

INFLUENCE OF RISK TAKING ON BUSINESS PERFORMANCE: EXAMINING THE DIFFERENCE BETWEEN MIGRANT AND NON- MIGRANT ENTREPRENEURS

Maklon Felipus Killa*, Yestiani Yaku Danga
Universitas Kristen Wira Wacana Sumba, Indonesia

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ABSTRACT: This study investigates the impact of risk taking on business performance and examines whether this relationship differs between migrant and non-migrant entrepreneurs. Survey data from 101 small and medium enterprise (SME) owners are analyzed using Moderated Regression Analysis (MRA) to test the proposed model. The results indicate that risk taking has a positive effect on business performance. Additionally, migration status moderates this relationship, demonstrating that the effectiveness of risk-taking behavior varies between migrant and non-migrant entrepreneurs. These findings suggest that entrepreneurial performance is influenced by both strategic behavioral orientation and socio-contextual positioning. As the emerging integration of entrepreneurial orientation and migrant entrepreneurship, the study underscores the significance of entrepreneur heterogeneity in explaining SME performance. The results contribute to the risk-taking-performance literature and offer practical implications for the development of differentiated entrepreneurial policies.

Keywords: Entrepreneurial Orientation, Risk-Taking, SME's Performance, Migrant Entrepreneurs, Non-Migrant Entrepreneurs

*Corresponding Author: maklonk@unkriswina.ac.id

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INTRODUCTION

Entrepreneurship constitutes a transformative force, accounting for more than 90 percent of businesses globally, employing a substantial share of the world's workforce, generating employment opportunities, stimulating innovation, and fostering the creation of new ventures (Porfirio et al., 2024). Beyond financial gains, entrepreneurship contributes to broader societal transformation, while the competitiveness of nations, regions, and cities is strongly influenced by the performance of new businesses, which are critical for economic well-being, innovation, and social prosperity (Amran et al., 2023; Sharma & Vredenburg, 1998). In the Indonesian context, entrepreneurship plays a pivotal role in both national and local economic development, particularly in underdeveloped and rural areas, due to its capacity to generate employment, increase household income, and promote economic diversification. In Eastern Indonesia—including East Sumba—Small and Medium enterprises (MSEs) function as the primary engine of local economic activity. However, structural conditions such as limited infrastructure, restricted market access, the seasonality of agricultural production, and relatively high poverty levels create an environment characterized by considerable uncertainty for entrepreneurs. Under such circumstances, individual entrepreneurial behavior—including the disposition toward risk-taking—becomes a critical determinant of business outcomes (Adam, 2004; Huda & Syamsinirwani, 2019; Mesa et al., 2024; Noveria, 2017; Syafira et al., 2025).

Scholars in the field of entrepreneurship generally agree that firms with a stronger entrepreneurial orientation tend to achieve superior performance compared to those lacking such an orientation. Entrepreneurial Orientation (EO) is defined as a firm's propensity to engage in innovation, risk-taking, and proactive opportunity seeking (Covin & Lumpkin, 2011; Green et al., 2008; Gupta et al., 2004; Rauch et al., 2009), and has been widely identified as a key driver of firm performance. EO contributes to organizational performance by enabling firms to exploit emerging opportunities and remain competitive in rapidly changing market environments (Huang et al., 2023). Prior studies have frequently conceptualized EO as a unidimensional construct by combining its three dimensions—innovativeness, risk-taking, and proactiveness. However, each of these dimensions may exert distinct effects on firm performance and can therefore be examined separately within a multidimensional framework (Kollmann et al., 2021).

One of the core dimensions of entrepreneurial orientation is risk-taking, defined as the entrepreneur's tendency to allocate resources to opportunities with uncertain outcomes. As a component of entrepreneurial orientation, risk-taking is associated with strategic decisions such as capital investment, market expansion, and product and process innovation. Several of quantitative studies and meta-analyses indicate that risk-taking often contributes positively to business performance; however, its effects are not always consistent and frequently depend on institutional contexts and firm-specific characteristics. For instance, meta-analytic evidence reveals variation in the effect of risk-taking on performance depending on sample size, measurement approaches, and industry conditions—highlighting the need for more context-sensitive investigations (Pham & Dao, 2022).

