RE-CONSTRUCTING FIRM-LEVEL ENTREPRENEURSHIP: LINKING AMBIDEXTROUS INNOVATION, ENTREPRENEURIAL ORGANIZATIONS AND PERFORMANCE (SUMMARY)

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SUMMARY

RE-CONSTRUCTING FIRM-LEVEL ENTREPRENEURSHIP:
LINKING AMBIDEXTROUS INNOVATION, ENTREPRENEURIAL ORGANIZATIONS AND PERFORMANCE

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Principal Topic

Since the 1970s researchers have been theorizing about firm-level entrepreneurship and its relationship to organizational performance. In this paper, we aim at advancing the body of literature focusing on the conceptualization of the firm-level entrepreneurship construct itself. We draw on previous literature stating that the most commonly used entrepreneurship scale based on Miller (1983) just measures disposition towards, rather than actual involvement in entrepreneurial activity. Entrepreneurial posture that is not converted into appropriate action might reduce the explanatory power of the firm-level entrepreneurship-performance relationship. Hence, we examine both a classical direct orientation-performance model and an indirect model that separately links salient elements of an entrepreneurial organization to exploratory and exploitative innovation reflecting actual entrepreneurial behavior and the latter to organizational performance.

Method

Our analysis is based on survey data collected among 239 key informants (entrepreneurs or CEOs) of adolescent organizations in ICT-related fields of activity. Data was analyzed by means of structural equation modeling (AMOS) linking the entrepreneurial organization, exploratory and exploitative innovation, and performance. In so doing, the first was measured by means of the five entrepreneurial orientation dimensions as proposed by Lumpkin and Dess (1996) expanded by an additional construct reflecting the recognition and exploitation of opportunities.

Results and Implications

Results of this study provide significant support for the hypothesized positive effects of exploratory and exploitative innovation on organizational performance, whereas only one out of six dimensions of the entrepreneurial organization is positively associated with performance in a parsimonious direct model. Nevertheless, the entrepreneurial organization is an important aspect of firm level entrepreneurship since it strongly affects the pursuit of both exploratory and exploitative innovation, and as such, has an indirect effect on performance. In particular, innovativeness, risk taking, autonomy and opportunity orientation have positive effects on exploratory innovation. Further, innovativeness, competitive aggressiveness and opportunity orientation have positive effects on exploitative innovation, whereas autonomy negatively affects exploitative innovation. Our findings underpin the suggestions that entrepreneurial organizations have a normative bias towards exploration and that contradictory organizational characteristics are needed to simultaneously pursue exploratory and exploitative innovation.

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