



## International Journal of Entrepreneurial Behavior & Research

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### Article information:

To cite this document:

Cheng Cong, Michael Dempsey, Hong Ming Xie, (2017) "Political skill, entrepreneurial orientation and organizational justice: A study of entrepreneurial enterprise in China", International Journal of Entrepreneurial Behavior & Research, Vol. 23 Issue: 1, pp.20-34, <https://doi.org/10.1108/IJEBR-05-2015-0103>

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# Political skill, entrepreneurial orientation and organizational justice

## A study of entrepreneurial enterprise in China

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### Abstract

**Purpose** – The purpose of this paper is to contribute to a unified theory of entrepreneurial orientation. To this end, the study considers the nexus of entrepreneurial orientation and venture performance contingent on entrepreneurial political skill, as well as in relation to organizational justice as it influences stakeholder commitment. **Design/methodology/approach** – A diverse sample of 237 entrepreneurs from private entrepreneurial enterprises throughout an eastern province (Zhejiang) of China participated in a questionnaire study during three years. The study applies structural equation modeling and hierarchical moderated regression analyses to test the hypotheses.

**Findings** – In the context of a developing economy (China), the study verifies the influence of entrepreneurial political skill on entrepreneurial performance. Amongst those involved in the venture, a sense of organizational justice combined with entrepreneurial orientation work to moderate the entrepreneur's political skill in achieving outcomes.

**Research limitations/implications** – Limitations of the study are the questionnaire survey identifies entrepreneurial "perceptions" of success or failure with actual success or failure; and responses are weighted to founders and top managers as representing entrepreneurial actors more generally.

**Practical implications** – The study concludes that access to scarce resources and maintenance of goal congruence are more likely to be achieved when entrepreneurial innovativeness and pro-activeness are combined with entrepreneurial political skill in a setting of organizational justice.

**Social implications** – The study finds that entrepreneurs are able to improve performance by instilling a group culture of trust and social justice.

**Originality/value** – The study is located contextually in the guanxi-centered social exchange atmosphere of China as the economy transforms from a planned to a market model, with institutional arrangements of a mixed economy of state-owned and privately owned enterprises. In this context, the study explores the constructs of entrepreneurial orientation in relation to entrepreneurial political skill in a context of organizational justice as they combine to influence a venture's success.

**Keywords** Social capital, Networking, Entrepreneurial orientation, Entrepreneurs, Entrepreneurialism

**Paper type** Research paper

### Introduction

Entrepreneurial orientation – characterized by innovativeness, risk-taking, and pro-activeness – has emerged as a major construct within the strategic and management literature (Keh *et al.*, 2007; Lee *et al.*, 2001; Lumpkin and Dess, 1996; Zahra and Covin, 1995). Nevertheless, findings

The authors acknowledge the financial support from National Natural Science Foundation of China (Nos 71402168 and 71402166).



regarding the extent to which such orientation is associated with improved performance have been inconsistent (Tang *et al.*, 2008). As a consequence, it is recognized that dimensions of performance, however valid, may remain contextually and contingently defined. Only more recently, have such as Martens *et al.* (2016) (more broadly, McDonald *et al.*, 2015) turned attention to how major strands of research might converge to a more unified theory of entrepreneurial orientation.

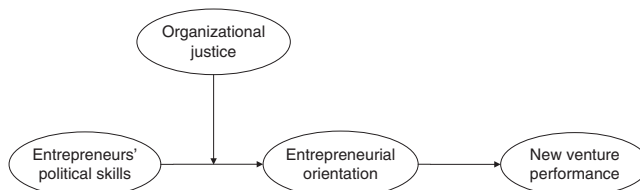
In response, this paper contributes to the development of a unified theory by considering how the nexus of entrepreneurial orientation and venture performance is contingent on the construct of political skill of the managers/entrepreneurs guiding the venture, as well as in relation to a sense of organizational justice as it influences stakeholder commitment to the venture.

An emerging stream of research contends that social skill – characterized by an individual's ability to interact effectively with others – allows entrepreneurs to operate high performing new ventures – as they seek to convince a variety of stakeholders to take actions consistent with the venture's needs: financiers to provide resources, employees to accomplish the firm's objectives, and customers to purchase the firm's offerings (Aldrich and Martinez, 2001; Choi and Shepherd, 2005; Rutherford and Buller, 2007). Such skills allow the entrepreneur to build levels of trust and credibility so as to develop personal ties into firm-level relationships (Chell, 2013; Ferris *et al.*, 2005; Lamine *et al.*, 2014; Prabhu *et al.*, 2012; Tocher *et al.*, 2012).

