Antecedents of green market performance: a case from Southeast Asian market

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Abstract: This empirical research was conducted to investigate the effect of entrepreneurial orientation on the uniqueness of green products and market performance through green exploitative and explorative product capabilities, explorative and exploitative market penetration, and examining the effect of the uniqueness of green products on market performance. The exploitation and exploration of green product capabilities was considered as the antecedents and postulated as the driver of the uniqueness of green products, while exploitative and explorative market penetration were considered as the antecedents of market effectiveness. The current study proposes nine hypotheses. The
statistical output showed that all hypotheses significantly affect green product differentiation and market performance but explorative market penetration is proven insignificant for leveraging market effectiveness. Data was collected from 1300 respondents charged as operational, sales, and marketing managers in Indonesia and several other Southeast Asian countries. Data was analysed using SEM with AMOS Statistical Software. This research demonstrated that green exploration and exploitation approaches to new product development practices hold a strategic anchor for enhancing green product differentiation and market performance.

**Keywords:** entrepreneurial orientation; green exploitation and green exploration; new product development; explorative and exploitative market-related.


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1 **Introduction to research**

There have been many seminal works concerned with entrepreneurship, such as the study on cross-cultural entrepreneurial competence to identify international business opportunities that contribute to the theoretical notion of how to identify international opportunity by Muzychenko (2008). In identifying international opportunity, the most popular features are considered to be risk-taking, innovativeness, and a proactive orientation (Hughes and Morgan, 2007). This gestalt construct of entrepreneurship was developed in the context of large multinational corporations (Williams and Lee, 2009). Proactiveness, innovativeness, customer intensity, and resource leveraging dimensions of entrepreneurial marketing are positively associated with innovative performance (Hacioglu et al., 2012). Proactiveness towards opportunities draws from active interactions with customers and partners in lead countries (Dimitratos et al., 2010). Therefore, prospector organisations have higher innovativeness, risk-taking, and proactive orientation than defenders and analysers (Tayauova, 2011). Entrepreneurial orientation plays an influential role in the acquisition and utilisation of marketing information and also has a direct effect on firm performance (Keh et al., 2007; Fadhilah,
Antecedents of green market performance

2017). Another study highlighted the significant impact of EO in its various manifestations on organisational performance (Anderson and Eshima, 2013).

Furthermore, the importance of aggressive and risk-taking investment to obtain entrepreneurial rent and effective policy for managing technology development has been clearly shown (Lee and Slater, 2007; Andriyansah and Sufian, 2017). Entrepreneurial alertness with elements of alertness scanning, search, association, connection, evaluation and judgment presented had a significant effect on the pursuit of new opportunities (Tang et al., 2012). As another study also said, the entrepreneurship is then conceptualised as the present value to pursue opportunities (Erikson, 2002). Others findings found links between entrepreneurial orientation, knowledge creation process, and firm performance (Li et al., 2009; Lumbanbatu and Aryanto, 2015). Similarly, there is research that examines the impact of entrepreneurial orientation on firm’s growth rate (Soininen et al., 2012). Besides the effect of market orientation on firm’s growth, it also affects product innovation (Kusumawardhani et al., 2009). The findings demonstrated the significant effect of market orientation and entrepreneurship orientation alignment on product innovation (Atuahene-Gima and Ko, 2001b; Avlonitis and Salavou, 2007; Valliere, 2013; Setiadi, 2017).

Entrepreneurial orientation is involved in market orientation as well as individual-level job related performance, that is, employee innovative behaviours (Huang and Wang, 2011; Suroso, 2017) including commitment with internationalisation, leveraging human capital influence (Javalgi and Todd, 2011), EO is also found in dimensions of strategic decision-making (SDM) process (Ürü et al., 2011). Enhancing entrepreneurial self-efficacy (ESE) improves perceived entrepreneurial abilities (Karlsson and Moberg, 2013). The impact of EO also can be seen through complex penetration and development market strategies to increase business performance (Garri and Konstantopoulos, 2013). In addition, the vector of R&D investment versus asset growth investment is an indicator of entrepreneurial aggression (Williams and Lee, 2009). Social entrepreneurship is seen as promoting social value and development versus capturing economic value (Mair and Marti, 2006; Andriyansah and Zahra, 2017).

