

## Emerging Issues in Corporate Entrepreneurship and Development of Firm Performance: Exploring of literature

Hamed Armesh<sup>1</sup>, Keramat Ghalandarzahie<sup>2</sup>, Younes Shahnevaez<sup>3</sup>

Department of Management, Science and Research Branch, Islamic Azad University, Khash, Iran

*Received: October 11 2013*

*Accepted: November 17 2013*

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### ABSTRACT

The present age is the age of competition over resources and capitals. Great industrial countries and even developing countries attempt to utilize resources and capitals through benefiting from educated and expert persons and develop their growth and development cycle and achieve innovation. Accessing to these innovations that leads to reviving economy of each country depends on entrepreneurship. In fact, entrepreneurship is a concept that has always accompanied human and plays key role for economic growth and development of countries, so that within competitive economy based on market, it has crucial importance; therefore, it guarantees survival for requirement to innovation and creation of new products and services. Thus, economic development in today's world is based on innovation, creation and applying knowledge and entrepreneurship. developing entrepreneurship is of key important issue which leads to improving organizational performance. Nevertheless, corporate entrepreneurship is influenced on organization and environmental factors and is regarded as preventive and progressive factor. Therefore this paper identifying , the relationship between environmental and organizational factor with corporate entrepreneurship and the relationship between these variables with organizational performance .Certainly paying attention to effective environmental and organizational factors on Corporate Entrepreneurship leads to practical solutions for better developing entrepreneurship and finally improving organizational performance.

**KEY WORDS:** Organizational and Environmental characteristics, Corporate Entrepreneurship, Organizational Performance

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### INTRODUCTION

Modern business environments have two major features - Complexity and Uncertainty (Hungnes & Morgan 2006). These two mentioned characteristics are able to impact and also bring stress for new developed and small businesses. On one hand, remaining in such a competitive environment requires entrepreneurial capabilities (Lee & Pennings 2005), and on the other hand, aspects of corporate entrepreneurial behavior are also heavily influenced by the nature of their relations with the environment (Minguzzi & Passaro 2000). Moreover, during the past few decades a lot of organizations are seeking for more competition in the global context as well as engaging in corporate entrepreneurship activities. (Webb et al 2010). Hence, it seems that identifying and analyzing the environmental components would be crucial in organizational level and the individual entrepreneurship both (Wang 2008).

Achieving reliable results in studies of entrepreneurship requires a comprehensive approach to the factors which are shaping the entrepreneurial processes - including environmental, individual and organizational processes (Aldrich 2004, Audretsch 2007). The study of firm-level entrepreneurship, or corporate entrepreneurship (CE), is the core subject of managerial studies (Dess et al 2003). CE can be defined as the entrepreneurial behavior demonstrated by existing organizations. This process may result in initiation of new ventures - "corporate venturing" or in organizational revitalization - "strategic renewal". Both processes encompass innovation, which is the introduction of something new to the marketplace (Yilmaz, Alpan & Ergun 2005).

CE is considered as a beneficial tool for revitalizing and improving the performance. With emerging economies adapting their markets to the standards of developed markets (Van Agtmael 2007), CE may prove to be an important asset for growth and profitability of existing companies (Antoncic and Hisrish 2000, 2001, Khanna&Palepu 2010, Oakley 2009).CE might lead to enhancement of their capability for recognizing and taking the opportunities ahead of their competitors.(Shane and Venkataraman 2000, Ahlstrom et al 2007).

Emerging economies are becoming a remarkable economical force globally and in this regard entrepreneurship has a key role. (Bruton et al 2008). More specifically, firms in Brazil, Russia, India, China and South Africa (BRICS) need to re-examine traditional ways of conducting business and developing an entrepreneurial mindset (Yiu and Lau 2008, Haynie et al 2010) as they find themselves in growing but yet hostile and competitive environments (Weeks 2008). Strategic Corporate Entrepreneurship (SCE) provides a viable strategy for firms to reconfigure their resources in novel ways and to identify and exploit the opportunities (Ireland et al 2009, Kyrgidou& Hughes 2010).

