

Impact of Organizations condition on Corporate Entrepreneurship and Performance : Empirical study of Iranian SMEs

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ABSTRACT

The purpose of this research is examining the relationship between organizational factors their influence on corporate entrepreneurship and its relationship on organizational performance of small and medium size enterprises (SMEs) 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.. Thus, economic development in today's world is based on innovation, creation and applying knowledge and entrepreneurship. On the other hand, nowadays small and medium size enterprises play key role on economic and social growth and development process. Nevertheless, corporate entrepreneurship is influenced on organizational factors and is regarded as preventive and progressive factor, Select volume sample it was benefit from Morgan sampling table, the number of 240 active small and medium size business managers persons were selected as volume sample. Therefore, the model offered at this research upon being tested with structural equation model method and there were positive effect between factors and corporate entrepreneurship and firm performance and approving its compatibility with available status of active small and medium size enterprises is confirmed.

KEY WORDS: Organization conditions, Corporate Entrepreneurship, Small and Medium Size Enterprises, Firm Performance

INTRODUCTION

The firms which are participating in entrepreneurial activities are like to be more profitable compared to the firms which are not involving in such activities. (Hisrich & Antoncic , 2001, Bojica& Fuentes 2011). Pearce, Fritz, and Davis (2010) asserted that corporate entrepreneurship will alter into more profitable first mover advantage which has benefit.

Modern business environments have two main aspects which are uncertainty and complexity (Morgan & Hungnes, 2006). These mentioned aspects are able to create and bring stress for the small and young business. In one side, staying in this competitive context needs entrepreneurial abilities (Pennings & Lee, 2005) while on the opposite side the characteristics of corporative entrepreneurial actions are also remarkably impacted by these relationships with the context (Passaro & Minguzzi, 2000). Also, in nowadays most of the organizations are going to stay competitive in the market globally and operate in corporative entrepreneurship (Webb, 2010). Hence, it is crucial to determine and realize the environmental components in the firm as well as single entrepreneurship (Wang, 2008).

Obtaining the valid outcomes in researches related to entrepreneurship needs a complete approach for the elements which are forming the process of entrepreneurship for example organizational and individual process and environmental aspects (Audretsch& Aldrich, 2004). The research related to entrepreneurship in level of firm or the CE (corporative entrepreneurship) is highly focused on managerial researches (Dess, 2003). The CE could be explained as a behavior which is entrepreneurial and demonstrated by the current firms. This procedure can lead to the creation of some new ventures like the corporate venturing or inside the firm's revitalization that is called strategic renewal. Both of the procedures include innovation that is the basic of new things for the entire market (Alpkan, Yilmaz& Ergun, 2005).

The new developed economies are the main economic aspects globally and the entrepreneurship has a key role in this procedure (Bruton, 2008). It means that companies from Brazil, India, Russia, South Africa and China (BRICS) require to examine the traditional approaches again related to developing mindset of entrepreneurship and business (Lau & Yiu, 2008, Haynie, 2010). They realize their growth but yet the context is competitive (Weeks, 2008). The SCE brings a good strategy for organizations to realize their sources in some unique ways and to define and explore the opportunity (Ireland, 2009, Hughes &kyrgidou, 2010).

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The CE is crucial for the markets which are competitive these days. A lot of attempts have been done for realizing the elements that define a corporate commitment for the CE (Dess& Lumpkin, 1996, Zahra, 2000).

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.

The literature on 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 result 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 impact 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 in 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 situation. 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 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).

Antecedent and Corporate entrepreneurship

The literature on 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 result of corporate entrepreneurship is performance.

Organizational Conditions

Research results show that internal organizational elements encourage people to organize their entrepreneurial activity and organizational performance as well (Zahra 2007). Hornsby et al (1990), claimed that the dimensions of 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 for internal organizational elements, encourages middle management to hasten entrepreneurial efforts in the organizations (Hornsby, Kuratko,

Zahra 2002). Research conducted by Gantscho (2006) on European SMEs in manufacturing field added another dimension to the five dimensions, and measured organizational innovation in entrepreneurial organizations.

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 aspects of companies and 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 while added to this relationship leads to decrease in relationship between entrepreneurial activity and performance.

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, Silverthorne 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 (Antoncic&Hisrich 2001, Zahra 2001).