Research has also focused on the relation between political skill and new venture performance. Thus, a significant body of literature across several fields (organizational behavior, staff psychology, human resource management) confirms that individual political skill has a significant effect on outcomes in many situations (e.g. Barron and Tang, 2011; Riggio and Throckmorton, 1988; Witt and Ferris, 2003). In addition, both theoretical and practical experiences indicate that entrepreneurs high in political skills, as compared to those with low skills, are more successful in business operations (Baron and Markman, 2000, 2003; Davidsson and Honig, 2003; Holt and MacPherson, 2010; Lechner *et al.*, 2006; Stam and Elfring, 2008; Tocher *et al.*, 2012). Nevertheless, little research has examined the scenario in which an entrepreneur high in political skills comes to influence wealth creation in the specific context of entrepreneurial orientation – which is to say, entrepreneurial activity characterized by dimensions of innovation, risk-taking and proactive engagement (Richard *et al.*, 2004; Tang *et al.*, 2008).

Political skill is more likely effective in firms that are perceived as legitimate and/or within which trust and credibility and social ties are developed into personal relationships (Batjargal, 2006; Jack *et al.*, 2008; Khaire, 2010; MacKinnon *et al.*, 2004). Thus, this study seeks to examine the dynamic of the relationship between entrepreneurial orientation and entrepreneurial political skill allowing for a moderating effect of organizational justice.

The study is located contextually in the guanxi-centered social exchange atmosphere of China (Hwang, 2009; Luo, 2007) as the economy transforms from a planned to a market model, with institutional arrangements of a mixed economy of state-owned and privately owned enterprises; wherein socialist and market-based capital systems must coexist, with government controlling financial and material resources to a much greater degree than is the case under western capitalism. Figure 1 highlights the key dimensions of the proposed study.



**Figure 1.**  
The conceptual model  
of the study

## Theory and hypotheses

### *Entrepreneurial political skill and new venture performance*

An emerging stream of entrepreneurship research recognizes social competence, defined as an individual's overall ability to effectively interact with others, as a factor in motivating entrepreneurs to operate new high-performance ventures (Adomako *et al.*, 2015, 2016; Holt and MacPherson, 2010; Tocher *et al.*, 2012; Zhang *et al.*, 2008). Thus, in the entrepreneurial stages, the entrepreneur seeks to persuade stakeholders to provide information and resources, for example, the funds provided by financiers (Aldrich and Martinez, 2001), human capital supported by employees (Choi and Shepherd, 2005), and production markets created by customers (Rutherford and Buller, 2007).

Entrepreneurial political skill is defined as an entrepreneur's ability to influence the actions of others within a specific business environment (Tocher *et al.*, 2012). In considering entrepreneurial political skill to be the most important component of social competence, Tocher *et al.* (2012) argue that such skill allows entrepreneurs to concern themselves with maintaining positive relationships with key stakeholders and, thereby, to minimize the negative effect of interpersonal conflicts in business change and institutional transformation.

The outcome is that successful entrepreneurs modify their social and political interactions with members in internal and external organization settings, for example, colleagues (Lechner and Dowling, 2003), competitors (Tocher *et al.*, 2012), and government officials (Witt, 2004). In such manner, the entrepreneur employs political skill to obtain the resources and information that are important to the venture's objectives. Thereafter, entrepreneurs are orchestrators of change, who rely on political skill to motivate and organize agents so as to institutionalize a visionary outcome. In brief, a wide range of entrepreneur political and interpersonal skills that depend on the entrepreneur's networking abilities positively influence new venture performance because such skills enable the entrepreneur to more effectively leverage their networks to gain the information and resources necessary to operate new firms.

Following the above perspectives, the study conjectures that entrepreneurial political skill is positively related to new venture performance. Accordingly, the study advances the following hypothesis:

*H1. New venture performance is positively related to entrepreneurial political skill.*

### *The moderating role of entrepreneurial orientation on entrepreneurial political skill*

Entrepreneurial orientation has been formulated fundamentally in relation to three components – innovativeness, pro-activeness, and risk-taking (Anderson *et al.*, 2009). Authors such as Anderson *et al.* (2015) and George and Marino (2011) have subsequently questioned how the concept must be recognized on additional dimensions, and that research must be prepared to move up and down various levels of abstraction to test the relationships they are testing. Nevertheless, while recognizing a need to address the ontological and measurement inconsistencies surrounding the concept, Anderson *et al.* (2015) allow that the concept can continue to be cast in a manner that remains largely consistent with its original formulations.