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\*Corresponding Author: Hamed Armesh, Department of Management, Science and Research Branch, Islamic Azad University, Khash, Iran. Email: Hamed\_dba@yahoo.com

### **The Entrepreneurship concept**

The concept of Corporate Entrepreneurship (generally called Organizational Entrepreneurship or Entrepreneurship Activity) has been investigated for more than three decades. Researchers such as Peterson and Berge (1971), Pinchot (1985), Hanan (1976), were among the first ones who have suggested some definitions for this concept. Further, the Organizational Renewal Process was defined by Sathe (1985). In fact, Corporate Entrepreneurship can stimulate and encourage innovation inside organizations which are familiar with the nature of entrepreneurship. Simply, it requires developing their entrepreneurship activities within the organization. Entrepreneurship is not solely for new business development but also for other innovative activities and approaches such as developing products and services, new technology development, administrative techniques and business strategies. Corporate entrepreneurship research generally concentrates on two aspects: the factors related to the external context of the company and organizational-level internal factors. In researches related to Corporate Entrepreneurship, researchers applied different criterions for the conceptual modeling of Corporate Entrepreneurship.

Entrepreneurship is a driving force for modern economies and societal development through economical growth, generating employment and also promoting innovation (Bosma et al 2010, 2009). Corporate entrepreneurship refers to the process whereby an organization creates new business units or instigates renewal within that organization (Sharma and Chrisman 1999). To stimulate these entrepreneurial activities within an organization, it is necessary to build an adequate level of entrepreneurial orientation (Dess and Lumpkin 2005). Entrepreneurial orientation is related to corporate proactively and innovation as demonstrated by corporate processes, practices and activities. Proactively refers to the influential aspects of initiative, risk assumption and competitive aggressiveness - which are reflected in the actions of the organization's members (Lumpkin and Dess 1996). Innovation is defined as the tendency of an organization to adopt and support new experimental ideas and creative processes which can lead to development of new products and services.

Entrepreneurship can be classified into four dimensions (i) New business venturing (ii) Innovation (iii) Self-renewal and (iv) Proactively. (Antoncic & Hisrich, 2001, 2004).

The literature related to corporate entrepreneurship has labeled two groups of corporate entrepreneurship antecedents: one group refers to the organization and the other to the external environment of a company. The most important outcome of corporate entrepreneurship is performance. One significant question is whether the direct effects of corporate entrepreneurship and its broader associations are more, less or equally important as the interactive impacts of these elements on performance? The importance of congruence among the range of elements regarding the explanation and prediction of company performance, has been emphasized by a number of researchers of organizational design. (Burns and Stalker 1961, Woodward 1965, Lawrence and Lorsch 1967, Thompson 1967, Galbraith 1973 & 1977, Tosi and Slocum 1984, Nadler and Tushman 1992 & 1997, Antoncic & Hisrich, 2001, 2004, Zahra et al 2007, 2011).

Also the theoretical structure for a lot of researches related to entrepreneurship is dealt with most entrepreneurship processes such as ecology, demography or gradual evolution, equilibrium oriented, advance theory, normative theory as well as contingency theory (Aldrich 2004).

Contingency Theory is a behavioral concept that suggests there is no best way to organize a corporation, lead a company, or even make decisions. Instead, the primary course of action is dependent on the internal and external situations. Several contingency strategies were developed simultaneously in the late 1960s.

Contingency Theory attempts to connect research to many management variables, such as the corporate entrepreneurship link and company performance. It may provide results by exploring the contingent relationships. For instance, Covin and Slevin (1988) examined the relationship between organizational parts and company performance. The environmental aspect was also investigated. Small firms in a holistic environment were able to obtain a higher performance ratio (Covin & Slevin 1989).

### **Environmental characteristics of corporate Entrepreneurship:**

Expanding is becoming more complex and competitive in business due to globalization, trade, rapid growth of technology, diversity, short-life of products, and changing customer needs and it has attracted the attention of many researchers to study the business environment and its effect on organizational performance. Various scientists and researchers have focused on the effect of environmental and organizational characteristics such as Structure on Performance - and have confirmed the importance of this subject. Researchers such as Bettis & Hitt - 1995, D'Aveni - 1994, Emery & Trist - 1965, Hamel & Prahalad - 1994, McCann & Selsky - 1984, Sampler - 1998, Terreberry - 1968, Thurow - 1995, Toffler - 1970, have studied the relationship between the environment and organizational performance. Moreover, many scientists have analyzed the existed relationships between environmental aspects and organizational performance (Bettis & Hitt - 1995, D'Aveni - 1994, Emery & Trist - 1965, Hamel & Prahalad - 1994, McCann & Selsky - 1984, Sampler - 1998, Terreberry - 1968, Thurow - 1995, Toffler - 1970). Internal environment is critical for the success of Corporate Entrepreneurship (CE), (Peng - 2000, Zahra et al - 2007).

