CLIENT ADAPTIVENESS IN ENTREPRENEURSHIP AND ITS EFFECT ON SUSTAINED COMPETITIVE ADVANTAGE IN PROJECT-ORIENTED SERVICE FIRMS (INTERACTIVE PAPER)

Sandeep Salunke
Australian Centre for Entrepreneurship Research, Queensland University of Technology, sandeep.salunke@qut.edu.au

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CLIENT ADAPTIVENESS IN ENTREPRENEURSHIP AND ITS EFFECT ON SUSTAINED COMPETITIVE ADVANTAGE IN PROJECT-ORIENTED SERVICE FIRMS

Sandeep Salunke, Australian Centre for Entrepreneurship Research, Queensland University of Technology, Australia

Principal Topic

Important differences exist in how service firms operate in comparison with manufacturing firms (c.f. Johne & Storey, 1998; Tether, 2002). Despite these significant differences, not much is known whether these differences extrapolate to entrepreneurship in the services industry. This study seeks to address this gap by investigating how value creation occurs when project-oriented firms’ adopt client adaptiveness as part of their entrepreneurial posture. Specifically, we examine the effect of client adaptiveness on sustained competitive advantage. Client adaptiveness is conceptualized as the extent to which an organization engages in identifying and responding to perceived client needs and wants which reflects the service firm’s propensity to dynamically synchronize with the project/client requirements.

Method

The study uses a multi-method, multistage research approach and was conducted across two countries. Initially, in-depth interviews were conducted with senior executives of project-oriented firms in Australia. Thereafter the model was tested on a sample of 192 Australian project-oriented firms. Finally, the proposed relationships were validated on a sample of 261 US-based project-oriented service firms using structural equation modeling. The model was tested and interpreted in two stages: a) the assessment and reliability of the measurement model, and b) the testing of the structural model. Our initial analysis suggests that the measurement model has adequate item reliabilities, convergent and discriminant validity. Similarly, the structural model has an acceptable overall model fit.

Results and Implications

Our preliminary results indicate support for the proposed dimension of adaptiveness along with the risk-taking, proactiveness and innovativeness dimensions. When modeled independently, the adaptiveness dimension has a strong and significant positive effect explaining approximately 22% of the variance in sustained competitive advantage (SCA) and when modeled together with proactiveness, innovativeness and risk-taking, it explains approximately 50% of the variance. SCA was measured using financial, non-financial and inimitability indicators. Theoretical implications and implications for practice arising out of this novel conceptualization and operationalization of entrepreneurship in the services context are discussed.

CONTACT: Sandeep Salunke; sandeep.salunke@qut.edu.au; (T): +61-7-3138 9941; (F): +61-7-3138 5250; QUT Business School, Brisbane, QLD 4001, Australia.

Project-oriented firms refer to firms that use projects to deliver services (e.g., architectural firms, engineering firms, construction firms)