Lumpkin and Dess (1996, 2001) consider that innovativeness captures the propensity to experimentation, to support new ideas, and to depart from established practices, while pro-activeness reflects a propensity to act aggressively toward rival firms in the pursuit of favorable business opportunities. The interpretation of innovativeness and pro-activeness of itself thereby captures a sense of risk-taking in the behavioral – as opposed to attitudinal – setting of this study (Anderson *et al.*, 2015).

We can expect that entrepreneurial innovativeness works to enhance investors' confidence in entrepreneurial initiatives, while entrepreneurial pro-activeness works to persuade skeptics to buy into the entrepreneurial venture. We may then consider that it is in

this context that the entrepreneur can apply political skill to additionally influence those who possess the capability to adjust events to the demands of the business situation (Ferris *et al.*, 2005, 2007). The entrepreneur may achieve such influence by appearing sincere, inspirational, and supportive of stakeholders.

We therefore conjecture that ventures operated by politically skilled entrepreneurs have potential to perform even better in the context of an effective strategy of entrepreneurial orientation – the outcome being that politically talented entrepreneurs seeking to capitalize on resources are able to convince others to serve their goals and engage effectively in their entrepreneurial activity. In addition, with the assistance of strategies of entrepreneurial orientation, entrepreneurs who are politically astute in understanding where to seek opportunities, can more effectively assess the value of potential opportunities, and are more likely to extract profits from these opportunities (e.g. Rauch *et al.*, 2009; Wiklund and Shepherd, 2003). Therefore, the study offers the following hypothesis:

- H2. Entrepreneurial orientation moderates the relationship between entrepreneurial political skill and new venture performance.

*The moderating role of organizational justice on entrepreneurial political skill in relation to entrepreneurial orientation*

The impact of justice in the organizational function has appeared more recently in organizational research (Barling and Phillips, 1993; Bies and Moag, 1986). In this framework, Masterson *et al.* (2000) argue that interactional justice is linked to leader – member exchanges, while Cropanzano *et al.* (2002) hold that interpersonal justice is a predictor of satisfaction with one's supervisor. Thus, in social exchange relationships, the concept of evaluation of a leader can be related to the concept of justice (Colquitt, 2001; Greenberg, 1990).

Tyler and Lind (1992) argue that individuals evaluate their status in teams by observing the trustworthiness of their authorities in relation to how they themselves are likely to be affected. In addition, studies find that entrepreneurs seek to operate within a framework of credibility and trust (Jack *et al.*, 2008; Khaire, 2010; MacKinnon *et al.*, 2004). Kirkley (2016) has emphasized the importance of individual core beliefs and values in motivating participation.

These notions lead us to conjecture that the members of an entrepreneurial team are more willing to work together and reach agreements in regards to entrepreneurial goals in an organizational setting that has high levels of interactional and interpersonal justice (Batjargal, 2010).

Thus, the study offers the following hypothesis:

- H3. Organizational justice moderates the relationship between entrepreneurial orientation and entrepreneurial political skill, such that the relationship is positive stronger when organizational justice is high rather than low.

## Method

### *Sample procedures*

A diverse sample of 434 entrepreneurs from private entrepreneurial enterprises throughout an eastern province (Zhejiang) of China participated in this study during three years. These entrepreneurs are categorized into two main types, founders (37.6 percent) and top managers (48.3 percent), with 14.1 percent both founder and top manager. With the assistance of the public officials of industrial cluster management agencies, the study collected the private firms over three years from the business directory of the supervisory authority. We then posted the questionnaire to the firm's liaison office by name of the supervisory authority. The respondents received a one-page questionnaire with a short explanation and were informed that the survey aimed to examine entrepreneurial activities and entrepreneurial behaviors.

The respondents were assured of data confidentiality. The respondents' completed surveys were sealed in envelopes and returned through the postal service.