Since the very beginning most of the studies on corporate entrepreneurship have been devoted to experimental research. They examined the requirements and inputs of corporate entrepreneurship, and the results of all these investigations revealed that the internal organizational component has a crucial role in inspiring members towards entrepreneurial activity (Zahra - 2007).

Results obtained from specific studies have shown that environmental characteristics such as dynamism, technological opportunities, demand for new products and competitive rivalry, have positive effects on corporate entrepreneurship and organizational performance in the industrial sector of the US and Slovenia (Antoncic & Hisrich 2001).

The first studies that applied the contingency perspective for the above-mentioned relationships – studies that now are shaping a significant part of specialized literature – focused on the influence of different dimensions related to organizational general environment, such as dynamism - hostility and heterogeneity (Alvarez & Barney 2005, Miller Friesen 1983, Ucbasaran, Westhead, & Wright 2001, Zahra & Covin 1995). Generally, researchers agree that the positive effects of entrepreneurship would be increased in dynamic and complex environments which are characterized by uncertainty.

In an in-depth study conducted by DuPont, Bhardwaj et al (2006) it was ascertained that entrepreneurial organizations are more likely to search for opportunities in new environments - especially following events that promise a significant and lasting change in performance. Lumpkin and Dess' (1996) recommend more studies on contingencies of the entrepreneurship-firm performance.

### **Environmental dynamism**

This dimension refers to the continuity of changes in an organizational environment - arising from technological progress, competitive rivalry, regulatory developments and the other similar forces. According to Miller and Friesen (1982), this definition emphasizes the persistence of change in the environment, rather than the stability of change rate per se. Dynamism creates opportunities for an organization within its existing markets or in adjacent fields. A firm may set up a new niche in its existing market and then modify its products and processes. Or it may relocate an attractive niche outside its current markets by expanding the scope of its markets or by embarking new product or process ventures. Dynamism prompts a company to exploit opportunities in current or new markets (Zahra and Ellor 1993).

Dynamism and technological opportunities are assumed as the two environmental characteristics which are conducive to entrepreneurship (Antoncic & Hisrich, 2001, 2004).

As Zahra et al (2000) stated: environmental fluctuations will become meaningful with some qualities like dynamism, chaos and complexity. Environmental dynamism suggests changes in the environment and originates from advances in technology and/or the dominant conditions in the market. Changes in technology allow organizations to have the opportunity for further profitability or growth (Organization Performance).

In their study, Wiklund and Shephard (2005) realized that environmental dynamicity modifies the relationship between entrepreneurial tendencies and the performance of companies - and as the rate of environmental dynamicity increases, the relationship between two variables becomes more significant.

### **Technological opportunities**

The availability of technology is another organizational aspect affecting corporate entrepreneurship, also provides and promotes the level of entrepreneurial and innovative activities in organizations and moreover impacts the organizational performance (Gantsjo 2006). Applying new technology helps the organizations to extend the organizational boundaries, and provides a basis for prosperity of ideas from different sources (O'Hara-Devereaux & Johansen 1994, Schrage 2000, Thomke 2001). According to Hayton et al. (2002) countries differ in their commitment to risk taking, alliance formation, venturing innovation, and R&D spending. These differences might influence the strategic choices, companies make for research and development investments.

Technological changes might impact the product demand and can be the cause of success or failure (Burgelman & Rosenbloom 1989, Teece & Pisano 1994, Lehrer 2000). Previous studies confirmed that environmental characteristics are connected to corporate entrepreneurship aspects and influence a company's success. Some researchers believe that the relationship between corporate entrepreneurship and organizational performance should be studied from the perspective of strategic and environmental components (Miller & Friesen 1983, Covin & Slevin 1989, Dess et al 1997). Studies confirm the role of mediating variables in determining the level of organizational performance, and the positive impact of technology in increasing corporate entrepreneurship and organizational performance (Covin & Covin 1990).

