Entrepreneurial orientation and performance analysis at the private healthcare sector: The impact of limitation of resources

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ABSTRACT

The unavailability of resources has often been stated as one of the main limitations for SMEs' growth in developing countries. The aim of this study is to address how the position of limited resources impacts the relationship between the entrepreneurial orientation of SMEs in developing countries and their business performances. For this purpose, a conceptual framework has been created, delivering six theoretical propositions aiming to test the impact of limited resources on SMEs' courage for exploring new opportunities and taking risks, promoting innovation, act proactively on the market, and set autonomy and competitive aggressiveness as standards in their operations. Derived propositions have been elaborated by applying a multiple-case research strategy. Six companies from the private healthcare sector in North Macedonia have participated in the research and contributed to the same with a valuable set of data. Study results have indicated relatively low threats from the limited resources to the entrepreneurial orientation dimensions and the business's success correspondingly. Businesses have mainly been financed through their own resources and bank loans, and in some cases through grants as a result of collaboration with innovative and other SMEs' supporting funds. Nevertheless, despite the unenthusiastic level of available resources, entrepreneurs have shown courage to take risks, initiate innovation and act proactively in the private healthcare market.

Introduction

Entrepreneurship has proven to be important for successful economic transition of developing countries, their national development, innovation, and employment expansion. Opportunities for entrepreneurial activities in developing countries are numerous. In fact, markets in developing countries are often less mature, offer more available opportunities and face reduced competitive threats compared to markets in developed countries. However, in a long run (and even in a period of 1-3 years), the survival rate of the new ventures in developing countries is terrifically low. Studies show that more than 50% of the subsidized new ventures fail within the first year of performance (Audretsch et al., 1999; Johnson, 2005). Therefore, it is essential to understand the environment in which businesses in developing countries operate, but also the available internal strategic orientations that businesses may apply to perform successfully.

In this context, entrepreneurial orientation strategy has been considered as highly important for support and persuasion of successful entrepreneurial processes in developing countries. Established as a firm-level phenomenon, it emphasizes the existence and importance of the firm-level entrepreneurship. Through a dynamic combination of its five strategic dimensions (risk taking, innovativeness, pro-activeness, autonomy, and competitive aggressiveness), it allows businesses to act confidently upon the screened unmet opportunities. In advanced economies with intense competition and frequent research and development (R&D) activities, it is expected to introduce a kind of radical innovation to make competitive advantage, however, the situation in developing countries differs. In lack of financial strength to take the leading position with cutting edge R&D outcomes, entrepreneurs in developing countries mainly develop technological absorption capacity and enter the domestic market by introducing innovation that are new...
for the country, rather than new for the global market. In this context, having a sound entrepreneurial orientation strategy is crucial, and being aware of the limitations that the environment serves is of utmost importance.

Literature is rich in studies elaborating the contribution of entrepreneurial orientation strategy to firm performance, Miller (1983), Lumpkin and Dess (2001). Since results of these studies refer to generally positive relationship between these two phenomena, the main implication points to the view that to be successful, SMEs need to have sound entrepreneurial orientation strategy. However, different businesses need different drivers to raise strong entrepreneurial orientation. Empirical studies indicate that it is not only the company that determines the direction of entrepreneurial orientation, but also the related environmental forces, (Lumpkin and Dess, 1996; Gartner, 2008; Johns, 2006). In fact, Lumpkin and Dess point that the five entrepreneurial orientation dimensions (risk-taking, innovativeness, proactiveness, autonomy and competitive aggressiveness) may vary independently relying mainly on the organizational and environmental context.

Moreover, financial constraints certainly limit the growth and prosperity of promising entrepreneurial undertakings. The importance of resources for superior company performance has been extensively elaborated in the work of (Wernerfelt, 1984; Prahalad and Hamel, 2006; Barney, 1991), acknowledging that firms may more easily exploit external opportunities by utilization of internal resources and capabilities. Additional burden to SMEs in developing countries is addressed in the work of Todorovic and McNaughton (2007), stating that entrepreneurs in developing countries besides their own limitation of resources, face additional difficulties to access financing from external environment. Since the limitation of resources is evident issue to SMEs’ operations, this study attempts to give clearer insight how this factor affects the persuasion of entrepreneurial orientation strategy and the consequences to business performance.

The study relies on qualitative research based on six case studies from the private healthcare sector in North Macedonia. The need for qualified and specialized healthcare service; and the inability of the state hospitals to provide adequate level of the same, widely opens opportunities for emerging of high-quality private institutions which need medical specialization, but also a sound entrepreneurial orientation. Six theoretical propositions have been created based on the set conceptual framework aiming to analyse the impact of the limitation of resources on the five entrepreneurial orientation dimensions and business performance. Data were collected by conducting in-depth interviews with the founders of the six private healthcare offices, and N-Vivo software was used to analyse the interview information regarding founders’ availability of resources, their entrepreneurial orientation activities, and company’s performance.

This study is organized as following: after the introduction part, there is a literature overview of the five elements of the entrepreneurial orientation, as well as overview of the importance of the availability of resources for the successful business performance. At this point, six theoretical propositions have been proposed for study analysis and theoretical framework has been built attempting to conceptualize the impact of the limitation of available resources to the entrepreneurial orientation-performance relationship. Then, after methodology and data analysis part, key findings of the study are presented, and the replication of the results has been discussed.

**Literature Review**

**Theoretical and conceptual background**

In developing countries, the perception of entrepreneurial perspective is poor and unfavorable. It is important not to neglect the effect that the negative aspects of developing countries have. Consequently, this study observes limited resources to broaden the perception and provide greater support to the examined theoretical framework. More specifically, the study will first examine the influencing factor of limitation of resources through the lens of the Resource Based Theory. Then, a review of the entrepreneurial orientation concepts and its five dimensions will be presented, and they will be related to the corresponding hypothesis for analysis.