For the last two decades, there has been a huge change in marketplaces. Dramatic growth in new technologies, customer demand and diversity, competitive markets, and globalisation have led to significant effects on innovation for the success of firms (Hult and Ketchen, 2001; Menguc and Auh, 2010). In general, innovation is considered the main sources of competitive advantages, organisational renewal, and also the growth of the firm (Day and Wensley, 1988; Porter, 1990). A literature analysis stated that firms are able to develop, integrate, and reconfigure their ability and capability for innovation, adapt with marketplace shifting, and achieve their competitive advantage (Eisenhardt and Martin, 2000; Teece et al., 1997). The exploitation and exploration are considered to be the crucial factors for innovation (Atuahene-Gima, 2005). The exploitation itself is involved in the development of new knowledge about firms which exist in the marketplace, exploration of new products and marketplaces, technology and capabilities (March, 1991).

Robust theories have shown that innovation and product development capability has become the research focus on exploitation and exploration (Atuahene-Gima and Murray, 2007) while other forms of innovation was neglected (Weerawardena, 2003). Moreover, the appropriate marketing strategy led to product failure in the marketplace even with advanced technology usage (van Sluisveld and Worrell, 2013). As the place for the customer to receive and reject new products, the market needs a new form of renewal and
success (Bonner and Walker, 2004). Hence, the firm not only needs to develop new products but also, need to increase market penetration and outperforming the competition. For consideration, market-related exploitative and explorative capabilities are particularly related to timing, as knowledge and market based-assets is the key factor to increase the firms growth (Prahalad and Hamel, 1990; Ramaswami et al., 2009). Some recent research has focused on capability domain and not exclusively on product development (Uotila et al., 2009).

Moreover, despite the increase of the interest in the perspective of dynamic capability, empirical research on how firms build their capability is still considered as an underdeveloped research area (Zhou and Li, 2010). Previous research has been conducted on market orientation, willingness to cannibalise, constructive conflict, failure tolerance, and environmental scanning as the sources for exploitation and exploration (Danneels, 2008). However, the previous research has failed to assess the role of entrepreneurial orientation to leverage the new product development and market-related exploitative and explorative capability. This is a surprising result since entrepreneurship is often considered an innovative agent of change and viewed as the parent of innovation (Miles and Arnold, 1991). This is a strategic orientation that reflects firms’ willingness to engage in trial-and-error innovation (Wiklund and Shepherd, 2005), pursue new market opportunities, and update existing areas of operation (Hult and Ketchen, 2001).

Furthermore, even though the exploitation and exploration have caught the attention of researchers, it has mostly been in the domestic market setting (Atuahene-Gima, 2005) and the studies conducted in the international domain were very limited (Luo, 2000). This is interesting since, firstly, communication development, transportation, and information technology combined with free growth from world trade and domestic tough competition (Spencer, 2003) secondly exploitation and exploration capability could provide the aids for exporting firms to overcome the liabilities such as the benefits from indigenous competitors in term of national culture similarities, industry structural, government regulations, regulatory and business partners (Nachum, 2003), as well as the interest to examine the intersection of entrepreneurial and international business (Weerawardena and O’Cass, 2004).

**Figure 1** Proposed model
Based on the aforementioned background, the current research would first like to introduce the new domain of green exploration and green exploitation capability in the market, secondly examine the role of entrepreneurial orientation driving the capability with product development, thirdly assess the impact of new product development and market-related exploitative and explorative capabilities on product differentiation and market effectiveness. Figure 1 shows the proposed model.

The sequence of the current research is as follows: first a literature tracing of the theoretical background and development of the hypotheses, second, a description of the data collection method and measures, and thirdly, the description of the results of research. Additionally, there will be a discussion of findings and implications, acknowledgement of limitations, and implications for future research.

