

## Research Article

# The Impact of Entrepreneurial Orientation on Firm Performance: The Multiple Mediating Roles of Competitive Strategy and Knowledge Creation Process

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The strategy and knowledge creation process help entrepreneurial SME managers achieve sustainable competitive advantage and firm performance. This study aims to investigate the multiple mediating roles of competitive strategies and knowledge creation processes implemented by Chinese SMEs in Thailand between their entrepreneurial orientation and firm performance. Structural equation model is used to analyze data collected from Chinese SMEs in Thailand. Results showed that (1) there is a positive relationship between perceptions of entrepreneurial orientation and perceptions of firm performance, (2) competitive strategy and knowledge creation process individually play a mediating role between entrepreneurial orientation and firm performance, and (3) competitive strategy and knowledge creation process play a chain mediating effect between entrepreneurial orientation and firm performance. This hypothesis is verified by a chained multiple mediation model, and this model has theoretical significance for understanding the relationship between perceived entrepreneurial orientation and firm performance. The competitive strategy has positive effects on SME performance and knowledge creation expands the firm's valuable resources and actively updates firm performance.

## 1. Introduction

During the global COVID-19, the economies of countries and regions around the world have experienced a continuous decline. International trade and investment have been drastically reduced, and uncertainty factors have continued to increase. This is a great challenge for China's foreign investment and cooperation. Thailand's society is relatively stable, with clear policy formulations, low wage costs for employees, an open and inclusive business environment, and its level of economic development ranks high among Association of Southeast Asian Nations countries, and can enjoy zero-tariff treatment in ASEAN countries.

To enhance national competitiveness, the Thai government proposed the "Thailand 4.0" strategy and the national economic development plan of the "Eastern Economic Corridor" in 2016, which are highly compatible with the

"Belt and Road" initiative promoted by China. To promote cooperation between the two countries, Thailand and China cofounded and established the Amata City Rayong Industrial in 2006. It is also one of the first overseas economic and trade cooperation zones in China. Now there are more than 180 Chinese firms in the Amata City Rayong Industrial to build factories in Thailand with a local staff of 40,000 people, China's core technology administrators and workers numbering more than 400 people. It led to the Chinese firms' investment exceeding \$4 billion in Thailand, and the cumulative gross industrial output value exceeding \$19 billion. It has created opportunities for Chinese firms to develop in Thailand. The Thai Investment Promotion Board (BOI) released investment data for the first quarter of 2021, showing that firms in the Amata City Rayong Industrial accounted for 40% of China's total direct investment (FDI) in this quarter. The Amata City Rayong Industrial

development and construction planning area of 12 square kilometers has developed more than 8 square kilometers. It has become the largest industry in China in Thailand and ASEAN cluster centers and manufacturing export base. The optimization of industrial structures, improving the level of economic development, and local for local economic and social development in Thailand has injected strong driving force and promoted economic prosperity and development of the country. During the epidemic prevention and control period, the Amata City Rayong Industrial explored a new model of “cloud investment” and “cloud service” with the use of digital technology. 20 new firms were admitted to the Amata City Rayong Industrial in 2020, and 7 Chinese firms entered the park from January to August 2021. Most of the 187 firms in the Amata City Rayong Industrial are entrepreneurial SMEs established less than 10 years ago, mainly in auto parts, machinery, manufacturing, new energy, and other industries. Most of the factories of the entrepreneurial Chinese SMEs in Thailand are mainly composed of foreign workers from Thailand, Myanmar, Cambodia, and other countries.

The firm’s resource-based view theory (RBVT) describes the firm as a heterogeneous bundle of specific, difficult to imitate abilities and resources [1–4]. Amit and Schoemaker [5] thought that resources are the stock of available elements owned or controlled by a firm, and capability is based on information, visible or invisible process, which is unique to a firm through the complex interaction between firm resources developed over time. Previous research literature has clearly and consistently found that firms face a huge risk of failure when they are young SMEs. From a firm’s RBVT, if the firm cannot yield self-sustaining levels to organize rent, it will fail. The key challenge for new firms is to build real resources or abilities before the initial assets are exhausted [6].

The firm’s resource-based view theory (RBVT) and dynamic abilities (knowledge creation process) to explain firm resource contribution to firm performance (FP) have been outstanding [7]. They believe that a single firm that owns resources can determine its market status within the forces of a dynamic environment [8]. This dynamic capability is mainly embedded in formal activity aimed at updating firm performance [8, 9].