The most commonly 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 (Antonich&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).

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).

As mentioned in the preceding section, introducing new ideas to organizations is crucial for fostering initiative. An approach to get new ideas is the application of intensive environmental scanning (Russell 1999, Zahra 1991, Covin&Slevin 1991). By regularly gathering, analyzing and interpreting data about the organization's environment and competitive industry - trends can be highlighted - eventually leading to innovation. For instance, new competitive ventures can indicate which new business strategies are raising. Threats and opportunities can be revealed through scanning. Considering the positive relationship between environmental hostility and CE is significantly important (Zahra &Garvis 2000).

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).

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).

Work Independence

Structural working advice is one of the organizational aspects of environment concepts 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 the right of influence in carrying out a job (Morris and Kuratko 2002).

Kamffer (2004) believed that granting broad authority without work discretion (to individual entrepreneurs) could expedite failure in risk taking ventures. He concluded that management should not neglect its supervisory responsibilities and that it may delegate part of its authority and also closely monitoring the risk activities. In short, one of the methods for bolstering entrepreneurship is granting authority to entrepreneurs in both job development and flexibility (Zahra 2001). Accelerating entrepreneurial activity is only achieved by organizational commitment and not by organizational consensus (Gantsho 2006, Ferreira, 2007). Staff demand for entrepreneurial ventures is best achieved through decentralized authority, participation in decision-making and integrated cooperation in order to avoid bureaucracy and encourage risk taking and creativity (Kamffer 2004, Keijzers 2002). Further, other researchers argue that accelerating entrepreneurial activities is achieved only through organizational commitment (Gantsho, 2006, Ferreira 2007).

Theory and hypothesis development

Hypotheses development is discussed in terms of the relationship between organizational factors and corporate entrepreneurship and performance as well as the influence of corporate entrepreneurship on performance.

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

One of the most effective factors on entrepreneurship process is organizational factors. In fact, entrepreneurship covers both organization and people. In this regard no organization is considered as entrepreneurship, that its employees and managers are not able to recognize and improve their abilities by using individual creativity. Therefore, considering this concept solitarily does not assist to its development at today's organizations. Nevertheless, organizational factors consist of many components including: inner organizational interactions, environment control, organizational support, values, work independence and technology; in which, at different researches it is focused on positive effect of these components on organizational entrepreneurship.

Nevertheless, among different organizational factors, the work independence has remarkable status; since, organizational factor is regarded as one of the resources that play key role for entrepreneurship activities and is received remarkable attention by scholars and as it is obvious, it is referred to positive and significant

relationship of this component with organizational entrepreneurship. Hence because of important impact of work independence to corporate entrepreneurship (Antoncic and Hisrich, 2001, Zahra ,2005) we decided to formulate and examine these hypothesis in scope of small and medium enterprise in Iran. Therefore because of important direct and indirect effects of environmental characteristics to CE in Iranian SMEs this motivates the researchers to investigate about that.

H1: There is significant relationship between organization characteristics :(a)Management support form CE ;(b)Work independence;(c)Formal control;(d)Environment scanning; (e)Organization communication;(f)Valueand corporate Entrepreneurship in Small and medium size enterprise of Iran:

Many authors have singled out corporate entrepreneurship as an organizational process that contributes to firm's survival and performance (Covin and Slevin, 1989; Drucker, 1985; Lumpkin and Dess, 1996; Miller, 1983; Zahra, 1993). According to Guth and Ginsberg (1990) strategic management contributes to increasing success of corporate entrepreneurship. Yet, while many of previous authors have emphasized on the importance of corporate entrepreneurship as a growth strategy (Dess et al., 1999; Pinchott, 1985; Kuratko, 1993; Merrifield, 1993) the literature has been, until recently, subjective in nature. In fact, Zahra (1991) observed a lack of compelling empirical evidence on the contributions of corporate entrepreneurship to organizational performance, a factor that raised concerns about the fact that corporate entrepreneurship may become just another managerial fashion. Even though some studies have attempted to fill this gap in the literature (Covin and Slevin, 1991; Zahra and Covin, 1995).As mentioned before we would like to know which organizational factors have a higher or lower impact on OP and may not influenceOP . In this regard because of important direct and indirect effects of environmental characteristics on OP in Iranian SMEs, the researchers are encouraged to investigate about:

There is still much more to be learned about the substance and process of corporate entrepreneurship. Therefore as another context, Iranian SMEs are chosen to study such relationship in that context. Thus it is assumed that:

H 2: There is significant relationship between organization characteristic:(a)Management support form CE ;(b)Work independence;(c)Formal control;(d)Environment scanning; (e)Organization communication;(f)Value and organizational performance (growth and profitability) in small and medium size enterprises of Iran

Corporate entrepreneurship has been defined as an important element of successful organizations (Peters and Waterman, 1982; Kanter, 1984; Pinchot, 1985; Thornhill and Amit, 2001; Miles and Covin, 2002; Heidemann Lassen, 2007) since it has its consequences for organizational survival, growth and performance. (Hornsby,et al,1993,Antoncic and Hisrich , 2001,Lumpkin and Dess, 1996,Zahra .et al 2005).

Improved organizational results, usually in terms of growth and profitability are thought to be the outcome of entrepreneurship in established organizations (Covin and Slevin, 1991). Corporate entrepreneurship is assumed to be a part of successful organizations (Peters and Waterman, 1982; Kanter, 1984; Pinchot, 1985) and was found to be related to growth and profitability (Covin and Slevin, 1986; Zahra, 1991, 1993a; Zahra and Covin, 1995) of large firms. It was found to be a good predictor of growth of small firms (Covin, 1991), of performance in hostile environments of small firms (Covin and Slevin, 1989), and of growth of US health care firms (Stetz et al., 1998). Corporate entrepreneurship was realized to be related to the growth of Slovenian and US established firms of various sizes and from various industries, and to profitability of Slovenian, but not American firms (Antoncic and Hisrich, 2001). Morris and Sexton (1996) found a significant positive relationship between entrepreneurial intensity and increased growth, but not lead to increase of profitability of US firms. Other studies (Zahra and Covin, 1995; Wiklund, 1999) discovered that entrepreneurial orientation of firms tends to have sustainable (long-term) effects on growth and financial performance, in addition to short-term effects.

According to pervious researchers, they argued for suitability of a contingency framework for analyzing the relationship between corporate entrepreneurship and organization performance.

In fact, Zahra (1991) observed a lack of compelling empirical evidence on the contributions of corporate entrepreneurship to organizational performance, a factor that raised concerns that corporate entrepreneurship may become just another managerial fashion. Even though some research has attempted to fill this gap in the literature (Covin and Slevin, 1991; Zahra and Covin, 1995), there is still much more to be learned about the substance and process of corporate entrepreneurship. Using SEM show that which components have effect on EC and OP and which of them have higher effect and which of them have a lower effect. Therefore as the other context, Iranian SMEs are selected to examine such relationship in that environment. Thus it is assumed that:

H3: The extent of corporate entrepreneurship will be positively related to organizational performance in terms of: (a) growth; (b) profitability at small and medium sized enterprise in Iran.

METHODOLOGY

The research methodology will be discussed in terms of sampling and data collection as well as measurement instrument and data analysis.

Sampling and data collection

This research with respect to its purpose is regarded as applied research and with respect to data collection is regarded as survey research. Statistical universe of this research is all managers of SMEs in Sistan Balouchestan province that are 326 individuals. Among this number by using Morgan table and classification sampling method, 240 participants were selected that each of them were assumed as a class in compliance with volume of society in each city. In order to collect data, after studying literature review, a questionnaire was prepared. Then in order to collect data, in the cities capable of conducting face-to-face meeting, the questionnaire was delivered and completed by attendees and for other regions, the questionnaire was either sent through email or post. In order to achieve sample size, nearly 280 questionnaires with cover letter was distributed among respondents; in which, 40 questionnaires were not returned or consisted untrue information and finally 240 correctly completed questionnaires were collected. In fact return rate of questionnaires was nearly 84.6%.

Measurement Instrument:

Research tool was the questionnaire prepared by researcher. The first section of questionnaire dealt with studying personal and professional characteristics of specific respondents and through this way the following aspects were investigated including: age, marital status, age, education, job, current organizational position, record and previous job and title of previous job. The second section of questionnaire dealt with components of corporate entrepreneurship consisting of 4 variables including: innovation (5 structures) self-renewal (5 structures) pioneering (3 structures) new business venturing (4 structures). This scale was extracted from research by Zahra 2005, Antonic & Antonic Zon 2003 and Hisrich 2001.

