

# Corporate Entrepreneurship Antecedents and Firm Performance in Iranian Manufacturing SMEs: Mediating Role of Corporate Entrepreneurship

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## ABSTRACT

The primary purpose of this article is to clarify the nature of Corporate Entrepreneurship with investigating the relationship of environmental and organizational factors with Corporate Entrepreneurship and Firm Performance. This study contributes to a better understanding of the relationship between corporate entrepreneurship and performance by developing and testing a normative model, which clarifies the nature of the influences of corporate entrepreneurship and its environmental and organizational antecedents on organizational performance. The finding of structural equation model modeling ,based on survey data form 280 Small and medium enterprise in Iran demonstrate that environment as well as organization condition and corporate entrepreneurship and some its contingency make a different in Corporate entrepreneurship and organization performance . Therefore, the model offered in this research, upon being tested with the, showed a positive effect in the correlation between organizational, environmental factors and corporate entrepreneurship. Further, organizational performance was a compatible factor contributing to the improved status of active small and medium size enterprises.

**KEY WORDS:** Corporate Entrepreneurship, Small and Medium Size Enterprises, Organizational Performance

## INTRODUCTION

The concept of Corporate Entrepreneurship (generally called Organizational Entrepreneurship or Entrepreneurship Activity) has been studied for over 3 decades. Scientists such as Peterson and Berge (1971), Pinchot (1985), Hanan (1976), were among the first that offered definitions of this concept. Further, the Organizational Renewal Process was then defined by Sathe (1985). In fact, Corporate Entrepreneurship both stimulates and encourages innovation in organizations that are familiar with the nature of entrepreneurship. Simply, it requires developing their entrepreneurship activities within the organization. Entrepreneurship is not only for the creation of a new business but also for other innovative activities and approaches such as developing products and services, new technology, administrative techniques and business strategies . Corporate entrepreneurship research normally focuses on two things: the factors of a company's external environment and organizational-level internal factors. In research related to Corporate Entrepreneurship, researchers applied different criterions for the conceptual modeling of Corporate Entrepreneurship.

In today's changing world, the success belongs to the organizations and societies which can make a significant relationship between the rare resources and managerial and entrepreneurial capabilities of their human resources. It can be said that a society or organization can have a fast and ongoing movement into more advancement that with developing required conditions will provide their human resources with knowledge and entrepreneurial ability. Therefore they, by means of this capability will conduct the other society and organizational resources into establishing values and achieving the growth and development.

These days that work and activity have got a new form and also they are shifting into self employment, entrepreneurship and entrepreneurs have the key role related to trend of economical advancement and development in different societies. The experience of some countries such as Japan, South Korea, Malaysia and India had a lot of remarkable entrepreneurial activities and they nowadays they are proud of the advancements of their countries. It should be considered that entrepreneurs will not only focus on providing new employment opportunities but also with structure, activity and culture will do the creative destruction in order to cause advancement and improvement from the old constructions. By considering the important role of entrepreneurship and entrepreneurs related to development of a lot of countries and also by considering the vast economical issues that our country have been facing with and needs help from anywhere, expanding the entrepreneurship concept, providing the supportive culture for entrepreneurship and most important training the individuals especially the educated people for organizational entrepreneurship for all of the societies and specifically the developing countries such as Iran, has the vital and necessary importance.

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Entrepreneurship is a driving force for modern economies and societal development through both economic growth and the generation of employment and the promotion of 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 proactivity and innovation as shown by corporate processes, practices and activities .Proactivity 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 that can lead to new products and services.

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

In today's advancing and innovative world, which impacts the living directly or indirectly, success will come to those societies which have the most professional experts, as well as innovative and independent-minded human resources. The reason is that in the current global context, innovative individuals who are assumed to be entrepreneurs are considered the basis of the dynamic evolution of industry, services and educational fields (Candida, 2008).

Entrepreneurship is a dynamic process, which includes advancement, innovation, improvement and the definition of company objectives. This process requires motivation and knowledge of the human resources capable of creating and realizing new ideas and functional solutions (Kuratko&Hudgets, 2007).

It can be said these days that some motivating factors such as global competition, the small size of most organizations, the decrease of organizational levels, the speedy advancement of technology and so on, have pushed business organizations to encourage and foster entrepreneurship in order to advance and survive in the society (Russell & Kerry, 2008).