Top managers use purposeful knowledge flows to accelerate internal innovation to improve competitive advantage. Measuring firm performance through entrepreneurial orientation (EO), competitive strategy, and knowledge creation processes is an important issue for researchers and entrepreneurs in today’s business environment. Entrepreneurial Chinese SMEs in Thailand often face a problem when investing in the low productivity and low motivation of their local employees, which may lead to a decline in firm performance (FP). Therefore, based on resource-based view theory (RBVT), this study aims to investigate whether Chinese SMEs in Thailand improve corporate performance through the process of competitive strategy and knowledge creation to maintain market share and continue strategic investment in the future, thereby improving the performance of entrepreneurial Chinese SMEs overseas.

## 2. Literature Review

The resource advantage theory claims that EO is a resource that helps firms gain a competitive advantage [10, 11]. EO development needs members of the organization to join in extensive knowledge action. With resource advantage theory, knowledge has the features of tacit and immovability, and it is not easy to transfer and disperse [10, 12].

Grounded on knowledge creation theory, knowledge is a process of socialization, externalization, combination, and internalization, namely SECI [13–15]. This dynamic knowledge transfer in SECI can improve the firm’s ability to implement strategic objectives and fulfill firm performance for instance product renovation or process amelioration [16, 17]. Therefore, the knowledge creation process (KCP) of the formation of EO and activation plays an important role. It can promote the transformation of EO into knowledge assets shared by organization members, thus improving firm performance.

Firm employees can study together and exchange knowledge to better comprehend the entrepreneurial type and mission expressed by their conceptions and ideas. Integrate and disseminate entrepreneurial practice and activities everywhere in the firm to acquire additional knowledge applications. Firms can turn entrepreneurial orientation into actual actions while turning that knowledge into valuable assets to drive new product development or marketing campaigns [13, 18]. From the knowledge creation theory [14], the purpose of this study is to test how EO affects FP through the knowledge creation process. Nonaka [15] confirmed organizations from the perspective of how organizations create information and knowledge and develop the basic elements of organizational knowledge creation theory.

*2.1. The Influence of Entrepreneurial Orientation on Firm Performance.* In this study, EO improves firm performance [19]. Although EO on performance growth of short-dated organizations gradually decreases over time, it is related to short-term or long-term firm performance growth [20]. EO can improve a firm’s capability to improve learning orientation [21]. Firm performance (FP) is seriously affected by the depth as well as breadth of management associations [22]. Firms take the lead in designing and introducing new projects, technologies, or innovativeness that will be operated by the firms practicing EO, and typically achieving outstanding performance [23]. In a highly competitive business circumstance, firms adopt EO to improve performance [24].

Lumpkin and Dess [25] explained the nature of EO; they analyzed an alternative model that included tests of mediating, interaction, moderation, and independent effects. Lumpkin and Dess [26] found that aggressive firms perform better than competitive and aggressive firms in a dynamic environment of rapid change and uncertainty. Competitive firms perform better in a hostile environment where resources are limited and competition is intense. The dimension of EO is independent, so the effectiveness of a firm’s

strategic plan is often based on the organization's environment and the organization itself. EO positively contributes to performance improvement in any setting, but EO may not imply immediate success. Wiklund and Shepherd [27] found EO can strengthen the role of knowledge resources in promoting firm performance. Rezaei and Ortt [28] found that enterprises need to develop the internal logical sequence of design, sales, and production, and this logic is very good for the improvement of firm performance. Wiklund and Shepherd [27] found that empirical support that entrepreneurial orientation may be performance and differentiation improve strategic orientation.

*Hypothesis 1.* Entrepreneurial orientation is positively associated with the firm performance of entrepreneurial Chinese SMEs in Thailand.

*2.2. Mediating Role of Competitive Strategy.* In today's competitive society, lazy and risk-averse firms will soon be eliminated by society [29]. When entering a new market, a firm must take risks and avoid some unnecessary risks so as not to lose market share and misposition [30]. How to choose the right competitive strategy is the key to the success of a small business [31, 32]. There is a significant relationship between high-return strategy and competitive advantage and performance [30]. Although differences in the framework can be used in the classification of firm strategy [33, 34], but the widely accepted model is Porter's model [35–37]. It includes cost leadership strategy (CLS), differentiation strategy (DS), cost focus strategy (CFS), and differentiation focus strategy (DFS), in fact, CLS and DS belong to the core of Porter's model, they together define the competitive advantage. And CFS and DFS together define the market or product [38], although firms can add them to other strategies by searching deeply for customers or markets. But they may also fail to provide above-average returns [39]. Therefore, we should focus on these two dimensions of competition [40]: CLS and DS.