In studies of corporate entrepreneurship, field scientists have always used two ways for measuring desire/ambition and entrepreneurial activities. The solution, called ENTRESALE, was first used in 1977 (Khandwalla 1977). Finally Knight (1997) used it to test the validity and reliability of multicultural companies. This scale is used to measure the level of the general desire of organizations to execute entrepreneurial actions. The second scale was invented and developed by Zahra with the purpose of measuring corporate entrepreneurship (Zahra 1991, 1993, 1995, 2000, 2002, 2005, 2007). Measurements of an organizations participation in corporate entrepreneurial activity (such as risk actions and innovation) are considered to be characteristics of this scale. Luo et al (2006) used a scale for corporate entrepreneurship consisting of three dimensions: pioneering, risk taking and innovation. Wang and Li (2006), in their research on Chinese companies, divided corporate entrepreneurship into three areas: innovation, pioneering and self-renewal. They designed a questionnaire with 21 components and its reliability and validity was confirmed.

Antonic and Hisrich, (2000, 2001, 2002) emphasized using a combination of methods for measuring the concept of corporate entrepreneurship. Two researchers, in their numerous studies, used a scale introduced by Zahra that evaluates a combination of three-dimensional factors (measuring entrepreneurs and entrepreneurial actions), and a scale that uses the five-dimensional factors of Lampkyn & Des (measuring entrepreneurial desire). Antonic and Hisrich (2000, 2001, 2002) by combining these two scales reached a new method for measuring the concept of corporate entrepreneurship, including three dimensions of innovativeness - proactiveness, new business venturing and self-renewal.

There is no doubt that the concept of corporate entrepreneurship primarily requires identifying entrepreneurial companies. This can be accomplished with extraction, definition as well as a component of corporate entrepreneurship.

According to Antonic et al, performance was measured based on growth and profitability in absolute and relative terms (Antonic and Hisrich 2001). In this respect, absolute growth includes the average annual growth in the number of employees and sales in the last three years. On the other hand, relative growth deals with growth in the market share (Chandler and Hanks 1993) in the last three years. Absolute profitability includes average annual return on sales (ROS), average return on assets (ROA), and average annual return on equity (ROE), in the last three years. In addition, while relative profitability consists of a subjective measure of firm performance in relation to competitors (Chandler & Hanks 1993) and its expansion (Antonic and Hisrich 2001, 2004), it refers to the company's profitability in comparison to all competitors, as well as to competitors that are in same age and stage of development.

Further data collected on companies' income, rate of return of income, and rate of return on assets, shall be compared for every single SME to find out the relationship between CE, profitability and growth.

Characteristics of organizational components include seven structures in this study. These components are considered in a lot of researchs and are used by many researchers in the entrepreneurship field (Lumpkin et al 2006, Zahra et al 2005, 2007, Lumpkin & Dess 1996, Morris & Kuratko 2002).

Data analysis

Data was analyzed by using Amos software and benefiting from structural equation model. In this research it was applied from related fit index including: χ^2 , RMR, Normed Fit Index, Incremental Fit Index (NFI), Comparative Fit Index (CFI) Goodness-of-Fit (GFI) and Root Mean Square Error of Approximation (Joreskog & Sorbom). In order to study whether a model has appropriate performance compared to other models

it was applied from following fit models including: Goodness-of-Fit (GFI) Normed Fit Index (NFI), Incremental Fit Index (IFI) and Comparative Fit Index (CFI).

SEM is known by several names such as path analysis, covariance structure analysis and latent variable analysis. Generally, SEM is a statistical methodology that uses a confirmatory, rather than an exploratory, approach for data analysis of a structural theory (Byrne, 2001). There are several distinguished characteristics of SEM which support the utilization of SEM in this study. First, SEM incorporates the strengths of multiple regression analysis, factor analysis and multivariate ANOVA (MANOVA) in one model that can be assessed statistically and simultaneously (Hair et al., 2010; Hoyle & Smith, 1994). Second, SEM has an ability to represent both observed (measured) and unobserved (latent) variables in the relationships and correct the measurement error in the estimation process (Hair et al., 2010). Third, SEM allows directional predictions among a set of independent or a set of dependent variables as well as evaluates modeling of indirect effects (Hoyle & Smith, 1994).