To mitigate the common method bias (Podsakoff *et al.*, 2003), the study conducted three phases of data collection over nine months. In the first phase survey (T1), the study sent questionnaires to all 434 entrepreneurs, requesting information on their demographics (age, gender, and organizational tenure) and perceptions of political skill and organizational justice. A total of 391 usable responses were returned, for a response rate of 90.0 percent. Three months later, in phase 2 (T2), the 391 participants who finished the T1 surveys were asked to provide information about their venture's entrepreneurial orientation. Due to uncontrollable factors (e.g. a response of having no time to fill in the questionnaire instrument, or misdirection due to an address change), 373 participants received the questionnaires. We obtained usable responses from 303 participants, for a response rate of 81.2 percent. Three months later, in phase 3 (T3), the 303 participants who completed the T2 surveys were asked to provide information on their venture performance (including growth performance and operating performance). Because of uncontrollable factors (e.g. incomplete responses or less than diligent answering of questions), only 289 participants received the questionnaires and 237 participants returned the completed questionnaires, for a response rate of 82.0 percent. Hence, the final sample in this study consists of 237 participants, for an overall response rate of 54.6 percent. Of these participant entrepreneurs, 74.4 percent are men. The average age is 30.4 years (with a standard deviation of 5.14 years) and the average organizational tenure is 6.5 years (with a standard deviation of 4.7 years).

### *Measurement*

The respondents in the study represent ventures created within a short time (three years). For this reason, the study seeks to assess the new venture's performance in terms of perceptions as communicated by those involved in the venture (as opposed to outcome profitability). Stam and Elfring (2008) consider that such subjective measures can be useful for assessing the broader, non-financial dimensions of performance (see also, Fisher *et al.*, 2014). The study chose a subjective scale to measure new venture performance. Specifically, the study adapts the eight-item scale developed by Kropp *et al.* (2006) to measure new venture performance. Sample items include the following: "The performance of this firm has been very satisfactory" and "This firm has fully met our expectations." The measure of this scale has a Cronbach's  $\alpha$  of 0.83.

We constructed a Chinese version of all the measures by following the commonly used translation – back translation procedure (Brislin, 1980). Specifically, the scales were first translated from English into Chinese by a bilingual professor and then translated back into English by another bilingual professor. We then consulted several entrepreneurs to ensure that the scales items could be generalized to the research context (Schaffer and Riordan, 2003). The respondents scored their responses to questions on a five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strong agree).

### *Independent variables*

*Entrepreneurs' political skill.* Entrepreneurial political skill was assessed using 18 of the original measures (Ferris *et al.*, 2005), which have been utilized in a wide variety of research settings and are considered to have a high level of reliability and validity. In this study, the study adapts six items to measure entrepreneurial political skill. As an example, the study has: "I am particularly good at sensing the motivations and hidden agendas of others" and "When communicating with others, I try to be genuine in what I say and do." This scale had a Cronbach's  $\alpha$  of 0.80.

*Entrepreneurial orientation.* An entrepreneurial orientation scale of nine items originally devised by Covin and Slevin (1989) has been enlarged by Kreiser *et al.* (2002). In this study, we select ten items from the scales developed by Covin and Slevin (1989) and

Kreiser *et al.* (2002) with which to measure entrepreneurial orientation. As an example, the entrepreneur was asked to respond to: "In general, the top managers of my company favor a strong emphasis on the marketing of tried and true products or services." The measure of this scale has a Cronbach's  $\alpha$  of 0.93.

*Organizational justice.* Organizational justice measure methods are comprised of diverse scales with respect to procedural justice (Leventhal, 1980; Thibaut and Walker, 1975), distributive justice (Leventhal, 1980), interactional justice (Bies and Moag, 1986), and informational justice (Bies and Moag, 1986; Shapiro *et al.*, 1994). We adapt the six-item scale developed by Bies and Moag (1986) to measure organizational justice, which examines organizational justice from an interactional and informational perspective. Sample items include the following: "Has he/she refrained from improper remarks or comments?" or "Has he/she been candid in his/her communications with you?" The measure of this scale has a Cronbach's  $\alpha$  of 0.96.

### *Control variables*

Prior research indicates that entrepreneur demographics are likely to be associated with entrepreneurial political skill and entrepreneurial orientation (e.g. de Clercq *et al.*, 2010; Lee *et al.*, 2011). Entrepreneurs were asked to provide basic demographic information (age, sex, and organizational tenure), which serve as control variables in the study. A respondent's gender was coded as 1 for men and 0 for women and both age and organizational tenure were scored in years.

