

## **PORTFOLIO ENTREPRENEURSHIP AND ENTERPRISE DEVELOPMENT IN AN EMERGING ECONOMY**

**Ebenezer Oluwadamilare BALOGUN**

*Business Administration Department  
University of Ilorin, Ilorin Nigeria  
balobendar@gmail.com*

**ABIODUN, Yetunde Abimbola**

*Business Administration Department,  
Ladoke Akintola University of Technology.  
Ogbomosho, Oyo State  
yaabiodun@lautech.edu.ng*

**Opeyemi Emmanuel BABAWALE**

*Business Administration Department  
University of Ilorin, Ilorin Nigeria  
Opeyemie71@gmail.com*

**\*Corresponding Author:** yaabiodun@lautech.edu.ng

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### **ABSTRACT**

*The ability to leverage existing resources across various business initiatives can significantly impact local development of enterprises especially in emerging economy. Hence, the study investigated the effect of portfolio entrepreneurship on development of enterprise in an emerging economy. Specifically, it examined the effect of market diversification, venture synergy and revenue stream on enterprise development. Survey research design was adopted with a population of 500 purposively selected registered portfolio entrepreneurs in Ilorin, Kwara state, Nigeria. 222 sample size were administered structured questionnaire. Data collected was analyzed using PLS-SEM. Findings revealed that Revenue Stream has the strongest effect on Enterprise Development. It concluded that portfolio entrepreneurship is significantly vital for enterprise development in emerging economy. It therefore strongly recommended that portfolio entrepreneurs in emerging economies prioritize market diversification strategies and venture synergy as a key pillar of their enterprise development efforts. Additionally, it is recommended that portfolio entrepreneurs in emerging economies implement robust financial management and revenue diversification strategies across their venture portfolio.*

**Keywords:** Emerging Economy, Enterprise Development, Market Diversification, Portfolio Entrepreneurship, Venture Synergy

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### **INTRODUCTION**

The landscape of entrepreneurship in emerging economies is characterized by diverse strategies that individuals adopt to navigate economic challenges and seize opportunities. A notable trend involves individuals simultaneously managing multiple business ventures, which allows for risk diversification and resource

optimization. This multifaceted approach not only enhances individual resilience but also contributes to the overall economic dynamism of these regions. Studies indicate that entrepreneurs who engage in multiple ventures often exhibit greater innovation and adaptability, leading to

increased economic contributions (Cohen & Winn, 2021; Santos & Eisenhardt, 2022).

In the context of emerging economies, the ability to leverage existing resources across various business initiatives can significantly impact local development. Entrepreneurs often draw on their networks and experiences from one venture to inform and bolster the success of another. This interconnectedness fosters a more robust entrepreneurial ecosystem, where knowledge sharing and collaboration become essential components. Research shows that such synergies can lead to improved business outcomes and increased social capital within communities (Baker et al., 2020; Zhao & Seibert, 2021). Consequently, the proliferation of multiple ventures can stimulate job creation and enhance local economic resilience.

The role of informal networks and community support is crucial in facilitating the growth of multiple business endeavors. In many emerging economies, entrepreneurs rely heavily on social capital to access resources, information, and market opportunities. These networks often provide critical support structures that enable individuals to experiment with new ideas and mitigate risks associated with launching new ventures. Recent studies emphasize the significance of social ties in fostering entrepreneurial success, particularly in contexts where formal financial systems may be lacking (Aldrich & Cliff, 2020; Klyver & Terjesen, 2021). Thus, the interplay between personal networks and entrepreneurial initiatives can catalyze broader economic development.

Moreover, the integration of technology and digital platforms has transformed the landscape for entrepreneurs in emerging markets. Access to digital tools enables individuals to operate multiple businesses more efficiently, facilitating market entry and customer engagement. This technological adoption not only streamlines operations but also opens new avenues for innovation and scalability. Research indicates that entrepreneurs who leverage digital technologies are better positioned to compete and grow in increasingly globalized markets (Gonzalez & Martinez, 2023; Mazzarol & Reboud, 2022). As a result, the intersection of

technology and multifaceted entrepreneurial strategies plays a vital role in shaping the future of economic development in these regions.

Market diversification can pose significant challenges for enterprise development, particularly when organizations expand into unfamiliar markets. One major issue is the potential dilution of brand identity and core competencies, as firms may struggle to maintain a consistent brand message, leading to confusion among consumers (Kumar & Singh, 2020). Additionally, entering new markets often requires substantial investments in research, marketing, and local partnerships, which can strain financial resources and divert attention from existing operations (Zhang & Geng, 2021). This misallocation of resources can hinder overall growth and lead to operational inefficiencies, ultimately undermining the long-term sustainability of the enterprise.

Venture synergy, while often seen as a benefit of mergers and acquisitions, can create significant problems for enterprise development. One primary concern is the challenge of integrating different organizational cultures and systems, as a clash of corporate cultures can lead to employee dissatisfaction and increased turnover (Seth & Thomas, 2020). Moreover, the anticipated synergies may not materialize as planned due to overestimation of cost savings or revenue enhancements, leading to financial underperformance (Homburg et al., 2014). The complexities of managing a larger, more diversified entity can also lead to bureaucratic inefficiencies, making it difficult to respond swiftly to market changes (Burgelman & Grove, 2020).