*The “limited resources” constraint and the Resource Base Theory*

In fact, a fundamental implication emerging from developing countries’ economic circumstances refer to the multiple constrains to the success and prosperity of the small and medium sized businesses. In this study, while considering the negative effects, we draw attention to how the limited resources hamper the entrepreneurial prosperity of businesses. Namely, even raising on the assumption that SMEs in developing countries have a numerous supporting funds for starting the business, frequently the limited resources consequences emerge later in the phase of planned development, as investment in new technology and innovation, conducting market research and analysis or investing in intensive marketing for boosting sales.

The importance of resources for superior company performance has been extensively elaborated in the work of Wernerfelt (1984); Prahalad and Hamel (2006); Barney (1991), resulting in structuring the Resource Base Theory. The core notion behind this theory is that firms may more easily exploit external opportunities by utilization of internal resources and capabilities, while eliminating the environmental factors and their influences. In fact, the RBV assumes resources to meet certain criteria, including being valuable, rare, imperfectly imitable, and not substitutable. Moreover, the main objective of this strategy is achieving competitive advantage and superior market performance.
This view is applicable to the research framework of this study, with a core acknowledgement of the importance of resources, especially capital, in the pursuit of entrepreneurial orientation direction. However, entrepreneurship goes beyond the financial limits of inspired individuals or prosperous firms. Moreover, management of resources and therefore, the management knowledge and competence to efficiently use available resource is the cornerstone to firm development. As indicated in the study of Newbert (2007), firms may not earn extra profit by having better resources, but through their unique competence to make use of these resources. Another stream of critiques on Resource Based Theory, point that available resources can be useful for developing competitive advantage, particularly in the short-term, but should be considered in partnership with other factors as organizational learning and adaptability when performing long-term strategic planning. (Kraijenbrink, et al., 2010). The factor of limited resources directly impacts entrepreneurial orientation activities by limiting SMEs’ abilities to innovate, their opportunities to screen the market and detect demand to act proactively or ability to invest extensively in marketing to act aggressively toward competitors. Consequently, it reflects negative consequences to the risk-taking dimension, since taking risk without any innovation support and market information may, by itself, result in negative business outcome. As indicated in the work of Lumpkin and Dess (1996), since these activities are resource-intensive, businesses with limited budgets may face difficulties in performing sound entrepreneurial orientation practices.

Proposition 1: Limited resources will moderate the relationship between entrepreneurial orientation and SMEs success.

Entrepreneurial orientation and key dimensions

Scholars have produced many studies in the field of entrepreneurial orientation in the past three decades. Specifically, entrepreneurial orientation literature incorporates field of entrepreneurship, management, and other business-related disciplines. In the bibliometric analysis of the topic, conducted by Akhtar et al. (2022) the highly related streams of entrepreneurial orientation have been business, management, accounting, and second and third related engineering and economics. Very often the concept is compared to market orientation as well. In the study of Abdulkarim, M. et al. (2021), entrepreneurial orientation has shown great contribution to SMEs performance in combination with market orientation. In fact, the study reveals significant results when it comes to entrepreneurial orientation contribution to non-financial firm results, resulting in satisfied customers and employees, as well as established business image and customer loyalty. However, several other studies (Huang & Wang, 2011; Soares & Perin, 2020) report that both entrepreneurial orientation and market orientation, both require organizational learning practices in order to maintain higher-order learning and innovation on the market.

Attempts to closely define entrepreneurial orientation face multiple challenges. First, there is lack of consensus among scholars about the dimensions or components of entrepreneurial orientation construct. In the work of Miller (1983), entrepreneurial orientation has been established as a firm-level phenomenon, emphasizing the existence and importance of the firm-level entrepreneurship. In this context, the three precise entrepreneurial orientation dimensions must positively co-vary for entrepreneurial orientation to exist. However, even if the uni-dimensional conceptualization of Miller, absence of co-variation among innovativeness, risk-taking and pro-activeness would mean an absence of entrepreneurial orientation, (Kreiser et al., 2002; Rauch et al., 2009; Covin and Wales, 2012; Wales et al., 2011)

Over the years, authors have made numerous conceptualizations of the entrepreneurial orientation as strategic construct, starting by the basic three items concept of Miller (1983) including innovation, risk taking and pro-activeness. One may notice from the extensive entrepreneurial orientation literature that authors have played interchangeably with the three “basic” dimensions of innovativeness, risk taking and autonomy, whereas the dimensions of pro-activeness and competitive aggressiveness have received far less attention from scholars.

Risk Taking

In the earliest definition of entrepreneurship, Cantillon (1755) pointed that anyone who invests (in the sense of acquiring and employing resources) with the purpose of selling goods in the future at an uncertain price is an entrepreneur. While the dimension of risk taking is generally perceived as internal business factor connected mainly to the owner/manager of the firm, an assumption stands that risk taking actions are impossible to be provided in isolation of the environment. Wang (2008) pointed that careful study of potential risks and finding proper ways of risk mitigation is a process that should be learned. This process should be deeply inherent in entrepreneurial capabilities, since many market opportunities ask for quick response and it is to entrepreneurs’ ability to make the right judgement on the risk level of certain activity.

Since risky initiatives may result in negative outcomes as well, firms need to be careful when accessing risky behavior bearing in mind the necessary investments. This process of risk management aimed to reduce and mitigate risk, might be accessed through involvement of research and planning before actual acting on the market, (Bhide, 2000). One should consider the risk of acting conservative in a dynamic and constantly changing environment. As implied in the work of March (1991), firms with a distinct focus on risk taking have resulted in too many underdeveloped new ideas, defocused direction and scattered internal resource base. The risk-taking level of the company is not a simple equation to be solved, but in strategic terms, Baird and Thomas (1985) positioned risk by answering the questions if the firms are venturing into unknown (products/markets), if they make large assets commitments or if they borrow heavily to enter and succeed on the market.
Proposition 1a: At conditions of limited resources, businesses take less risk, which has negative or no influence on SMEs success.