The results of studies and investigations in past decades demonstrated that corporate entrepreneurship is considered one of the national resources of a nation. One of the reasons for the importance of corporate entrepreneurship is that the economic development of countries is dependent on corporate and independent entrepreneurship. These resources are both the competitor and complement of each other. It means that the countries can only have a dynamic and competitive economy by instilling and supporting both corporate entrepreneurship and independent entrepreneurship (Lumpkin, 2006). In fact, the corporate entrepreneurship covers situations in which (1) a current operating organization enters a new business market (2) one or more persons suggest the idea of establishing a new organization related to the activities of the operational organization (3) an entrepreneurial philosophy introduces new perspectives on the operation of an organization (Covin& Miles, 1999). Entrepreneurship might be established in an organization in official and unofficial manner, or as a new business, and then by means of product innovation market growth is generally accomplished.

These activities can be at different company levels; such as the organizational, sectional, operational, and project developmental aspects - and all of them have a similar goal - the improvement of competitiveness and profitability of an organization (Zahra, 2007).

Thus, economic development in today's world is based on innovation, creation, application of knowledge, and entrepreneurship. On the other hand, nowadays small and medium size enterprises play a key role in the economy, social growth, and development process. These businesses, due to having a great share in national gross production, employment, and reducing economic problems, have crucial importance. Nowadays, entrepreneurship in small and medium enterprises (SMEs), as a strategy to overcome the transition period, is recommended for both developing and developed nations. Of the 350 million industrial-commercial units with over two billion staff currently working in the world, more than 90% of them are small and medium enterprises. These small and medium businesses are able to become global via their own services and products by taking advantage of the presented strategies and patterns.

Nations such as Iran have suffered due to a kind of historical determinism, and to walk the path that others (developed and developing countries) have trodden is now a challenge. Therefore, it is necessary for planners and policy makers to pay specific attention to this issue in order to take due action for improving such institutes. Scholars and researchers in their studies found that the solution to this problem is having more effective small and medium size enterprises, and developing entrepreneurship culture in all stages and processes of the organization. Therefore, developing entrepreneurship is a key important issue, which leads to improving organizational performance. Nevertheless, corporate entrepreneurship is influenced by Organization and environmental factors and is regarded as a preventive and progressive factor.

### **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 improved performance.

Overall, previous research results have demonstrated that there are some influential factors in the development of entrepreneurship in SMEs. In this part we will look at the literature related to organizational and situational factors that affect corporate entrepreneurship, and also, the relationship between corporate entrepreneurship and organizational performance.

### **Environment characteristics of corporate Entrepreneurship:**

Expanding, becoming more complex and competitive in business due to globalization, trade, rapid growth of technology, diversity, short-life of products, and changing customer needs, has attracted the attention of many researchers studying 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 relations 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).

Most of the studies on corporate entrepreneurship since the very beginning have been devoted to experimental research. They examined the requirements and inputs of corporate entrepreneurship, and the results of all this research indicated that the internal organizational component plays an important part in inspiring members towards entrepreneurial activity (Zahra - 2007).

Results of specific studies show that environmental characteristics such as dynamism, technological opportunities, demand for new products and competitive rivalry, have had positive effects on corporate entrepreneurship and organizational performance in the industrial sector of the US and Slovenia (Antoncic & Hisrich2001).

The first studies to apply a contingency perspective on the above-mentioned relationship – studies that now form a significant part of specialized literature – focused on the influence of the different dimensions of a companies' general environment, such as dynamism - hostility or heterogeneity (Alvarez & Barney 2005, Miller Friesen 1983, Ucbasaran, Westhead, & Wright 2001, Zahra & Covin 1995). Generally, researchers agree that the positive effects of entrepreneurship increase in dynamic and complex environments characterized by uncertainty.

In a in-depth study of DuPont, Bhardwaj et al (2006) 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 the contingencies of the entrepreneurship-firm performance. A review of literature on corporate entrepreneurship and organizational performance show that most previous studies have been made by large organizations. Corporate entrepreneurship is important not only for large corporation but also SMEs as well ,(Covinand Slevin; Antoncic ,2003,2009). Consequently, there is a gap in knowledge about the causal relationship among significant factors in small and medium enterprise SMEs, which, as mentioned, are more important and have a strong effect on economies of nations.

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

Research results show that internal organizational elements encourage people to organize their entrepreneurial activity and organizational performance too (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 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 & Bulut (2008) proved that there was a significant positive relationship between Organizational Entrepreneurship and Organizational Performance amongst Slovenian and Romanian companies. Results of other studies demonstrate that organizational entrepreneurship has a great impact on the 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 added to this relationship leads to a direct decline in the relationship between entrepreneurial activity and performance.

