MODEL OF CORPORATE ENTREPRENEURSHIP: APPLICATION OF STRUCTURAL EQUATION MODELLING (INTERACTIVE PAPER)

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Principal Topic

The main purpose of this study is to identify the drivers of corporate entrepreneurship (CE) and propose a model for implementing CE within the organization. We used a sample size of 39 firms all over India. We identified 500 firms practicing CE on the basis of number of products, markets, and services. In order to measure the CE outcomes, we adopted the model of Hornsby et al (2002), Kuratko et al (2005), Zahra (1991), and Sathe (2005). We identified 181 respondents from these firms. On the basis of structural equation modeling, the role of various dimensions including intelligence generation and dissemination, management support, work discretion, rewards and organization flexible boundaries were studied. Further, a model of critical success factors of CE has been proposed.

Method

In order to investigate the role of various internal organizational factors that encourage corporate entrepreneurship, three analyses were conducted. An exploratory analysis was conducted to investigate the existence of the factors. This study involved 181 midlevel and top-level managers. Structural equation modeling was done to identify the critical success factors of CE.

Results and Implications

This study adds to the literature on corporate entrepreneurship by recording the existence of an underlying set of seven organizational factors that should be recognized in promoting entrepreneurial activities within an organization. The five factors identified by Hornsby et al. (2000) through CEAI (Corporate Entrepreneurship Assessment Instrument) were management support, work discretion/autonomy, rewards/reinforcement, time availability, and flexible organizational boundaries which represent a parsimonious description of the internal organizational factors that influence entrepreneurial activity within established companies. Inclusion of two more factors i.e. risk-taking propensity and intelligence generation and dissemination increased the predictability of CE outcomes. From a theoretical perspective, the current research provides a model for CE implementation within organization.

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