

# Factors Influencing The Entrepreneurial And Learning Orientations Of Chinese Micro-New Sports Training Firms

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## ARTICLE INFO

## ABSTRACT

The purpose of this study was to study investigates the factors influencing the entrepreneurial and learning orientations of Chinese micro-new sports training. This research uses quantitative methods for data analysis, including frequency analysis, exploratory factor analysis, and regression analysis, based on a survey of 455 top management representatives. The study found that entrepreneurial orientation, along with its three key components (proactivity, risk-taking, and innovativeness), had a significant and positive impact on the growth performance of newly founded micro-sports training enterprises. Furthermore, learning orientation and its three components (open-mindedness, shared vision, and commitment to learning) had a considerable beneficial impact on the growth performance of these firms.

**Keywords:** Entrepreneurial orientation, learning orientation; sports training firms

## 1. Introduction

Sports training is becoming more popular as public health awareness continues to rise, leading to a thriving supply-and-demand situation in the market (Li & Zheng, 2023). China has introduced relevant policies in response to General Secretary Xi Jinping's emphasis on the importance of prioritizing health in education and fostering the harmonious development of cultural education and physical fitness among young people (Xi, 2020). Based on pertinent statistics, 76% of parents deem it imperative to register their children in extracurricular sports training programs. Furthermore, the engagement rate in youth sports training has surged to 86%, indicating a notable 12-percentage-point rise compared to the previous year (China Sports Daily, 2021). The growing desire for public involvement in sports training is consistently fueling the expansion of the sports training market. In terms of the development of sports training-related firms during the last decade, the registered number of sports training enterprises in China has shown a consistent upward trend from 2011 to 2016. In 2016, annual registrations increased significantly, hitting 32,000, a 52.3% rise over the previous year. Over the next three years, the growth rate of sports training businesses remained reasonably consistent, especially in 2018, when registration growth decreased, indicating a "calm" era in the market. In 2021, the number of sports training firms in China continued to climb, reaching 388,000, showing that the industry is expanding steadily. By the end of 2021, with the implementation of the "double reduction" restrictions, there had been a large increase in 21,000 sports training-related firms compared to the previous year (Chen et al., 2022). As a result, it appears that future entrepreneurs in the sports training market will confront both chances and obstacles. As a result, study into how new sports training firms may adapt to diverse risks and overcome market problems is extremely important in practice. According to the "Global Entrepreneurship Monitor China Report," the failure rate of new businesses in China in 2018 ranged from 75% to 90%, with more than half of these failing within three years (Shi & Shen, 2021). Similarly, due to their modest size, sports training companies experience difficulties in achieving economies of scale. As a result, only when a company achieves efficient and rapid growth can it demonstrate that the services it offers fit market demands and that its operational model is marketable. Startups must expand efficiently and quickly, just as products must achieve market value. According to Zhang et al. (2011), scholars have long been interested in how new businesses survive, develop, and improve their growth performance in the entrepreneurial ecosystem. Previous study indicates that market risks and shifts

are the leading causes of new startup failure. Both entrepreneurial orientation (EO) and learning orientation (LO) are inherent business talents. They are also critical strategic orientations that can help strengthen corporate culture, systems, risk tolerance, and overall competencies in uncertain conditions. This promotes the growth of entrepreneurial enterprises and enables them to deal with market uncertainties. As a result, the success of new firms is strongly dependent on the critical importance of both EO and LO. As mentioned, this approach will contribute to improved business performance and organizational success in terms of market position, quality, innovation, cost efficiency, and long-term profitability.

## 2. Literature review

The research studies and literature related to the present research were thoroughly reviewed as follows. According to the concept of entrepreneurial orientation (EO), it refers to decision-making and strategic activities that assist a corporation in venturing into new markets, as defined by Lumpkin et al. (1996). Entrepreneurial firms are those that engage in product market innovation, take certain risks, and take aggressive steps to outcompete competitors (Miller, 1983).