### **Environmental Complexity**

In new economic situations characterized by dynamism and complexity, firms should develop new responses in order to survive and become prosperous. In such contexts, firms' corporate entrepreneurship

activities have a remarkable importance and are becoming a good opportunity for wealth creation (Phan, Wright, Ucbasaran & Tan 2009, Zahra, Filatotchev & Wright 2009).

The main element related to environmental fluctuations is the dominant complexity of the business environment. Perhaps, such complexity comes from the diversity of the needs from different groups of customers and affects the corporate entrepreneurship and organizational performance (Miller 1983, Miller & Friesen 1982, Zahra *et al.* 2000). Environmental complexity results from several pressure factors in an organization. These can happen simultaneously - factors like the increase of the number of organizations in an industrial area, the increase in the level of changes, technology and the rate of its development in an industry, and so on (Ayadurai 2005).

### **Demand for New Products**

Other munificent environmental characteristics are perceived industry growth and the increased demand for new products. Zahra (1993) suggested that the perceived decline of an industry would force companies into intensive renewal activities. Growth of markets, on the other hand, offers incentives that lead to increased entrepreneurial activities. Accordingly, high market growth areas were recommended for corporate start-up success (Hobson and Morrison 1983). Demand for new products also demonstrates an important demand-pull (Zahra 1993) that encourages entrepreneurship. This final component of environmental munificence refers to the weight that an industry assigns to the value of new products in creating and retaining a competitive position. In industries where new products are valued as a source of competitive advantage, firms will invest heavily on promotional activities to stimulate demand.

Companies should define their business portfolio, create effective scanning systems to monitor market changes, and develop appropriate structures for new ventures. A strong demand-pull incentive forces executives to modify the reward and communication systems in order to speed up the introduction of new products into the market (Zahra and Ellor 1993). These changes increase self-renewal activities, as well as increase corporate entrepreneurship, and will positively affect organizational performance (Antocic & Hisrich 2001, 2004).

### **Access to Resources**

Barney (1991) classified the organizational resources based on three 'axes': Physical capital resources, Human capital resources and Organizational capital resources.

Handfield *et al.* (2009) found that organizational entrepreneurship improves organizational performance. Wang & Zhang (2009), in their research in China, found that not all the aspects of organizational entrepreneurship necessarily influence the organizational performance. The conducted research indicated that one of the most influential factors for increasing the abilities of human resources and attitudes in an organization is the exact evaluation and generating appropriate thinking capital. Having skillful and experienced employees assists the knowledge creation which leads to improvement of learning and innovation in any organization, and will inevitably result in increased CE and OP (Hsu & Fang 2009). Ngah & Ibrahim (2009) mentioned that each of the indices of thinking capital, including human and structural capital, have a significant positive effect on innovation and organizational performance in small and medium companies.

### **Strategic Renewal**

These days, strategic planning and renewal are the significant issues in organizations. Many researchers and executives have argued that strategic planning is essential for businesses in every size. Crawford and Ibrahim (1985), explain that strategic planning is the process by which an owner/manager of a small business systematically evaluates organizational capabilities, opportunities and risks in the current environment for carrying out the intended objectives successfully.

Zahra *et al.* (2001), state that fast growing companies are more likely to be involved in strategic planning compared to their slower growth counterparts. Kellermanns and Eddleston (2006), state that strategic planning is similar to corporate entrepreneurship.

Strategic entrepreneurship (SE) is an integrated part of the strategy and entrepreneurship fields (Ireland *et al.* 2003) - so to address the management issue of chasing new business opportunities while simultaneously exploiting current organizational factors strengths, in order to increase the value for the company and its shareholders. SE thus refers to capitalizing on both opportunity-seeking activities, which inherently define entrepreneurship, as well as advantage-seeking activities demanded by strategic planning (Ketchen *et al.* 2007).

### **Organizational characteristics of Corporate Entrepreneurship**

Research results show that internal organizational elements encourage people to organize their entrepreneurial activity and organizational performance. (Zahra 2007). Hornsby *et al.* (1990), claims that the dimensions of the internal environment, including management support for corporate entrepreneurship, work discretion and strengthening programs, access to time and other resources, improve overall organizational scope (Hornsby *et al.* 1990, Kuratko & Montago 1999). Five-dimensional Structure, as a brief description of the

internal organizational elements, encourages middle management to hasten entrepreneurial efforts in the organizations (Hornsby, Kuratko, Zahra 2002). Research by Gantsho (2006) on European SMEs in manufacturing field, added another dimension to the five dimensions, and measured organizational innovation in entrepreneurial organizations.