Across a wide range of scholarly and policy literature, entrepreneurship and migration have consistently occupied prominent positions in both national and international development agendas, given their significant contributions to poverty reduction and job creation in many developing countries. In 2022, it was reported that each additional migrant entrepreneur contributed to the creation of approximately 0.2 new jobs (OECD, 2024). Migrant entrepreneurs are often characterized as “super entrepreneurs,” as they may exhibit a lower aversion to risk—evidenced by their decision to migrate, which itself constitutes a high-risk undertaking. They are also frequently viewed as more capable of identifying new business opportunities and accessing diverse support resources, training, and financing. This advantage is partly attributed to migrants' tendency to enhance their educational attainment, acquire new skills, accumulate savings, and expand their social networks while living outside their regions or countries of origin (Naudé et al., 2017; OECD, 2024).

The distinction between migrant entrepreneurs—those operating businesses outside their place of origin—and non-migrant (local) entrepreneurs has therefore become an important focus in contemporary entrepreneurship research. Migrant entrepreneurs encounter a unique configuration of opportunities and constraints. On the one hand, they often leverage transnational

networks, remittances, ethnic social capital, and cross-market experience. On the other hand, they may face a liability of foreignness, including difficulties in obtaining local legitimacy, limited access to formal capital, and various institutional and social barriers. These conditions can shape their propensity to take risks and influence how such risk-taking is translated into business outcomes. Recent studies in entrepreneurship further emphasize that the relationship between risk-taking behavior and business performance is frequently moderated by contextual factors such as crisis conditions, institutional support, and organizational capacity—implying that the performance effects of risk-taking may differ across entrepreneur groups (Suder et al., 2025; Zhang & Xing, 2023).

Although the international literature on migrant entrepreneurship has expanded considerably, quantitative empirical evidence that explicitly compares the effect of risk-taking on business performance between migrant and non-migrant entrepreneurs in developing-country contexts—particularly in disadvantaged regions such as East Sumba—remains limited. Much of the existing research on migrant entrepreneurs focuses on OECD countries or large metropolitan areas within developing economies, while studies conducted in rural regions or small islands—where internal migration patterns and remittance chains exhibit distinctive characteristics—have received far less scholarly attention.

In the case of Sumba, migration patterns—including temporary labor migration, inter-island mobility, and return migration—generate variation in financial capital (e.g., remittances), entrepreneurial experience, and social networks, all of which may shape the relationship between risk-taking behavior and business performance. Data presented in Figure 1 indicate that the number of migrant and non-migrant entrepreneurs in Kota Waingapu East Sumba Regency fluctuated over the 2019–2023 period; however, migrant entrepreneurs consistently outnumbered local entrepreneurs. This pattern suggests a relatively higher capacity among migrant entrepreneurs to remain active in business and to engage in entry and exit decisions under conditions of risk and uncertainty.