The diversification of revenue streams can present challenges for enterprise development, particularly when firms attempt to balance multiple income sources. One significant issue is the potential for resource dilution, where management attention and financial resources are spread too thin, diminishing overall performance (Markides, 2013). Furthermore, managing diverse revenue streams often requires specialized knowledge that the organization may not possess, resulting in operational inefficiencies and increased costs (Bettis et al.,

2018). Reliance on multiple revenue sources can also expose firms to greater risk, as fluctuations in one area can jeopardize financial stability (Foss & Saebi, 2017). This complexity necessitates careful strategic planning to avoid detrimental impacts on enterprise development. This research aims to investigate the effect of portfolio entrepreneurship on development of enterprise in an emerging economy. So specifically, the objectives of the study will include,

- i. to determine the effect of market diversification on enterprise development, to investigate the influence of venture synergy on enterprise development and
- ii. to examine the influence of revenue streams on enterprise development.

## **LITERATURE REVIEW**

### **Concept of Portfolio Entrepreneurship**

Portfolio entrepreneurship, also known as "entrepreneurial portfolio," is a concept that has gained significant attention in recent years. It refers to the phenomenon where individuals within an organization engage in multiple entrepreneurial ventures simultaneously (Huang et al., 2022; Jang et al., 2020). This approach allows entrepreneurs to diversify their risk, leverage their accumulated knowledge and resources, and explore new business opportunities that may arise (Liu & Guo, 2023; Peng et al., 2021).

The practice of portfolio entrepreneurship has been particularly prominent in emerging economies, where the business landscape is often characterized by rapid transformation and dynamic market forces (Wen & Chen, 2019; Zhu et al., 2022). In these environments, entrepreneurs who possess a diverse entrepreneurial portfolio can navigate the complexities more effectively, as they can draw upon their varied experiences, networks, and resources to identify and capitalize on new opportunities (Huang et al., 2022; Jang et al., 2020). This, in turn, can contribute to improved financial performance, increased market share,

and the development of sustainable competitive advantages for the enterprise (Liu & Guo, 2023; Peng et al., 2021).

*For this study, such dimensions of portfolio entrepreneurship like market diversification, venture synergy, and revenue streams are examined to assess the entrepreneurs' market diversification strategy, venture synergy practices as well as diverse revenue streams portfolio entrepreneurship activated for enterprises.*

### **Concept of Development of Enterprise**

The development of enterprise is a multifaceted concept that involves how businesses grow, evolve, and adapt to changing market conditions. This process encompasses organizational structure, operational efficiency, and market positioning. As enterprises navigate a competitive landscape, they must innovate and leverage technology to enhance productivity and meet customer demands (Teece, 2018). Digital transformation has accelerated this evolution, compelling businesses to adopt agile practices and rethink traditional models (Kraus et al., 2021).

Moreover, enterprise development is influenced by broader economic and social contexts, including globalization and regulatory changes. These factors significantly impact growth trajectories, requiring enterprises to cultivate resilience and adaptability (Cavusgil et al., 2019). Strong relationships with stakeholders are crucial for sustainable development, as they help align strategies with ethical practices (Freeman, 2021). Ultimately, enterprises must consider their social responsibilities to ensure long-term viability and positive societal impact.

### **Effect of Portfolio Entrepreneurship on Development of Enterprise**

Portfolio entrepreneurship, which involves individuals managing multiple entrepreneurial ventures simultaneously, has significant implications for the development of enterprises. This approach enables entrepreneurs to diversify their risks and leverage synergies across different businesses, fostering innovation and resilience in an increasingly volatile market. By

engaging in multiple ventures, entrepreneurs can capitalize on varying market opportunities and enhance their overall financial stability (Baker et al., 2021; Hsu & Cheng, 2022). Furthermore, portfolio entrepreneurship encourages knowledge transfer and resource sharing among ventures, which can lead to increased efficiency and competitiveness in the marketplace (Fang et al., 2023).

The impact of portfolio entrepreneurship extends beyond individual enterprises to the broader economic landscape. As entrepreneurs juggle multiple businesses, they contribute to job creation and economic dynamism, which are crucial for local and national development (Kraus et al., 2020). Additionally, the diverse nature of portfolio entrepreneurship can stimulate innovation by fostering a culture of experimentation and adaptability, essential for responding to changing consumer needs and technological advancements (Wang et al., 2023). Ultimately, the interplay between multiple entrepreneurial endeavors can lead to sustainable enterprise growth and a more vibrant entrepreneurial ecosystem (Khan et al., 2022).

### **Effect of Market Diversification on Enterprise Development**

Market diversification significantly impacts enterprise development by influencing growth trajectories and competitive positioning. When organizations diversify into new markets, they often encounter opportunities for increased revenue streams and enhanced brand recognition. This expansion can lead to a broader customer base and reduced dependence on a single market, ultimately fostering resilience against economic fluctuations (Khan et al., 2022). However, such diversification can also introduce complexities that challenge operational efficiency and strategic alignment, potentially leading to confusion in brand messaging and customer expectations (Zhang et al., 2023).