While past research has pointed to the importance of using DS, Porter explained that a competitive strategy in the Asia-Europe region is still useful and is an important factor in business success [41, 42]. This is considered an essential condition for securing market position and good performance [43]. Firms seek greater market share and competitive position as this strategic purpose greatly affects the level of a firm's competitive advantage [44]. Therefore, this research is limited to taking the implementation of CLS and DS as the core competitive strategies of this research.

Firms must consider a cost leadership strategy in their strategic planning because it may effectively stimulate the firm's operational activities, which in turn contributes to the firm's performance [45], and it can also help firms improve and increase their financial success [46].

A competitive strategy can significantly increase performance. A cost leadership strategy is also critical to the development of a firm [36, 46]. Fundamentally, both strategies can significantly improve small business performance. In addition, the differentiation strategy enables

SMEs to achieve sustainable performance, but the implementation of differentiation may mean unstable performance and various systemic risks [47], and a business firm's competitive strategy can help them in volatile markets to find a sustainable competitive position. It is very important to high market performance [48]. Pursuit of DS small- and medium-sized enterprise for a higher value than only the pursuit of CLS [46, 49]. Lechner and Gudmundsson [42] investigated 335 small Icelandic firms. They found that each dimension of EO has a different degree of impact on strategy. [50] found that new business models promote competitive advantage and SME performance.

Therefore, we hypothesize that competitive strategy will mediate the association between entrepreneurial orientation and firm performance.

*Hypothesis 2.* Competitive strategy mediates the relationship between entrepreneurial orientation and firm performance of entrepreneurial Chinese SMEs in Thailand.

*2.3. Mediating Role of Knowledge Creation Process.* Hina et al. [22] found that EO and organizational learning can affect business performance. Li et al. [51] investigated those 165 entrepreneurs. They found that the indirect effects of EO through the knowledge creation process were added to the total effects model. Therefore, EO has positively correlated with FP: the knowledge creation process acts as a mediator. Nonaka et al. [52] found that using knowledge to create entities is the knowledge concept of firms. They believe that an important guarantee for the sustainable advantage of an enterprise is the process of knowledge creation and utilization. Nonaka [14] shows that organizational knowledge creation processes have dynamic patterns, which, as a core theme of the organization, result from the combined effects of explicit and tacit knowledge sustainability.

Dröge et al. [17] found that knowledge is a complete mediator of the impact of context and performance. Li Sa et al. [7] showed that customer orientation is directly correlated with FP. Therefore, consumers' behavioral orientations and plans influence the KCP, which is determined by the dynamic capabilities of employers. They also illustrated that the customer orientation shown by small hotels is partly mediated through the knowledge creation process and has an effect on FP. Therefore, we hypothesize that the knowledge creation process will mediate the association between entrepreneurial orientation and firm performance.

*Hypothesis 3.* Knowledge creation process mediates the relationship between entrepreneurial orientation and firm performance of entrepreneurial Chinese SMEs in Thailand.

*2.4. Multiple Mediating Role of Competitive Strategy and Knowledge Creation Process.* Competitive strategy is usually used to discuss how to help a business run better [53] so as to improve FP [30]. Entrepreneurial orientation and strategy are concepts of the strategic unit [54]. The former is seen as a strategic creative process, and the latter is seen as an elaboration of the content. From this point of view, the

entrepreneurial-oriented competition strategy adds new content and guides [42]. On the other hand, EO and competitive strategy interact to form complementary advantages, and research on them is necessary [55]. Use of competitive strategy views mediating effects in entrepreneurial orientation and performance relationship. Thus, a problem appears around how entrepreneurial orientation and performance are correlated. Resource constraints may strengthen small firms' strategic lock-in. Thus, both structures, entrepreneurial orientation and competitive strategy are important to FP and have long-lasting effects. In fact, competitive strategy needs innovation capacity to create new products that help customers generate new value and fully justify the premium [30, 39].

Entrepreneurial orientation (EO) has always been highly concerning to researchers [56]. Entrepreneurial orientation (EO) is the firm's strategy formulation process, structure, and behavior [57], because the EO can partly explain why a few firms have stay ahead in the competition of the management process [25]. EO has garnered quite a lot of concepts and experience, it represents the business accumulated a lot of knowledge in the study of one of the rare fields. The correct use of the entrepreneurial orientation dimension can help firms gain competitive advantages and improve performance [56, 58, 59]. Entrepreneurship orientation is also the main direction of literature on strategic management and entrepreneurship [60].