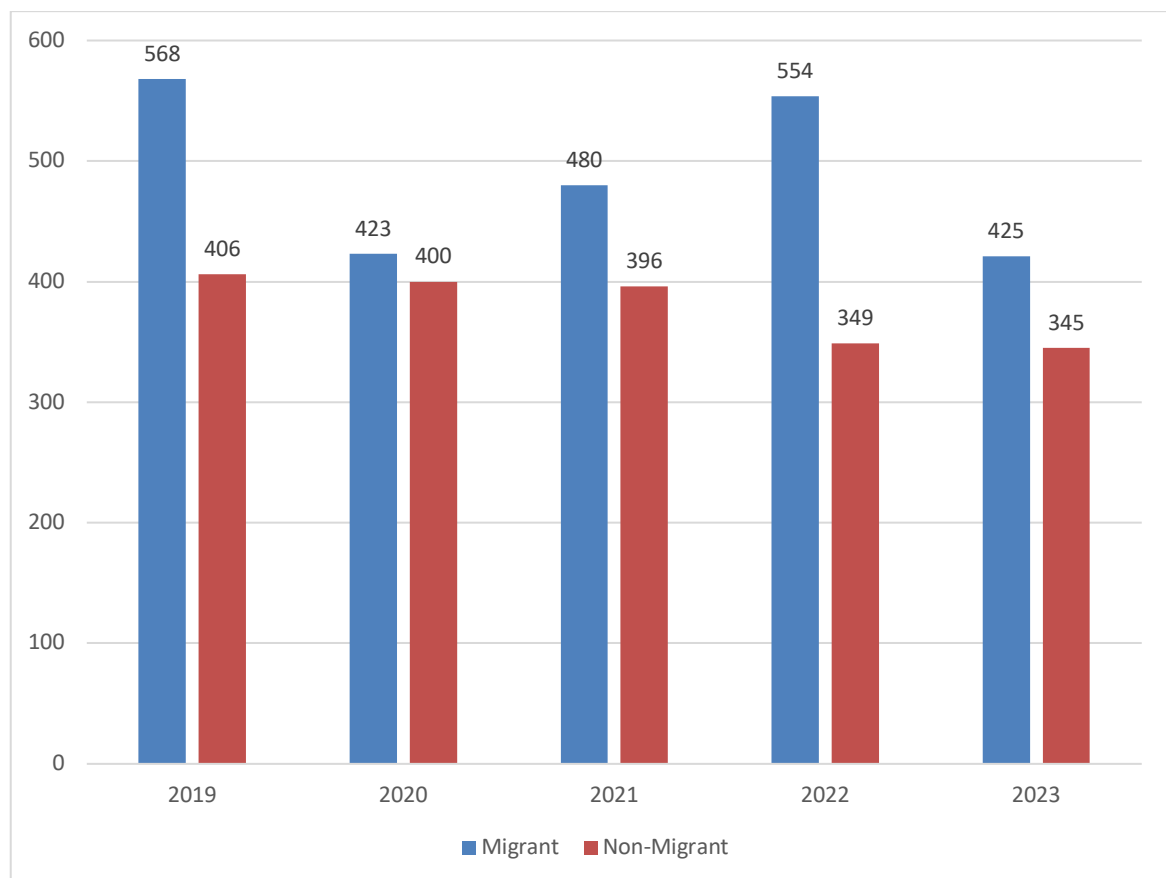


Figure 1. Number of migrant and non-migrant entrepreneurs in Waingapu, Indonesia
Source: UPTD Bappenda East Sumba (2025)

An empirical examination of migrant and non-migrant entrepreneurs in East Sumba offers the potential to elucidate the localized mechanisms through which risk-taking behavior functions under conditions of resource scarcity and segmented market structures (Mesa et al., 2024). Based on the identified research gap and the contextual differences between migrant and non-migrant entrepreneurs in East Sumba as discussed above, this study aims to examine the effect of risk-taking on business performance and to compare this effect between migrant entrepreneurs and non-migrant (local) entrepreneurs

THEORETICAL REVIEW

Entrepreneurship-Risk Taking and SME's Performance

The concepts of entrepreneurship and entrepreneurial orientation are widely recognized through the seminal work of Miller (1983), who characterized an entrepreneurial firm as one that engages in product–market innovation, undertakes moderately risky ventures, and is the first to introduce proactive innovations to outperform competitors. These three characteristics were subsequently conceptualized as entrepreneurial orientation, referring to the processes, practices, and decision-making activities that lead firms toward new market entry. Lumpkin & Dess (1996) later expanded this framework by introducing two additional dimensions, namely autonomy and competitive aggressiveness.

Entrepreneurship has increasingly been acknowledged as a strategic field of inquiry within modern management literature due to its role in fostering economic growth, innovation, and enhancing organizational competitiveness. Contemporary perspectives view entrepreneurship not merely as the act of starting a business, but as a dynamic process involving opportunity identification, uncertainty management, and strategic decision-making under conditions of resource constraints. Ramadan et al., (2024) demonstrate that entrepreneurial behavior significantly contributes to business success, particularly among small and medium-sized enterprises (SMEs) operating in competitive and rapidly changing market environments. Likewise, Islam et al., (2024) found that the dimensions of entrepreneurial orientation collectively exert a positive influence on organizational performance, including sales growth, profitability, and employment expansion. Studies by Putra & David (2025) and Prasetyo et al., (2024) further indicate that entrepreneurial orientation contributes to business success and sustainable growth, although the strength of each dimension's effect may vary.

Among the dimensions of entrepreneurial orientation, risk-taking represents a fundamental component because it is directly associated with the entrepreneur's ability to confront uncertainty and exploit market opportunities. Risk-taking refers to the tendency of individuals or organizations to commit resources to opportunities with uncertain outcomes but potentially higher returns. Recent research suggests that risk-taking is closely related to the development of entrepreneurial self-efficacy and the individual's capacity to identify and capitalize on business opportunities (Caputo et al., 2025). Moreover, the risk-taking dimension constitutes one of the key characteristics that differentiates levels of entrepreneurial orientation across individuals or groups of entrepreneurs (Astuti et al., 2024).

