

## Abstract

Companies are being constantly confronted with the challenges of rising demands for quicker product development, new and improved quality of smaller products, constancy and lower prices of products and services and rapidly changing rules of competition. Organizations need to be more flexible and entrepreneurial in nature to deal with these issues. The main characteristics of entrepreneurship include growth (Drucker, 1985), innovation (Backman, 1983), and flexibility (Birch, 1987) which are also the essential elements required for the growth and development of large firms, gave birth to the concept of corporate entrepreneurship (Stevenson & Jarillo, 1990, pg. 17). By adopting an overall entrepreneurial approach, an organization can achieve innovation through the process of entrepreneurship. The creative instincts of the employees must be awakened in order to achieve new and innovative products and services. This will enable firms to attain a competitive advantage over its rivals and achieve superior firm performance. The concept of entrepreneurship has generated a substantial amount of eagerness and enthusiasm within several scholars as a useful remedy to overcome the problems of stagnation, lack of innovation, stale top line growth and the inertia that often overtakes the large, mature companies of the world (Thornberry, 2001, pg. 3) and the study of the concept of corporate entrepreneurship can be traced way back to the mid 1970's. It is also a useful technique to improvise on the overall organizational performance of the firm by creating motivation, morale, and reward systems, and to leverage a firm's financial resources, market knowledge, and managerial expertise to introduce a new or improved product, feature, or process to the market (Marcus & Zimmerer, 2003, pg. 12; Gaw & Liu, 2004, pg. 1). The scholar is of the opinion that the enterprise should assume an entrepreneurial mindset in order to successfully compete in this competitive global scenario. Thus, the proposed study aimed to explore the dynamic inter-relationship between the external and internal environment, entrepreneurial orientation within an organization and structure. It also sought to examine the impact of these on the performance of the organization from the perspective of the employees.

The researcher reviewed the literature on the various aspects of the notions of corporate entrepreneurship intensity, entrepreneurial orientation, environment, structure and performance and corporate entrepreneurship theories in order to establish a conceptual framework. Research problems were developed in accordance with the

knowledge received through the investigation of the concepts and their possible relationships. The proposed study aimed to establish three levels of linkages amongst the variables as mentioned below:

- Understanding of the external environment would lead to the proper outlining of the entrepreneurial orientation strategies, designing of the structure and framing of the internal organizational environmental factors to increase corporate entrepreneurship intensity;
- Recognizing the influence of employees would lead to a better understanding of the corporate entrepreneurship policy of the company and in determining the entrepreneurial orientation guidelines;
- In such a scenario the interaction of the entrepreneurial orientation, structure and corporate entrepreneurship intensity would lead to a better performance.

The study was carried out by administering a close-ended questionnaire to the employees within IT firms across India after carrying out a pretest and incorporating the feedback received from around 195 students (PGP and PGPEX) of IIM Calcutta. An online version of the self – explanatory questionnaire was hosted on the online web portal of IIM Calcutta and the link was send across to 48474 respondents from around 478 companies. In total 1098 responses were received out of which 518 were considered to be valid responses representing 237 organizations. Principal component analysis was conducted on the 33 item multi-dimensional theoretical construct for measuring firm performance which was developed by us by focusing on five perspectives namely shareholders, employee, supplier, customers and the management team. However, PCA of the performance scale yielded 4 components: Financial Parameter, Service Orientation, Product Perspective, and Image Consciousness. Reliability and validity analysis of the previously developed instruments to measure corporate entrepreneurship intensity (Hornsby, et al., 1992), entrepreneurial orientation (Lumpkin and Dess, 1996; 2001), external environment (Slevin and Covin, 1995), and structure (Khandwalla, 1976/1977) yielded consistent results. Scores from the 49 organizations which had multiple responses were aggregated to represent their respective organization scores and the suitability of aggregation multiple scores of each organization was assessed using the Inter-Rater Agreement (IRA) Indices of  $r_{WG(j)}$  test [recommended by James, Demaree, and Wolf (1984 and 1993)]; the Average Deviation [ $AD_{M(j)}$ ] test [recommended by Burke,

Finkelstein, and Dusig (1999) and Burke and Dunlap (2002)]; and Intra-class correlation coefficients (ICCs)] statistics. Based on the results of the data, aggregation techniques were justified in aggregating our individual data to the organization level for the 45 organizations after removing 4 organizations with multiple responses from our total of 49 organizations and hence a total of 233 organizations were considered in the final analysis. Finally, correlational analysis, hierarchical regression analysis and structural equation modeling were carried out to test the hypotheses formulated in the study.

The research questions raised in the study along with the findings from the data were then discussed. The first research question related to an organizations' external environment being a significant antecedent of the organizations' entrepreneurial orientation, structure and corporate entrepreneurship intensity was proved to be true from the results generated from our data. The second research question related to an organizations' entrepreneurial orientation being a significant antecedent of the organizations' performance. The results from our data indicated that entrepreneurial orientation had a significant positive relationship with performance. The third research question inquired if an organizations' internal environment, conceived in terms of corporate entrepreneurship intensity, acted as significant antecedent of organizations' entrepreneurial orientation and the results of our data did support this claim. The fourth research question related to the structure being significant antecedent of the entrepreneurial orientation. The results from our data indicated that structure did not have a significant relationship with entrepreneurial orientation. The fifth research question sought to find out if structure of an organization acted as a significant antecedent of the corporate entrepreneurship intensity within an organization and the results from our data supported the claim.

The conceptual framework was refined after the analysis of the data and by drawing conclusions from the results. This study aims to add to the existing literature on corporate entrepreneurship by redefining the dimensions of the previous models and is relevant especially in the context of Indian Industries, as the researcher attempts to explore the theory development and defense of corporate entrepreneurship within the Indian industry. The significance of this study can be emphasized on the contribution it would make to senior managers if they understand the perceptions and frustrations of junior and middle managers to act entrepreneurially.