present study determines reliability and validity through Measurement Model (MM) and examines direct and moderating effect of proposed constructs of framework through Structural Equation Modeling (SEM).

Table 1. Reliability and Validity

	Alpha	CR	AVE
BP	0.945	0.961	0.859
EO	0.707	0.833	0.626
EEDU	0.810	0.889	0.730
IC	0.902	0.931	0.685
COMP	0.846	0.897	0.685

The above table 1 demonstrates the Cronbach Alpha, Composite Reliability and Average Variance Extract (AVE) to determine the scale validity and reliability; all values meet the criteria for acceptability.

Table 2. Discriminant Validity

	BP	EO	EEDU	IC	COMP
BP	0.927				
EO	0.458	0.791			
EEDU	0.633	0.507	0.854		
IC	0.420	0.506	0.459	0.879	
COMP	0.497	0.473	0.492	0.445	0.828

The above table 2 presents the discriminant validity that fulfills the criteria for acceptability. In nutshell, above mentioned results of measurement model shows that scale is valid and reliable to investigate the relationship between constructs.

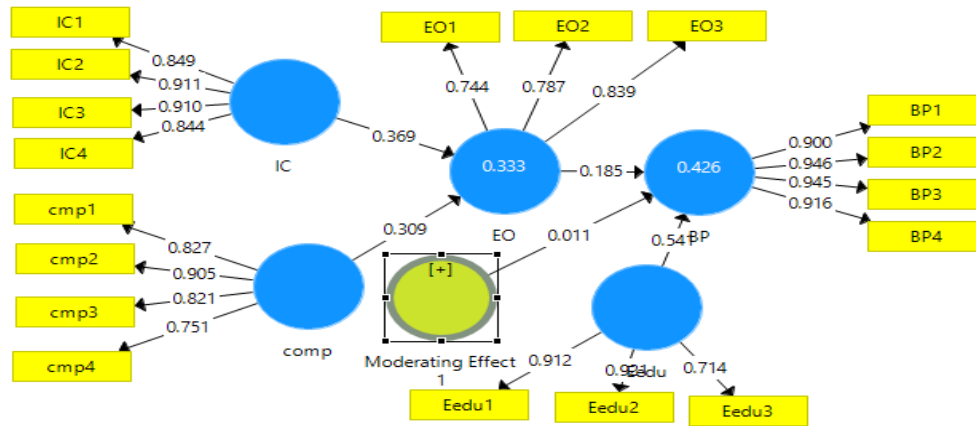


Figure 2. Measurement Model

Structural Equation Modeling (SEM)

The present section of study investigates the proposed hypothesis through bootstrapping method of SEM. The results are shown in table 3 below.

Table 3. Direct Relationship (Hypotheses H1, H2, H3)

	Beta	t-values	p-values
EO -> BP	0.184	3.054	0.002
EEDU -> BP	0.539	7.910	0.000
IC -> EO	0.369	5.883	0.000
COMP -> EO	0.309	5.034	0.000

The above table presents all direct relationship test results and found that all three hypotheses H1, H2 and H3 are significant and acceptable on statistical grounds based on t-value and p-value.

Table 4. Moderating Effect (Hypothesis H4)

	Beta	t-values	p-values
EO -> BP	0.185	3.144	0.002
EEDU -> BP	0.541	7.987	0.000
IC -> EO	0.369	6.115	0.000
Moderating Effect	0.011	0.076	0.782
COMP -> EO	0.309	5.314	0.000

The above table 4 demonstrates the moderating effect of entrepreneurial education between entrepreneurial orientation and business performance, surprisingly, entrepreneurial education don't moderate the relationship. The reason behind shows mismatch of entrepreneurial education with market conditions. The firms must adopt and initiate appropriate entrepreneurial training in order to be effective. These results are similar with the finding of Changwong, Sukkamart, and Sisan (2018) and Sivalai and Rojniruttikul (2018) who also found moderation effect of entrepreneurial education between entrepreneurial orientation and business performance.