To accommodate the dynamic competitive circumstances, firms continuously transform EO into practical strategic activities by concentrating on taking advantage of the knowledge creation process to achieve firm goals and achieve excellent performance. Knowledge creation process, transferring it to operate the activity to increase efficiency and produce commercial value [52].

*Hypothesis 4.* Competitive strategy and knowledge creation processes play a continuous intermediary role in the associations between entrepreneurial orientation and firm performance of entrepreneurial Chinese SMEs in Thailand as shown in Figure 1.

### 3. Materials and Methods

*3.1. Participants.* This study selected Chinese SMEs located in Bangkok, Thailand. We distributed 352 questionnaires to survey senior managers of Chinese SMEs in Thailand, and 333 valid questionnaires were retained, giving a response rate of 94.60%.

Among these participants, 65.5% were males and 34.5% were females, which means more male managers than females. Samples from Rojana Industrial Park, Amata City Rayong Industrial Estate, Pinthong Industrial Park, and WHA areas were 36%, 52.3%, 2.7%, and 9%, respectively. The respondents were all types of senior managers of Chinese SMEs; high school and below accounted for 4.5%; bachelor's and master's accounted for 85.9% and Ph.D. accounted for 9.6%; owner and chief executive officer (CEO) accounted for 39.6%, followed by top manager accounting for 52.3% and finance manager for 8.1%. Among the

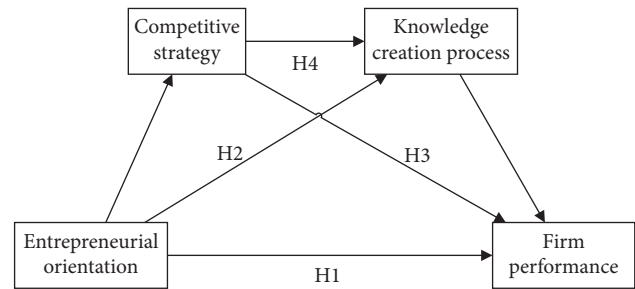


FIGURE 1: Hypothesized model.

subjects, 77.8% were under 45 years old, and 22.2% were over 45 years old.

*3.2. Procedure.* This study selects Chinese SMEs in Thailand as the survey object. These Chinese SMEs come to Thailand to participate in entrepreneurial activities. Participants received support from the Thai government and industrial parks in terms of funding, site use, tariff relief, and other needs. Respondents can know the items in this research, to meet the standards of empirical analysis. In April 2022, we contacted senior managers of Chinese SMEs starting businesses in industrial parks in Thailand and sent an invitation to participate in this study to their senior managers in the form of a questionnaire. Corporate executives are told that the data is used for study only, that we will maintain secrecy of their privacy, and they can choose to join voluntarily or withdraw or refuse to join at any point in time. We asked them to return the questionnaire only when they wanted to join in the study.

*3.3. Measures.* This study refers to important relevant literature that has been published internationally and selects a very mature scale to ensure the accuracy of empirical research. Based on deep communication with senior managers of Chinese SMEs, this research accurately translates the scales of competitive strategy and knowledge creation processes based on the specific scenarios of Chinese SMEs starting businesses in Thailand and makes the expressions of the items on the scale more in line with the understanding of Chinese SMEs in Thailand. Finally, a research scale is formed. We use a five-point Likert scale, in which "1" on the entrepreneurial orientation, competitive strategy, and knowledge creation process scale means "strongly disagree," "5" means "strongly agree," and "1" on the firm performance scale means "very dissatisfied" and "5" means "very satisfied." Small- and medium-sized enterprises that start businesses should evaluate the corresponding projects according to their actual situation.

*3.3.1. Entrepreneurial Orientation.* In order to measure the participation of Chinese SMEs in entrepreneurship in Thailand, this research adopts the five-point Likert-style scale originally developed by Lumpkin and Dess [25, 26]. The entrepreneurial orientation scale consists of 15 items which measure five in the following dimensions: 3 items for

TABLE 1: Confirmatory factor analysis results of variable discriminant validity.