Research studying influential factors on organizational entrepreneurship led to recognition of several significant factors including job options, management support, accepting risk, bonus and promotion, innovation, financial support, time management and organizational fields that support entrepreneurship activity in organizations (Wyk & Adonisi 2011). Another researcher found that organizational characteristics including communication, formal control, environmental scanning, organizational support and value, had positive impacts on corporate entrepreneurship and organization performance in the industrial sectors of the US and Slovenia. Past research has examined the relationship of organizational and environmental conditions as well as performance with corporate entrepreneurship , there have been only a few studies where examined corporate entrepreneurship model were built and explored .

### **Theory and Hypothesis that form normative model**

Hypotheses development is discussed in terms of the relationship between Environments, Organizational factors, Corporate Entrepreneurship and Performance - as well as the influence of corporate entrepreneurship on performance in Iranian small and medium enterprises.

*Environment conditions and corporate Entrepreneurship.* The external environment has historically been viewed as a determinant of entrepreneurial activity at both the individual as well as the organizational level (Covin and Slevin, 1991). Researchers building contingency models (Zahra, 1991; Russell and Russell, 1992; Naman and Slevin, 1993; Zahra and Covin, 1995; Antoncic and Hisrich, 2001) or using frameworks (Badguerahanian and Abetti, 1995) to explain and predict corporate entrepreneurship and its outcomes tend to incorporate, in addition to internal variables, a set of external environmental variables. In terms of influencing corporate entrepreneurship, the external environment is an important determinant (Miller, 1983; Khandwalla, 1987; Covin and Slevin, 1991; Zahra, 1993a; Zahra and Covin, 1995; Dess et al., 1997). Certain environmental characteristics, such as dynamism, technological opportunities, industry growth, and demand for new products may cause firms to engage in entrepreneurial behavior.

. Dynamism creates opportunities for a firm 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. , Wiklund and Shephrad (2005) realized that environmental dynamicity modifies the relationship between entrepreneurial tendencies and the performance of companies - and as the rate of environment dynamicity increases, the relationship between two variables becomes more significant.

The availability of technology is another organizational aspect affecting corporate entrepreneurship, and provides and promotes the level of entrepreneurial and innovative activity in organizations – having an impact on organization performance (Gantsho 2006). Applying new technology helps organizations extend organizational boundaries, and provides a basis for the prosperity of ideas from a variety of sources (O'Hara-Ddevereaux & Johansen 1994, Schrage 2000, Thomke 2001). Accordinr 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 about research and development investments. Technological changes may affect the product demand and can be the cause of success or failure (Burgelman & Rosenbloom 1989, Teece & Pisano 1994, Lehrer 2000). In new economic situations characterized by dynamism and complexity, firms must develop new responses in order to survive and become prosperous. In such contexts, firms' corporate entrepreneurship activity is of increasing importance - becoming an essential condition for wealth creation (Phan, Wright, Ucbasaran & Tan 2009, Zahra, Filatotchev & Wright 2009). These days, strategic planning and renewal have become a significant issue in organizations. Many researchers and executives have argued that strategic planning is an essential for businesses of every size. Crawford and Ibrahim (1985), Handfield et al (2009) found that organizational entrepreneurship improves organizational performance. Wang & Zhang (2009), in their research on China, found that not all the aspects of organizational entrepreneurship necessarily influence organizational performance. Research carried out shows that one of the most influential factors increasing the abilities of human resources and attitudes in an organization is the exact evaluation and generated appropriate thinking capital. Having skillful and experienced employees assists the creation of knowledge that leads to improving learning and innovation in any organization, and will inevitably lead to increased CE and OP (Hsu & Fang 2009). Than in order to advance theory it is need and necessary to develop alternative hypotheses that investigate the direct and indirect effects. This researcher contends for the following hypothesis:

**H1.** Corporate Entrepreneurship will be positively directly influenced by : (a) Technological opportunities ; (b) The extent of environmental dynamism ; (c) Environmental complexity;(d) strategic orientation ; (e) resource access

