6-10-2006

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Recommended Citation
Hoyt, James; Kreiser, Patrick; and Huq, Faizul (2006) "MEASURING ORGANIZATIONAL RESPONSIVENESS IN ENTREPRENEURIAL FIRMS: THE DEVELOPMENT OF A VALIDATED SURVEY INSTRUMENT (INTERACTIVE PAPER)," Frontiers of Entrepreneurship Research: Vol. 26: Iss. 19, Article 6.
Available at: http://digitalknowledge.babson.edu/fer/vol26/iss19/6

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INTERACTIVE PAPER SESSION

MEASURING ORGANIZATIONAL RESPONSIVENESS IN ENTREPRENEURIAL FIRMS: THE DEVELOPMENT OF A VALIDATED SURVEY INSTRUMENT

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Principal Topic

The ability of entrepreneurial firms to quickly respond to environmental change is a primary determinant of firm performance (Kuratko, Goodale, & Hornsby, 2003; Liao, Welsch, & Stoica, 2003). Organizational responsiveness enables entrepreneurial companies to quickly detect market changes, to reconfigure their processes to meet new market requirements, to share information across organizational borders, to take maximum advantage of information processing systems, and to adopt new product and process technologies ahead of their competition. Unfortunately, no measurement scale currently exists that can be utilized to measure and predict rates of organizational responsiveness (Hoyt, 1996). The primary purpose of this study was to develop a survey instrument designed to measure the presence of five potential enablers of organizational responsiveness: environmental scanning, strategic planning, flexible manufacturing infrastructures, supply chain governance mechanisms, and multi-skilled workers.

Method

Drawing from the entrepreneurship and strategic management literature, measurement scales were developed in order to empirically test the five proposed enablers of organizational responsiveness. Three of these enablers were found to be bi-dimensional which produced a survey instrument with eight separate measurement scales. A total of 139 surveys were sent out in the first mailing and 98 were sent out in a second wave to the non-respondents. The combined mailings produced a total of 59 usable responses. Coefficient alpha was observed to be within the acceptable range for all construct scales (α > 0.70) and factor analysis confirmed unidimensionality for each construct. Favorable reliability plus unidimensionality supported the internal consistency and construct validity of the eight constructs selected in this study.

Results and Implications

As the level of uncertainty and dynamism in the external environment increases, the need for entrepreneurial organizations to be more agile will also increase (Young, Sapienza, & Baumer, 2003). The survey instrument developed as part of this research provides a better understanding of the various factors that enable organizational responsiveness. This measurement scale will serve as a tool in allowing future researchers to more accurately operationalize the enablers of organizational responsiveness. Likewise, this research will provide important practical implications for entrepreneurial firms wishing to maximize their levels of agility and flexibility in responding to changing environmental conditions.

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