IMPACT OF CORPORATE BOARD ENTREPRENEURIAL POTENTIAL ON MANAGEMENT ENTREPRENEURIAL INTENTION (INTERACTIVE PAPER)

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Recommended Citation
Spring, Stephen and Gillin, L. Murray (2008) "IMPACT OF CORPORATE BOARD ENTREPRENEURIAL POTENTIAL ON MANAGEMENT ENTREPRENEURIAL INTENTION (INTERACTIVE PAPER)," Frontiers of Entrepreneurship Research: Vol. 28: Iss. 6, Article 19. 
Available at: http://digitalknowledge.babson.edu/fer/vol28/iss6/19

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INTERACTIVE PAPER

IMPACT OF CORPORATE BOARD ENTREPRENEURIAL POTENTIAL ON MANAGEMENT ENTREPRENEURIAL INTENTION

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Principal Topic

While many researchers have explored drivers of Corporate Entrepreneurship (CE), there is a scarcity of published research as to how the Board of Directors influences CE.

This research explores the relationship between the perceptions and attitudes of a company’s Board of Directors and its entrepreneurship and develops a construct that models the relationship.

The construct, Board Entrepreneurial Potential (BEP), is an adaptation of Krueger & Brazeal’s (1994) construct of Entrepreneurial Potential (EP).

The construct is adapted by assuming that Board perception as to the desirability of CE reflects its view as to the expected market (financial and labor) reactions to the company’s actions (Fama, 1980), and its interpretation of shareholder preferences; while its perception as to the feasibility of CE is based on its assessment of its corporate entrepreneurial efficacy.

Method

A case study methodology involving in-depth interviews with thirteen Directors of four large publicly listed Australian banks was used to explore the relationship between Board perceptions and attitudes and management entrepreneurial intentions. Each bank represented a single case. The interviews were analysed and coded to identify themes and frameworks. These were amended as additional interviews were processed. The interviews were then recoded using the resultant framework to identify the relationships between characteristics for each case study.

The analysis required grounded theorising since it required reflecting on the attitudes and perceptions of the different boards to identify their relationship with the intentions of the company’s management

Results and Implications

The analysis shows that entrepreneurship in large banks is associated with the preferences and attitudes of their Boards as measured by the construct Board Entrepreneurial Potential.

An implication of this is that if management is to act entrepreneurially, the attitudes and perceptions of the Board must be changed either before or as a consequence of management’s actions. If these cannot be changed, any entrepreneurial actions either will not be undertaken by management or will be short term. A catalyst for a change in the Board’s attitudes and preferences may be the results of previous entrepreneurial initiatives.

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