From a strategic entrepreneurship perspective, business performance should also be understood as encompassing longer-term strategic outcomes, such as business sustainability, competitive positioning, reputation, and the ability to innovate or adapt to environmental changes. Although these dimensions are more difficult to quantify, they provide important insights into the long-term viability and resilience of small enterprises beyond short-term financial gains (Fulford & Rizzo, 2009). This multidimensional view aligns with the broader conceptualization of performance that includes organizational effectiveness, operational outcomes, and financial results as interrelated domains (Venkatraman & Ramanujam, 1986). Business performance in SME's is typically assessed through a combination of financial and non-financial indicators, including sales growth, profitability, market share, product innovation, and business sustainability. The literature emphasizes the need for a multidimensional assessment, as SME success is shaped not merely by short-term financial gains but also by the firm's adaptive capacity and its ability to sustain competitiveness over time (Wu et al., 2022). This perspective aligns with the resource-based view (RBV), which posits that sustained competitive advantage and superior

performance are contingent upon the firm's capability to deploy and orchestrate strategic resources effectively

In developing regions and peripheral economies, measuring business performance requires additional contextual sensitivity. Micro and small enterprises frequently operate under structural constraints such as limited infrastructure, restricted access to formal financing, seasonal demand patterns, and segmented local markets. These conditions influence how entrepreneurs define and evaluate business success. In many cases, business continuity, household income stability, and gradual asset accumulation are considered more realistic and meaningful indicators of performance than short-term profit maximization. Therefore, relying solely on conventional financial ratios may underestimate the actual performance of entrepreneurs operating under resource constraints (Liu et al., 2008).

Several empirical studies indicate that risk-taking behavior is positively associated with business performance. Research on micro and small enterprises across various developing-country contexts shows that risk-related decision-making significantly influences sales performance and business growth (Angelus et al., 2025). Similar findings suggest that risk-taking can strengthen business models and enhance organizational capability to achieve superior performance through innovation and organizational learning (Iyiola et al., 2023). Even under turbulent market conditions, the dimensions of risk-taking and proactiveness have been found to significantly affect firm performance, although these effects may be moderated by crisis perceptions or external environmental conditions (Suder et al., 2025).

Suder (2023) states that in a managerial context, risk taking is related to "the extent to which managers are willing to make large resource commitments and risks—that is, commitments that have a costly chance of failure. Because small firms have limited resources, risk-taking becomes particularly challenging for them. There is evidence that risk-taking can positively impact firm performance. Therefore, hypotheses can be formulated as:

H1: Risk-taking has a positive effect on SME's performance

Migrant and Non-Migrant (Local) Entrepreneurs

Migrant entrepreneurs have increasingly become a central topic in contemporary entrepreneurship and development studies due to their tangible contributions to national economic development. Most discussions in the literature have traditionally focused on cross-border migrant entrepreneurs (Sinkovics & Reuber, 2021). Nevertheless, several scholars agree that the fundamental characteristics of migrant entrepreneurs are comparable across both international and interregional contexts, particularly their tendency to seek and exploit new opportunities in locations beyond their place of origin (Fairlie & Fossen, 2018). Adam (2004) defines migrant entrepreneurs as individuals who possess the ability to identify profit opportunities through business activities conducted in other locations. In this regard, migrant entrepreneurs—individuals who operate businesses outside their home regions—often function under structural conditions that differ from those experienced by non-migrant entrepreneurs, who typically have stronger local embeddedness. These differences encompass access to resources, social networks, institutional legitimacy, and strategies for adapting to local market environments. Recent studies suggest that migration status constitutes a critical factor influencing entrepreneurial behavior and business performance, as it shapes the specific configuration of opportunities and constraints faced by entrepreneurs (Ramos-Escobar et al., 2022). Naudé et al., (2017) explains that migration is an economic phenomenon. According to the above opinion, it can be inferred that there is a migration flow driven by differences in income distribution between villages and cities. The income in question is not only the actual income but also the expected income.

The migration model of Todaro and Smith (2012) has several main characteristics, such as: 1) Migration is stimulated by rational economic power considerations related to the profit or loss of migration itself; 2) The decision to migrate depends on the expected real wage difference between villages and cities. This means that the difference in rural and urban wages, and the opportunity to get a job in the urban sector, are in accordance with expectations; 3) The possibility of getting a job quickly in urban areas is related to the number of jobs in urban areas, so that it is inversely proportional to the unemployment rate in urban areas. Meanwhile, Mantra (2015) identifies two factors that affect a person's decision to migrate: the binding or pulling factor

(centripetal forces) and the driving force (centrifugal forces). Factors that can be of interest are those that have an obligation to attract a person to live in their home area, for example, inherited land ownership, caring for elderly parents, and a culture of cooperation with the village community that is good for their homeland. So the driving factors are factors that can encourage a person to move or leave their home area, for example, narrow employment opportunities, too low wages in the area of origin, limited educational facilities, and inadequate infrastructure.