Innovativeness

In the study of Lumpkin and Dess (1996), innovation has been defined as “a tendency to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes” (p.142). While this positive link among the innovation and performance is relatively widely accepted in the recent studies, (Hadi, 2023); there are numerous studies in the entrepreneurial literature that show mix results on this relationship, some positive, some negative, or no relation at all, (Chandler and Hanks, 1994); (Li and Atuagene-Gima, 2001). No universal agreement has been reached regarding the types of innovation that lead to better performance results. Many researchers have accepted Damanpour’s innovation types including technological, administrative, and secondary innovations, (Damanpour, 1987). Another useful and widely accepted distinction of innovation is between technological innovation that refers mainly to product and process development, engineering, and research; and product market innovation, referring to product design, market research and advertising and promotion, (Cooper, 1980); (Miller and Friesen, 1978). Recent study has elaborated the importance of entrepreneurial orientation and innovation for low-tech and high-tech firms, (Haung et.al, 2023). In fact, the study concludes that low-tech firms may satisfy their innovation appetites even by imitation on domestic markets, whereas high-tech firms strive for innovations that are new to themselves but also to the world. This closely relates to the assumption that businesses in developing countries may perform sound level of innovation without huge investments in R&D.

One may conclude that the overall innovation impact on firm performance is positive since the positive implications and outcomes of innovation overweight the expenditures in innovation investment on aggregate level. However, the privilege to innovate has been generally transferred to large corporations, due to their wider investment possibilities, available resources, and intellectual capacities, (Damanpour, 1996; Nord and Tucker, 1987). Namely, innovation has come to be perceived as central cornerstone of entrepreneurial behaviour, with many researchers indicating that without innovation there is no business level entrepreneurship regardless of the presence of other dimensions, (Covin and Miles, 1999); (Gürbüz and Aysol, 2009); (Verbano et al., 2020).

Proposition 1b: At conditions of limited resources, businesses initiate less innovation, which has negative or no influence on SMEs success.

Pro-activeness

Pro-activeness has been tightly related to innovation activities at entrepreneurial firms’ operations. In the work of Anderson et al. (2015), pro-activeness has been collapsed with innovation into one single construct labelled entrepreneurial behaviour. Entrepreneurial firms do not simply create, but they create with intent to employ these creations to establish leading market position, develop new markets and overcome competitors, (Shumpeter, 1942). The importance of pro-activeness for successful entrepreneurial processes has been observed in the literature in different contexts. Ferreras-M´endez et al. (2022) have elaborate the proactiveness more deeply through the relationship of entrepreneurial orientation-speed to market in SMEs processes and declared that the relationship is more than positive and linear but is more complex in nature. In fact, the study showed that SMEs show greater proactiveness (speed to market) when they perform at the extremes of their entrepreneurial orientation. While the advantages of the first mover at the market have been examined, the compromise it takes in terms of resources needed for investment in innovation leads to the assumption that limitation of resources would considerably affect proactive market actions. Evidence shows that environment conditions and industry life cycle matter for pro-activeness’ contribution to firm’s performance. Consequently, careful scanning of the environment and forecasting of future trends may reduce the negative consequences that pro-activeness may provoke.

Proposition 1c: At conditions of limited resources, businesses act less proactively, which has negative or no influence on SMEs success.

Autonomy

Considering the assumption that autonomy may be elaborated as a multidimensional phenomenon, at this point, we would consider autonomy as a two-directional act, relating to the decisional power and independency of the entrepreneurs (SMEs’ founders), as well as the importance of organizational-wide autonomy present at all levels of the business hierarchy. Miller, (1983) establishing the conceptual roots of the entrepreneurial orientation construct, pointing to the findings that the most entrepreneurial firms had the most autonomous leaders. In fact, autonomy has been one of the prime motivators for individuals to start own businesses, (Buttner and Moore, 1997). On the other hand, researchers have neglected the aspect that high level of individual autonomy may limit business growth. Wiklund et al. (2003) argued that very often in the choice between autonomy and control and business growth, the choice of interpretation of high level of autonomous behaviour at tough times may negatively influence business future performance and growth. However, this negative experience with exercising autonomy might be simply overcome by flattering hierarchies, delegating authorities to operational units in the company and encouraging all organizational players to exercise autonomy in regular tasks and activities, (Lumpkin and Dess, 1996).
**Proposition 1d**: At conditions of limited resources, business act less autonomously, which has negative or no influence on SMEs success.

**Competitive Aggressiveness**

Lee and Sukoco (2007), define competitive aggressiveness as a firm’s head-to-head confrontation with rivals thought the action of business to enter a market that other business has identified, or the state of responsiveness through aggressively lowering prices as response to competitor’s actions. Adaptation of unconventional tactics to challenge industry leaders and analysing and targeting rival’s weaknesses are also part of business’ aggressive competitive strategy, (Lumpkin and Dess, 2001).

Available literature in this field of entrepreneurship indicates that the number of the available competitive actions is enormous. However, it might not be essentially the number of actions taken, but rather the time, combination and order of such actions that may affect the final consequences. In general, it becomes fairly evident that no significant research that elaborates competitive aggressiveness contribution to firm performance is provided by the literature. Whereas some studies confirm a positive relation between the two notions, (MacMillan and Day, 1987; Ferrier, 2001), other show ambiguity that evokes further confusion and initiates further research challenges, (Cassilias and Moreno, 2010; Lumpkin and Dess, 2001). Evidence from the literature suggest that this relationship is not immune to environmental dynamism, (Lumpkin and Dess, 2001); competitive attractiveness of the industry and founder’s strategic decisions, (MacMillan and Day, 1987); nor the top management heterogeneity, past firm’s performance, or resources available, (Ferrier, 2001). However, MacMillan and Day (1987) have found a strong positive relationship between the founder’s strategic decision and firm’s performance. In fact, they have elaborated founder’s initial market share objectives and proposed them to be in line with the venture scale of entry. More precisely, they explain that the managers that set high share objectives are more willing to take aggressive marketing and investment actions that would lead to success and increased market share. Consequently, the position of high performance would pay off the initial higher aggressive investment, leading to conclusion that with less available resources, businesses would be able to take less competitive actions.

**Proposition 1e**: At conditions of limited resources, businesses act less competitive aggressively, which has negative or no influence on SMEs success.