Antonic & Scarlat (2005) stated that Entrepreneurship approaches and activities have positive influences on organizational performance. Covin et al (2006) stated that organizational Entrepreneurship has a positive effect on improving financial performance.

Further research by Aktan & Bulbut (2008) proved that there was a significant positive relationship between Organizational Entrepreneurship and Organizational Performance amongst Slovenian and Romanian companies. Results of other studies demonstrated that organizational entrepreneurship has a great impact on financial aspect of companies - increasing their growth and profitability (Lekmat & Selvarajah 2008). Lee et al (2009) proclaim that an entrepreneurial attitude improves the performance of a company. However, the process of creating knowledge is a mediating variable that when is added to this relationship leads to a remarkable decrease of the relationship between entrepreneurial activity and performance.

Research studying influential factors on organizational entrepreneurship led to recognition of several significant factors including job opportunity, management support, accepting risk, bonus and promotion, innovation, financial support, time management and organizational fields that support entrepreneurship activity in organizations (Wyk & Adonisi 2011). (Antonic & Hisrich, 2001, 2003) found that organizational characteristics including communication, formal control, environmental scanning, organizational support and value, had positive impacts on corporate entrepreneurship and organizational performance in the industrial sectors of the US and Slovenia. (Antonic & Hisrich, 2001).

According to the supporters of Contingency Theory the relationship between organization and corporate entrepreneurship is a variable (Hornsby et al 1993, Antonic and Hisrich 2001, Lumpkin and Dess 1996, Zahra et al 2005). Organization, assumed as a convergent variable, has been examined by Covin & Sliven (1988).

### **Organizational Communication**

The connection between organizational interaction, commitment and performance was the interest field of researchers for many years. A lot of concentration has been given to the relationship between organizational interaction with emerging corporate entrepreneurship and organizational performance.

The commitment of employees can be assumed as an important element on improving the organizational performance. In most organizations the high rate of stress leads to lower satisfaction and results in very low organizational commitment (Elangovan 2001). It should be noted that the higher the level of communication in an organization, the higher the level of commitment by employees. This naturally leads to increased performance (Chen, Silverthorne & Hung, 2005).

Chen, Silver throne and Hung (2006) studied the relationship of organizational commitment, communication and job performance. Their research findings indicated that there are positive relationships between organizational communication, organizational commitment and job performance. These findings recommend that companies strengthen their communication channels and processes in order to increase the organizational commitment of their accounting professionals and overall job performance.

### **Formal Control**

In sum, to reinforce entrepreneurship a company should provide freedom, interactive communication and flexibility to potential entrepreneurs. This is realized when employee satisfaction is at a high level and they enjoy the freedom to contribute occupational insights and individual innovation (Zahra 2001). Results of research show that formal control may have positive or negative impact on corporate entrepreneurship and organizational performance (Antonic & Hisrich 2001, Zahra 2001).

The most common used methods of bureaucracy are hierarchical control, central authority and fixed to flexible applied limits (Seelos & Mair, 2005, Khandwalla 2004). Many researchers believe that bureaucratic and fixed organizational rules destroy innovative behavior in their organizations before they have a chance to appear (Antonic & Hisrich 2003, Luo et al 2005).

According to Zahra (2007), in big organizations conventionally mired in bureaucracy, the creativity required for radical innovations, individual invention and risky activity is deliberately suppressed. Conversely, applying formal control methods in monitoring entrepreneurial activities can lead to positive effects on corporate entrepreneurship, but excessive use of these methods can actually inhibit entrepreneurial activity (Seelos & Mair 2005, Keijzers 2002, Zahra 2005).

Moriano et al (2011), studied the effect of managerial leadership style on entrepreneurial behavior of employees, and realized that evolved leadership style has had significant positive influence on employee entrepreneurship behavior.

### **Environmental Scanning**

Other researchers, like Hitt and Sethi, have also provided empirical evidence indicating the status of top management in the support and monitoring of the team members' activities related to production (Hitt et al 2001) and innovation (Sethi et al 2001). Cooper and Kleinschmidt have also noted the significance of top managers' ideas in determining the time interval for introducing new products (Cooper and Kleinschmidt 2004). Using meta-analysis, Henard and Zimanski have tried to define the elements affecting an organization's capability to introduce new products. In this study, the positive relationship between top management support variables and the entrepreneurial activity of introducing new products was confirmed. Further, the role of higher management was defined in terms of introducing a 'landscape' for the future, promoting a distinctive concept of a product, giving permission for initiating projects that develop new products, and providing necessary resources (Henard and Zimanski 2005).