Conclusion

South Korea is escalating their business activity through initiatives of entrepreneurial setups to support their economy. The young population and graduates willing to join jobs instead of business initiatives that causes increase unemployment, therefore government focuses on establishing businesses to utilize huge educated workforce that contribute for economy. Korea must focus to develop entrepreneurial setups to attract, train and utilize their human resource to conduct successful business activities. The present study determined the influential factors including innovation capability and competitiveness towards entrepreneurial orientation that positively impact the business performance. The moderating role of entrepreneurial education has been investigated in present study as education play crucial role in business activity. The study found that all direct hypothesis H1, H2 and H3 significant and positive towards entrepreneurial orientation and business performance. The moderating role of entrepreneurial education was not observed and H4 was rejected on statistical grounds. The Korean firms must focus appropriate training session and educational curriculum to attract unemployed youth towards successful business initiatives.

This study suggested to the regulators that they should focus on the innovation capability and competitiveness that improve the entrepreneurial orientation and should also develop the policies regarding the entrepreneurial education that enhance the relationship among the innovation capability, competitiveness and entrepreneurial orientation. Moreover, this study has several limitations such as use only two factors to predict the entrepreneurial orientation and further study may include other factors. This study use entrepreneurial education as moderator other studies may use it as mediator and also cross country analysis should be included in their analysis.

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WPLYW ZDOLNOŚCI INNOWACYJNEJ I KONKURENCYJNOŚCI NA ORIENTACJĘ PRZEDSIĘBIORCZĄ W ODNIESIENIU DO EDUKACJI W FIRMACH W KOREI POŁUDNIOWEJ

Streszczenie: W przedstawionym artykule pokazano wpływ wpływających czynników na innowacyjność i konkurencyjność na zorientowanie na przedsiębiorczość. Orientacja na przedsiębiorczość prowadzi do sukcesu w biznesie, w badaniu zbadano wpływ orientacji na przedsiębiorczość oraz na wyniki biznesowe z moderującą rolą edukacji w zakresie przedsiębiorczości. W niniejszym badaniu zebrano dane od profesjonalnych przedsiębiorców z różnym doświadczeniem i branżami w Korei Południowej. Badanie pokazało, że wszystkie bezpośrednie hipotezy zostały zaakceptowane, ale moderująca rola została odrzucona ze względów statystycznych. Działalność przedsiębiorcza prowadzi do eskalacji działalności gospodarczej poprzez wykorzystanie zdolnej i konkurencyjnej siły roboczej. Korea Południowa zmienia gospodarkę opartą na przemyśle na rozwiązania przedsiębiorcze, aby wzmocnić swoją gospodarkę i wykorzystać wykształconą bezrobotną młodzież. Przedsiębiorczość zapewnia możliwości biznesowe w oparciu o kreatywne i innowacyjne podstawy, przyczyniając się do rozwoju gospodarki narodowej.

Słowa kluczowe: Orientacja na przedsiębiorczość (EO), edukacja przedsiębiorcza (EE), zdolność do innowacji (IC), konkurencyjność (Comp), wyniki biznesowe (BP)

创新能力 and 竞争力对韩国企业在企业绩效方面的创业教育的影响:

摘要: 本研究考察了影响因素的创新能力 and 竞争力对创业导向的影响。创业导向导致企业成功, 该研究考察了创业导向对企业绩效的影响以及创业教育的作用。本研究收集了来自韩国不同经验和行业的专业企业家的数据。该研究表明, 所有直接假设都被接受, 但由于统计学的原因, 仲裁角色被拒绝了。企业家活动通过利用有能力和竞争能力的员工队伍来提升业务活动。韩国将其以产业为基础的经济转向创业型企业, 以增强经济并利用受过教育的失业青年。创业为创新和创新提供了商机, 为国家的经济做出了贡献。

关键字: 创业方向 (EO), 创业教育 (EE), 创新能力 (IC), 竞争力 (Comp), 业务绩效 (BP)