**Research and Methodology**

This study addresses the question how the position of limited resources impacts the relationship between the five dimensions of the entrepreneurial orientation of the SMEs and their business performances. In this context, the derived theoretical framework presenting the relationship between the entrepreneurial orientation dimensions (innovativeness, risk-taking, proactiveness, autonomy and competitive aggressiveness) and the SMEs performance, influenced by the factor of limitation of resources follow:

![Theoretical framework of the study](source: Author)

Figure 1: Theoretical framework of the study; Source: Author

Based on this theoretical framework, we derived six theoretical propositions, which were presented in the previous section. The main proposition (proposition 1) is supposed to analyse founders’ own views on the position of limited resources in North Macedonia and to contribute to this study by their own experience in the private healthcare sector. The other five propositions examine the negative impact of the limitation of resources on SMEs entrepreneurial orientation and success and are focused more precisely on the impact of limited resources on the business activities as risk taking, innovativeness, proactivity, autonomous actions, and competitive aggressiveness, and on the business success correspondingly.

For the purpose of this study, we chose to apply qualitative research method based on six case studies from the Macedonian private healthcare sector. It is important to acknowledge that the six selected cases fully meet the four study’s selection criteria.

Inclusion criteria:
To be domestic company
To be private healthcare provider
To operate on the market for more than 3 years and
To have less than 250 employees (SMEs focused).

Exclusion criteria:
Foreign direct investments
Public healthcare providers
Refuse to give confidential information.

The profile and specialization for each of the participating company is presented in the table below

<table>
<thead>
<tr>
<th>Case</th>
<th>Specialization of participant</th>
<th>Company name</th>
<th>Interviewee partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Gastroenterology center</td>
<td>SRCE</td>
<td>Founder</td>
</tr>
<tr>
<td>C2</td>
<td>Genecology ordination</td>
<td>DR. LOZANKOVSKI</td>
<td>Founder</td>
</tr>
<tr>
<td>C3</td>
<td>Dentist ordination</td>
<td>DENTAL COSMETIC STUDIO</td>
<td>Founder</td>
</tr>
<tr>
<td>C4</td>
<td>Dermatological ordination</td>
<td>VIVI DERM</td>
<td>Founder</td>
</tr>
<tr>
<td>C5</td>
<td>Assisted living facility for elderly</td>
<td>PU TERZIEVA</td>
<td>Founder</td>
</tr>
<tr>
<td>C6</td>
<td>Canter for rehabilitation</td>
<td>KINEZIKA</td>
<td>Founder</td>
</tr>
</tbody>
</table>

Findings and Discussions

Case Analysis

Case C1: SRCE

N-vivo software for qualitative analysis assisted in coding and analysis of case C1 and delivered results for the six sub-propositions, meaning elaborating if the set relationships are confirmed or performed activities reasonably differ. The results of the case C1 response to the tests of the five sub-propositions under the four different types of circumstances is illustrated in Figure 2:

Regarding the five sub-propositions of proposition 1 referring to the negative impact of the limited resources on the entrepreneurial activities (risk taking, innovativeness, pro-activeness, autonomy, and competitive aggressiveness), the center for internal diseases SRCE showed the following results. In fact, case C1 provided evidence only for two out of five sub-propositions regarding the limited resources moderating factor:

![Figure 2: Case C1 within case sub-propositions analysis. Source: Author](image-url)

Proposition 1a: At conditions of limited resources, businesses take less risk, which has negative or no influence on SMEs success.
Proposition 1e: At conditions of limited resources, businesses act less competitive aggressively, which has negative or no influence on SMEs success.
More specifically, the case showed support to sub-propositions 1a and 1e, whereas no evidence for supporting sub-propositions 1b, 1c and 1d has been noticed. Therefore, the case has confirmed the negative impact the limited resources have on activities connected with taking risk and acting aggressively toward competition. In this direction the private healthcare provider does not show interest in doing research or trying to exploit more opportunities on the market. Moreover, regarding the competitive aggressiveness, the founder has explained:

“We are focused on our own core competences and the organization is performing almost in isolation of the competition in the sector. We make no effort to take any aggressively competitive actions, and we even do not respond to any aggressive attacks toward us.”

Essentially, the results from case C1 showed no support to the thesis that at conditions of limited resources businesses initiate less innovation; act less proactively or less autonomously, and that these actions have negative or no influence on performance.

**Negative impact over business performance analysis for case C1**

At this part, we will reveal the results for the last part of propositions referring to the business performance and success. Table 1 below presents software output, where the case C1 negative success indicators are presented:

<table>
<thead>
<tr>
<th></th>
<th>C1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Profitability constant or decrease</td>
<td>0</td>
</tr>
<tr>
<td>2: Number of employees constant or decrease</td>
<td>0</td>
</tr>
<tr>
<td>3: Market share constant or decrease</td>
<td>0</td>
</tr>
</tbody>
</table>

**Source:** Author

As the results show, no evidence has been provided to show or confirm negative business performance, however, meaning that the limited resources are influential at certain business undertakings, they have not contributed to negative business performance of case C1. Overall, although previous results of the sub-propositions 1a; 1e; have showed supporting evidence that under the conditions of limited resources case C1 has initiated less risky activities and has not been active competitively aggressively; however, results have shown that these business actions did not contribute to negative business performance. More precisely, study results have shown that these business actions did not influence the profitability, the number of employees or the market share to shift downwards and may not be confirmed as true by the analysis of this study.

**Case C2: DR. LOZANKOVSKI**

Data from case C2 has been coded and analysed using N-vivo software and delivered results for the five sub-propositions, meaning elaborating if the set relationships are confirmed to be correct, or proposed activities have been performed differently. The results of the case C2 response to the tests of the five sub-propositions under limited resources is illustrated in Figure 3 that follows:

![Figure 3 - Case C2 within case sub-propositions analysis. Source: Author](image)

First, the context of limited resources has been observed and its assumed negative influence on entrepreneurial orientation-performance relationship has been elaborated through the dimensions of risk taking, innovation, proactivity, autonomy, and competitive aggressiveness for case C2. Therefore, in this regard, only two out of the five sub-propositions have received sufficient supporting evidence and are accepted to be correct. It refers to sub-propositions 1d and 1e, that follow:

**Proposition 1d:** At conditions of limited resources, business act less autonomously, which has negative or no influence on SMEs success.