### *Data analysis*

The study uses structural equation modeling and hierarchical moderated regression analyses to test the hypotheses by AMOS17.0 and SPSS17.0, respectively. A hierarchical moderated regression analysis is appropriate in making comparisons between alternative models with and without interaction terms (Jaccard and Turrisi, 2003; Stam and Elfring, 2008). The interaction effect exists when the interaction terms make significant contributions to the variance of the dependent variable over and above that due to the independent variables. Prior to formatting the interaction term, the independent variables are mean centered (Aiken and West, 1991). The analysis uses a confirmatory factor analysis to first explore whether the variables are distinct and thereafter employs a series of regression diagnostics to check whether the modeling assumptions are satisfied.

## **Results**

### *Confirmatory factor analysis*

The confirmatory factor analysis in relating new venture performance to entrepreneurial political skill, entrepreneurial orientation, and organizational justice, commences from a covariance matrix and uses maximum likelihood estimates, as shown in Table I.

Model	$\chi^2$	df	TLI	CFI	RMSEA
Full model (four factors): entrepreneurial political skill, entrepreneurial orientation, organizational justice and new venture performance	821	399	0.91	0.90	0.06
Model 1 (three factors): entrepreneurial political skill and entrepreneurial orientation combined	1,296	402	0.80	0.81	0.09
Model 2 (three factors): entrepreneurial orientation and new venture performance combined	1,978	402	0.64	0.67	0.13
Model 3 (single factor)	27,678	405	0.50	0.51	0.16

**Notes:**  $n = 231$ . TLI, Tucker-Lewis index; CFI, comparative fit index; RMSEA, root-mean squared error of approximation

**Table I.**  
Results of  
confirmatory factor  
analysis for the  
measures of the  
variables studied

The proposed model demonstrates the following fit indexes:  $\chi^2$  (399) = 821.0,  $p < 0.01$ , comparative fit index (CFI) = 0.91, Tucker-Lewis index (TLI) = 0.90, root-mean squared error of approximation (RMSEA) = 0.06. The criteria of good fit for the different index types as recommended by Spector (2001) are: CFI  $\geq 0.90$ , TLI  $\geq 0.90$ , RMSEA  $\leq 0.08$ . Hence, the fit indices of the full model are acceptable. Moreover, all the factor loadings are significant and demonstrate convergent validity.

To select the most appropriate model, the study constructed models that include all three factors (entrepreneurial political skill, entrepreneurial orientation, and organizational justice), two factors, and a single factor. The discriminant validity of the models is examined by contrasting the full three-factor model against the alternative models. As revealed in Table I, the full three-factor model provides a superior fit to the data as against all other models (broadly consistent with the observations of such as Bentler and Bonnet, 1980; Cheung and Rensvold, 2002). The proposed distinctiveness of the three constructs proposed in the study is thereby supported.

### *Descriptive statistics*

Table II reports the means, standard deviations, and zero-order Pearson correlations between the variables used in the regression analysis. The entrepreneur's average age is 30.4 years and has been in business for an average of 6.5 years. Entrepreneurial political skill has significant positive correlations with organizational justice ( $R = 0.42$ ,  $p < 0.01$ ), entrepreneurial orientation ( $R = 0.26$ ,  $p < 0.01$ ), and new venture performance ( $R = 0.17$ ,  $p < 0.01$ ). Organizational justice has significant positive correlations with entrepreneurial orientation ( $R = 0.18$ ,  $p < 0.01$ ) and new venture performance ( $R = 0.15$ ,  $p < 0.05$ ). In addition, entrepreneurial orientation is significantly positively correlated with new venture performance ( $R = 0.36$ ,  $p < 0.01$ ). It thus appears that these results are consistent with and provide initial support for the hypotheses.

### *Tests of hypotheses*

To test *H1* and *H2*, the study conducted hierarchical multiple regression analyses. We first regress entrepreneurial organization (left-hand side, Table III) and new venture performance (right-hand side, Table III) progressively on the control variables (age, gender, and organizational tenure), entrepreneurial political skill as the independent variable, and organizational justice as the moderating variable.

*H1* proposes that new venture performance is positively related to entrepreneurial political skill. As displayed in Table III, new venture performance is significantly positively associated with entrepreneurial political skill (right-hand side, model 6, where the coefficient of new venture performance on entrepreneurial political skill,  $\beta = 0.17$ , with  $p < 0.01$ ), supporting *H1*.

