Understanding the Reconstructed Dimensions of Corporate Entrepreneurship

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ABSTRACT

Corporate entrepreneurship is a rich word, which can be understood as a field of study or a construct. As a field of study, it contains a number of theoretical constructs of entrepreneurial orientation and corporate entrepreneurship. As a construct, then we can use it to conceptualize the entrepreneurial activities of the enterprise level. This article will clarify the definition and scope of the theory of corporate entrepreneurship, study the evolution of the constructs, and identify the research focuses and trends for future studies. The future research possibilities are also discussed.

Keywords: Corporate Entrepreneurship, Entrepreneurial Orientation, Review

INTRODUCTION

For both start-up ventures and existing firms, entrepreneurship carried on in the pursuit of business opportunities spurs business expansion, technological progress, and wealth creation [1]. It has drawn great attention in the research field of strategic management, innovation and entrepreneurship. Since Peterson and Berger discussed entrepreneurship in organizations in Administrative Science Quarterly in 1971, scholars had begun to pay increasing attention to entrepreneurial activities within existing organizations. After decades of development, our knowledge of Corporate Entrepreneurship (CE) continues to expand. In 1990, the Strategic Management Journal published a special issue on CE, which showed that CE had officially become an emerging branch of strategic management research.

Clarifying the definition and scope of the theory of corporate entrepreneurship, studying the evolution of the constructs, and identify the research focuses and trends for future studies are the basic premise of researching and developing the corporate entrepreneurship theory. This article represents one effort to explain the evolution of key constructs in the field of corporate entrepreneurship and the research focuses and paradigm within the research domain.

EVOLUTION OF KEY CONSTRUCTS

Scholars have developed numerous typologies to describe alternate perspectives of corporate entrepreneurship. These classification systems typically depict differences in corporate entrepreneurship as the result of various combinations of individual, organizational, or environmental factors. Corporate Entrepreneurship is a multifaceted concept that for some refers to a firm-level disposition to strategic daring, for others to the process of new business creation within established companies, and for others still, to the adoption of entrepreneurial values and behavior by corporate staff. Construct refers to a special concept, and the specificity is reflected in four aspects: 1) construct is constructed by human to meet a certain need of scientific research; 2) it is abstract and cannot be directly observed; 3) it is related to
theories and particular models; 4) it is clear and explicit. The different constructs in the research field are complicated with overlaps. Among which, Entrepreneurial Orientation and Corporate Entrepreneurship are two significant constructs.

Entrepreneurial Orientation (EO)

From Miller first brought out the several dimensions of a firm’s renewal process in 1983 to the clear define of the concept and dimensions of entrepreneurial orientation by Lumpkin and Dess in 1996, the evolution of EO has experienced three phases. Based on the analysis of impact factors of entrepreneurship in different enterprises, Miller (1983) pointed out that the entrepreneurship (which actually referred to entrepreneurial orientation) is a multi-dimensional construct, including the company's innovation (products, market and technology), risk taking and pioneering. Entrepreneurship can be tried to seem as a weighted combination of these three dimensions [2]. It is noteworthy that the three dimensions are related to each other and cannot be separated, which means when we use this criteria to examine a firm's entrepreneurial activities, we must use the whole. Miller’s (1983) discourse on three-dimensional division of EO and the relationship between the three dimensions has been widely recognized. However, he did not explicitly put forward the construct of entrepreneurial orientation.

Entrepreneurial Posture

Covin and Slevin (1989) first use mentioned the concept of entrepreneurial posture in a paper discussing about different strategic choice of high performance small businesses in poor and good environments [3], and further clarified that entrepreneurial posture was a kind of corporate strategic choice [4]. Zahra (1993) argued that Covin and slevin’s entrepreneurial posture did not clarify the nature of corporate entrepreneurial activities from the firm level. Covin and Slevin’s (1991) conceptual model of entrepreneurship as firm behavior only illustrated the intensity of this behavior, which was extended by Zahra (1993) to other 3 aspects: the formality of entrepreneurial activities, the types of entrepreneurial activities a firm undertakes to rejuvenate or renew it self and redefine its business concept, and the duration of such efforts [5]. After several arguments between the two teams of scholars, the nature of the concept of entrepreneurial posture was confirmed: it is a strategic choice of corporate, explaining the strength or inclination of enterprises’ engagement in entrepreneurial activities [6].

Entrepreneurial Orientation

In 1996, Lumpkin and Dess clarified the construct of entrepreneurial orientation in the paper published on Academy of Management Review, which indicate the maturity of the EO construct. In this research, they defined entrepreneurial orientation as the processes, practices, and decision-making activities that lead to new entry. New entry can be accomplished by entering new or established markets with new or existing goods or services. New entry is the act of launching a new venture, either by a start-up firm, through an existing firm, or via internal corporate venturing [1]. In their study, new entry is the central idea underlying the concept of entrepreneurship. The key dimensions that characterize an EO include a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities [1]. They disagreed with Covin and Slevin (1989) about the relationship of different dimensions of entrepreneurial orientation. They suggested that autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness may vary independently, depending on the environmental and organizational context.