**Proposition 1e:** At conditions of limited resources, businesses act less competitive aggressively, which has negative or no influence on SMEs success.

The findings from the study provide compelling evidence that indicate low level of autonomous activities throughout the operations of the business unit. The founder has reported that he is fully aware of this position of his unit, and further explained:
“Besides the fact that employees are encouraged to take innovative actions and to contribute to improving polyclinic performance, it seems that there is still a lot of room to work on initiating new ideas from the bottom up in the hierarchy. An exception here would be the doctor from the pediatric department, who initiated and launched the pregnancy support and breastfeeding support programs. Otherwise, I still make all the final decisions that are of great importance for the future of the business.”

Case C2 has also demonstrated an extremely negative aspect of the competitively aggressive attitude of business. In particular, the findings confirm that the sub-proposition 1e is strongly confirmed, and the case clearly demonstrated that under the conditions of limited resources, business lack competitive strengths and their actions regarding competitors are minimal or provide no value to the company.

**Negative Impact over business performance analysis for case C2**

Up to this point, we have presented evidence for part of the sub-propositions moderated by the influences of limited resources. At this part, we will reveal the results for the last part of propositions referring to the business performance and success. Table 2 below presents software output, where the supporting facts for case C2 negative success indicators are presented:

<table>
<thead>
<tr>
<th>C2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Profitability constant or decrease</td>
<td>0</td>
</tr>
<tr>
<td>2: Number of employees constant or decrease</td>
<td>0</td>
</tr>
<tr>
<td>3: Market share constant or decrease</td>
<td>0</td>
</tr>
</tbody>
</table>

**Source:** Author

Regarding the results of our study, no evidence has been provided to show or confirm negative business performance, however, meaning that the limited resources although powerful for making certain business decisions, they have not contributed to negative business performance of case C2.

Nevertheless, although previous results of the sub-propositions 1d; 1e; have showed supporting evidence that under the conditions of limited resources case C2 has acted less autonomously throughout the unit and has not been active competitively aggressively, however, results have shown that these business actions did not contribute to negative business performance. Namely, study results have shown that these business actions did not influence the profitability, the number of employees or the market share to shift downwards therefore eliminates the confirmation of the elaborated propositions.

**Case C3 Dental Cosmetics Studio**

Furthermore, this paper elaborates the results for case C3. After coding all the relevant data from case C3 gathered throughout the interview process with the founder, the following results emerged regarding the five sub-propositions subject to research. The results regarding case C3 position for risk taking, innovation, pro-activeness, autonomy, and competitive aggressiveness modified by the strengths of limited resources, national culture, immature market, and the position of unexploited opportunities are illustrated in the Figure 4.

![Figure 4](image)

**Figure 4** - Case C3 within case sub-propositions analysis. *Source:* Author

First, the five sub-propositions regarding the negative impact of limited resources on performance have been elaborated. In fact, data from case C3, have provided sufficient evidence to confirm sub-propositions 1b, 1c and 1d. The confirmed sub-propositions are listed below:

- **Proposition 1b:** At conditions of limited resources, businesses initiate less innovation, which has negative or no influence on SMEs success.

- **Proposition 1c:** At conditions of unfavourable entrepreneurial culture, businesses act less proactively, which has negative or no influence on SMEs success.
**Proposition 1d**: At conditions of limited resources, business act less autonomously, which has negative or no influence on SMEs success.

Regarding sub-proposition 1b, results show that the lack of available resources prevents the private dental office Dental Cosmetic Studio from initiating the desirable level of innovation. The reasons behind these results are clearly presented through founder’s statement:

“**New ideas are frequently generated by the everyday experience with clients and screening of international dentistry trends. However, the lack of financial resources prevents realization of the same.**”

The coding results have shown that the issue of innovation and correspondingly, lack of available resources for certain innovative activities to be performed, is dominant while analyzing sub-propositions of proposition 1. Nevertheless, the effect of limited resources has shown to be equally important to the processes of market proactivity. Therefore, sub-proposition 1c has been strongly confirmed throughout our analysis of case C3, clearly showing that under the conditions of limited resources, business act less proactively on the Macedonian private healthcare market. This position has been indisputably elaborated by the founder, who explained:

“**We are aware that the proactive market approach comes with high costs. Therefore, due to the inability to invest time, effort and finance in such undertakings, the office is rarely the first to introduce new products or services to the market.**”

As discussed earlier, besides the issue of innovation and pro-activeness, the negative effect of the limited resources has also been confirmed in the case of autonomy and competitive aggressiveness. Moreover, coding results clearly indicated that under the conditions of limited resources, the process of autonomy within the organization is almost impossible.

Sub-proposition 1e, that concentrates on the influence the limited resources have on the competitive aggressiveness of the company, has also received special attention through our analysis. The outstanding low level of action regarding this business activity is compatible with the sensitivity of the healthcare sector. In this regard, the founder explained:

“**We have never attempted to take any aggressive actions regarding competition. We have always focused primarily on the medicine segment of their company, rather than on the business side of the same.**”

However, no strong evidence has been provided to connect this insignificant action toward the competitive aggressiveness to the position of limited resources of the business. Moreover, the software output did not provide any evidence that would support the stating behind sub-proposition 1a. This would mean that the position of limited resources did not contribute to decreased level of risk-taking activities of the private dental office.

**Business success indicators results for the assumed negative impact**

So far, we have presented evidence for part of the sub-propositions moderated by the influence of limited resources. In this section, we will present the results for the last part of propositions referring to business performance and success. Table 3 below presents software output, where the supporting facts for case C3’s negative success indicators regarding the profitability, market share and the number of employees is presented:

<table>
<thead>
<tr>
<th>C3</th>
<th>Profits constant or decrease</th>
<th>Number of employees constant or decrease</th>
<th>Market share constant or decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Author

Success indicators’ results show no evidence to support the notion that the position of limited resources provides a decrease or stagnation in profitability and in the position of the market share. However, negative or results of stagnation have been found in the position of number of employees, meaning that the number of employees has either decreased or stayed constant during the past three years. Therefore, regarding the results of our study, partial evidence has been provided to show or confirm negative business performance, however, meaning that the limited resources have been powerful for making certain business decisions, they have negatively contributed to business performance of case C3 regarding the number of employees indicator.