Local entrepreneurs are those who come from the location of micro businesses based on the local ethnicity in the place; they are from the area itself, not from outside the region. Meanwhile, immigrant entrepreneurs are those who come from micro-business locations affected by the pandemic, taking advantage of the business opportunities that have opened. So immigrant entrepreneurs are also seen by other ethnicities. According to Julius and Nagel (2013) immigrant entrepreneurs are usually members of ethnic groups that are more willing to profit from running businesses, such as the Chinese, Javanese, and Minang. Indrathi (2013) stated that entrepreneurs who are oriented towards fulfilling life needs tend to prioritize large, good houses, private cars, and performing Hajj. Based on the above findings, people who see success in terms of material ownership will use various means to achieve success in others' eyes.

The phenomenon of migrant entrepreneurship is frequently explained through the mixed embeddedness framework, which posits that business success is determined by the interaction between individual resources and the opportunity structures within the environment where the enterprise operates. Migrant entrepreneurs often benefit from access to transnational networks, cross-market knowledge, and remittance flows that may serve as initial capital or liquidity support. However, they also face the liability of foreignness, referring to limited social legitimacy and restricted access to formal institutions, which may increase transaction costs and business uncertainty (Högberg & Mitchell, 2022). In contrast, non-migrant entrepreneurs generally possess stronger local embeddedness—such as closer ties to community networks, deeper understanding of local market culture, and access to trust-based relationships—which can enhance operational stability.

Empirical evidence reported by Ramos-Escobar et al., (2022) indicates that migrant entrepreneurs tend to exhibit a higher propensity for risk-taking than non-migrant entrepreneurs. The migration process itself represents a risky decision involving substantial economic and social uncertainty; consequently, individuals who migrate are often characterized by greater risk tolerance. This higher tolerance for risk may lead migrant entrepreneurs to pursue business opportunities more aggressively, thereby increasing their likelihood of entrepreneurial success under certain conditions. Therefore, hypotheses can be formulated as:

H2: The effect of risk-taking on business performance differs significantly between migrant and non-migrant entrepreneurs.

RESEARCH METHOD

This study adopts a quantitative approach within an explanatory research design to examine the causal relationship between risk-taking and SME performance, while simultaneously assessing the moderating role of entrepreneur status. The population comprises 770 small and medium-sized enterprises (SMEs) in Waingapu City that were officially registered with the Regional Revenue Agency of East Sumba Regency in 2023, consisting of 425 migrant entrepreneurs and 345 non-migrant (local) entrepreneurs. To ensure analytical relevance and group comparability, the study employs a stratified purposive sampling technique, whereby respondents are selected based on two criteria: classification as migrant or non-migrant entrepreneurs and a minimum business tenure of more than three years, thereby ensuring sufficient experiential grounding in decision-making under uncertainty (Bandur, 2019). The sample size is determined using the Slovin formula with a precision level of 1%, resulting in 101 respondents, which are proportionally distributed to reflect the population structure, yielding 56 migrant entrepreneurs and 45 non-migrant entrepreneurs. This proportional allocation preserves the comparative integrity required for moderation analysis and avoids distributional bias across groups.

The study operationalizes risk-taking as the independent variable using nine indicators, while SME performance is specified as the dependent variable measured through four indicators. All constructs are assessed using a seven-point Likert scale ranging from strongly disagree to

strongly agree, allowing for sufficient variance capture and response sensitivity. Data are collected through a structured questionnaire to enhance measurement consistency and reduce interpretative ambiguity among respondents. The analytical strategy employs Moderated Regression Analysis (MRA) using IBM SPSS Statistics, which extends the conventional multiple linear regression framework by incorporating an interaction term between risk-taking and entrepreneur status to test conditional effects (Aiken & West, 1991; Hayes, 2013). Prior to hypothesis testing, the model is subjected to classical assumption diagnostics, including tests of normality, multicollinearity, linearity, and homoscedasticity, to ensure the robustness and statistical validity of the estimated relationships (Hair et al., 2019).

RESULTS

The main characteristics of the 101 SMEs participating as respondents in this study include the origin of the entrepreneur, length of business operation, and type of business, as presented in Table 1. According to the table, the largest proportion of migrant entrepreneurs originated from Lombok/Bima, accounting for 27% of the sample. Furthermore, 33 percent of the SMEs surveyed had been operating for between six and ten years. By business type, enterprises in the confectionery and necessities sectors accounted for the largest proportion of the sample.

