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The Mediating Effect of Knowledge Creation on Entrepreneurial Orientation and Firm Performance

ABSTRACT

Based on Nonaka's theory of knowledge creation, this study examines the role of knowledge creation process in the relationship between entrepreneurial orientation and firm performance. Using data collected from 165 firms in Taiwan's new ventures, we find that the entrepreneurial orientation - firm performance relationship is mediated by knowledge creation process, including socialization, externalization, combination, and internalization. Structural equation modeling is used to test measurement and structural models with the survey data. The results suggest the need for consideration of knowledge creation process as a mediator in the relationship between entrepreneurial orientation and firm performance. The limitations and implications are discussed.

Keywords: entrepreneurial orientation, firm performance, knowledge creation process