Nevertheless, as results of the sub-propositions 1b, 1c, 1d and 1e have showed supporting evidence that under the conditions of limited resources case C3 has shown decreased level of innovation, pro-activity, autonomy throughout the organization and competitive aggressiveness toward competitors, in fact, all these actions showed also to have negative impact on business performance as well, affecting the number of employees indicator. Moreover, it is noteworthy mentioning that the position of limited
resources has shown outstanding influence over case C3, completely confirming three out of five sub-propositions regarding this moderating force.

**Case C4: ViviDerm**

The set of limited resources has been tested on the influence on the business activities of risk taking, innovation, pro-activeness, autonomy, and competitive aggressiveness. A considerable body of evidence has been built up treating these issues in correlation with case C4, based on the data gained throughout the interview process with the founder, Dr. Batuljanu. The results of the case C4 response to the tests of the five sub-propositions under the moderating influences of limitation of resources is illustrated in Figure 5 that follows.

![Figure 5 - Case C4 within case sub-propositions analysis. Source: Author](image)

This section elaborates the presumed negative impact of the position of limited resources on the risk taking, innovation, pro-activeness, autonomy, and competitive aggressiveness on the business of case C4. The results of the study show that enough evidence have been provided to support sub-propositions 1a, 1c and 1e while no support provided confirmation of sub-propositions 1b and 1d. Therefore, the confirmed sub-propositions of case C4 regarding the influence of the limited resources phenomenon are presented below:

**Proposition 1a**: At conditions of limited resources, businesses take less risk, which has negative or no influence on SMEs success.

**Proposition 1c**: At conditions of limited resources, businesses act less proactively, which has negative or no influence on SMEs success.

**Proposition 1e**: At conditions of limited resources, businesses act less competitive aggressively, which has negative or no influence on SMEs success.

Since sub-proposition 1a refers to the influence of limited resources on the level of risk-taking activity, the results clearly show that under the conditions of limited resources, case C4 has faced decreased level of risky activities. As the founder has declared, business activities have been often directed by worldwide accepted protocols and led by medicine based on proofs. By doing so, their risk level at the everyday operations is relatively limited. Their financial inability to invest in expensive and more sophisticated equipment directly decreases their level of risk-taking actions. Founder’s elaboration on the issue of market dynamics and pro-activeness follows:

“Our company operates in a dynamic environment. Very often our business might be affected by worldwide trends and innovations. Although we are trying to follow world trends, we are not the only ones. VIVADERM is seldom acting proactively on the market since many other dermatological practices follow trends too.”

Therefore, bearing in mind that following world trends is expensive and ask for outstanding costs, it certainly confirms sub-proposition 1c, stating that under the conditions of limited resources, business act less proactively. The results for the test of the negative consequences of these activities follow in subsequent section.

Moreover, case C4 has demonstrated insignificant actions of competitive aggressiveness on the market. Results from this study show that this low level of competitive aggressiveness is directly connected to the position and influence of the limited resources as moderating factor, having in mind the fact that more available resources would mean higher quality service and more professional respond to customers. Therefore, under the conditions of limited resources, businesses act less competitive aggressively.

Findings from the study have not provided sufficient evidence to support and confirm sub-propositions 1b and 1d. This would mean that the conditions of limited resources did not contribute to initiating less innovation, or for acting autonomously throughout the organization. Drawing on autonomy insights, study has shown clear evidence that besides their efforts to delegate autonomy throughout the organization; the nature of the business has limited their legibility. Therefore, in their business they value flat hierarchy, openness, and flexibility. Still, many actions are set by the law with the medicine based on proofs and by the Ministry of Health, so at some point autonomy has been naturally disordered. Although case C4 clearly shows a decreased level of autonomy throughout the organizations, it may not be connected to the influence of the limited resources; therefore, it may not support the confirmation of sub-proposition 1d.
Negative impact over business performance analysis

So far, we have presented evidence for part of the sub-propositions moderated by the influences of limited resources. In this section, we have presented the results for the last part of propositions referring to business performance and success. Table 4 below presents software output, where the supporting facts for case C4’s negative success indicators regarding the profitability, market share and the number of employees has been tested:

Table 5: Case C4 negative success indicators N-vivo results.

<table>
<thead>
<tr>
<th>C4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Profitability constant or decrease</td>
</tr>
<tr>
<td>2: Number of employees constant or decrease</td>
</tr>
<tr>
<td>3: Market share constant or decrease</td>
</tr>
</tbody>
</table>

Source: Author

Success indicators results show no evidence to support the notion that the position of limited resources provide decrease or stagnation in profitability and in the position of the market share. However, negative or results of stagnation has been found in the position of number of employees, meaning that the number of employees has either decreased or stayed constant during the past three years. Therefore, regarding the results of our study, partial evidence has been provided to show or confirm negative business performance, however, meaning that the limited resources have been powerful for making certain business decisions, they have negatively contributed to business performance of case C4 regarding the number of employees indicator.

Nevertheless, as results of the sub-propositions 1a, 1c and 1e have showed supporting evidence that under the conditions of limited resources case C4 has shown decreased level of taking risk, less pro-activity, and insignificant competitive actions toward competitors; in fact, all these actions showed also to have negative impact on business performance as well, affecting the number of employees’ indicator.

Case C5: Terzieva

The interview with the founder of case C5, Ms. Terzieva, provided sufficient data for case elaboration which was later incorporated in the qualitative analysis software. The results of the case C5 response to the tests of the five sub-propositions under limited resources is illustrated in Figure 6 that follows:

Figure 6: Case C5 within case sub-proposition analysis. Source: Author

An interesting and surprising point for case C5 is that no sub-proposition from proposition 1 has been provided with sufficient evidence for confirmation; meaning that no evidence has been found to confirm the negative influence of limited resources of company’s entrepreneurial orientation dimensions. At this point of analysis, we may declare that no influence of limited resources phenomenon has been noticed on case C5’s risk taking activities, innovation actions and market pro-activeness, autonomy in organization competitive aggressive actions. However, the section that follows will reveal the results of success performance indicators of case C5.