Variables	Mean	SD	1	2	3	4	5	6	7
1. Age	30.43	5.14							
2. Gender	0.74	0.44	-0.00						
3. Organizational tenure	6.52	4.70	0.90**						
4. Entrepreneurial political skill	3.67	0.60	-0.02	0.10	-0.04	(0.80)			
5. Organizational justice	3.80	0.59	0.07	-0.05	0.08	0.42**	(0.96)		
6. Entrepreneurial orientation	3.59	0.66	-0.04	-0.08	-0.01	0.26**	0.18**	(0.93)	
7. New venture performance	3.52	0.64	-0.00	0.05	0.03	0.17**	0.15*	0.36**	(0.83)

**Notes:**  $n = 231$ . Cronbach's  $\alpha$  appears along the diagonal in parentheses. Gender is coded 1 for men and 0 for women \* $p < 0.05$ ; \*\* $p < 0.01$  (two tailed)

**Table II.**  
Means, standard  
deviations, and  
correlations



**Table III.**  
Results of hierarchical  
regression analyses

	Entrepreneurial orientation				New venture performance				
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
<i>Control variables</i>									
Age	-0.18	-0.10	-0.11	-0.10	-0.15	-0.17	-0.09	-0.10	-0.09
Gender	-0.07	-0.05	-0.05	-0.05	0.05	0.04	0.08	0.07	0.07
Organizational tenure	0.15	0.06	0.07	0.06	0.17	0.19	0.11	0.12	0.12
<i>(1) Independent variable</i>									
Entrepreneurial political skill		0.28**	0.25**	0.24**		0.17**		0.08 (ns)	
<i>(2) Moderator</i>									
Organizational justice			0.07 (ns)	0.06 (ns)					
<i>(3) Interaction</i>									
Entrepreneurial political skill $\times$ organizational justice				0.17**				0.02 (ns)	
<i>(4) Moderator</i>									
Entrepreneurial orientation							0.37**	0.34**	0.35**
$R^2$	0.01	0.09	0.09	0.12	0.01	0.04	0.14	0.15	0.13
$\Delta R^2$	0.01	0.07	0.00	0.03	0.01	0.03	0.13	0.11	0.12
$F$	0.85	5.40**	1.01	7.53**	0.58	2.18*	9.14**	7.62**	8.26**
$\Delta F$	0.85	18.85**	4.53**	5.14**	0.58	6.96**	34.58**	28.30**	32.38

Notes:  $n = 231$ . \* $p < 0.05$ ; \*\* $p < 0.01$  (two tailed)

*H2* proposes that entrepreneurial orientation moderates the relationship between new venture performance and entrepreneurial political skill. Full moderation exists when: the independent variable entrepreneurial political skill is significantly associated with the moderator of entrepreneurial orientation, the independent variable is distinctly related to the dependent variable (new venture performance), the moderator is apparently linked to the dependent variable, and when the moderator enters the regression equation, the relationship between the independent and dependent values becomes non-significant. In addition, bootstrapping tests are introduced to judge the significance of the moderating effect of the moderator variable on the outcomes in this study.

The results shown in Table III indicate that entrepreneurial orientation is significantly positively related to entrepreneurial political skill (model 2, coefficient,  $\beta = 0.28$ , with  $p < 0.01$ ), new venture performance is significantly positively linked to entrepreneurial political skill (model 6,  $\beta = 0.17$ ,  $p < 0.01$ ), new venture performance is significantly positively associated with entrepreneurial orientation (model 7, coefficient  $\beta = 0.37$ , with  $p < 0.01$ ), and the relation between new venture performance and political skill becomes non-significant when entrepreneurial orientation is incorporated (model 8, coefficient  $\beta = 0.08$ , non-significant). In addition, the bootstrapping test results indicate a significant indirect effect of entrepreneurial political skill on new venture performance through entrepreneurial orientation ( $p < 0.05$ ). Furthermore, the results of bootstrapping tests on the moderating effect are significant.

As reported in Table III, entrepreneurial orientation has a fully moderating effect between new venture performance and entrepreneurial political skill (model 8, coefficient  $\beta = 0.34$ , with  $p < 0.01$ ). Furthermore, as revealed by model 9, entrepreneurial orientation moderates the relationship between the interaction term of political skills and organizational justice and new venture performance. Hence, *H2* is supported.