Moreover, market diversification can strain resources, diverting attention from core competencies and existing operations. As firms allocate resources to explore new markets, they may experience operational inefficiencies, which

can undermine overall performance (Almeida et al., 2023). Additionally, the lack of familiarity with new markets can result in missteps that damage the firm's reputation and customer relationships, making successful diversification a complex endeavor (Mazzola et al., 2022). Thus, while market diversification offers significant growth potential, it requires careful strategic planning and execution to mitigate risks associated with resource allocation and brand coherence.

Thus, we propose the first hypothesis as follows:

***H1: Market Diversification has a positive influence on Enterprise Development.***

### **Effect of Venture Synergy on Enterprise Development**

Venture synergy can significantly influence enterprise development by enhancing operational efficiencies and fostering innovation. When companies merge or collaborate, they often anticipate that combining resources and capabilities will lead to improved performance and competitive advantage. This expectation can materialize through shared knowledge and expertise, allowing firms to innovate more effectively and respond to market demands (Baker & Nelson, 2020). However, the realization of these synergies is contingent upon effective integration processes, as misalignment can lead to operational disruptions and hinder the anticipated benefits (Homburg et al., 2021).

On the other hand, venture synergy can also create challenges that impede enterprise development. Cultural clashes between merging entities can result in employee dissatisfaction and turnover, undermining productivity and morale (Seth & Thomas, 2020). Furthermore, the pursuit of synergies may lead to overestimation of potential benefits, resulting in financial strain if expected efficiencies do not materialize (González & González, 2023). Consequently, while venture synergy holds the promise of enhanced performance, it necessitates careful management to mitigate risks and ensure that the intended advantages are achieved.

Thus, we propose the second hypothesis as follows:

***H<sub>2</sub>: Venture Synergy has a positive influence on Enterprise Development.***

### **Effect of Revenue Streams on Enterprise Development**

The sustainability and growth of enterprises, particularly in emerging economies, are heavily influenced by the dynamics of their revenue streams. Scholars have highlighted the crucial role that revenue management plays in the overall development and success of enterprises (Peng et al., 2022; Zhu et al., 2023). The ability to effectively manage and diversify revenue sources can be a significant determinant of an enterprise's financial stability, competitive advantage, and long-term viability (Liu & Guo, 2021; Huang et al., 2022).

Enterprises with diverse revenue streams may have an advantage in navigating the complex and dynamic business landscapes of emerging markets (Jang et al., 2021; Wen & Chen, 2020). By tapping into multiple revenue sources, enterprises can mitigate the risks associated with reliance on a single source of income, enhance their resilience to market fluctuations, and unlock new opportunities for growth (Peng et al., 2022; Zhu et al., 2023). This diversification can be particularly crucial in the face of rapid technological advancements, shifting consumer preferences, and evolving regulatory environments (Liu & Guo, 2021; Huang et al., 2022).

Thus, we propose the third hypothesis as follows:

***H<sub>3</sub>: Revenue streams have a positive influence on enterprise development.***

### **Theoretical Review**

#### **Resource-Based View (RBV) Theory**

Dynamic Capabilities Theory, initially propounded by David Teece in 1997, emphasizes a firm's ability to integrate, build, and

reconfigure internal and external competencies to address rapidly changing environments. The basic tenet of this theory is that organizations must possess dynamic capabilities—skills that enable them to adapt, innovate, and seize new opportunities, particularly in volatile markets (Teece, 2007). This framework is particularly relevant for understanding how portfolio entrepreneurship can enhance enterprise development in emerging economies by fostering adaptability and resource reconfiguration.

The theory operates under several assumptions, including the notion that firms operate in environments characterized by uncertainty and change, necessitating the need for continuous adaptation (Teece, 2009). Critics argue that the theory may lack empirical rigor, as it often relies on anecdotal evidence rather than quantitative data (Eisenhardt & Martin, 2000). Despite these criticisms, Dynamic Capabilities Theory effectively explains how portfolio entrepreneurship allows firms in emerging economies to leverage diverse business ventures, enhancing resilience and competitive advantage. Studies have shown that firms employing this framework can better navigate economic fluctuations and capitalize on emerging opportunities (Zahra et al., 2019). Research has demonstrated that dynamic capabilities enable entrepreneurs to innovate and adapt their portfolios, leading to sustained enterprise growth and development.

#### **Empirical Review**

A study by Mayer et al. (2021) examined the performance implications of portfolio entrepreneurship in the context of family businesses. Their analysis of 522 family firms in Germany revealed that portfolio entrepreneurship was positively associated with both financial and non-financial performance measures, such as firm growth and innovation. The authors suggested that the diverse experience and resources of portfolio entrepreneurs enabled them to navigate the unique challenges and opportunities faced by family-owned enterprises (Mayer et al., 2021).



In contrast, Boso et al. (2022) found more nuanced results in their examination of portfolio entrepreneurship and firm performance. Using a sample of 389 entrepreneurs in Ghana, they observed that the relationship was moderated by the entrepreneurs' level of market orientation. Specifically, the authors found that the positive effect of portfolio entrepreneurship on firm performance was stronger for entrepreneurs with a higher market orientation, as they were better able to leverage their diverse resources and knowledge to meet customer needs (Boso et al., 2022).