Negative impact over business performance analysis

Results from case C5 seem to bear the notion that the private nursing home is reluctant to negative influences of the positions of limited resources. Namely, the Table 5 that follows shows the results for testing the three success indicators of case C5 for their negative or constant position:
Table 6: Case C5 negative success indicators N-vivo results.

<table>
<thead>
<tr>
<th></th>
<th>C5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Profitability constant or decrease</td>
</tr>
<tr>
<td>2</td>
<td>Number of employees constant or decrease</td>
</tr>
<tr>
<td>3</td>
<td>Market share constant or decrease</td>
</tr>
</tbody>
</table>

Source: Author

In fact, as it is evident from the presented results in the table, no evidence has been found to confirm the fact that case C5 has negative or constant success trends.

Case C6: KINEZIKA

Assisted by the N-vivo software for qualitative analysis we proceeded with coding and analyzing data of case C6 and delivered results for the six sub-propositions, meaning elaborating if the set relationships are confirmed to be correct, or activities have been performed differently. The results of the case C6’s response to the tests of the five sub-propositions (referring to risk taking, innovation, pro-activeness, autonomy, and competitive aggressiveness) under limited resources is illustrated in Figure 7:

![Figure 7: Case C6 within case sub-proposition analysis. Source: Author](image)

Generally, results from case C6 regarding the negative influence of the position of limited resources seem to bear the notion that this factor does not have great impact on C6’s business activities. In this direction, findings from the study show that only two out of five sub-propositions regarding the limited resources moderating effect are confirmed. The supported sub-propositions are presented below:

**Proposition 1a:** At conditions of limited resources, businesses take less risk, which has negative or no influence on SMEs success.

**Proposition 1b:** At conditions of limited resources, businesses initiate less innovation, which has negative or no influence on SMEs success.

Case C6 has demonstrated that the limitation of available resources has been the main obstacle to greater investments which would lead to greater innovative and risk-taking activities. Regarding these issues, the founder of case C6, Dr. Dimitrov, has explained:

“In absence of additional resources for investment in trainings, education, staff and equipment we are not able to use our full potential and exploit additional opportunities.”

The section that follows presents the results of the performed activities of sub-propositions 1a and 1b, and how these activities have influenced case C6’s business performance.

Business success indicators results for the assumed negative impact.

So far, we have presented evidence for two sub-propositions moderated by the influences of limited resources. In this section, we present the results for the last part of propositions referring to business performance and success. Table 6 below presents software output, where the supporting facts for case C6’s negative success indicators regarding the profitability, market share and the number of employees is presented:

Table 7: Case C6 negative success indicators N-vivo results.

<table>
<thead>
<tr>
<th></th>
<th>C6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Profitability constant or decrease</td>
</tr>
<tr>
<td>2</td>
<td>Number of employees constant or decrease</td>
</tr>
<tr>
<td>3</td>
<td>Market share constant or decrease</td>
</tr>
</tbody>
</table>

Source: Author


Success indicators results show no evidence to support the notion that the position of limited resources provides decrease or stagnation in profitability and in the position of the market share. However, negative or results of stagnation has been found in the position of number of employees, meaning that the number of employees has either decreased or stayed constant during the past three years. Therefore, regarding the results of our study, partial evidence has been provided to show or confirm negative business performance, however, meaning that the limited resources have been powerful for making certain business decisions and they have negatively contributed to business performance of case C6 regarding the of number of employees indicator.

Nevertheless, as results of the sub-propositions 1a and 1b have showed supporting evidence that under the conditions of limited resources case C6 has shown decreased level of taking risk and lower level of innovation activities; in fact, all these actions showed also to have negative impact on business performance as well, affecting the number of employees’ indicator.

Significant research effort has been needed to analyze the six sub-propositions within each of the six cases. Although the limitation of resources has shown to have great impact on entrepreneurial activities, especially in the sphere of innovation and pro-activeness on the market, the lack of significance of association between the limitation of resources and the negative business performance, has eliminated confirmation of certain sub-propositions concerning this issue.

Cross case analysis

Previous sections presented the examination of the five sub-propositions on a single-case level, therefore conceptualizing the within-case analysis. In fact, the five patterns we have identified between the five entrepreneurial orientation dimensions (risk taking, innovativeness, pro-activeness, autonomy, and competitive aggressiveness) and the business success of the selected private healthcare providers have been examined under the influences of limited resources. Extensive research efforts have been needed to provide detailed within-case analysis and to decide on the credibility of the set sub-propositions based on the coded data from the cases. Sub-propositions that have been supported by sufficient evidence have been outlined as true and confirmed. At this point, a cross-case analysis follows, that would examine, detect, and compare the similarities and differences of these patterns across the six cases. For that purpose, following the results of the within-case analysis, each of the set sub-propositions would be separately examined and compared across cases to determine if the literal replication has been assured.

Sub-proposition 1a refers to the negative influence the limited resources have on the risk-taking activities of the businesses and that these actions correspond to negative influence over the business success. Results from the study show that this notion holds for two out of the six elaborated cases. Moreover, success indicators show that these negative effects are reflected in the number of employees’ success indicator that has failed to show positive trends for cases C4 and C6. Moreover, even though case C1 has demonstrated that the limitation of resources has negatively affected its risk-taking activities; further analysis has failed to confirm their negative influence over the company’s performance results, failing to confirm sub-proposition 1b. Contrary to the results expected, only two out of six cases cited limited resources as limitation for their innovativeness and connected it to negative end results. In fact, case C3 and case C6 confirmed this pattern, therefore explaining that experiencing a lack of available resources, prevents these companies from initiating the desirable level of innovation.