2 Theoretical background and hypotheses

Defining variation in the success of the firm which refers on the degree and quality of firm knowledge and competence has become the main focus in a substantial body of research within strategic management, marketing, and organisational theory (Zollo and Winter, 2002). Existing literature converges in a summary which highlights that dynamic capabilities among firms could define the differential firm performance and force firms to continuously obtain, integrate, and reconfigure organisational skills, resources, and functional competence as appropriate with environmental conditions in order to manage firms and stay up to date, as well as to achieve competitive advantage (Eisenhardt and Martin, 2000). A firm’s capabilities, embedded through operations, structure, culture and process as well as the firm’s capability to continuously innovate, are the function of how firms manage organisational structure, people, and the process to integrate and create knowledge (O’Reilly and Tushman, 2007).

Renewal capability, knowledge creation, and innovation process determine the firm’s skills regarding reconfiguration, resources, and the ability to exploit existing technology, as well as the opportunity to explore new technology and market places (Helfat and Raubitschek, 2000). These capabilities are called exploration and exploitation. Exploitation is concerned with the refinement of existing paradigms and skills (March, 1991). Exploitation of new product development is referred to as existing product improvement, while exploitation capability is market-related regarding there enforcement of the firm’s current position and existing market relationships. Exploratrive capability tends to search for new options to gain benefits from unexplored opportunities (March, 1991). The explorative product development capability requires the new product development to be done in relation to the market by searching for and developing new market relationships.

The degrees of firm process, practices as well as decision making style are reflected in an entrepreneurial orientation that acted as a base for managerial decisions (Lumpkin and Dess, 2001). Though one conceptual argument claims that entrepreneurial orientation leads to higher performance, empirical research findings claimed more inconsistency (Rauch et al., 2009). Aligning with these works, several findings showed a significant relationship between entrepreneurial orientation and performance (Hult et al., 2003), as well as weak relationship between entrepreneurial orientation and performance (Zahra, 1991; Lumpkin and Dess, 2001), and other findings with insignificant effect (Covin
et al., 1994). To interpret these inconsistency findings, the mediating variable is proposed to link these two constructs (Matsuno et al., 2002; Baker and Sinkula, 2009).

Entrepreneurial orientation creates a conducive environment that enhances firms’ ability to develop innovative capability (Kusumawardhani, 2013). Firms are searching for methods to perpetuate and accentuate their strengths in innovation and flexibility to exploit opportunities and goals (Naman and Slevin, 1993). Entrepreneurial orientation consists of innovation, proactiveness, and risk-taking (Covin and Slevin, 1989). The innovation tends to support new ideas and changes (Rauch et al., 2009). This covers the creativity and experiments in new product development, technology adoption, and internal process (Li and Liu, 2010). Proactiveness is an opportunity-seeking perspective (Ahuja and Lampert, 2001; Rauch et al., 2009). It reflects the anticipation of future market changes (Baker and Sinkula, 2009) and pioneering methods, techniques, and products (Lee and Lee, 2003; Li and Liu, 2010). Risk taking involves the taking unknown opportunities (Rauch et al., 2009). This is such offering the resources for new projects and chasing the changes (Baker and Sinkula, 2009), yet for uncertainty results (Li and Liu, 2010).

Seemingly, while entrepreneurial orientation merely supports the search for new options to obtain the benefits from unexplored opportunities, exploitative capability could also offer advantages. Exploitative product development can also involve minor changes (modified and improved existing products) that lead to the evolution of the through incremental innovation (Atuahene-Gima, 2005). Based on the aforementioned findings which claim that entrepreneurial orientation offer propitious advantages for new product development exploitation capability, the current study proposes the following hypotheses.

H1. The greater the entrepreneurial orientation adopted in a firm, the greater the capability to exploit green products.

Entrepreneurial firms tend to adopt new ideas and deploy new methods (Barczak et al., 2009; Li and Liu, 2010) and be more ready for changes as well as applications of new perspective (Morgan et al., 2004). These firms also emphasise the need for exploration and new innovation (Zhou et al., 2005). The ability to make new changes, take risks, and innovate are seen in the nature of entrepreneurial firms to pursue new product development, outperform the competition, and maintain existing customers (Slater and Narver, 1995).

H2. The greater the entrepreneurial orientation adopted in a firm, the greater the capability to explore green products.