A recent study by Harima et al. (2023) explored the influence of portfolio entrepreneurship on the internationalization of small and medium-sized enterprises (SMEs). Their analysis of 196 SMEs in Japan revealed that portfolio entrepreneurs were more successful in expanding their businesses internationally, as they could draw on their accumulated experience, networks, and resources to navigate the complexities of cross-border operations. The authors concluded that portfolio entrepreneurship can be a valuable asset for SMEs seeking to internationalize their activities (Harima et al., 2023).

## METHODOLOGY

A cross-sectional survey research design was employed in this study to gather information from a population of participants and describe the phenomenon. The population of this study consisted of 500 registered portfolio entrepreneurs and business owners from selected registered SMEs in Kwara State, Ilorin, Nigeria which is an emerging economy.

To determine the appropriate sample size, purposive sampling was used to select the enterprises and their representatives/business owners of the enterprise, especially those with knowledge of business operations and awareness of their enterprises' previous several business engagements as well as its performance. Using Taro Yamane's sample size determination formula, the final sample size was calculated to be 222 participants. The main tool utilized in

this study to collect information was a structured questionnaire.

Construct validity was employed in this study to examine the questionnaire's validity and determine whether the report's notion of measuring the effect of portfolio entrepreneurship on development of enterprise is accurate. A Cronbach Alpha analysis of the questionnaire's internal consistency items will be carried out. To evaluate the impact of the independent factors on the dependent variable, structural equation modeling, or SEM, was employed.

## Model Specification

The development of the enterprise is the dependent variable in this study report, whereas portfolio entrepreneurship is the independent variable. Since structural equation modeling (SEM) will be employed in the report, the following model will be used:

$$ED = f(\text{Market Diversification [PLE + CD + ID]} + \text{Venture Synergy [KT + RS + CP]} + \text{Revenue Stream [VAS + CS + PO]})$$

**Where:**

**ED** =Enterprise Development

**PLE**= Product Line Extension

**CD** = Channel Diversification

**ID**= Industry Diversification

**KT**= Knowledge Transfer

**RS**= Resource Sharing

**CP**= Cross Promotion

**VAS**= Value Added Services

**CS**= Cross selling

**PO**= Product Offerings

## RESULTS AND DISCUSSIONS

This study administered questionnaire to 222 purposively selected registered portfolio enterprises of which 176 valid responses were

obtained from the survey or questionnaires administered. Hence, the valid responses constitute the data used in this study.

### **Descriptive Analysis of Responses and Normality Test**

**Table 1 Descriptive Analysis and Normality Test**

	Mean	Standard Deviation	Excess Kurtosis	Skewness	Number of Observations Used
<b>Adaptation</b>	4.943	1.334	-0.900	-0.055	174.000
<b>Channel Diversification</b>	5.523	1.312	-0.562	-0.574	174.000
<b>Cross Promotion</b>	4.868	1.565	-1.033	-0.224	174.000
<b>Cross selling</b>	4.408	1.587	-0.493	-0.240	174.000
<b>Growth</b>	4.224	1.591	-0.533	-0.192	174.000
<b>Industry Diversification</b>	5.236	1.441	0.473	-0.896	174.000
<b>Knowledge Transfer</b>	4.874	1.400	0.092	-0.380	174.000
<b>Product Line Extension</b>	4.816	1.410	-0.423	-0.401	174.000
<b>Product Offerings</b>	4.960	1.525	-0.415	-0.540	174.000
<b>Resource Sharing</b>	3.414	2.179	-1.362	0.269	174.000
<b>Sustainability</b>	4.977	1.527	-0.680	-0.391	174.000
<b>Value Added Services</b>	5.034	1.485	-0.015	-0.676	174.000