Table 1. Characteristics Small and Medium Enterprises

Characteristics SME's	Percent
Region of Origin	
- Sumba	44.6
- Lombok/Bima	26.7
- Jawa	20.8
- Madura	2.0
- Others	5.9
Types of Business	
- Basic necessities	30.7
- Various spices/vegetables	9.9
- Convection	31.7
- Ikat Weaving	6.9
- Culinary	4.0
- Others	16.8
Length of Business	
- 1 - 5 years	16.8
- 6 - 10 years	32.7
- 11 - 15 years	27.7
- 15 -20 years	8.9
- More than 20 years	13.9

Source: Adapted Processed Data (2025)

To ensure the quality of the data and its suitability for regression analysis, preliminary validity and reliability assessments were performed. Construct validity was evaluated through factor loadings derived from exploratory factor analysis, whereas internal consistency reliability was assessed using Cronbach's alpha. In this study, construct validity was assessed using confirmatory factor analysis (CFA) in SPSS for Windows, version 22.0. The validity test checked whether each item's loading factor was greater than 0.60. According to Hair et al., (2019), if each item's loading value exceeds 0.60, it can be considered meaningful. The reliability test measures the consistency of a variable. An item is deemed reliable if respondents' answers are consistent or stable over time. A construct or variable is reliable if its Cronbach's alpha is greater than 0.60 (Ghozali, 2022b). The detailed results of the validity and reliability analyses for each construct and its respective indicators are reported in Table 2.

Table 2. Validity and Reliability Test

Variables	Indicators	Loading Factors	Cronbach' Alpha
Risk-Taking	RT1: Ready to face competition	.772	.912
	RT2: Willing to take on challenges	.759	
	RT3: Enjoys work that is not monotonous	.675	
	RT4: Optimistic about plans that have been made	.799	
	RT5: Willing to accept potential losses	.836	
	RT6: Dares to face possible losses	.818	
	RT7: Enjoys seeking new types of work or business opportunities	.775	
	RT8: Enjoys acquiring new knowledge	.764	
	RT9: Enjoys gaining new experiences	.941	
SME's Performance	BP1: Profit growth	.926	.946
	BP2: Sales growth	.929	
	BP3: Market coverage	.913	
	BP4: Business growth	.941	

As presented in Table 2, the measurement model satisfies the validity and reliability criteria, with factor loadings greater than 0.60 and Cronbach's alpha coefficients exceeding 0.70, consistent with the recommended thresholds for multivariate analysis (Ghozali, 2022b; Hair et al., 2019). Classical assumption testing was conducted to ensure that the data used to estimate the parameters from ordinary least squares were unbiased, efficient, and consistent, so that statistical inferences from t and F tests could be trusted (Ghozali, 2022a; Hair et al., 2019). In this study, classical assumption testing was conducted in two stages. In the first stage, it was found that there were still problems with collinearity statistics (see Table 3 for the before and after revised data of collinearity), where the tolerance and VIF values for the dummy variable (entrepreneurial status) and the interaction between the independent and moderating variables exceeded the threshold requirements, namely a tolerance value of > 0.1 and a VIF of < 10.

Tabel 3. Collinearity Test

Variables	Tolerance	VIF	Tolerance (Revised)	VIF (Revised)
Risk-Taking	0.313	3.196	0.313	3.193
Entrepreneur Status	0.031	32.71	0.691	1.448
Risk-Taking x Status	0.024	42.19	0.388	2.579

Source: Adapted SPSS Output (2025)

This problem can be solved by centering the independent variable to minimize multicollinearity (Aiken & West, 1991; Hayes, 2013) using the following formula:

$$RT_C = RT - \overline{RT} \dots \dots \dots (1)$$

Where:

RT_C = Risk-Taking Centered

RT = Risk Taking

$\overline{RT}$ = Mean Risk-Taking

After correcting the data based on formula 3, the next step is to test whether the classical assumptions meet the required conditions. The results of the analysis are shown in Figure 2. Classical assumption tests were conducted before regression analysis. The normality of residuals was evaluated using a histogram and normal P-P plot analyses, while heteroscedasticity was assessed using a scatterplot, as presented in Figure 2. The results indicate that the residuals are normally distributed and the data points are randomly dispersed, suggesting no normality or heteroscedasticity issues. Furthermore, multicollinearity was examined using the Variance Inflation Factor (VIF) and tolerance values, as reported in Table 4. The tolerance values exceed 0.10, and the VIF values are below 10, indicating that multicollinearity is not a concern. Overall, these findings demonstrate that the regression model satisfies the necessary assumptions. After

passing the classical assumption test, the next step is to conduct an MRA-based hypothesis test. The results of the MRA test are shown in the table 4.