Fourth, researchers could obtain the overall measures of model fit using SEM (Peyrot, 1996). According to Anderson and Gerbing (1988), a two-step modeling approach was employed for modeling the data in this study. The first step involves the development of measurement models using CFA to attain the best fitting group of items to represent each scale. The second step performs the specification of the structural model. For the first step, the measurement model specifies how the latent variables are measured in terms of the observed variables. For the second step, the structural model specifies the causal relationships among the latent variables, describes the causal effects and the amount of unexplained variance.

Findings

A simplified form of the model depicting hypothesized relationship is indicated in Figure 1.

In this study Discriminant and convergent Validity has been tested for organizational factors and corporate entrepreneurship as well as performance in this study. AVE is more than 0.5. Furthermore all factors loading are above 0.5 for this construct and Maximum Shared Variance (MSV), and Average Shared Variance (ASV) should be below AVE. In this study MSV and ASV are below AVE. AVE for each construct is more than each of the squared correlation between two constructs. The individual validity has been tested for organizational conditions, The results indicated that goodness-of-fit indices GFI, CFI, and IFI significantly pass the cutoff value (0.9). In addition, the RMSEA was below (less than 0.08), which fell between the recommended range of acceptability.

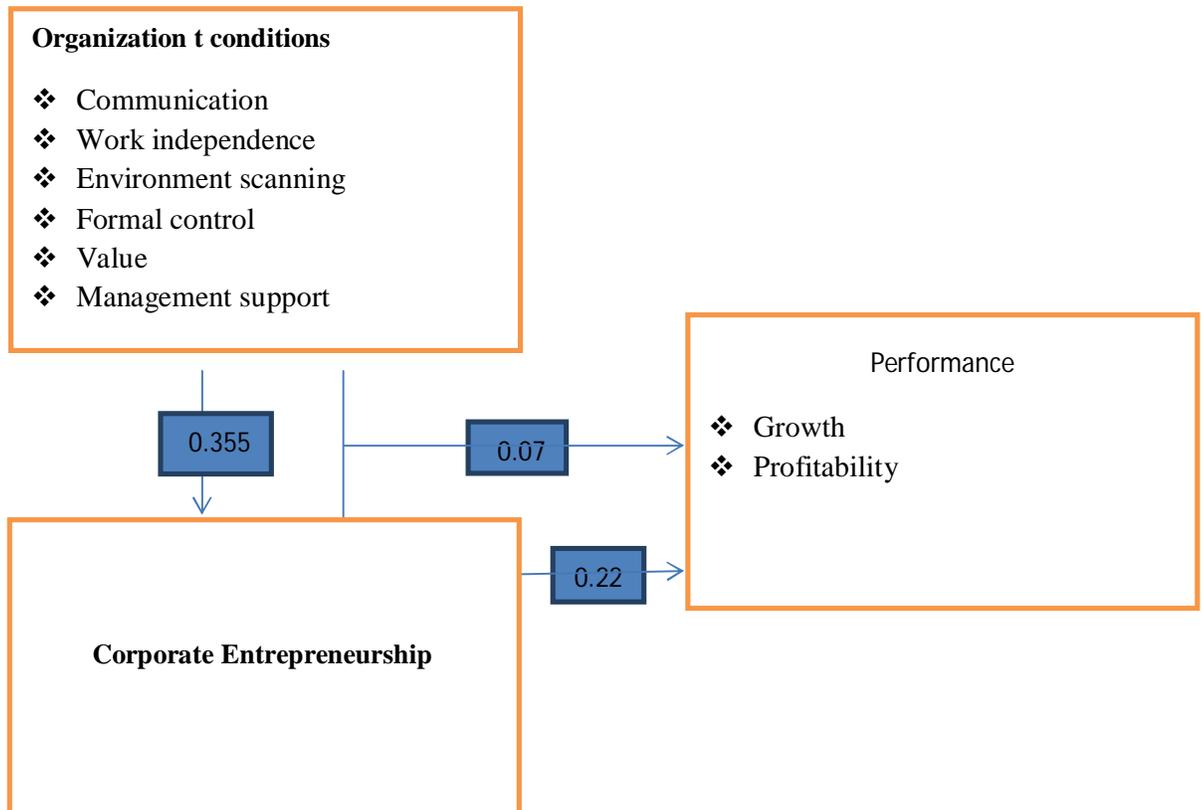


Figure 1. Model of corporate entrepreneurship and performance

Hypotheses testing

Three sets of hypotheses were tested the direct impact of organizational condition on corporate entrepreneurship as well as the direct and indirect effect of environmental condition on performance

Organization condition and corporate entrepreneurship:

The first set of hypotheses looks at the direct relationship between organization conditions and corporate entrepreneurship. As indicated in table 2

Organization conditions and performance:

The relationship between environment scanning and entrepreneurship was significant (B=0.292, p<0.05). The relationship between value and entrepreneurship was significant (B=0.366, p<0.05). The relationship between organization communication and entrepreneurship was significant (B=0.437, p<0.05). The relationship between formal control and entrepreneurship was significant (B=0.218, p<0.05) with 21% prediction. The relationship between management support and entrepreneurship was significant (B=0.484, p<0.05). In addition, the relationship between work independence and entrepreneurship was significant (B=0.269, p<0.05) with 26% ability to predict.

Corporate Entrepreneurship and performance:

The final set of hypotheses looks at the direct relationship between corporate entrepreneurship and firm performance (growth, profitability).

There is significant relationship between entrepreneurship and organization performance. (B=0.226, p<0.05) with 22 percent ability to predict.

Table 2: Standard estimate for final model

| Items | B | S.E | β | C.R | P value |
|--|-------|-------|-------|--------|---------|
| Organization Performance <--- Entrepreneurships | 0.409 | 0.185 | 0.226 | 2.204 | 0.028 |
| Business venturing (BD) <--- Entrepreneurships | 0.999 | 0.141 | 0.617 | 7.067 | *** |
| Self-renewal (BB) <--- Entrepreneurships | 1.582 | 0.208 | 0.904 | 7.609 | *** |
| Innovative (BA) <--- Entrepreneurships | 1.498 | 0.178 | 0.796 | 8.419 | *** |
| Profitability (FC) <--- Organization Performance | 0.988 | 0.081 | 0.763 | 12.134 | *** |
| Growth (FD) <--- Organization Performance | 0.755 | 0.088 | 0.598 | 8.540 | *** |
| Importance level of performance components for your organizational unit (FB) <--- Organization Performance | 1.036 | 0.087 | 0.820 | 11.951 | *** |
| Entrepreneurships <--- Organization | 0.202 | 0.103 | 0.335 | 1.964 | 0.049 |
| Organization Performance <--- Organization | 0.361 | 0.175 | 0.331 | 2.061 | 0.039 |
| Environment scanning (CG) <--- Organization | 1.333 | 0.134 | 0.880 | 9.934 | *** |
| Value (CF) <--- Organization | 0.578 | 0.128 | 0.356 | 4.527 | *** |
| Communication (CE) <--- Organization | 0.514 | 0.085 | 0.476 | 6.067 | *** |
| Formal Control (CD) <--- Organization | 0.780 | 0.082 | 0.676 | 9.468 | *** |
| Work Independence (CB) <--- Organization | 0.832 | 0.048 | 0.867 | 17.303 | *** |