Model	$\chi^2$	df	$\chi^2/df$	IFI	CFI	TLI	AIC	BIC	RMSEA	SRMR
Four-factor model	2458.358	896	2.744	0.912	0.912	0.907	2646.358	3004.323	0.072	0.0368
Three-factor model	3095.812	899	3.444	0.877	0.876	0.870	3277.812	3624.353	0.086	0.0492
Two-factor model	4092.820	901	4.543	0.821	0.820	0.811	4270.820	4609.744	0.103	0.0572
Single-factor model	4605.311	902	5.106	0.792	0.791	0.781	4781.311	5116.428	0.111	0.0599

Four-factor model: entrepreneurial orientation, competitive strategy, knowledge creation process, and firm performance. Three-factor model: entrepreneurial orientation + competitive strategy, knowledge creation process, and firm performance. Two-factor model: entrepreneurial orientation + competitive strategy + knowledge creation process and firm performance. Single-factor model: entrepreneurial orientation + competitive strategy + knowledge creation process + firm performance.

innovativeness, 4 items for risk-taking, 3 items for proactiveness, 2 items for competitive aggressiveness, and 3 items for autonomy. Respondents will be asked to rate the items on a 5-point Likert scale, ranging from 1 = “strongly disagree,” through 3 = “neutral,” to 5 = “strongly agree.” This measurement scale has been previously used in other studies, for example by Li et al. [51]. The Cronbach’s alpha coefficient of this scale is 0.966, and it shows good reliability.

**3.3.2. Competitive Strategy.** In order to measure the participation of Chinese SME’s use of competitive strategies in Thailand, this study adopts the five-point Likert-style scale originally developed. The instrument consists of 7 items which measure two in the following dimensions: 4 items for differentiation strategy and 3 items for cost leadership strategy. Respondents will be asked to rate the items on a 5-point Likert scale, ranging from 1 = “strongly disagree,” through 3 = “neutral,” to 5 = “strongly agree.” This measurement scale has been previously used in other studies such as by Anwar et al. [61]. The Cronbach’s alpha coefficient of this scale is 0.976, and it shows good reliability.

**3.3.3. Knowledge Creation Process.** In order to measure the participation of Chinese SME’s using the knowledge creation process in Thailand, this study adopts the five-point Likert-style scale originally developed by Nonaka [14]. The instrument consists of 16 items which measure five in the following dimensions: 4 items for socialization, 5 items for externalization, 4 items for combination, and 3 items for internalization. Respondents will be asked to rate the items on a 5-point Likert scale, ranging from 1 = “strongly disagree,” through 3 = “neutral,” to 5 = “strongly agree.” This measurement scale has been previously used in other studies such as by Li et al. [51]. The Cronbach’s alpha coefficient of this scale is 0.978, which shows good reliability.

**3.3.4. Firm Performance.** In order to measure the Chinese SME’s firm performance in Thailand, this study used the firm performance scale. This scale includes three dimensions of efficiency, growth, and profits on which the firm performance variable is measured. Compared with competitors, the respondents were graded with the five-point scale on firm performance, ranging from 1 = “strongly dissatisfied,” through 3 = “neutral,” and 5 = “strongly satisfied” [51]. The Cronbach’s alpha coefficient of this scale is 0.874, and it shows good reliability.

**3.3.5. Control Variables.** A control variable is a variable that is not considered a major factor in experiments, observational studies, and data analysis, so it reflects an external or a third factor whose influence needs to be controlled or excluded [62]. The key objective of considering control variables is to ensure that estimates of the influence of dependent variables are independent of the influence of external variables [62]. The control variables that are considered based on previous studies include job title, firm size, education level, and the firm’s location [63]. When a firm is small and young, its survival and sustainability are lower [42].

## 4. Results Analysis

This study takes SPSS 23.0, AMOS 24.0, and Mplus v8.3 as tools. The analysis mainly has three aspects: (1) the test measurement model mainly has model fit, reliability, and validity; (2) descriptive statistics; and (3) multimediation tests and using the bootstrap method is used to repeatedly sample 5000 times to test the mediation effect and select the (Model 6) developed by [64].

**4.1. Common Method Deviation Test.** This study uses Harman’s univariate method to test for common method bias in the study, loading all measured items with a common latent factor, and the results show a poor model fit ( $\chi^2 = 5176.658$ ,  $df = 1034$ ,  $\chi^2/df = 5.006$ ,  $GFI = 0.469$ ,  $AGFI = 0.421$ ,  $PGFI = 0.430$ ,  $CFI = 0.783$ ,  $NFI = 0.743$ ,  $RFI = 0.731$ ,  $IFI = 0.783$ ,  $TLI = 0.773$ ,  $CFI = 0.783$ ,  $RMSEA = 0.110$ ,  $SRMR = 0.0578$ ) [65]. It shows that there are no methodological factors that can explain most of the variation in this study [66]. Therefore, we did not find a common method bias effect.

**4.2. Confirmatory Factor Analysis.** A CFA was performed on all variables using AMOS 24.0 software. The results in Table 1 show that the four-factor model used is the most appropriate compared to the one-, two-, and three-factor models. The combination effect is good, the fit index of the four-factor model meets the standard, and the model fit is good.