Corporate Entrepreneurship (CE)

Corporate Entrepreneurship is a complicated concept. It was confused with entrepreneurial posture and entrepreneurial orientation in the early years of research in 1980s. The broad definition of CE includes the domain of EO and other relevant concepts. However, we define corporate entrepreneurship with a more narrow intention from the entrepreneurship perspective as a phenomenon or process, instead of EO from a more strategic perspective.urgelman (1983) thinks that corporate entrepreneurship refers to the process whereby firms engage in diversification through internal development [7]. Such diversification requires new resource combinations to extend the firm’s activities in areas unrelated, or marginally related, to its current domain of competence and corresponding opportunity set [8].
Covin and Selvin (1991) and Zahra (1993) also revealed the idea of thinking corporate entrepreneurship is a process of organizational renewal that has two distinct but related dimensions: innovation and venturing, and strategic renewal [5]. Guth and Ginsberg (1990) identified that corporate entrepreneurship encompasses two types of phenomena and the processes surrounding them: (1) the birth of new businesses within existing organizations, i.e. internal innovation or venturing; and (2) the transformation of organizations through renewal of the key ideas on which they are built, i.e. strategic renewal [9]. This two-dimension explanation of corporate entrepreneurship was further refined as innovation, strategic renewal and corporate venturing by Zahra himself in 1995 [10].

Sharma and Chrisman (1999) defined corporate entrepreneurship as “the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization” based on study of a large number of former researches [11]. At the same time, they proposed the hierarchy of terminology in corporate entrepreneurship (see Figure 1). Although there is further subdivision of dimensions of CE by several studies, most scholars stay with the three dimension construct since they all actually developed from it.

**Other Constructs**

In the research field of corporate entrepreneurship, besides the two main streams of EO and CE, there are several other relevant constructs such as intrapreneurship and entrepreneurial management. Intrapreneurship is the development within a large organization of internal markets and relatively small and independent units designed to create, internally test-market, and expand improved and/or innovative staff services, technologies or methods within the organization. This is different from the large organization entrepreneurship/venture units whose purpose is to develop profitable positions in external markets [12]. Intrapreneurs are any of the “dreamers who do.” Those who take hands on responsibility create innovation of any kind within an organization. They may be the creators or inventors but are always the dreamers who figure out how to turn an idea into a profitable reality [13].

Entrepreneurial management is a distinct management style compared with traditional one, which is the behavior of company's management group performed to cultivate the company's entrepreneurial activities.

It is a management philosophy, to promote the company's strategic agility, flexibility, creativity and continuous innovation [14]. Its main objective is to develop people at all levels to think and act like entrepreneurs within an organization.

![Hierarchy of Terminology in Corporate Entrepreneurship](image)

**RESEARCH FOCUSES**

In the history of corporate entrepreneurship research, there are plenty of propositions and hypotheses. Based on the review of former studies in main stream authoritative journals like AMJ, AMR, SMJ and ETP, we summarize the research focus in the field focused on antecedents, processes and its link to performance.

**Antecedents**

Zahra (1986) identified the antecedents of corporate entrepreneurship as environmental considerations, the effect of corporate and SBU (strategic business unit) strategies and organizational factors [15]. Firms’ investment decisions, including the willingness to carry out entrepreneurial activities are subjected to the influence of the external competitive environment. The strategic relevant elements can be considered as strategic management practice, corporate governance and ownership structure, and strategic orientation. The organizational factors are a more complicated dimension. Influential factors are organization culture, structure, human resource management practice, resource and capability, executive team characteristics, information technology system and basic characteristics of enterprises [16].
Processes
Gartner (1990) claimed that corporate entrepreneurship includes four elements: individuals, creative process, the organization created and the environment [17]. Burgelman (1980) proposed in his doctoral dissertation and demonstrated in several following studies that corporate entrepreneurship process can be spontaneous (employees spontaneously attempt and sometimes manage to create successful ventures within established organizations or rather, in spite of them) or induced (companies define policies and set up programs, systems, organizations to encourage the adoption of entrepreneurial behavior and the development of entrepreneurial initiatives in their midst) [18], which is widely accepted by the research field.

Link to Performance
The inherent value in entrepreneurship is that for new entry to result in high performance, firms must have a strong entrepreneurial orientation. This assumption remains largely untested, as suggested by Zahra, who found that there is "a paucity of empirical documentation of the effect of entrepreneurship on company financial performance" [5]. To address this question, Lumpkin and Dess provided an integrative framework for exploring the relationship between entrepreneurial orientation and performance (see Figure 2). While other scholar also proposed alternate contingency models of the Entrepreneurial Orientation - Performance relationship. Exploring relationships between entrepreneurial behavior and performance is very timely, given the competitive conditions faced by firms of all sizes in today's economy.

DISCUSSION AND CONCLUSION
Corporate entrepreneurship is a rich word, which can be understood as a field of study or a construct. As a field of study, it contains a number of theoretical constructs of entrepreneurial orientation and corporate entrepreneurship. As a construct, then we can use it to conceptualize the entrepreneurial activities of the enterprise level [19]. Clarifying the definition and scope of the theory of corporate entrepreneurship, studying the evolution of the construct, and identifying the research focuses and trends will benefit future research and the development of the corporate entrepreneurship theory.

Based on the literature review we made in this study, it’s not hard to see that corporate entrepreneurship, as an interdisciplinary field of study among strategic management, innovation and entrepreneurship, has been and will be more popular as a forefront research subject. Further research effort on the research focuses and directions which mentioned in this article may lead to certain progress in the field, especially empirical studies that can provide evidence to those conceptual models and propositions discussed about the link between corporate entrepreneurship and performance. At the same time, study the subject in a specific context, like global economies and emerging economies as the background may provide new perspectives and lead to innovative research achievements.