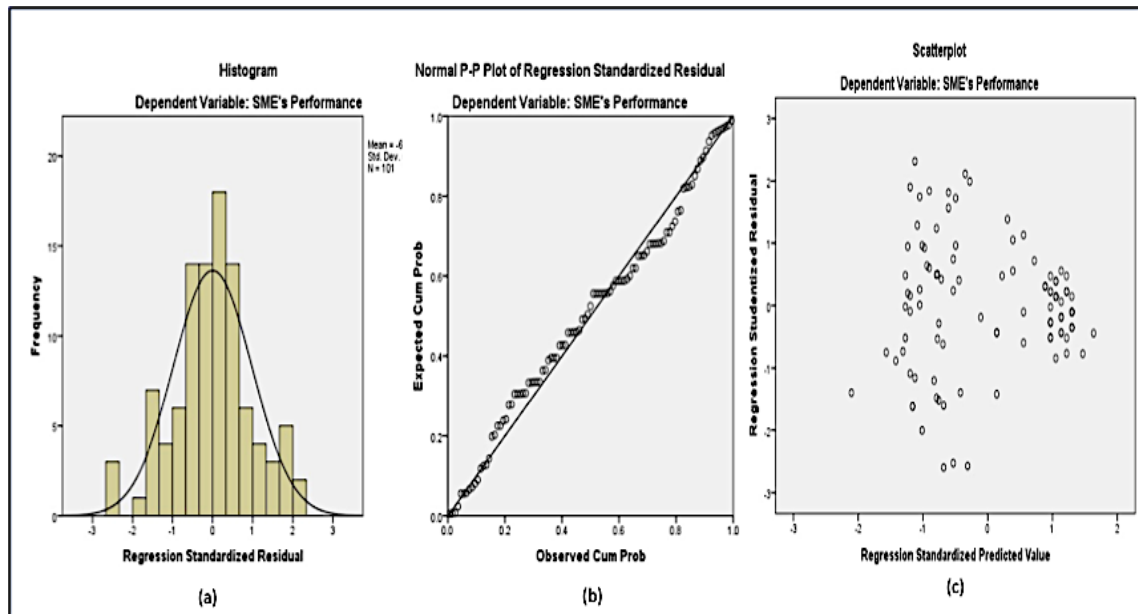


Figure 2. Histogram, Normal P-P Plot, and Scatterplot
Source: SPSS Output (2025)

Table 4. Moderated Regression Result

Variables	B	SE	β	t
Risk-Taking (Centered)	0.335**	0.166	0.259	2.019
Entrepreneur Status	1.048***	0.247	0.368	4.249
Risk-Taking $\times$ Status	0.418†	0.223	0.216	1.873
R ²	0.499			
Adjusted R ²	0.483			
F	32.170***			
Durbin-Watson	1.710			
N	101			

Notes: † $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$

Source: Adapted SPSS Output (2025)

Based on the results of the moderated regression analysis presented in Table 4, the direct effect of risk-taking on SMEs' performance is positive and statistically significant ($\beta = 0.259$, $p < 0.05$). Therefore, Hypothesis 1 (H1), which posits that risk-taking has a positive effect on SMEs' performance, is supported. Furthermore, the interaction between risk-taking and entrepreneurial status is positive and marginally significant ($\beta = 0.216$, $p = 0.064$). Accordingly, Hypothesis 2 (H2)—stating that the effect of risk-taking on business performance differs significantly between migrant and non-migrant entrepreneurs—is supported at the 10% significance level. Although the interaction effect does not meet the conventional 5% threshold, it indicates a marginal moderating effect. The positive interaction coefficient suggests that the positive relationship between risk-taking and SMEs' performance is stronger for migrant entrepreneurs than for non-migrant (local) entrepreneurs. The proposed model demonstrates satisfactory explanatory power, as evidenced by a statistically significant F-test at the 1% level. The independent variables collectively explain 48.3% of the variance in SME performance, with the remaining variance attributable to factors not included in the model.

DISCUSSION

The findings of this study offer meaningful contributions to the entrepreneurship literature, particularly by deepening our understanding of how risk-taking influences business performance

and how this relationship varies across entrepreneurs' migration status. Conceptually, the results reinforce the view that risk-taking behavior represents a key determinant of business performance within the entrepreneurial orientation (EO) framework. At the same time, the findings suggest that its effectiveness is context-dependent and shaped by the social characteristics of the entrepreneur.

The positive effect of risk-taking on SMEs' performance aligns with the foundational EO perspective advanced by Miller (1983) and Covin & Lumpkin (2011) who identified risk-taking as a core dimension of entrepreneurial orientation. Within this framework, firms that are willing to commit resources in the face of uncertainty are better positioned to exploit emerging market opportunities and gain a competitive advantage. More recent studies similarly report a positive association between risk-taking and outcomes such as sales growth, innovation, and competitiveness among small and medium-sized enterprises ((Pham & Dao, 2022; Zhang & Xing, 2023). In this regard, the present findings strengthen the empirical consensus that calculated risk-taking is an adaptive strategy for SMEs, particularly in dynamic, evolving environments.