There is no question that decision makers' skills, marketing knowledge and experience influence their strategic choices (Finkelstein and Hambrick 2000, Jackson 2004, Wiersema & Bantel 2002) and entrepreneurial activities. These include introducing new products to the market, and necessitate strategic decision making under the control of top managers. However, a study by Li & Calantone also suggests that the extent of a managers' involvement in making strategic decisions on entrepreneurial activity differs from one organization to another (Li and Calantone 2006).

### **Management Support**

Results of twenty years of studies in the area of strategic management, international and entrepreneurial businesses confirm that top and medium managers can have significant impact on corporate entrepreneurship activity. These changes demonstrate the value and durability of different entrepreneurial actions (Zahra 2005). With respect to the organizational and political barriers of corporate entrepreneurship, considering medium managers' attitudes is an appropriate starting point for encouraging and enhancing their efforts to promote entrepreneurial activity. One way to identify these attitudes is to analyze medium managers' perceptions of the importance of their support for corporate entrepreneurship (Lichtenthaler 2005).

Top and middle management can also be effective in encouraging wealth-creation in corporate entrepreneurship by providing resources and political support (Huse 2007). The success of these initiatives can improve a company's performance and profitability. Managing a firm's various resources is in the hands of managers who make practical decisions that meet organizational goals and development (Sirmon et al 2007).

Demirbag and et al (2006) stated that management support of an organization's employees is regarded as a fundamental factor in developing organizational entrepreneurship among governmental organizations. Further, the facilitation of relationships between management and employees plays a major role.

In addition to mediation, studies related to organizational support have always been cited as an indispensable aspect of corporate entrepreneurship. For instance, Zahra has emphasized the role of organizational support, which includes training, rewarding employees and establishing trends for coping with new ideas. Thus, this will accelerate creativity and innovation as the foundations of corporate entrepreneurship (Zahra 2007).

### **Values**

Companies that nurture organizational structures and values and encouraging entrepreneurial activity are more likely to grow compared to those that do not. Open and quality communication, the application of formal controls, regular environmental scanning, management support, organizational support, and values in general, assist an organization to engender entrepreneurial qualities. Entrepreneurial organizations engage in new business ventures, tend to be innovative, regularly renew themselves, and are proactive in their endeavors. In transition economies, which are changing their economic status to more developed economical standards, and where growth may not yet be the primary goal, entrepreneurship is even more important for the growth and profitability of their existing organizations (Antoncic & Hisrich 2001, 2004).

The first group of influential antecedents in entrepreneurship are organizational characteristics such as communication openness, control mechanisms, environmental scanning, organizational, management support and organizational values (Zahra et al 2005).

Further, entrepreneurship usually results in the introduction of new values (Hisrich & Peters, 1998). While profitability is considered as an important and necessary aspect for generating new organizational wealth it is usually not sufficient. Profitability is related to, but is not the same as new wealth. New wealth is also an aspect of the organizational growth rate, since profitable firms with higher growth generate larger stocks of funds compared to companies with lower growth.

### **Work Independence**

Structural working advice is one of the organizational aspects affected by components like formality, degree and prescription of tasks, the extent of desirability, acceptance of occupational task descriptions, the

extent of inflexibility of working grounds, the extent of tendencies toward stabilization from one time to another and among individuals fulfilling similar tasks, the extent of an individuals' inclination to innovation when doing occupational tasks, and finally the extent of freedom and influence in carrying out a job (Morris and Kuratko 2002).

In the area of corporate risk taking activity (one of the forms of corporate entrepreneurship) researchers agree that risk-taking individuals should be given adequate freedom (Seelos and Mair, 2005).

In conclusion, one the ways to reinforce entrepreneurship is in endowing freedom for entrepreneurs, occupational development and flexibility. This is completely effective when the satisfaction of employees (due to high levels of freedom) increases and they seek occupational insight and the individual innovation (Zahra 2001).