**4.3. Descriptive Statistics.** Statistical analysis was performed by SPSS 23.0. As shown in Table 2, the mean and standard deviation of every variable are within acceptable limits. There is a significant correlation between entrepreneurial

TABLE 2: Means, standard deviations, and correlations for variables (N = 333).

Variable	Mean	SD	1	2	3	4	5	6	7	8
(1) Education level	2.420	0.727	1							
(2) Your job title in this firm	2.590	0.769	-0.331**	1						
(3) The location of your firm	1.850	0.852	0.052	-0.027	1					
(4) The size of your firm	2.500	0.735	0.222**	-0.201**	-0.026	1				
(5) Entrepreneurial orientation	3.266	0.518	0.020	0.042	-0.057	0.038	1			
(6) Competitive strategy	3.296	0.515	0.045	-0.005	-0.096	0.060	0.810**	1		
(7) Knowledge creation process	3.326	0.510	-0.014	0.035	-0.043	0.080	0.786**	0.877**	1	
(8) Firm performance	3.296	0.552	0.026	0.013	-0.080	0.053	0.784**	0.850**	0.862**	1

\* $p < 0.05$ ; \*\* $p < 0.01$ .

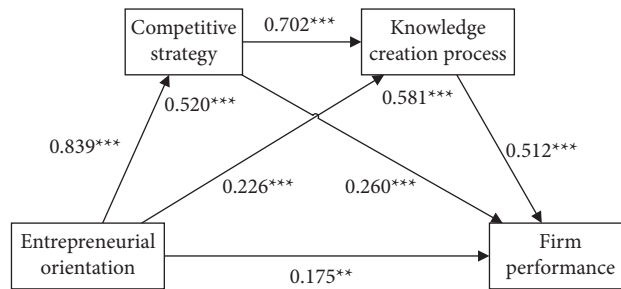


FIGURE 2: The standardized path coefficients in model testing. \*\* $p < 0.01$ , \*\*\* $p < 0.001$ .

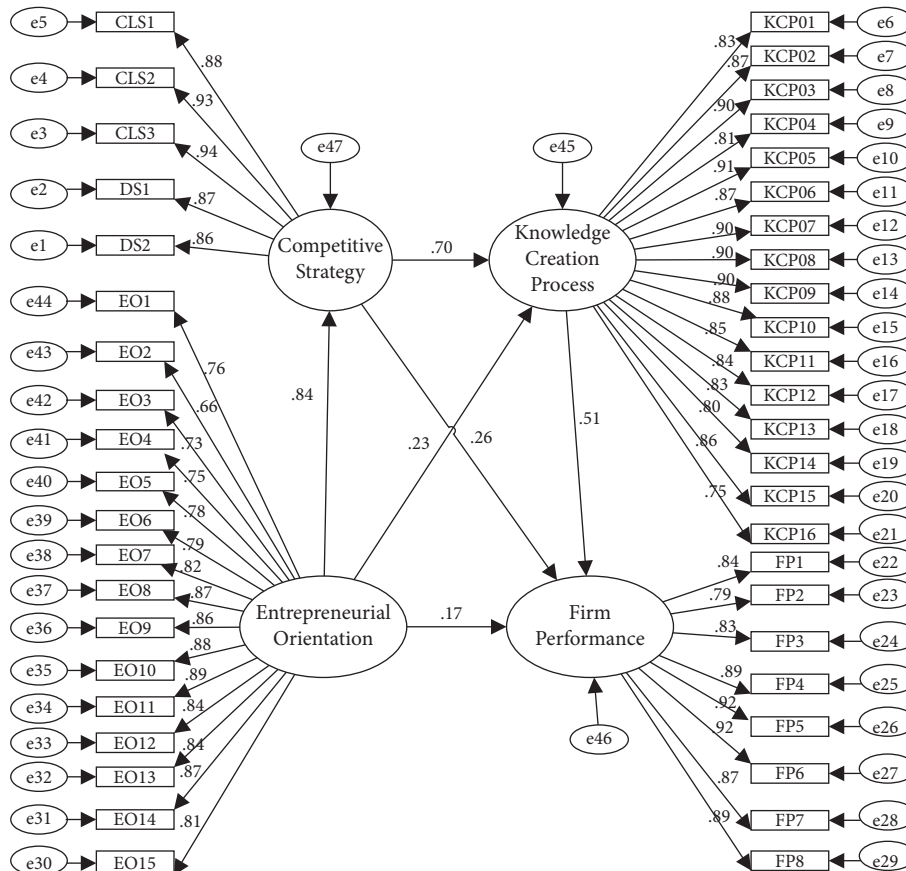


FIGURE 3: Structural equation model.