Since corporate entrepreneurship is predicted to induce organizational performance in terms of growth, profitability, , these environmental conditions may also have an important indirect influence on organizational performance. A recent study (Antoncic and Hisrich, 2001) demonstrated that the environment tends to have a

strong indirect impact, which is mediated by corporate entrepreneurship, on firm performance. It is clear from various studies that the relationship between organizational performance and environmental elements has been analyzed, and confirmed (Kerry & Russell, 2008, Mat & Mansor, 2010 ;Hassim , 2011 ,Hitt, 2011). In this study we will learn which organizational and environmental factors have a higher, lower, or no impact on OP - and in this regard, due to the effect of important factors, both direct and indirect, on the environment characteristics of OP in Iranian SMEs, this researcher contends for the following hypothesis:

**H2.** Organization performance (Growth and profitability) will be (with mediation role of corporate entrepreneurship) positively influenced by: (a) Technological opportunities; (b) The extent of environmental dynamism; (c) Environmental complexity; strategic orientation; (e) resource access

*Organization factor and corporate entrepreneurship.* The existing organization presents an opportunity structure for entrepreneurship (Burgelman, 1983). Previous research has focused on the type of intra-organizational environment impediments as well as the benefits of developing entrepreneurship in corporations (Souder, 1981; Schollhammer, 1982; Kanter, 1984, Pinchot, 1985; Luchsinger and Bagby, 1987; Hornsby et al., 1993). Organizational support and formal controls are two organizational factors that can be strongly conducive to corporate entrepreneurship (Antoncic and Hisrich, 2001).

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 in encouraging and enhancing their efforts to promote entrepreneurial activity. One way to identify these attitudes is to analyze medium managers' perceptions of the significance of their support for corporate entrepreneurship (Lichtenthaler 2005). 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). one the ways to reinforce entrepreneurship is in endowing freedom to 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). In sum, to reinforce entrepreneurship a company must 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). 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). The basic role of entrepreneurial culture in motivating and shaping entrepreneurial activities is a topic that challenged many researchers when compared with 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 can be and have developed and expanded (Thornberry 2003).

Based on this research, it is expected that organization conditions will be positively related to the extent of corporate entrepreneurship;

**H3.** Corporate Entrepreneurship will be positively directly influenced by: (a) Management support ;(b) formal control; (c) work independence ;(d)Value ;(e) culture

The fact of influencing organizational factors on the performance of organizations received great attention from many researchers - and the efficiency and performance of an organization depends on several factors including: organizational factors (Barrett, 2005, Boyd & Begley, 2007 Soonhee, 2009, Ibrahim, 2009 Chiva & Alegre, 2009, Engelen, 2010, Arabaci, 2010), firm strategy Since corporate entrepreneurship is designed as a direct antecedent of organizational performance in terms of growth, profitability, and new wealth creation (see H1),

the organizational factors previously discussed may have an important indirect influence on organizational performance. As one study (Antoncic and Hisrich, 2001) demonstrated, organizational support and formal controls tend to have strong indirect impacts, which is mediated by corporate entrepreneurship, on firm performance. This research forms the basis for the following hypothesis:

**H4.** Organization performance (growth and profitability) will be (with the mediation of corporate entrepreneurship) positively influenced by : (a) Management support ;(b) formal control; (c) work independence ;(d)Value ;(e) culture

#### *Corporate entrepreneurship and organization performance.*

Corporate entrepreneurship (CE) has been known as a crucial factor in the success of firms (Waterman & Peters, 1982, Pinchot, 1985, Kanter, 1984, Amit & Thronhill, 2001, Covin & Miles, 2002) because it has proven success in the survival of firms, their performance and growth (Hornsby, 1993, Hisrich & Antoncic, 2001, Dess & Lumpkin, 1996, Zahra, 2005).

Zahra, in 1991, analyzed a limitation in the empirical completion proof of the relationship between CE and an organization's performance - an element that brought concerns that CE might become another temporary trend in management style. Although some studies have tried to satisfy this limitation (Slevin & Covin, 1991, Covin & Zahra, 1995), there still is a lot to be understood about the process and substance of CE. This research forms the basis of the following hypothesis:

**H5.** The extent of corporate entrepreneurship will be positively related to organization performance in term of : (a) growth ; (b) profitability .

## METHODOLOGY

The research methodology will be discussed in terms of sampling, data collection, measuring instruments and data analysis.

#### *Sampling and data collection*

This purpose of this research is in the application of studied factors and that of data collection - which survey research. The statistical arena of this research is to do with the managers and management of SMEs in the Iran and the survey covers 326 people. By using the Morgan table and classification sampling method 280 people were selected and the deduced volume sample was 240. In order to deduce the volume number, nearly 280 questionnaires were distributed among the selected respondents - of which 40 were not returned or had incomplete information. Finally, 240 questionnaires were returned bearing complete information. In fact, the return rate of questionnaires was 84.6%. Although the number of collected questionnaires was higher than the required number, in order to increase precision, the information of 240 questionnaires was carefully analyzed. To select the best samples we benefited from the classification sampling method - arranging suitable appointments in each selected city as a class of society and so the desired sample was collected.