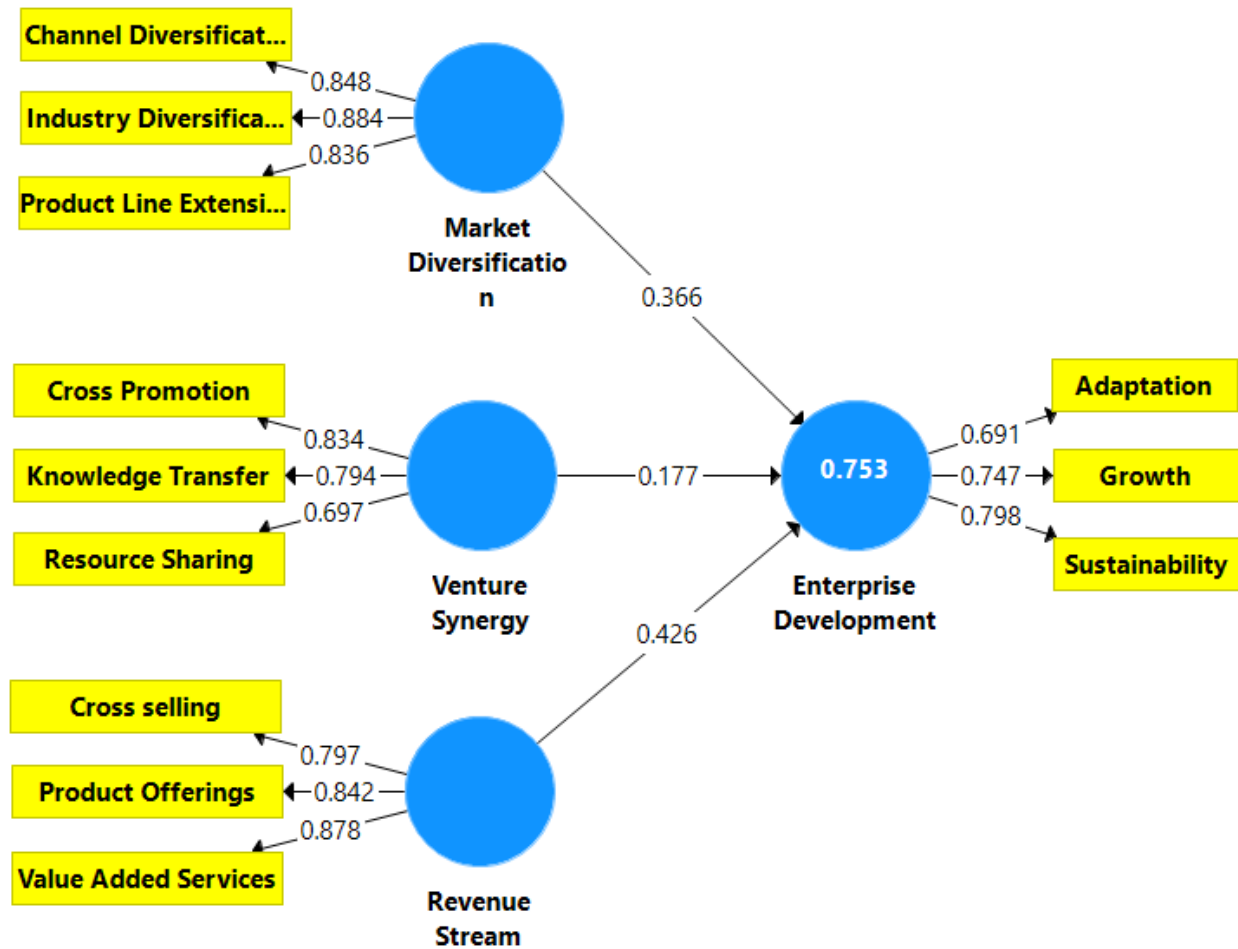
**Source:** SmartPLS Output, 2024

Table 1 presents the descriptive analysis and normality test results for the study variables. The mean scores range from 3.414 to 5.523, indicating moderate to high levels of agreement with the measured constructs. Channel Diversification shows the highest mean (5.523), suggesting that respondents perceive a strong emphasis on diversifying their distribution channels. Conversely, Resource Sharing has the lowest mean (3.414), indicating a comparatively lower level of resource sharing among portfolio entrepreneurs. Standard deviations range from 1.312 to 2.179, demonstrating reasonable variability in responses, with Resource Sharing showing the highest variability. Skewness values (-0.896 to 0.269) and excess kurtosis values (-1.362 to 0.473) fall within acceptable ranges for normal distribution, implying that the data is suitable for further parametric analysis. The consistency in the number of observations (174) across all variables indicates a complete dataset, which strengthens the validity of the analysis. These findings suggest that portfolio entrepreneurs in emerging economies are actively engaging in various aspects of

diversification and synergy-building, with a particular emphasis on channel diversification and industry diversification. However, there appears to be room for improvement in areas such as resource sharing and growth strategies. The implications of this data distribution point to the need for targeted interventions to enhance portfolio entrepreneurship practices, particularly in areas where mean scores are lower, to drive enterprise development in emerging economies. The high scores in diversification-related variables suggest that portfolio entrepreneurs are leveraging their multi-business ownership to expand their market reach and product offerings, which could contribute significantly to enterprise development.

### **Assessment of Measurement Model**

To assess the effect of portfolio entrepreneurship in enterprise development in emerging economy, the variables used to measure portfolio entrepreneurship are market diversification, venture synergy, and revenue stream against enterprise development



**Figure 1:** A path model of Portfolio Entrepreneurship and Enterprise Development

**Source:** SmartPLS Output, 2024

Figure 1 illustrates the path model of Portfolio Entrepreneurship and Enterprise Development. The model depicts three independent variables (Market Diversification, Venture Synergy, and Revenue Stream) and their hypothesized relationships with the dependent variable (Enterprise Development). This visual representation provides a clear framework for understanding the structural relationships between the constructs and guides the interpretation of subsequent statistical analyses. The model suggests that each aspect of portfolio entrepreneurship may have a distinct impact on enterprise development in emerging economies. This conceptualization implies that a comprehensive approach to portfolio

entrepreneurship, addressing market diversification, venture synergy, and revenue stream optimization, may be necessary to foster enterprise development in these contexts. The model's structure also highlights the potential for synergies between different aspects of portfolio entrepreneurship, suggesting that improvements in one area might have cascading effects on others and ultimately on enterprise development. For portfolio entrepreneurs in emerging economies, this model underscores the importance of a holistic approach to managing their business portfolios, considering not only individual venture performance but also the synergies and diversification opportunities across their entire portfolio