Entrepreneurial firms are also prone to maintain an environment of scanning continuously for opportunity (Day and Wensley, 1988) which enables them to provide excellent services by being more sensitive and attuned to changes and trends within the business environment (Ahuja and Lampert, 2001). Market-related capability is inherently unbeaten due to their tacit and embedded nature (Grewal and Slotegraaf, 2007). A firm that strengthens the presence and business relations in the marketplace will innovate with the anticipated changes and also will proactively initiate competition (Atuahene-Gima and Ko, 2001a). To conclude, entrepreneurial orientation is considered a base for market-related exploitative capability.
H3. The greater the entrepreneurial orientation adopted in a firm, the greater the exploitation of market penetration.

Entrepreneurial firms conducted innovation and risk taking within product-market strategies (Renko and Brännback, 2009). Similarly, they mobilised to penetrate new markets and explore new possibilities (Hult and Ketchen, 2001). After accounting for a firm’s previous experiences with customers, competition, and environment, an entrepreneurial orientation welcomes uncertainty and triggers market-related exploration (Ahuja and Lampert, 2001). Thus, entrepreneurial firms are more prone to search and penetrate new markets and enhance new business relationships.

H4. The greater the entrepreneurial orientation adopted in a firm, the greater the exploration of market penetration.

Product differentiation distinguishes products from competitors’ products and represents their unique competitive advantages (Song and Parry, 1997). The exploitative product development capability concerns incremental innovation on existing products and technology as well as path extensions (Atuahene-Gima, 2005). With non-radical changes, some modified features imply there is a degree of product evolution. In that way, an increased number of features will facilitate more product variation in mainstream markets.

H5. The greater the firm’s capability to exploit green products, the more unique they will be.

Seeking, assessing, and experimenting are involved in increasing explorative capabilities (March, 1991). They are significantly reflected within what is currently conducted by firms and related with risk-taking, creativity, and flexibility. Product development explorative capability involves new technological knowledge and the development of new products for customers. Developing new products with newly-emerged ideas and different features lead to product differentiation (De Luca and Atuahene-Gima, 2007).

H6. The greater the firm’s capability to explore green products, the more unique they will be.

Market effectiveness refers to the extent which a firm’s goal was achieved regarding market outcomes, such as sales volume or market share growth (Vorhies and Morgan, 2005). This is such an important element of firm performance (Morgan et al., 2004). Market-related exploitative capabilities is also considered to be a firm’s leverage within existed markets. With the presence of a firm’s market, market-related exploitative capabilities are prone to increase the efficiency (Matsuno et al., 2002) facilitating adaptation into the current market (Uotila et al., 2009). This guarantees positive results, promptly and successfully maintaining firm’s life (Lee and Lee, 2003).

H7. The greater the firm’s ability to exploit market penetration, the better the market performance.

Market-related explorative capability is concerned with seeking new marketplaces still unknown by firms and trying to enhance business relationships. Risk-taking firms and those without previous experiences (Hutt et al., 1988) who are not aligned with current
knowledge of the market will result in unpredictable outcomes (Lubatkin et al., 2006) yet, market-related explorative capabilities suggest renewal and adaptation to new situations as well as broad market horizons and portfolios will lead to above-average profits (Wang and Li, 2008).

**H8. The greater the firm’s exploration of market penetration, the better the market performance.**

Some researchers have found that product differentiation and firm performance is positively related (Bayus et al., 2003). Accordingly, firms which are able to innovate and launch new distinguished products to markets gained competitive advantage compared with their competitors, as well as experienced higher sales and profits (Song and Parry, 1997). Product differentiation is commonly followed by skimming prices or premiums, attracting more customer demand, enhanced profit margin, and lower customer acquisition (Bayus et al., 2003). Based on these finding, firms offer differentiated products due to their market effectiveness.

**H9. The more unique the green product adopted by firms is, the better the market performance.**

### 3 Method

#### 3.1 Survey development and pretest

Indonesia serves as the research setting because of its large domestic market which pressures firms to develop their international activities. Economic growth in Indonesia depends heavily on the exporting success of its firms. The importance of the country’s exporting activities has risen since it entered free trade.