#### **Measuring Instruments**

In studies of corporate entrepreneurship, field scientists have always used two ways to measure desire/ambition and entrepreneurial activities. The most effective solution was called ENTRESCALE and first used in 1977 by Khandwalla. 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 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. Antoncic 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 measures a combination of three-dimensional factors such as entrepreneurs and entrepreneurial actions. A scale that uses five-dimensional factors, including entrepreneurial desire, was utilized by Lampkyn & Des. Antoncic and Hisrich (2000, 2001, 2002) - by combining these two scales developed a new method for measuring the concept of corporate entrepreneurship - including three dimensions of innovation: proactivity, new business venturing and self-renewal.

There is no doubt that the concept of corporate entrepreneurship initially requires identifying entrepreneurial companies. This is achieved with extraction, definition and applying the components of

corporate entrepreneurship. Components of Corporate Entrepreneurship consist of 4 variables (5 structures), self-renewal (5 structures), pioneering (3 structures), and new business venturing (4 structures).

According to Antoncic et al, performance was measured according to growth and profitability in absolute and relative terms (Antoncic 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 connection to competitors (Chandler & Hanks 1993) and its expansion (Antoncic and Hisrich 2001, 2004), it refers to the company's profitability in comparison to all competitors, as well as to competitors that are at about same age and stage of development.

Further data collected on a companies' income, rate of return of income, and rate of return on assets, shall be compared for every SME to find out the relationship between CE, profitability and growth. Performance of Organization consists of 6 variables: 3 variables showing the level of profit making such as income, income return rate and asset return rate, and other 3 variables referring to organizational growth - income growth, profit making growth and recruitment growth.

In order to measure influential environmental factors on entrepreneurial activities our study uses assessment instruments of previous studies conducted by Hornsby et al (1990), Kuratko et al (1993), Hornsby, Kuratko, Zahra (2002), and Zahra (2007, 2010) and so on. Finally, the last three components of the internal environment were extracted from previous research (Gantsho 2006). Environmental factors consist of dynamism (7 structures, complexity (3 structures), technological opportunity (3 structures).

In this study the characteristics of an organizations' components include seven structures. These components are considered in a lot of research 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). Inner Organizational Variables consist of management support from corporate entrepreneurship (13 structures), working independence (7 structures), formal control (7 structures).

### **Data Analysis**

Factor analysis is a statistical method that can be employed to analyses interrelationships among a large number of variables, and to explain these variables in terms of their underlying factors (Hair et al., 2010). In general, factor analysis is categorized into two types, namely, Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). This study employed both EFA and CFA.

Data was analyzed using Amos software and benefiting from the structural equation model. In this research it was applied via the related fit index including  $\chi^2$ , RMR, Normed Fit Index, Incremental Fit Index (NFI), Comparative Fit Index (CFI), Goodness-of-It (GFI) and the Root Mean Square Error of Approximation (Joreskog & Sorbom). In order to study whether a model has more appropriate performance than other models the following fit models were applied: Goodness-of-It (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 to the 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 the ability to represent both observed (measured) and unobserved (latent) variables in the relationships of variables and correct for measurement error in the estimation process (Hair et al., 2010). Third, SEM allows directional predictions among a set of independent or dependent variables as well as evaluate modeling of indirect effects (Hoyle & Smith, 1994). Fourth, researchers can obtain the overall measurements of fit model using SEM (Peyrot, 1996).

Consistent with Anderson and Gerbing (1988), a two-step modeling approach was employed to model 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 identifies and follows the specifications of the structural model. In 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 relationships is shown in Figure 1.

In this study Discriminant and Convergent Validity has been tested for environmental and organizational factors, corporate entrepreneurship, as well as company performance. The results show that Composite

Reliability (CR) was applied and were accepted for all components. In addition, in this study, AVE is above 0.5 for all except dynamic. Furthermore all factors loading are above 0.5 for this construct. The MSV and ASV for organization component are below AVE. In addition, AVE for each construct is more than each of the squared correlation between two constructs. Therefore, discriminant validity is adequate for organizational components. The individual validity has been tested for all environment as well as organizational conditions ,The results indicated that goodness-of-fit indices such as the 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. Path model with  $\chi^2$  (175) = 466.264, p=0.000,  $\chi^2/DF$ =2.664, GFI=0.915; AGFI=0.956, RMSEA= 0.073. In this study, due to the measuring of all constructs by multi-item scales, the parcel (sum or averages of items) was used as an indicator of latent variables. Parceling was used for all the dimensions of IVs, DV and mediation. According to Ho (2006), instead of using individual indicators to represent latent variables, a common practice involves creating item parcels based on sums of responses to individual items and then using scores on these parcels in the latent variable analysis.