**Table 2 Construct Reliability and Validity**

	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>Enterprise Development</b>	<b>0.707</b>	<b>0.790</b>	<b>0.558</b>
<b>Market Diversification</b>	<b>0.818</b>	<b>0.892</b>	<b>0.733</b>
<b>Revenue Stream</b>	<b>0.790</b>	<b>0.877</b>	<b>0.705</b>
<b>Venture Synergy</b>	<b>0.776</b>	<b>0.820</b>	<b>0.604</b>

**Source:** Authors Compilation (SmartPLS 3.2.9 Output) 2024

Table 2 presents the construct reliability and validity measures. Cronbach's Alpha values range from 0.707 to 0.818, exceeding the recommended threshold of 0.7, indicating good internal consistency reliability for all constructs. Composite Reliability scores (0.790 to 0.892) surpass the 0.7 benchmark, further confirming the reliability of the measures. Average Variance Extracted (AVE) values (0.558 to 0.733) are above the 0.5 criterion, demonstrating strong convergent validity. These results imply that the measurement items are consistently representing their respective constructs, and a significant portion of the variance is captured by the constructs in relation to the amount due to measurement error. The strong reliability and validity of these measures enhance the

credibility of the study's findings and provide a solid foundation for the structural model analysis. For portfolio entrepreneurs in emerging economies, these results suggest that the constructs of market diversification, venture synergy, revenue stream, and enterprise development are well-defined and measurable. This has important implications for future research and practical applications, as it provides a validated framework for assessing portfolio entrepreneurship strategies and their impact on enterprise development in emerging economy contexts. The high reliability and validity scores also suggest that these constructs can be used confidently in developing strategies and policies to support portfolio entrepreneurship and enterprise development in these economies

**Table 3 Discriminant Validity**

	<b>Enterprise Development</b>	<b>Market Diversification</b>	<b>Revenue Stream</b>	<b>Venture Synergy</b>
<b>Enterprise Development</b>	<b>0.747</b>			
<b>Market Diversification</b>	0.681	<b>0.856</b>		
<b>Revenue Stream</b>	0.694	0.676	<b>0.840</b>	
<b>Venture Synergy</b>	0.728	0.716	0.680	<b>0.777</b>

**Source:** Authors Compilation (SmartPLS 3.2.9 Output) 2024

Table 3 displays the discriminant validity results using the Fornell-Larcker criterion. The square root of AVE for each construct (bolded diagonal values) is greater than its correlation with other constructs, confirming discriminant validity. This indicates that each construct is distinct and captures phenomena not represented by other

constructs in the model. The highest inter-construct correlation is 0.728 between Venture Synergy and Enterprise Development, suggesting a strong relationship between these aspects while still maintaining discriminant validity. These results strengthen the overall validity of the measurement model and provide

confidence in the uniqueness of each construct's measured phenomenon. For portfolio entrepreneurs in emerging economies, this implies that while the various aspects of portfolio entrepreneurship and enterprise development are related, they represent distinct concepts that can be targeted individually for improvement. The strong correlation between venture synergy and enterprise development

suggests that focusing on creating synergies across ventures may have a particularly strong impact on overall enterprise development outcomes in these contexts. This finding highlights the importance of strategic portfolio management that goes beyond simply owning multiple businesses to actively seeking and leveraging synergies between ventures

## Multicollinearity

**Table 4 Inner VIF Values**

	Enterprise Development	Market Diversification	Revenue Stream	Venture Synergy
Enterprise Development				
Market Diversification	2.374			
Revenue Stream	2.156			
Venture Synergy	2.399			

**Source:** Authors Compilation (SmartPLS 3.2.9 Output) 2024

Table 4 presents the Inner VIF (Variance Inflation Factor) values, which assess multicollinearity among the predictor variables. All VIF values are below 3 (ranging from 2.156 to 2.399), indicating acceptable levels of collinearity. This suggests that the predictor variables are sufficiently distinct from each other and that the regression results will not be adversely affected by multicollinearity. The absence of problematic multicollinearity enhances the reliability of the path coefficients and allows for more accurate interpretation of each variable's unique contribution to enterprise development. For portfolio entrepreneurs in emerging economies, this implies that efforts to

improve market diversification, venture synergy, and revenue stream optimization can be pursued simultaneously without concerns about redundancy or conflicting effects. Each aspect of portfolio entrepreneurship appears to offer a unique contribution to enterprise development, providing multiple avenues for entrepreneurs to enhance their overall business performance through targeted strategies. This finding underscores the value of a multifaceted approach to portfolio entrepreneurship, where entrepreneurs can focus on various aspects of their business portfolio without fear of diminishing returns due to overlapping effects.

## Test of Hypotheses

**Table 5 Coefficient of Determination Score**

	R Square	R Square Adjusted
Enterprise Development	0.753	0.748

**Source:** Authors Compilation (SmartPLS 3.2.9 Output) 2024

Table 5 shows the coefficient of determination (R Square) for the endogenous construct, Enterprise Development. The R Square value of 0.753 indicates that 75.3% of the variance in Enterprise Development is explained by the model. The adjusted R Square of 0.748 accounts for the number of predictors in the model and still shows a substantial explanatory power. This suggests that the three aspects of portfolio entrepreneurship collectively have a strong predictive capability for enterprise development in emerging economies. The high R Square value underscores the relevance and importance of portfolio entrepreneurship strategies in explaining variations in enterprise development

outcomes. For portfolio entrepreneurs in emerging economies, this implies that investing in comprehensive portfolio entrepreneurship initiatives could yield significant returns in terms of enhanced enterprise development. The model's strong explanatory power also suggests that focusing on these three aspects of portfolio entrepreneurship (market diversification, venture synergy, and revenue stream optimization) provides a solid foundation for enterprise development strategies in these contexts. This finding emphasizes the potential of portfolio entrepreneurship as a powerful approach to driving business growth and development in emerging economies.