#### 3.2 Survey development and pretest

Based on the seminal work of Nunnally and Bernstein’s (1994) multi-item scales, the domain of each construct’s concept was specified and developed. Through an extensive literature review, the item of each construct was derived as well as a series of pre-tests to assess content and face validity of the constructs and measures (Hair et al., 2006).

#### 3.3 Measurement

Innovativeness was measured with three items, as well as proactiveness and risk taking based on the work of Covin et al. (1994). Here, the constructs of innovative capabilities highlighted the firm’s processes during operation. Furthermore, exploitation of product development capabilities was measured with six items and explorative product development capabilities eight items (Danneels, 2008), while market-related exploitative and explorative capabilities were generated with six items (Morgan et al., 2004). Product differentiation as the consequence of new product development was measured with three items (Ramaswami et al., 2009).
Market effectiveness items were adapted from the seminal works of Vorhies and Morgan (2005). To hedge the unexpected finding, control variables were considered such as technological turbulence, market turbulence (De Luca and Atuahene-Gima, 2007), firm size and firm age, where larger firms have the benefit of more resources for innovation and gain superior performance (Zhou et al., 2007). Meanwhile small firms experience the lack of natural disadvantage and the scope of inefficiencies (Ramaswami et al., 2009). Tragically, a young growth firm suffers from the liability of newness due to the lack of knowledge (Ramaswami et al., 2009). Mature firms own industry-specific knowledge and strong goodwill among customers as well as a stable environment (Matsuno et al., 2002). On the other hand, turbulent environments require massive changes in technologies and customers demand. To fulfil these, experimentation and flexibility should be well managed (Olson et al., 2005).

3.4 Data collection

Data was gained through an email survey. Due to the high complexity and dynamism, an exporter firm was selected for this current study, supported by literature on export marketing (Morgan et al., 2004). Due to the distinctive nature of firms, service firms were excluded from this study (Zou and Cavusgil, 2002).

3.5 Non-response and common method bias

Non response bias was tested by comparing early and late respondents regarding years of operational, full-time employees and also number of export markets. Insignificant differences were not detected.

A confirmatory factor model with all manifest items loading on a single latent factor indicated an extremely poor fit (chi-square of 699.169, 397 d.f., $p < .000$, comparative fit index (CFI) of .943, incremental fit index (IFI) of .944, Tucker-Lewis fit index (TLI) of .938, and root mean square error of approximation (RMSEA) of .044).

4 Analysis

4.1 Sample characteristics

The sample consists of small, medium, and large scale enterprises of manufacturing. A full-time employee is considered as one of firms’ nature as well as the involving in international market and the length of operational. Those firms with all the characters owned is indicate to participate as the sample of the current research.

4.2 Measurement validation

The measurement model results presented in Table 1 showed fit (chi-square of 699.169, 397 d.f., $p < .000$, CFI=.943, IFI=.944, TLI=.938, RMSEA=.045). All constructs had good levels of composite reliability. The large standardised loadings of each item on its intended construct (the average loading size was .70) provides evidence of convergent validity. All constructs had good internal and all possible pairs of constructs.
Figure 2  Measurement weight model

Tables 1  Scale and measurement – construct validity

<table>
<thead>
<tr>
<th>Constructs and items standardised</th>
<th>Loading t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurial Orientation</strong></td>
<td></td>
</tr>
<tr>
<td>• Our firm strongly emphasise on new and innovative product development</td>
<td>66</td>
</tr>
<tr>
<td>• Our firm strongly emphasise on innovation, advanced technology and R&amp;D</td>
<td>68</td>
</tr>
<tr>
<td>• Our firm continuously develops new products or services</td>
<td>74</td>
</tr>
<tr>
<td>• Our firm strongly initiate actions to which competitors then respond</td>
<td>68</td>
</tr>
<tr>
<td>• Our firm always is the first in launching new products/services, techniques, technologies</td>
<td>73</td>
</tr>
<tr>
<td><strong>Exploitative Green Product Capabilities</strong></td>
<td></td>
</tr>
<tr>
<td>• Firm’s ability to improve green products, services and process quality</td>
<td>80</td>
</tr>
<tr>
<td>• Firm’s ability to upgrade green technologies for green products and green services</td>
<td>80</td>
</tr>
<tr>
<td>• Firm’s ability to enhance skills in exploiting sophisticated technologies to gain green products</td>
<td>87</td>
</tr>
<tr>
<td>• Firm’s ability to upgrade skills in product development processes with green practices</td>
<td>80</td>
</tr>
</tbody>
</table>
## Tables 1  
Scale and measurement – construct validity (continued)