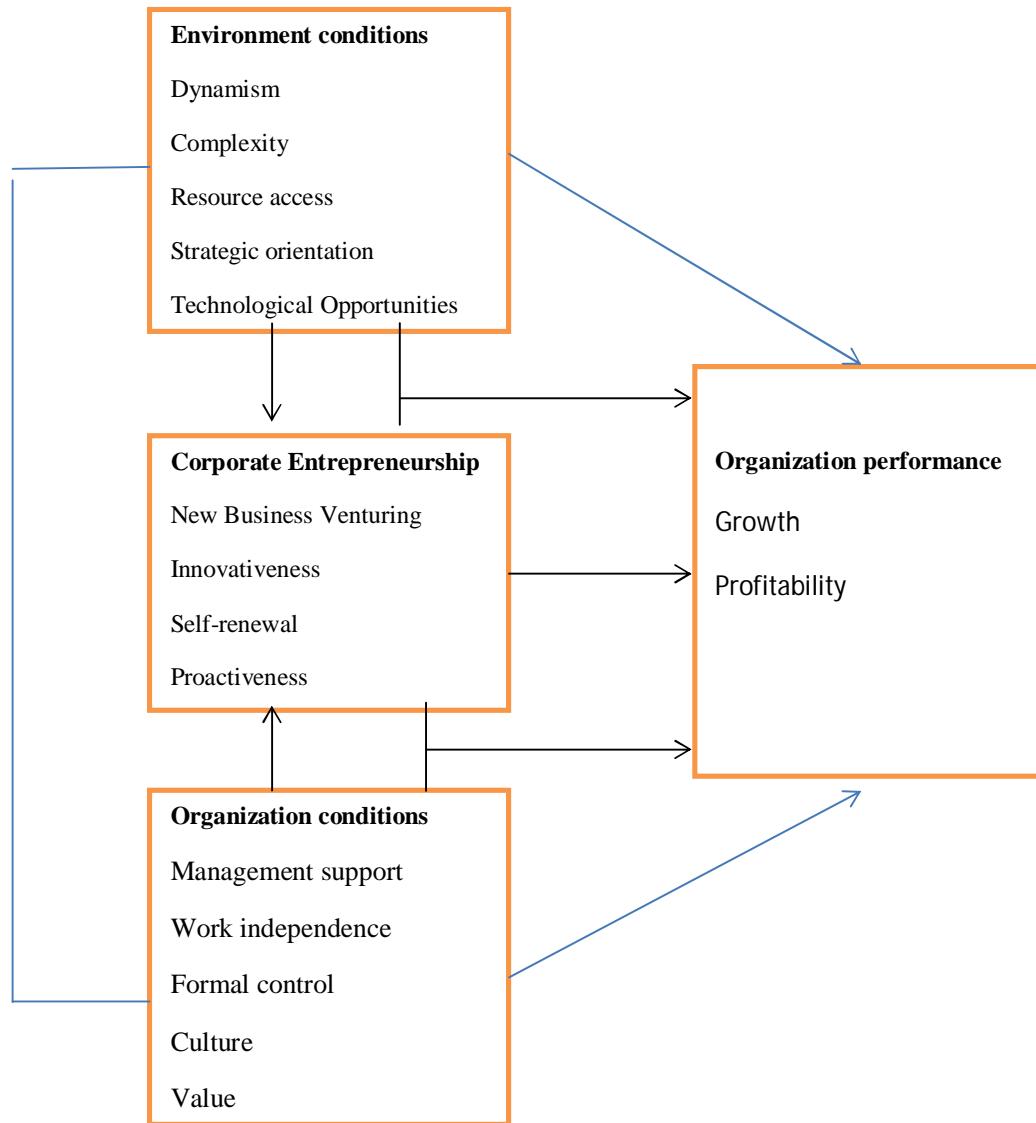


Figure1: Theoretical model of relationship between, organizational and environmental components within CE and Organizational performance.