Work discretion is the tendency for innovation in job duties, freedom of operation, and the right to do a job (Morris & Kuratko 2002). Researchers agree that people who take risky actions should be given enough freedom to do so (Simon et al 1999, Seelos & Mair 2005). In addition, Lichtenthaler (2005), in study on ten unsuccessful risk actions, the following weaknesses were outlined from some entrepreneurial groups: the mission entrusted to them was too broad and they would exercise broad powers – overlooking process details.

Research results by Yaghoobi et al, indicated that social skills, self-confidence and social support have a significant impact on entrepreneurship and organization performance (Yaghoobi et al 2011).

### **Entrepreneurial Corporate Culture**

The basic role of entrepreneurial culture in motivating and shaping entrepreneurial activities is a subject that challenged many researchers compared to other organizational dimensions influencing corporate entrepreneurship (Sadler 2000, Zahra 2001, 2005, Mueller & Thomas 2007). The behavioral characteristics of entrepreneurial people are functions of the entrepreneurial environment conforming to time and place (Gantsho 2006).

Many other researchers have suggested that organizational culture plays an important role in enabling organizations to succeed and is responsible for the development of entrepreneurial activities as well as organizational performance (Morris & Kuratko 2002). Even organizations that had not experienced entrepreneurial activity have been developed and expanded (Thornberry 2003).

Organizational management plays an important role in strengthening of corporate entrepreneurship culture (Hisrich & Peters 2003) Siravasta and Lee (2005) realized that entrepreneurial behavior depends on certain characteristics, values, beliefs and a leader's strategic organizational perspective. Zahra (2001) also realized the positive relationship between corporate entrepreneurship and organizational values. Entrepreneurship within an organization is influenced by the attitudes of its individuals (Davila et al 2006). Organizational culture is one of the most important sources of competitive advantage (Mueller & Thomas 2007).

The critical role of entrepreneurial culture in motivating and forming entrepreneurial activity is a subject that has created further challenges for researchers compared to the other organizational dimensions influencing corporate entrepreneurship (Kanter 1983, Russell & Russell 1992, Sadler 2000, Zahra 2001, 2005, Mueller & Thomas 2007). There are remarkable differences between traditional culture and corporate entrepreneurship culture. The entrepreneurs' behavioral characteristics are the function of an entrepreneurial environment where these individuals have found the time and place to innovate (Gantsho 2006), and such characteristics are different from traditional managers.

Morris and Kuratko, and many other researchers, have stated that organizational culture plays a significant role in enabling organizations to develop entrepreneurial activity (Morris and Kuratko 2002). Thornberry also believes that, even in organizations with no background of entrepreneurial actions, it is possible to develop and promote entrepreneurial actions (Thornberry, 2003).

### **Conclusions:**

This study reviewed theoretical background as well as empirical studies which were existed in literature and, the objective was fulfilled via examining the effects of the relationship between organizational and environmental factors on corporate entrepreneurship, the relationship between corporate entrepreneurship and organizational performance. This study contributed to better understanding effect, Of organization and environment components to CE and OP as well as clarifies the nature of the influences of corporate entrepreneurship and its environmental and organizational antecedents on Organizational performance. The article was formulated based on a comprehensive and extensive review of related literature especially corporate entrepreneurship and the relationships and influence of different Environment and organizational factors as well as the relationship of entrepreneurship on organizational performance.

This study tries to find out the effect of environment and organizational factors on corporate entrepreneurship and organizational performance, Results indicated that environmental as well as organizational factors were effective in most of researches regarding corporate entrepreneurship and organizational performance. Within these day's competitive environments, recognizing environmental and organizational factors plays key role on emerging corporate entrepreneurship as well as performance and success of organization. Through recognizing these factors, the required grounds for making ambitious decision is prepared

and performances are facilitated and organizations are able to carefully and exactly compare their status with status of similar organizations at national and international level and improve their future continuously. On one hand, the relationship between corporate entrepreneurship and growth has received wide support in previous studies. Corporate entrepreneurship was found to be predictive of the growth of small firms and large firms was realized to be the good predictor of growth in both small and large firms.

Finally this study outlines several recommendation for future empirical research related to antecedents and consequences of corporate entrepreneurship development and organizational performance in context of small and medium enterprise,(SMEs) as well as large enterprise.

#### **Acknowledgment**

The authors declare that they have no conflicts of interest in this research.

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