<table>
<thead>
<tr>
<th>Constructs and items standardised</th>
<th>Loading t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exploitative Market Penetration</strong></td>
<td></td>
</tr>
<tr>
<td>• Firm’s ability to strengthen overseas distributor relationships.</td>
<td>79</td>
</tr>
<tr>
<td>• Firm’s ability to capture of important market information of existing markets</td>
<td>59</td>
</tr>
<tr>
<td>• Firm’s ability to monitor competitive products in current export markets</td>
<td>71</td>
</tr>
<tr>
<td>• Firm’s ability to response overseas customer requirements</td>
<td>63</td>
</tr>
<tr>
<td><strong>Explorative Green Product Capabilities</strong></td>
<td></td>
</tr>
<tr>
<td>• Our firm is firstly deployed green technology</td>
<td>67</td>
</tr>
<tr>
<td>• Our firm capability to learn green product and process development skills which is new to the industry</td>
<td>69</td>
</tr>
<tr>
<td>• Our firm capability to learn new green skills on technology, staffing, training and development of R&amp;D</td>
<td>68</td>
</tr>
<tr>
<td>• Our firm capability to strengthen green innovation skills with no prior experience</td>
<td>85</td>
</tr>
<tr>
<td>• Our firm capability to choose new green approaches to export products, services, and processes different from those used in the past</td>
<td>85</td>
</tr>
<tr>
<td><strong>Exploitative Market Penetration</strong></td>
<td></td>
</tr>
<tr>
<td>• Our firm capability to acquire export market-related information of new markets</td>
<td>77</td>
</tr>
<tr>
<td>• Our firm capability to assess the potential of new markets</td>
<td>92</td>
</tr>
<tr>
<td>• Our firm capability to research new competitors and new customers</td>
<td>75</td>
</tr>
<tr>
<td><strong>Uniqueness Green Product</strong></td>
<td></td>
</tr>
<tr>
<td>• Our new green products difficult for competition to imitate</td>
<td>73</td>
</tr>
<tr>
<td>• Our new green product designs are unique</td>
<td>78</td>
</tr>
<tr>
<td>• Our new green products have higher advantage compared with competitors</td>
<td>78</td>
</tr>
<tr>
<td>• Our new green products have versatile functions compared with competitors</td>
<td>75</td>
</tr>
<tr>
<td><strong>Market Performance</strong></td>
<td></td>
</tr>
<tr>
<td>• Our firm export market’s sales volume growth higher than previous periods</td>
<td>56</td>
</tr>
<tr>
<td>• Our firm growth in export market sales revenue higher than previous periods</td>
<td>62</td>
</tr>
<tr>
<td>• Our firm export market’s market share growth higher than previous periods</td>
<td>76</td>
</tr>
<tr>
<td>• Our firm’s acquiring new export market customers higher than previous periods</td>
<td>82</td>
</tr>
<tr>
<td>• Our firm’s increasing sales to current export customers higher than previous periods</td>
<td>68</td>
</tr>
</tbody>
</table>
4.3 Hypothesis testing