Micro-scale startups often simplify their business models (Hamel, 2000). Due to the unpredictable nature of future profits from current operations, businesses must consistently pursue new prospects (Wiklund et al., 2005), potentially achieving dramatic growth through these opportunities (Mrabure et al., 2018). Therefore, EO is considered a highly relevant topic in the realm of entrepreneurial theory (Wales, 2016; Covin et al., 2011), drawing significant research attention (Covin et al., 2014). Covin et al. (1989) carried out the groundbreaking work, which served as the basis for the first implementation of the notion of EO (Miller, 1983). The entrepreneurial concept proposed by Covin et al. (1989) consists of three different parts: proactivity, innovation, and risk-taking. Innovativeness refers to the demand for new products, technologies, and services. Risk-taking indicates the firm's inclination toward projects with risk and uncertainty, as well as its intention to invest financial, material, and human resources in such projects. Proactiveness refers to the firm's tendency to take proactive measures when faced with internal and external changes. The concept of learning orientation (LO), widely recognized as a key outcome of effective human resource management (López, Peón, & Ordás, 2006) and a vital element for improving competitive advantage (Calantone et al., 2002), is an essential component in the sustainable development of businesses (van Mierlo & Beers, 2020). In recent years, it has progressively emerged as a central focus for researchers. LO refers to a fundamental attitude toward learning, encompassing managerial features and organization that make the process of organizational learning easier to accomplish (Chiva & Alegre, 2009). The organization develops a pattern of strategic decision-making through internal and external interactions (Shi & Xin, 2007). Li and Lai (2019) assert that businesses, under the influence of LO, generate specific and focused knowledge and cognition that serve as effective tools for responding to environmental and market changes. In addition, organizations that have a LO are able to quickly get and exchange information about consumers, competitors, technology, and environmental changes. They then analyze, evaluate, and decide whether to adopt or discard the data acquired by the company (Sinkula, 1997). Sinkula et al. (1997) identified three characteristics that play a role in LO. These factors include a commitment to learning, open-mindedness, and a common vision. This study is based on these three aspects. Covin et al. (1989) suggested that a company's early-stage growth performance can be indicative of its entrepreneurial success or failure, according to the concept of new venture growth performance (NVGP). During their initial phases, new ventures often face challenges such as competition and pressure from established industry giants. The rapid and robust development of new ventures significantly influences their long-term survival. At the moment, there is a general agreement among academics over the concept of new initiatives. This study, based on research by Batjargal et al. (2013), defines new ventures as businesses operating independently for up to 8 years. In this perspective, considering 8 years to be the maximum operational age for classifying entrepreneurial ventures as new ventures in contemporary China. In defining new ventures, this study takes into account the time required for enterprises to demonstrate entrepreneurial behavior and LOs reflected in their growth performance from inception. Therefore, in this study, a new venture is defined as a recently created business within the last 8 years.

## 3. Research methodology

This study employs quantitative research methodologies. According to the Guangdong Sports Industry Report (2021), based on the data from 2020, the output value of the sports industry in Guangdong Province ranks first, accounting for nearly one-fifth of the national total, with Guangzhou and Shenzhen contributing to over 60% of this share. As a result, the survey in this study focuses on micro-sports training companies in Guangzhou and Shenzhen, both in Guangdong Province, that were founded during the last eight years. The registration period ran from January 1, 2015, to December 31, 2022. Tianyancha identified a total of 19,903 enterprises in Guangzhou and Shenzhen, applying the "sports training" business scope and registration period from January 1, 2015, to December 31, 2022. A sample strategy consisted of selecting two regions, Guangzhou and Shenzhen, with sample sizes of 256 and 295, respectively, and obtaining the samples using stratified random sampling. In this study, the distributed and collected questionnaires through multiple channels, primarily using two methods: first, on-site collection and distribution. Second, social media, and e-mail, etc. to send electronic questionnaires. Simultaneously, prior to distributing the questionnaire, the researcher provided a brief summary of the survey's

purpose and its potential impact on the industry's future development, encouraging respondents to complete the questionnaire thoroughly and ensure its overall high quality. Data analysis: Quantitative research is a scientific study strategy that analyzes and interprets data using mathematical and statistical techniques in order to identify links between natural and social phenomena. As a result, the data analysis in this study consists mostly of thorough analyses and narratives using methods such as frequency analysis, exploratory factor analysis, and regression analysis.

#### 4. Results

**Descriptive analysis:** In this study, the demographics of 551 effective respondents demonstrated that the majority were female (50.1%), the age group was 31-40 years old (28.8%), the education level was a bachelor's degree (55.4%), and the majority were in the enterprise years (1-2 years) (39.1%).