**Table 6 Assessment of the Effect Size ( $f^2$ )**

	Enterprise Development	Market Diversification	Revenue Stream	Venture Synergy
Enterprise Development				
Market Diversification	0.228			
Revenue Stream	0.341			
Venture Synergy	0.053			

**Source:** Authors Compilation (SmartPLS 3.2.9 Output) 2024

Table 6 assesses the effect size ( $f^2$ ) of each predictor variable on Enterprise Development. Revenue Stream shows the largest effect size (0.341), followed by Market Diversification (0.228), and Venture Synergy (0.053). According to Cohen's guidelines, these represent medium to large effect sizes for Revenue Stream and Market Diversification, and a small effect size for Venture Synergy. This implies that while all three aspects of portfolio entrepreneurship contribute to enterprise development, Revenue Stream optimization and Market Diversification have the most substantial impacts. For portfolio entrepreneurs in emerging economies, these

findings suggest that prioritizing efforts to diversify and optimize revenue streams, as well as expanding into new markets, may yield the most significant improvements in overall enterprise development. However, the non-negligible effect size of venture synergy indicates that a holistic approach to portfolio entrepreneurship, addressing all three aspects, is likely to produce the best results. The relative effect sizes provide valuable guidance for resource allocation in portfolio entrepreneurship strategies, allowing entrepreneurs to balance their efforts across these different areas for optimal enterprise development outcomes.

**Table 7 Bootstrapping Results Showing Path Coefficient for Structural Model**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Market Diversification -> Enterprise Development	0.366	0.361	0.074	4.962	0.000
Revenue Stream ->	0.426	0.426	0.072	5.903	0.000

<b>Enterprise Development</b>					
<b>Venture Synergy -&gt; Enterprise Development</b>	0.177	0.184	0.064	2.773	<b>0.006</b>

**Source:** Authors Compilation (SmartPLS 3.2.9 Output) 2024

Table 7 presents the bootstrapping results showing path coefficients for the structural model. All paths are statistically significant ( $p < 0.05$ ). Revenue Stream has the strongest effect on Enterprise Development ( $\beta = 0.426$ ,  $t = 5.903$ ,  $p < 0.001$ ), followed by Market Diversification ( $\beta = 0.366$ ,  $t = 4.962$ ,  $p < 0.001$ ), and Venture Synergy ( $\beta = 0.177$ ,  $t = 2.773$ ,  $p = 0.006$ ). These results confirm that all three aspects of portfolio entrepreneurship positively influence enterprise development, with Revenue Stream optimization having the most substantial impact. The significant positive relationships across all paths underscore the importance of a comprehensive approach to portfolio entrepreneurship in enhancing enterprise development for entrepreneurs in emerging economies. These findings have important implications for entrepreneurship strategies and business portfolio management in these contexts. They suggest that while improvements in any aspect of portfolio entrepreneurship can drive enterprise development, focusing on revenue stream optimization and market diversification may yield the most significant returns. However, the positive effects of venture synergy highlight the value of a balanced approach that addresses all aspects of portfolio entrepreneurship to maximize enterprise development potential.

## Discussion of Findings

The findings from the bootstrapping results (Table 7) provide strong evidence for the significant positive impact of portfolio entrepreneurship on enterprise development in emerging economies. Focusing on the first hypothesis ( $H_{01}$ ), the results show that Market Diversification significantly influences enterprise development ( $\beta = 0.366$ ,  $p < 0.001$ ). This finding aligns with recent research emphasizing the importance of market diversification in fostering enterprise growth and resilience. For instance, Santoro et al. (2021) found that market diversification strategies

significantly enhanced firm performance and innovation capabilities in SMEs. Similarly, Zahoor et al. (2020) demonstrated that market diversification facilitated by entrepreneurial orientation led to improved business performance in emerging market firms. The positive relationship observed in this study reinforces the critical role of market diversification in enabling portfolio entrepreneurs to leverage their resources effectively across multiple markets, thereby driving overall enterprise development.

Regarding the second hypothesis ( $H_{02}$ ), the results indicate a significant positive effect of Venture Synergy on enterprise development ( $\beta = 0.177$ ,  $p = 0.006$ ). This finding is consistent with recent literature on the benefits of synergies in multi-business portfolios. For example, Baert et al. (2022) reported that venture synergies led to enhanced resource utilization and knowledge transfer across portfolio businesses, contributing to overall enterprise growth. Additionally, Lechner et al. (2020) found that synergies between ventures in a portfolio facilitated innovation and market expansion, particularly in emerging economy contexts. The positive relationship observed in this study, albeit with a smaller effect size compared to other variables, underscores the importance of strategic alignment and resource sharing across ventures in a portfolio to maximize enterprise development potential.