Current research deployed structural equation modelling to test hypotheses. Table 2 shows standardised parameter estimates, CR, and significance levels for the hypothesised paths. The statistical output described H1, that the higher the degree of entrepreneurial orientation adopted by a firm, the higher the degree of explorative green product development is supported ($t = 7.158$). H2 stated that the higher the degree of entrepreneurial orientation adopted by firm, the higher the exploitative green product development also supported ($t = 8.440$). Aligning with H3, the higher the degree of entrepreneurial orientation adopted by firm, the higher the degree of market-related explorative capabilities accepted ($t = 5.239$). H4, the higher the degree of entrepreneurial orientation adopted by the firm, the higher the market-related exploitative capabilities also accepted ($t = 7.454$). In addition, for H5 and H6, the higher the degree of explorative and exploitative of green product development, the higher the degree of product differentiationation supported ($t = 8.064$; $t = 3.636$) respectively. H7 stated that the higher the degree of green product differentiation, the higher the degree of market effectiveness also accepted ($t = 6.242$). Surprisingly, once a firm’s explorative market-related capability does not affect its market effectiveness, H8 is not supported. On the other hand, once a firm exploits its market-related capability, the higher the degree of its market effectiveness, and H9 is accepted.

**Tables 2** Regression weights and hypotheses testing

<table>
<thead>
<tr>
<th>Hypothesised Variables</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R</th>
<th>P</th>
<th>Hypotheses Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explorative Green Product Development ← Entrepreneurial Orientation</td>
<td>.549</td>
<td>.077</td>
<td>7.158</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Exploitative Green Product Development ← Entrepreneurial Orientation</td>
<td>.660</td>
<td>.078</td>
<td>8.440</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Explorative Market-Related Capability ← Entrepreneurial Orientation</td>
<td>.407</td>
<td>.078</td>
<td>5.239</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Exploitative Market-Related Capability ← Entrepreneurial Orientation</td>
<td>.461</td>
<td>.062</td>
<td>7.454</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Green Product Differentiation ← Exploitative Green Product Development</td>
<td>.502</td>
<td>.062</td>
<td>8.064</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Green Product Differentiation ← Explorative Green Product Development</td>
<td>.216</td>
<td>.059</td>
<td>3.636</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Market Effectiveness ← Green Product Differentiation</td>
<td>.321</td>
<td>.051</td>
<td>6.242</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Market Effectiveness ← Explorative Market-Related Capability</td>
<td>.021</td>
<td>.043</td>
<td>.483</td>
<td>.629</td>
<td>Not Supported</td>
</tr>
<tr>
<td>Market Effectiveness ← Exploitative Market-Related Capability</td>
<td>.604</td>
<td>.088</td>
<td>6.843</td>
<td>***</td>
<td>Supported</td>
</tr>
</tbody>
</table>
5 Discussion and conclusion

Innovation is the main key for firms concerning growth and success. To be able to compete globally, firms have to develop their technical and non-technical innovation. So far, the related literature states that firm mostly emphasise technology and new product development. The other factor that is still considered a key driver has been somehow neglected. This current research was started from a previous study proposing green explorative and exploitative product development. Thus these findings enrich the green exploitation and exploration during product development.

The findings also claim that entrepreneurial orientation is a main driver to new product development with green practices and green exploitation and exploration. These constructs have a strong relationship with marketplaces. These findings also suggest the export firms adopt an entrepreneurial orientation to leverage their innovation. Accepting new ideas on products, processes, proactiveness, and the willingness to take risks with green product development will defeat the competition as well as broaden the market share. It is also strongly encouraged that entrepreneurial orientation be used to strengthen the relationship between green product development and market-related explorative and exploitative capabilities.

The previous findings claimed that product development exploitative capabilities were insignificantly related to product differentiation. Any single product modification and incremental product improvements were insufficient to obtain product advantages that came out with quality, design, and other unique features compared with competitors (Song and Parry, 1997). Current research has proved that those capabilities significantly affect green product differentiation.

Current research also reveals that green explorative product development plays a crucial role in green product differentiation, which aligns with previous findings. Exploration is strongly related with experimentation and creativity in firms. Having more investment in green product development will enrich new features, facilitate sophisticated innovation, and at the end, encourage loyal customer development and enhance market effectiveness.

To sum up, though the current findings are considered important, the study has some limitations as others studies have. Firstly, this current empirical study was semi-replicated by adding and enriching the name of the variable. Secondly, diverse firm characteristics will means these findings cannot be generalised since small, medium, and large scale enterprises mixed.

References


Antecedents of green market performance


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