*=0.01 **=0.05 ***=0.001

Table3: Sub dimension of each dimension

| Items | B | S.E | β | C.R | P value |
|--|--------|-------|--------|--------|---------|
| Entrepreneurships <--- Environment Scanning | 0.108 | 0.027 | 0.292 | 4.022 | *** |
| Organization Performance <--- Environment Scanning | 0.150 | 0.034 | 0.241 | 4.405 | *** |
| Entrepreneurships <--- Value | 0.131 | 0.027 | 0.366 | 4.854 | *** |
| Organization Performance <--- Value | -0.059 | 0.035 | -0.101 | -1.715 | 0.086 |
| Entrepreneurships <--- Organization communication | 0.201 | 0.039 | 0.437 | 5.184 | *** |
| Organization Performance <--- Organization communication | 0.055 | 0.057 | 0.064 | 0.965 | 0.334 |
| Entrepreneurships <--- Formal Control | 0.059 | 0.021 | 0.218 | 2.805 | 0.005 |
| Organization Performance <--- Formal Control | 0.037 | 0.032 | 0.058 | 1.150 | 0.250 |
| Entrepreneurships <--- Management Support | 0.289 | 0.050 | 0.484 | 5.821 | *** |
| Organization Performance <--- Management Support | 0.277 | 0.063 | 0.278 | 4.377 | *** |
| Entrepreneurships <--- Work Independence | 0.254 | 0.050 | 0.411 | 5.136 | *** |
| Organization Performance <--- Work Independence | 0.285 | 0.064 | 0.269 | 4.477 | *** |

*=0.01 **=0.05 ***=0.001

Limitation of research

The researcher for performing each research is faced with several impediments and problems that may be different depending on conditions of region, type of research and methodology. This thesis attempts to solve these impediments Time& Financial Limitations: Whereas it shall be performed within specific time Naturally one of the main problems of research was limited time and finance which required exact planning Broadness of Universe: Sistan Balouchestan as one of the greatest provinces of Iran has several cities. Whereas sample size of this research was total available jobs in this province, in general accessing to them was impossible; in which, this problem rose while collecting data and in order to solve this issue the research team applied email for easy

access to respondents. Especially most of them are refused to give real data which were related to income and wealth. Lack of cooperation of participants for completing questionnaire: Some people due to negligence from topic of research did not have enough self-esteem or interest to complete it; in which, researcher for having access the volume of required used more people and distributed more number of questionnaires.

DISCUSSION AND CONCLUSIONS

In the final section the findings are summarized, contributions and implication are discussed, future research opportunities are mentioned and conclusion is drawn.

Summary of finding

This study tries to demonstrate the effect of organizational factors and corporate entrepreneurship in Iranian small and medium enterprises.(SMEs) Results of SEM indicated that Organizational factors were effective regarding corporate entrepreneurship and respective research hypotheses were approved.

Based on fit indices, it can be said that the structural model designed for corporate entrepreneurship model was acceptable and valid in terms of the relationships between structures, and the constructions used for measuring the model showed reasonable adaptability with its factor infrastructure. Accordingly, it can be said that the corporate entrepreneurship model presented and approved in this study is acceptable as an indigenous model with respect to the current status of the active companies in Iran and can be presented and exploited regarding the specific qualities and conditions of such businesses.

One of the most effective factors on entrepreneurship process is organizational factors. In fact, entrepreneurship covers both organization and people. Small and medium size enterprises are strongly influenced by organizational factors and these factors may have either positive or negative influence on developing entrepreneurship. If environment is not compatible with entrepreneurship activity, it is regarded as the greatest impediment for developing entrepreneurship; meanwhile, a supportive environment encourages entrepreneurs for searching to find new business, coping with ever changing environment and organizational factors are regarded as the most important factors for determining either success or failure of developing entrepreneurship. This study also confirmed previous research result in term of positive relationship between environmental factors and corporate entrepreneurship. Hornsby, et al (1993) ,Antoncic and Hisrich ,(2001), Lumpkin and Dess,(1996) ,Zahra .et al (2005).

Results of SEM indicated that organizational factors were effective regarding organization performance except value, organization communication and formal control .However, another outcome of this research is studying the relationship between inner organizational variables, and organizational performance with respect to level of literacy and organizational growth, that was revealed the fact that there is significant relationship between this variable and organizational performance.

Within today's competitive environments, recognizing organizational factors has a key role on 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. Within different researches, the relationship between environmental factors and organizational performance is studied and existence of such relationship is confirmed such as: Barrett et al, (2005) ,Russel& Kerry, (2008) ,Mansor& Mat, (2010) ,Hassim et al., (2011) ,(Hitt et al., (2011) ,Arabaci, (2010).

Results of structural equation model revealed that the relationship with corporate entrepreneurship is effective on organizational performance so the research hypothesis was confirmed. In addition, this study confirmed the relationship between organizational performance, environmental factors, organizational factors and corporate entrepreneurship. Whereas fitting index stated that structural designed model for corporate entrepreneurship is acceptable and valid for fitting and studying relationship between variables. Therefore, it is possible to say that the corporate entrepreneurship model offered here, is confirmed and according to status of available active enterprises in Iran, this model is accepted as native model and in compliance with properties and specific conditions, such business, it is acceptable and applicable.