The reliability and validity analysis reveals that the Cronbach's alpha coefficients are 0.850, 0.893, and 0.825 for the EO, LO, and NVGP, respectively. Additionally, the Cronbach's alpha coefficient of 0.927 indicates a strong level of dependability across the entire variable. Therefore, the questionnaire has a high level of dependability (Ursachi et al., 2015). The overall Kaiser-Meyer-Olkin (KMO) value for the data was 0.923, supporting the items' great credibility and suitability for successful analysis (Wu, 2010).

The result of study examined the impact of entrepreneurial orientation on new venture growth performance. The study of two linear regression studies to explore the relationship between entrepreneurial orientation and new venture growth performance. One analysis focused on the second-order EO variable, while the other analysis examined the first-order variables of EO, including innovativeness, risk-taking, and proactiveness. The results of the second-order EO linear regression analysis show that the regression model's fit adjustment is  $R^2 = 0.299$ , indicating that the fit effect is medium. The F value is 29.561 ( $P < 0.001$ ), which means that there is a significant relationship between EO and NVGP. In addition, the linear regression analysis results for the first-order variable EO show that the regression model's fit adjustment is  $R^2 = 0.318$ , indicating a medium fit effect. The F value is 24.941 ( $P < 0.001$ ), which means that there is a significant relationship between innovativeness, risk, and pioneering variables and NVGP.

The study's findings investigated the impact of learning orientation on new venture growth performance. The study conducted two linear regression analyses, one for the second-order LO and another for the first-order variables of LO (commitment to learning, open-mindedness, and shared vision). The results of the second-order learning-oriented linear regression analysis shows that the regression model's fit adjustment  $R^2$  is 0.225, which means that the fit effect is medium. After excluding the interference of the control variable education level, the F value is 18.521 ( $P < 0.001$ ), which means that there is a significant relationship between learning orientation and NVGP. In addition, the linear regression analysis results for the first-order variables of learning orientation show that the regression model's fit adjustment is  $R^2 = 0.226$ , indicating that the fit effect is medium. After excluding the interference effect of the control variable education level, the F value is 14.437 ( $P < 0.001$ ), which means that there is a significant relationship between learning commitment, open mind, shared vision, and NVGP.

Using the stepwise regression method, the study investigated the mediating effect of learning orientation. It can be seen that in the first step of the model test, EO has a significant impact on NVGP ( $\beta = 0.527$ ,  $p < 0.001$ ), indicating that the total effect is established. Secondly, in the second step of the model test (EO versus LO), EO has a significant impact on LO ( $\beta = 0.519$ ,  $p < 0.001$ ). This is the third part of the model test. It examines the effects of EO and LO on the NVGP. EO has a big effect on NVGP ( $\beta = 0.415$ ,  $p < 0.001$ ), and LO has a big effect on NVGP ( $\beta = 0.216$ ,  $p < 0.001$ ). EO's effect on NVGP decreased from 0.527 to 0.415. As a result, the model identifies entrepreneurial orientation as a partial mediator (Baron & Kenny, 1986). The coefficient test results indicate that the indirect effect proportion of the mediating effect is  $0.519 * 0.216 / 0.527 = 21\%$ . The direct effect proportion is  $0.415 / 0.527$ , or 79%.

#### 5. Conclusion

In conclusion, an entrepreneurial mindset has a considerable and favorable impact on the growth performance of new micro-sports training businesses. Additionally, the three components of an entrepreneurial orientation—innovation, risk, and pioneering—have a large beneficial impact on the growth performance of new micro-sports training businesses. This is the case without mentioning the fact that these factors are also important. Significantly beneficial impact on the situation. The growing performance of micro-sports training businesses is significantly elevated by the presence of a learning orientation that is significantly positive. Simultaneously, the three characteristics of learning orientation (learning commitment, open mind, and shared vision) have a strong favorable impact on the growth performance of micro-sports training firms. Significantly beneficial impact on the situation. There is a positive correlation between entrepreneurial orientation and learning attitude, and learning orientation acts as a partial mediator in the relationship between entrepreneurial orientation and the growth performance of micro-sports training in new businesses.

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