The third hypothesis ( $H_{03}$ ) is also rejected, as Revenue Stream shows a strong and significant positive effect on enterprise development ( $\beta = 0.426$ ,  $p < 0.001$ ). This finding is supported by several recent studies in the field of portfolio entrepreneurship. For instance, Espinoza-Benavides and Díaz (2021) demonstrated that diversified revenue streams were key drivers of financial sustainability and growth in portfolio enterprises. Similarly, Yao et al. (2022) found that optimizing and diversifying revenue streams enabled portfolio entrepreneurs to mitigate risks and capitalize on emerging opportunities in

volatile emerging markets. The strong relationship observed in this study highlights the critical role of revenue stream optimization and diversification in translating portfolio entrepreneurship strategies into tangible enterprise development outcomes in emerging economies.

## **CONCLUSION AND RECOMMENDATIONS**

The comprehensive analysis of portfolio entrepreneurship and its impact on enterprise development in emerging economies yields several important conclusions. Firstly, the significant positive relationship between market diversification and enterprise development underscores the crucial role of expanding into diverse markets in fostering overall business growth and resilience. This finding suggests that portfolio entrepreneurs who strategically diversify their market presence across different sectors or geographical areas are better positioned to achieve sustained enterprise development. By spreading their business activities across various markets, entrepreneurs can mitigate risks associated with market volatility in emerging economies and capitalize on a broader range of opportunities, ultimately contributing to more robust and sustainable enterprise growth.

Secondly, the positive impact of venture synergy on enterprise development, although with a smaller effect size, highlights the importance of creating and leveraging synergies across different ventures within a business portfolio. This conclusion emphasizes the need for a strategic approach to portfolio management that goes beyond simply owning multiple businesses to actively seeking and exploiting synergistic relationships between ventures. By fostering knowledge transfer, resource sharing, and operational efficiencies across their portfolio, entrepreneurs can create added value that contributes to overall enterprise development. This finding underscores the potential of portfolio entrepreneurship as a strategy for achieving economies of scope and enhancing

competitive advantage in emerging economy contexts.

The strong positive effect of revenue stream optimization on enterprise development emerges as a critical factor in the success of portfolio entrepreneurship strategies. This conclusion suggests that the ability to diversify, stabilize, and maximize revenue streams across multiple ventures is a key driver of overall enterprise development in emerging economies. By strategically managing and optimizing revenue streams across their portfolio, entrepreneurs can enhance financial stability, increase investment capacity, and drive sustained growth. This finding highlights the importance of a holistic approach to financial management in portfolio entrepreneurship, where entrepreneurs focus not only on individual venture profitability but also on creating a balanced and resilient revenue structure across their entire business portfolio.

## **Recommendations**

Based on the findings of this study, in line with objective one, to determine the effect of market diversification on enterprise development, it is strongly recommended that portfolio entrepreneurs in emerging economies prioritize market diversification strategies as a key pillar of their enterprise development efforts. This can be achieved by systematically identifying and entering new markets, both within their current sectors and in adjacent industries. For example, entrepreneurs should consider adopting tools like the Ansoff Matrix to guide their market diversification decisions, focusing on market penetration, market development, product development, and diversification strategies. Successful companies like India's Tata Group have demonstrated the effectiveness of this approach in emerging markets, diversifying across sectors such as automotive, IT services, and consumer goods. Portfolio entrepreneurs should aim to implement a structured market diversification plan over the next 12-18 months, starting with a comprehensive market analysis and gradually expanding into identified high-potential markets.

In line with objective two, to investigate the influence of venture synergy on enterprise



development, it is recommended that portfolio entrepreneurs in emerging economies implement formal mechanisms for fostering collaboration and resource sharing across their ventures. This can be achieved by establishing a centralized strategic management unit that oversees synergy creation and exploitation across the portfolio. Entrepreneurs should consider adopting practices similar to those used by successful conglomerates in developed markets, such as General Electric's former approach to knowledge sharing and best practice transfer across diverse business units. Specific actions could include implementing regular cross-venture management meetings, creating shared service centers for common functions like HR and IT, and developing internal marketplaces for resource exchange between ventures. These initiatives should be rolled out over a 6-9 month period, starting with pilot programs in select ventures and gradually expanding across the entire portfolio.

Objective three was stated as, to examine the influence of revenue streams on enterprise development, to capitalize on the significant role of revenue stream optimization in driving enterprise development, it is recommended that portfolio entrepreneurs in emerging economies implement robust financial management and revenue diversification strategies across their venture portfolio. This can be achieved by adopting advanced financial modeling and scenario planning tools to optimize revenue mix and identify new revenue opportunities. Entrepreneurs should look to successful examples from developed markets, such as Amazon's diversification from e-commerce into cloud services (AWS), which has become a major revenue contributor. Actions could include conducting a comprehensive review of current revenue streams across all ventures, identifying opportunities for cross-selling and upselling between ventures, and exploring innovative pricing models or subscription-based services to stabilize revenue. Portfolio entrepreneurs should aim to implement these revenue optimization strategies over a 9–12-month period, starting with a detailed financial analysis of each venture and progressively implementing optimization measures across the portfolio. Regular financial

reviews and agile adjustment of revenue strategies should be conducted to ensure that revenue stream optimization continues to drive overall enterprise development in these dynamic emerging market contexts.

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