Contribution and Implications

In this section, contributions and implications of the study will be presented both theoretically and practically, and new horizons which are opened in this field, will be explained.

Perhaps, the above point is the first main theoretical contribution of the present, besides approving previous models. On the other hand, although several studies may have conducted on corporate entrepreneurship and the factors influencing it in Iran and/or other countries, they have not been so much focused on the effect of organizational components in a systematically. Specifically in Iran, even less attention is drawn to the effect of these factors. And, in most studies, only the effect of individual characteristics is considered. But as mentioned

before, here, the effect of these important factors is discussed with respect to the components composing each one of them.

In addition, as seen in the model of the study, as well as simultaneous examination of organizational and environmental factors on corporate entrepreneurship, the effect of these variables was examined simultaneously and related to corporate entrepreneurship on organizational performance which had not been done so far in Iran and in such a comprehensive form. Moreover, it must be noted that with respect to the socio-economic conditions in Iran and some unique characteristics of such businesses in this country, presenting such a model can be taken as the basis for future planning.

Another theoretical contribution of the present study is to define the unique components and variables added to the variables developed in previous models and it is richer in this regard. In the model by Antoncic and Hithrich (2001) regarding the organizational factors cited in the model, organizational components interactions, formal control, environment scanning, organizational support, and values were implied. Here the components like organizational, work independence were also indicated based on the present study which has played a significant role.

In addition to the above mentioned points, using SEM through AMOS in this study is a highly effective and suitable method for data analysis and defining unobservable and observable existing relationships, and testing the model which in pervious comprehensive research was done by Antoncic and His rich that they used ESM by means of EQS. This study will help policy makers, investors and entrepreneurs to make better decision-making, for future investment with considering and applying all effective organization factors which are necessary for emerging new established companies and helping to stay valid and competitive in domestic as well as global market. Also identifying weakness and straight of company as well as increasing profitability and gain from global market will be accomplished. As we have witnessed in other countries especially developed countries increasing a number of SMEs in all sectors especially in industrial sector will lead to job creation , reducing poverty ,increasing export and decreasing import as well as increasing GDP of country and faster growth and development of countries especially among developing and less developing countries .

Future research opportunities:

Considering the process and results of the study, we can make suggestions for further studies in this area and some of which will be implied below:

Conducting Comparative Studies with Other Countries:

This study was conducted in Iran so the results are based on the conditions of this country. While by conducting comparative studies with other countries including developing ones, it is possible to identify the weaknesses and strengths of each of them.

Conducting Longitudinal Studies

However, this study was carried out in a certain and special time interval. While conducting a longitudinal study can show the influence of effective factors better in a longer time and present more negotiable findings.

Examining the Obstacles of Corporate entrepreneurship

Definitely, developing entrepreneurship in these businesses has various obstacles in cultural, infrastructural, supportive, policy making, financial, and similar areas. And, it is possible to carry out more suitable executive strategies and policies as well as better long term planning regarding the development of entrepreneurship in small and medium businesses by studying, examining, and identifying these obstacles.

Conclusions

As mentioned, the present study was done with the aim of presenting a process-model of corporate entrepreneurship in Iran's small and medium Enterprise which was confirmed by applying the SEM model for research hypotheses related to the effect of the relationship between organizational factors on corporate entrepreneurship and the direct and indirect effect of organizational conditions on organizational performance in these businesses. The complexity and turbulences of today's business environment have pushed the organizations to enhance their abilities to react to the environmental changes. In response to considerable changes in the business environment, many organizations have a lot of entrepreneurship issue. So, if businesses cannot promote their entrepreneurial capabilities, besides not being able to compete other businesses, they cannot employ all their capacity and power. The findings of this study demonstrate that organizational condition has strong direct effect on corporate entrepreneurship and also has positive direct and indirect effect on performance ,the environmental complexity additionally influenced performance and corporate entrepreneurship has direct effect on performance .We should mention that corporate entrepreneurship has a mediation role between organizational condition and performance.

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