*H3* postulates that organizational justice moderates the relationship between entrepreneurial political skill and entrepreneurial orientation. To test the validity of this hypothesis, the study introduced a hierarchical regression analyses. All the interaction

variables are mean centered prior to the minimization of multicollinearity (Aiken and West, 1991). As presented in Table III, entrepreneurial orientation is significantly positively related to the interaction effect between entrepreneurial political skill and organizational justice (model 4, coefficient  $\beta = 0.17$ , with  $p < 0.01$ ). At the same time, organizational justice moderates the relationship between entrepreneurial orientation and entrepreneurial political skill (model 4, coefficient  $\beta = 0.17$ , with  $p < 0.01$ ).

To examine the moderating effects of entrepreneurial orientation and organizational justice together, the study adopted a moderated path analysis that bootstraps 1,000 samples to compute bias-corrected confidence intervals (Edwards and Lambert, 2007). Edwards and Lambert (2007) find that an indirect effect is considered significant if the 95 percent confidence interval excludes zero. As reported in Table IV, the results show that the difference in effects between entrepreneurial political skill and entrepreneurial orientation is  $-0.18$  (strong organizational justice vs weak organizational justice). The 95 percent confidence intervals computed using the bootstrap estimates exclude zero. Thus, the moderating effect of organizational justice on the relationship between entrepreneurial political skill and entrepreneurial orientation is significant ( $p < 0.01$ ).

The difference in the effects between new venture performance and entrepreneurial orientation is  $-0.13$  (strong organizational justice vs weak organizational justice). Hence, the moderating effect of organizational justice on the relationship between entrepreneurial orientation and new venture performance is significant ( $p < 0.01$ ). In addition, the results reported in Table IV indicate that organizational justice moderates the total effect of entrepreneurial political skill on new venture performance ( $\Delta\beta = -0.18$ ,  $p < 0.010$ ).

To examine the nature of the moderating effect, the study plots the interaction effect, adopting Aiken and West's (1991) procedure of computing slopes one standard deviation above and below the mean of entrepreneurial orientation. Figure 2 shows that when organizational justice is strong, entrepreneurial orientation is less positively related to entrepreneurial political skill (coefficient  $\beta = 0.24$ , with  $p < 0.01$ ), but becomes more positively linked to entrepreneurial orientation when organizational justice is weak (coefficient  $\beta = 0.28$ , with  $p < 0.01$ ). In this sense, the results contradict *H3*.

Discussion

While the roles of entrepreneurial orientation and management/entrepreneurial social skill are recognized as key factors in the determination of a venture's performance, the extent to

Table IV.  
Results of the  
moderated path  
analysis

Moderator variable	Entrepreneurial political skill (X) → entrepreneurial orientation (M) → new venture performance (Y)				
	Stage		Effect		
	First $P_{MX}$	Second $P_{YM}$	Direct effects ( $P_{YX}$ )	Indirect effects ( $P_{YM} P_{MX}$ )	Total effects ( $P_{YX} + P_{YM} P_{MX}$ )
Simple paths for low organizational justice	0.25**	0.51**	0.11	0.13**	0.24**
Simple paths for high organizational justice	0.07	0.38**	0.03	0.03*	0.06
Differences	-0.18**	-0.13**	-0.08	-0.10	-0.18**

Notes:  $n = 231$ . In this table  $P_{MX}$  is the path from entrepreneurial political skill to entrepreneurial orientation;  $P_{YM}$  is the path from entrepreneurial orientation to new venture performance;  $P_{YX}$  is the path from entrepreneurial political skill to new venture performance. A low level of organizational justice refers to one standard deviation below the mean of organizational justice; a high level of organizational justice refers to one standard deviation above the mean of organizational justice. Tests of differences for the indirect and total effects are based on bias-corrected confidence intervals derived from bootstrap estimates. \* $p < 0.05$ ; \*\* $p < 0.01$  (two tailed)

which the constructs are interdependent as well as being dependent on the venture's contextual environment is less well understood. In response, this study examines the interplay of entrepreneurial orientation and entrepreneurial political skill in relation to stakeholder perceptions of fairness and justice.

The study has validated the proposition that the entrepreneurial orientation of the organization influences the relationship between entrepreneurial political skill and new venture performance. More specifically, the study finds that innovativeness and pro-activeness – as key elements of entrepreneurial orientation – facilitate the entrepreneur's ability to persuade stakeholders to more actively support the entrepreneurial activity.