#### **Hypotheses Testing**

Three sets of hypotheses were tested – the direct impact of environmental and organizational conditions on corporate entrepreneurship, the direct and indirect effect of environmental conditions on performance and the impact of corporate entrepreneurship on organization performance.

### ***Environment conditions and corporate entrepreneurship - as well as organization performance***

Based on Table 2, the relationship between dynamism and entrepreneurship was significant and positive ( $B=0.351$ ,  $p<0.05$ ) with 35% prediction. In addition, the relationship between dynamism and organizational performance was significant ( $B=0.283$ ,  $p<0.05$ ) with 28% prediction. Shows that the relationship between complexity and entrepreneurship was not significant ( $B=0.073$ ,  $p>0.05$ ). Furthermore, the relationship between complexity and organizational performance was significant ( $B=0.122$ ,  $p<0.05$ ) with 12% prediction. The relationship between technological opportunity (ED) and entrepreneurship was significant ( $B=0.390$ ,  $p<0.05$ ) with 39% prediction. Moreover, the relationship between technological opportunity and organizational performance was quite significant ( $B=0.350$ ,  $p<0.05$ ) with 35% prediction. Furthermore, the relationship between strategic orientation (EF) and organization performance was also significant ( $B=0.264$ ,  $p<0.05$ ) with 26% prediction. Table 2 illustrates that the relationship between access to resources and entrepreneurship was not significant ( $B=0.278$ ,  $p>0.05$ ). However, the relationship between resources and organizational performance was significant ( $B=0.141$ ,  $p<0.05$ ) with 14% prediction.

### ***Organizational conditions and corporate entrepreneurship - as well as organization performance***

The relationship between formal control and entrepreneurship was significant ( $B=0.218$ ,  $p<0.05$ ), with 21% prediction. But the relationship between organization performance and formal control was not significant ( $B=0.058$ ,  $p>0.05$ ). The relationship between management support and entrepreneurship was highly significant ( $B=0.484$ ,  $p<0.05$ ), with 48% prediction. Moreover, the relationship between organizational performance and management support was significant ( $B=0.278$ ,  $p<0.05$ ), with 27% prediction the relationship between organizational performance and work independence was highly significant ( $B=0.411$ ,  $p<0.05$ ), with 41% prediction. In addition, the relationship between work independence and entrepreneurship was significant ( $B=0.269$ ,  $p<0.05$ ), with 26% prediction. The relationship between value and entrepreneurship was highly significant ( $B=0.366$ ,  $p<0.05$ ) with 36% prediction. However, the relationship between organization performance and value was not significant ( $B=-0.101$ ,  $p>0.05$ ).The relationship between organizational culture and entrepreneurship was significant ( $B=0.209$ ,  $p<0.05$ ), with 20% prediction. Furthermore, the relationship between organization performance and organization culture was significant ( $B=0.185$ ,  $p<0.05$ ), with 18% prediction.

### ***Corporate Entrepreneurship and Organization Performance***

There is significant relationship between entrepreneurship and organizational performance - ( $B=0.226$ ,  $p<0.05$ ) with 22 percent prediction.

Table 1: Standard estimate for final model

Items	B	S.E	$\beta$	C.R	P value
<b>Organization</b>					
Entrepreneurships<---Organization	0.176	0.04	0.417	4.379	***
Environment Monitoring (CG) <---Organization	0.905	0.073	0.74	12.39	***
Value (CF) <---Organization	1		0.796		
Organizational Performance<---Organization	0.651	0.081	0.573	8.002	***
Culture (CC) <---Organization	1.036	0.063	0.901	16.314	***
Organizational Support (CA) <---Organization	0.461	0.046	0.617	9.997	***
Communication (CE) <---Organization	0.486	0.058	0.525	8.316	***
Formal Control (CD) <---Organization	0.724	0.048	0.853	15.07	***
Work Independence (CB) <---Organization	0.59	0.062	0.592	9.554	***
<b>Entrepreneurships</b>					
Organizational Performance<---Entrepreneurships	0.654	0.156	0.243	4.19	***
Business venturing (BD<---Entrepreneurships	1.109	0.173	0.615	6.426	***
Proactiveness (BC) <---Entrepreneurships	1		0.613		
Self-renewal (BB) <---Entrepreneurships	1.715	0.239	0.837	7.175	***
Innovative (BA) <---Entrepreneurships	0.892	0.156	0.503	5.714	***
<b>Environment</b>					
Organizational Performance<---ENV	0.296	0.095	0.164	3.119	0.002
Entrepreneurships<---ENV	0.138	0.05	0.206	2.767	0.006
Dynamicity (EA) <---ENV	0.992	0.129	0.597	7.683	***
Access to resource (EB) <---ENV	1.125	0.144	0.671	7.833	***
EC<---ENV	1		0.707		
Demand for New Product (EE) <---ENV	0.832	0.123	0.639	6.776	***

