MEASURING CORPORATE ENTREPRENEURSHIP AND RELATING IT TO PERFORMANCE: WHAT REALLY MATTERS FOR FAST GROWTH AND SUPERIOR EFFECTS? (SUMMARY)

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SUMMARY

MEASURING CORPORATE ENTREPRENEURSHIP
AND RELATING IT TO PERFORMANCE:
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Principal Topic

While certain components of entrepreneurship are frequently argued to be important for performance, little is known about how the presence of intertwining entrepreneurship elements acting additively influence the performance of the firms (see e.g. Zahra, 1986).

This research uses different operationalizations of corporate entrepreneurship and correlates them with financial performance measures, giving implications as to which components of corporate entrepreneurship are worth developing and managing in fast-growing firms in transition economy organizations. As a result, an empirical model is built, representing the relation between corporate entrepreneurship and performance in successful firms.

Method

This study used a survey method with comprehensive questionnaire. The empirical research was carried out in the first half of 2006. The questionnaire assessed the level of corporate entrepreneurship and performance. It included scales known in the literature (Entrepreneurial Management, Entrepreneurial Orientation, EPI, CEAI) tested for the Polish conditions by factor analysis. Some elements of entrepreneurial activity were added to the questionnaire such as improvisation (Miner, 2006). Performance was measured by financial indicators (e.g. sales dynamics, McKenzie index). A survey was conducted among top managers and owners from a 464 business companies operating in Poland. In order to test the relations, we used factor analysis, correlation analysis, cluster analysis and hierarchical regression.

Results and Implications

The findings from this study, together with other recent evidence, show that certain organizational entrepreneurship components play a central role in the enhancement of organizational performance. Risk-taking for example, showed to be reversibly influencing financial performance (compare Lumpkin, Wales, & Ensley 2006), while improvisation seems to be the inevitable element of entrepreneurial high-performing organizations. The firm’s size and age proved to be important moderating variables.

This study contributes to several streams of research. First, it adds to the entrepreneurship literature by demonstrating a relationship between the components of entrepreneurship and performance. Second, an empirical model is built showing what influences performance in entrepreneurial and fast-growing organizations. The practical implication of this research is the suggestion to include certain common dimensions enhancing entrepreneurial activity when designing the performance measurement and management systems (Neely, et al., 2006).

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