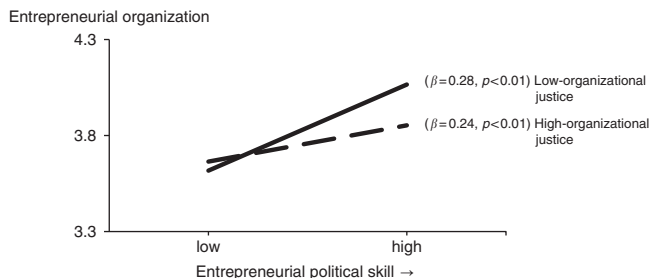
The study finds that with higher organizational justice, entrepreneurs are less likely to rely on their political skills and more likely to be motivated to build long and stable relations with stakeholders through approval and fair-minded social relationships. This result prompts the conjecture that in situations when the entrepreneurial procedures are ill-defined, entrepreneurs are more likely to apply political skill in building relationships with powerful businesses and authorities to circumvent problems or to engage even in illegitimate social exchanges and trading interests. Thus, the study finds that strategies of entrepreneurial orientation emerge from an interaction between entrepreneurial political skill and organizational justice.

The examination of a three-way interaction – that links entrepreneurial orientation, entrepreneurial political skill and organizational justice – provides support for a social exchange perspective (as advanced e.g. by Colquitt, 2001; Donovan *et al.*, 1998; Labianca and Brass, 2006; Tocher *et al.*, 2012). Thus, the study considers that entrepreneurial orientation – as manifested by innovation of spirit, pro-activeness, and overall vigor in situations of cooperation – can effectively combine with organizational justice to provide an environment within which the entrepreneur's decision-making skills can more effectively be applied to obtaining resources and exploiting market opportunities. Additionally, in such context of entrepreneurial orientation, the entrepreneur is facilitated in seeking to motivate stakeholders to give of their best in support of the enterprise.

## Conclusion

In the context of the emerging market economy of China, the study has explored the construct of entrepreneurial orientation in relation to entrepreneurial political skill in a context of organizational justice.

In the context of a developing economy, the study has verified the influence of entrepreneurial political skill on entrepreneurial performance. The similarity of results with those of previous studies substantiates the claims for the importance of entrepreneurial political skill in combination with the venture's entrepreneurial orientation. The study finds that amongst those involved in the venture, a perceived sense of organizational justice



**Figure 2.**  
The moderating effect  
of organizational  
justice on the  
relationship between  
entrepreneurial  
political skill and  
entrepreneurial  
orientation

together with entrepreneurial orientation work to moderate the entrepreneur's political skill in achieving outcomes.

The study has observed, reciprocally, that entrepreneurial orientation as innovativeness and pro-activeness can itself be the outcome of the influence of the politically skilled entrepreneur in the context of the organization's culture of trust and justice. Thus, politically skilled entrepreneurs are able to improve entrepreneurial performance by instilling in the venture a sense of innovativeness and pro-activeness. Such skilled entrepreneur is likely proficient at appearing sincere and trustworthy so as to persuade stakeholders to support the entrepreneurial initiative, and, while appearing capable of aggression and of handling confrontation, will conform sufficiently as to achieve social acceptance.

The study suggests further promising lines of inquiry. The study has explored the interconnectedness of entrepreneurial orientation, political skill and organizational justice in their contribution to new venture performance. Further studies that explore the direction of causality would be welcome. The study is located in the guanxi-centered cultural expectations of China. In this context, the study has emphasized how political skill is practiced by individuals in social relationships. An extension of the study to other geographical cultures, with findings set against cultural differences, would undoubtedly reveal enriching outcomes.

The range of the survey implies a degree of limitation. On a conceptual level, the study has restricted its assessment of entrepreneurial orientation to a focus on innovativeness and pro-activeness. On a methodological level, the questionnaire survey approach of the paper has limitations such as the need to proxy a long-term assessment of entrepreneurial success or failure with more current "perceptions" of entrepreneurial success or failure. Additionally, the study has relied predominantly on responses from founders and top managers, whose response are therefore taken as representing entrepreneurs more generally. There also exists the possibility that the respondents have changed their jobs during this three stage period (in relation to T1 and/or T2 of the questionnaire). Thus, the wide scope of the study implies limitations and the need for further work to confirm the robustness of the findings.

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