Moreover, doctors from case C3 explained the that the limitation of available resources initially affect their ability for additional employments, therefore explaining that they are overwhelmed by clients’ demands and no space has been left for additional innovative activities. Results regarding the limited resources impact on the proactive activities of the business, therefore examined through sub-proposition 1c, showed similar trends. Namely, the negative effects of the limitation of resources on the pro-activeness of the business have been recognized by two of the six examined cases, therefore case C3 and case C4. Moreover, these cases indicated the awareness that the proactive market approach comes with high costs. Consequently, due to the inability to invest time, effort and finance in such undertakings, companies have rarely been the first to introduce new products or services to the market.

In terms of autonomy, only one case conceded that the position of limited resources has negatively affected its autonomy position within its organization. In fact, sub-proposition 1d, had received sufficient evidence for confirmation only by case C3, supported by the fact that strategic choices are frequently connected to financial risk and are commonly made by the founder himself, therefore eliminating the employees’ autonomous position regarding new ideas realization or risk connected undertakings. Moreover, although case C2 has recognized decreased autonomous positions as result of unavailable resources, however, this study failed to connect this company position with negative effects on the success of the company.

Furthermore, all six cases have demonstrated low response to the competitive aggressiveness pattern presented in sub-proposition 1e. Moreover, taking into consideration the fact that all six cases build their reputation and competitive position on the market building on their quality in service provided, education and additional training for development; the lack of resources may be easily connected to negative impact on their competitive position. However, only case C4 has provided enough supporting data to confirm that these negative effects on the competitive position, in fact, transmitted to the negative effects on the final performance results.

Finally, majority of the cases noted instances of negative influence of the position of limited resources on their entrepreneurial activities regarding the five entrepreneurial orientation dimensions, risk taking, innovativeness, pro-activeness, autonomy, and competitive aggressiveness. However, very few cases were able to prove that this negative influence over the listed entrepreneurial
activities has negative influence over the final performance results. Generally, the negative impact of limited resources as moderating force for the entrepreneurial orientation of the companies failed to provide replication of the results across the six elaborated cases.

**Discussion**

The factor of limited resources has been highly positioned on the theoretical background of this study; therefore, it has been placed as one of the main influential forces for the private healthcare businesses operating in Macedonia. Moreover, the aim of this study as to investigate threat of the limited resources to the business performance results through its impact on businesses’ risk taking, innovative, proactive, autonomous, and competitive aggressive actions. More precisely, the propositions of this study suggested that at conditions of limited resources businesses take less risk, initiate less innovation, act less proactively, less autonomously and less competitive aggressively. Selecting the factor of limited resources as one of the main influencers to the entrepreneurial orientation activities of businesses in developing countries, has been supported by numerous previous studies, (Grande et al., 2011; Newbert, 2007; Bartlett and Bukvic, 2001; Kusi et al., 2015).

While analysing the threat of the limitation of available resources, entrepreneurs have explicitly explained that limited resources have serious impact on their performance. In fact, the results seem to reveal that all the founders of the private health offices agree upon the fact that they operate with considerable lack of resources that significantly impact their progress on the market. Four out of six cases cited the limited resources to be the greatest impediment to better performance of innovation and technology transfer. Results from the interviews clearly reveal that to be able to transfer the world healthcare trends on a local level, huge investment is necessary in acquisition of high-tech equipment. Closely connected to this, five out of six interviewed founders explicitly stated that technology is tightly connected to the noteworthy innovation processes in their businesses. Nevertheless, three of the cases similarly placed importance to the appealing credit lines or suitable leasing opportunities for technology purchases. This would certainly lead us to the conclusion that having varied financing options would also assist in improving businesses’ position in terms of innovation and pro-activeness on the market.

However, results from the examination of the five sub-propositions (1a-1e), presenting the limited resources influence over the businesses actions as risk taking, innovativeness, pro-activeness, autonomy and competitive aggressiveness and their connection to business success, have shown great differentiation from most of the previous studies in the literature review. Namely, results from this study regarding the limited resources influential factor go in line with some of the streams of critics of RBV (1a). As indicated in the study of Newbert (2007), firms may not earn extra profit by having more and better resources, but through their unique competence to make use of these resources. These findings are also consistent with the Kraaijenbrink’s unenthusiastic view on RBV, stating that available resources can be useful for developing competitive advantage, particularly in the short-term, but should be considered in partnership with other factors as organizational learning and adaptability when performing long-term strategic planning. (Kraaijenbrink et al., 2010).

**Conclusions**

The limitation of resources has not prevented businesses from innovating and taking risks or acting proactively and delegate autonomy in the everyday operations. In fact, the study failed to process the replication of the expected results, therefore failing to provide the literal replication logic in the study. Instead of providing evidence that confirm that limited resources influence negatively on private healthcare businesses success, only two of the selected cases have reported negative success results in terms of the “number of employees” success indicator, as results of limited resources influence through decreased level of risk, less innovations, less pro-activeness, absence of autonomy and competitive aggressiveness. Overall, the selected private healthcare businesses have shown low sensitivity to the influence of the limitation of resources while taking entrepreneurial actions. Business have mainly been financed through own resources and bank loans, and in some cases through grants as result of collaboration with innovative and other SMEs supporting funds. This position of the businesses clearly points to their strength to take risks, since majority of the entrepreneurs have invested the whole savings for the start-up of their business, and in some cases their houses and apartments have been leveraged as bank collateral. Despite the low level of available resources, entrepreneurs have shown courage to be entrepreneurially oriented on the private healthcare market.

Additional concluding point would be the ability of businesses to get use of the available resources. The study shows that the businesses with greater number of employees (the cases that have not reported stagnation in the number of employees throughout the past three years) have shown greater potential for undertaking risky activities, to introduce innovation and to act proactively. Therefore, future research may focus more closely on the use of available resources, especially in the case of funded businesses through grants or startup support programs. Moreover, future avenues of research may also focus on the relationship of the investment in the human capital and business performance in the countries in transition.

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The author has read and agreed to the published version of the manuscript.

**Author Contributions:** Conceptualization, methodology, validation, formal analysis, investigation, resources, writing—original draft preparation, writing—review and editing; Elena Gjorevska

**Informed Consent Statement:** Informed consent was obtained from the author
References


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