TABLE 3: Mediating effect and 95% confidence interval estimated by bootstrap method.

Path	Estimation	CI at 95% level		
Total indirect effect	0.673	0.546	0.805	
Total effect	EO $\rightarrow$ FP	0.858	0.741	0.987
	EO $\rightarrow$ CS $\rightarrow$ FP	0.231	0.073	0.475
Indirect effect	EO $\rightarrow$ KCP $\rightarrow$ FP	0.123	0.034	0.295
	EO $\rightarrow$ CS $\rightarrow$ KCP $\rightarrow$ FP	0.319	0.219	0.473

Note: CI, confidence interval; EO, entrepreneurial orientation; CS, competitive strategy; KCP, knowledge creation process; FP, firm performance.

orientation, competitive strategy, the knowledge creation process, and firm performance. These results show the relationship between variables and lay the foundation for the next data analysis

**4.4. Structural Equation Model Analyses.** First, we tested the main effect, structural equation model 1 consists of EO as an independent variable and FP as a dependent variable. Model 1 fit index up to standard ( $\chi^2/df = 2.288$ , CFI = 0.962, TLI = 0.958, IFI = 0.962, NFI = 0.935, RMSEA = 0.062, and SRMR = 0.0292). The results show that entrepreneurial orientation positively influences firm performance ( $\beta = 0.842$ ,  $p < 0.001$ ), and H1 is supported.

Then, we construct model 2 and model 3 using competition strategy and the knowledge creation process as single mediators, and the results show that the models fit well. (Model 2:  $\chi^2/df = 2.789$ , CFI = 0.939, TLI = 0.934, IFI = 0.940, NFI = 0.909, RMSEA = 0.073 and SRMR = 0.037; Model 3:  $\chi^2/df = 2.703$ , CFI = 0.921, TLI = 0.916, IFI = 0.921, RMSEA = 0.072, and SRMR = 0.032).

Through Mplus v8.3, the bootstrap method is used to repeatedly sample 5000 times to test the mediation effect as shown in Figure 2.

In addition, through AMOS 24.0, the bootstrap method is used to repeatedly sample 5000 times to test the mediation effect as shown in Figure 3.

The mediating effect of the competitive strategy was 0.520, with 95% confidence interval (0.356, 0.706), excluding 0, based on the assumption that H2 was verified. The mediating effect of the knowledge creation process is 0.581, with a 95% confidence interval (0.463, 0.719), excluding 0, based on the assumption that H3 is verified.

Finally, we tested for the existence of chained multiple mediation effects and found a significant correlation between competitive strategies and knowledge creation processes. This study hypothesizes that these two variables mediate the effect of EO on FP. Therefore, we used Mplus to test for multiple mediation effects, and the results are shown in Table 3. Entrepreneurial orientation  $\rightarrow$  competitive strategy  $\rightarrow$  firm performance mediating effect is 0.231, the 95% confidence interval is (0.073, 0.475), excluding 0, and the mediating effect is significant. EO  $\rightarrow$  KCP  $\rightarrow$  FP, the mediating effect is 0.123, the 95% confidence interval is [0.034, 0.295], excluding 0, and the mediating effect is significant. EO  $\rightarrow$  CS  $\rightarrow$  KCP  $\rightarrow$  FP chain multi-mediating effect is 0.319, 95% confidence interval (0.219, 0.473), excluding 0, showing that competitive strategy and

knowledge creation process are between entrepreneurial orientation and firm performance, and H4 is verified.

## 5. Conclusions

Based on the resource-based view theory (RBVT), this study explores the impact mechanism of EO on FP. Structural equation modeling is used to examine the single and successive mediating roles of competitive strategy and knowledge creation processes, and to verify the competitiveness of Chinese SMEs in Thailand and the knowledge creation process capability. Chain-based multiple intermediary roles provide a new way to consider the impact of EO on firm performance. The empirical study shows the following results: (1) *The Main Effect Test.* The results show that there is a positive correlation between the perception of entrepreneurial orientation and the perception of corporate performance. (2) *Mediating Effect Test.* The test results show that competitive strategy and the knowledge creation process play a mediating role in entrepreneurial orientation and firm performance, respectively. Competitive strategy enhances the ability of knowledge creation and plays a continuous mediating role in the effect of EO on FP.