However, the primary contribution of this study lies in demonstrating that the relationship between risk-taking and business performance is not homogeneous but moderated by entrepreneurial status. In other words, the effectiveness of risk-taking in enhancing performance differs between migrant and non-migrant entrepreneurs. This insight enriches the EO literature, which has often treated entrepreneurs as a relatively uniform group. As suggested by Lumpkin and Dess, (1996), the consequences of EO dimensions may vary depending on organizational and environmental contexts. The present study extends this argument by identifying migration status as a salient contextual factor shaping how risk-taking translates into business outcomes.

From the perspective of mixed embeddedness theory, migrant entrepreneurs operate within opportunity structures and constraints that differ from those experienced by non-migrant entrepreneurs (Rath & Kloosterman, 2000). Migrants frequently draw upon transnational networks, cross-regional market experience, and, in some cases, remittance flows that can function as risk capital. Migration itself entails uncertainty and risk; consequently, individuals who migrate may exhibit higher risk tolerance due to self-selection. This dynamic may help explain why risk-taking behavior appears to generate stronger performance effects among migrant entrepreneurs (Ramos-Escobar et al., 2022).

In contrast, non-migrant entrepreneurs typically possess stronger local embeddedness, including established social legitimacy, dense community networks, and stable trust-based relationships. In locally embedded economies—particularly those grounded in close-knit community structures—such social capital can provide a foundation for business stability (Solano, 2023). As a result, even if non-migrant entrepreneurs display less aggressive risk-taking behavior, they may sustain business performance through relational stability and locally embedded trust mechanisms. Hence, differences in the effectiveness of risk-taking between the two groups cannot be attributed solely to individual-level characteristics but must also be understood in light of the broader social and institutional structures within which entrepreneurs operate.

These findings are consistent with recent research emphasizing that the performance effects of entrepreneurial orientation are frequently moderated by environmental and individual characteristics (Zhang & Xing, 2023). Risk-taking should not be viewed as a universally beneficial strategy applicable across all contexts. Its effectiveness depends on entrepreneurs' ability to manage uncertainty, leverage networks, and navigate institutional constraints. In this sense, migration status can be understood as a boundary condition that helps explain variation in the risk-taking–performance relationship.

Theoretically, this study contributes by bridging the EO literature with migrant entrepreneurship research. While EO explains strategic behavioral orientations, migrant entrepreneurship scholarship highlights the social contexts that shape those behaviors. Integrating these perspectives underscores that the relationship between risk-taking and business performance is not merely strategic in nature but also sociologically embedded. Business performance emerges from the interplay between behavioral orientation and the social structures in which entrepreneurs are situated.

CONCLUSION AND FURTHER STUDY

This study aims to examine the effect of risk-taking on business performance and to investigate whether this relationship differs between migrant and non-migrant entrepreneurs. The findings indicate that risk-taking is a significant factor in improving SME performance. These results reinforce the entrepreneurial orientation (EO) framework, which positions risk-taking as a strategic behavior that enables entrepreneurs to pursue opportunities under conditions of uncertainty and enhance their competitive standing.

Furthermore, the study reveals that risk-taking effectiveness is not uniform but varies by entrepreneurs' migration status. The moderating role of migration status suggests that the impact of risk-taking on business performance is shaped by the social context and the degree of embeddedness within which entrepreneurs operate. By integrating insights from the entrepreneurial orientation literature with research on migrant entrepreneurship, this study highlights that business performance is influenced not only by strategic orientation but also by entrepreneurs' social positioning and differential access to resources.

The principal contribution of this research is to introduce migration status as a boundary condition in the relationship between risk-taking and business performance. In local and developing economic contexts—where variations in social capital and institutional access are pronounced—recognizing entrepreneur heterogeneity becomes particularly important. Overall, the findings affirm that while risk-taking remains a key determinant of business performance, its effects are inherently contextual, contingent upon the configuration of resources and the social positioning of the entrepreneur. Future research should incorporate key control variables such as firm size, firm age, and entrepreneurial experience. Additionally, employing multi-group analysis would facilitate more robust comparisons between migrant and non-migrant entrepreneurs.

ETHICAL DISCLOSURE

All participants provided written informed consent before participation. They were informed about the study's purpose, their voluntary participation, the right to withdraw at any time, and the confidentiality of their responses.

CONFLICT OF INTERESTS

The authors declare no conflict of interest.

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