**5.1. Theoretical Implications.** This research has made contributions in the following aspects: first, this research, through the integration of entrepreneurial orientation, knowledge creation process, competitive strategy, and firm performance four key conceptions, contributes to the current hot entrepreneurship areas. Second, this study treats entrepreneurial orientation as a structure that affects other variables that affect performance. Competitive strategy and the knowledge creation process act as mediators between EO and firm performance, and EO can indirectly affect firm performance through competitive strategy and the knowledge creation process. This research is based on the RBVT, which includes all unique resources [1] and supplements porter's [30] view of the competitive strategic structure. Shift the focus from the competitive environment of the firm to the resources developed within that environment [67]. Thirdly, this study is very important for the development and empirical research of entrepreneurial orientation, competitive strategy, knowledge processing, theoretical description of firm performance, and strengthening of norms. Finally, the knowledge creation process expands the internal capabilities of the firm.

This research expands our understanding of the possible conditions that entrepreneurial orientation may be related to

firm performance. Competitive strategy and knowledge creation process have theoretical implications for researchers to understand the relationship between EO and firm performance. At the same time, this study allows researchers to deeply know the relationship between EO and FP from the perspective of knowledge creation theory [14].

**5.2. Managerial Implications.** We use Thailand as the research background. Thailand has an open and inclusive business environment. Its economic development level ranks high among ASEAN countries, and it can enjoy zero-tariff treatment in ASEAN countries and expand contingency in entrepreneurial orientation research. There have been many explorations of the influence of EO on firm performance in the entrepreneurial field. However, there are few relevant theoretical or empirical studies on whether competitive strategy and knowledge creation processes are related to EO and firm performance. Therefore, building on previous literature, this research more accurately reveals the conditions under which EO affects firm performance, but the degree to which firm performance improves or does not improve may depend on the kind of competitive strategy employed.

This study explores the RBVT as the subject to give prominence to the significance of a firm's entrepreneurial activities, knowledge transfer, and competitive strategy on entrepreneurial SME firm performance. The results can benefit entrepreneurial SME firms in Thailand and owners, CEOs, top managers, and policymakers liable for firm performance in entrepreneurial SMEs in China. This study reveals how entrepreneurial SME EO, knowledge creation processes, and strategies can help firms gain a sustainable competitive edge, a core goal of RBVT. Entrepreneurial SMEs adopting entrepreneurial orientation, cost leadership strategy, and differentiation strategy may assist owners, CEOs, top managers, and policymakers to fund in even more appropriate and steady projects, rather than unsure and high-stake projects. The study's conceptual framework and hypotheses shown in a simple and overall manner, effectively promoted the existing literature about entrepreneurial orientation, competitive strategy, knowledge creation processing, entrepreneurial SME firm performance, and RBVT. This study treats EO, competitive strategy, and knowledge creation processing as internal capabilities of the firm that can improve performance. Existing literature on EO, competitive strategy, and knowledge processing is enhanced by gathering empirical information on entrepreneurial SMEs.

Managers can find more effective ways to compete so that the firm can continue to have a competitive edge. This research studies the auto parts, machinery, manufacturing, new energy, and other industries in Rojana, Amata City Rayong Industrial, Estate, Pingtong, and WHA. This study refines the understanding of the impact of EO on firm performance by researchers, executives, and entrepreneurs alike, it can not only help Chinese and other entrepreneurial SMEs entering Thailand in the future to improve their firm performance but also help entrepreneurial SME gain a competitive advantage when competing with their competitors.

The study found that some Chinese entrepreneurial SMEs in Thailand, which means that they have overseas strategic or low-cost strategies. It may be because it has a cheap labor force or easy access to raw materials in Thailand. Therefore, it is more meaningful and valuable to study Chinese entrepreneurial SMEs in Thailand than Chinese local firms.

**5.3. Limitations and Future Study Directions.** In terms of study samples, due to the limitation of study subjects, this study only judged the entrepreneurial orientation evaluation of Chinese SME entrepreneurs in Thailand unilaterally and failed to collect relevant data on Chinese SMEs who started businesses in other countries. Second, considering that perceptions in different periods have different effects on human behavior and choices, future research may be conducted from different countries and regions and consider dynamic tracking; research techniques can use qualitative or meta-analysis research methods. In addition, the impact of entrepreneurial orientation on firm performance is multi-dimensional, further enriching research models and research conclusions so as to establish a good theoretical framework for SMEs to set up a business environment overseas. This study only analyzes the mediating factors between entrepreneurial orientation and firm performance. Therefore, future research should add other mediating or moderating factors to the research framework.

## Data Availability

All data that support the findings of this study are available upon reasonable request to the corresponding author.

## Conflicts of Interest

The authors declare that there are no conflicts of interest in the publication of this article.

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