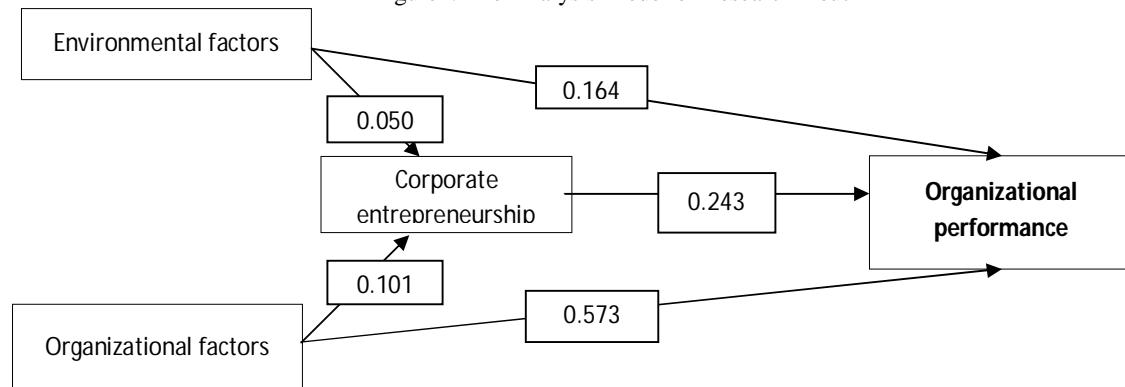
\*\*\*=0.001

The mediation effect of entrepreneurship was assessed with the path analysis. In this regard, the partial mediation model was designed and corporate entrepreneurship play mediating role between environment and organization condition with organization performance. The mediation effect of entrepreneurship was assessed with the path analysis. In this regard, the partial mediation model was designed as shown in Table 4. It illustrates how organization and environment affects organizational performance through entrepreneurship. The direct effects of environment on entrepreneurship were 44%. Also, the direct effect of organization on entrepreneurship was 35%. The total effect of environment on organization performance was 46%, and 9.5% of this was related to the indirect effects or mediation effects of entrepreneurship. The total effects of organization on organizational performance were 40%, and 7.6 % belonged to the mediation effects of entrepreneurship. Entrepreneurship had 22% effect on organizational performance. In conclusion, environmental and organizational affects organizational performance through the mediation effects of entrepreneurship.in addition according to result organization and environment conditions positively correlated with each other with correlation coefficient of 0.65 %.

Table4: Distinguishing total, direct and indirect effects of model

Dependent variable	Independent variable	Direct effect	Indirect effect	Total effects
<b>CorporateEntrepreneurship</b>	Environmental factors	0.206	--	0.206
	Organizational factors	0.417	--	0.417
<b>Organizational Performance</b>	Environmental factors	0.164	0.050	0.214
	Organizational factors	0.573	0.101	0.674
	corporateentrepreneurship	0.243	--	0.243

Figure1: The Analysis Model of Research Rout



The relationship between organization component and environment components

Based on the Table 4-33 Pearson's correlation coefficient was used for relationship between all the dimensions of organization component and environment components. In general, these relationships between all the dimensions of organization component and environment components were significant and positive except the relationship between independence working (CB) and access to resource (EB) ( $r=0.125$ ), (EC) technology opportunity (ED) ( $r=0.053$ ), demand for new product (EE) ( $r=0.095$ ), strategy orientation (EF) ( $r=0.125$ ).

Table4: The relationship between organization component and environment components

	CA	CB	CC	CD	CE	CF	CG
EA	.411**	.254**	.518**	.459**	.350**	.471**	.418**
EB	.298**	0.125	.563**	.478**	.346**	.452**	.452**
EC	.408**	0.101	.556**	.537**	.305**	.495**	.471**
ED	.431**	0.053	.559**	.480**	.378**	.419**	.461**
EE	.422**	0.095	.428**	.411**	.175**	.381**	.392**
EF	.283**	0.091	.446**	.371**	.210**	.343**	.448**

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

### Limitations of Research

Researchers conducting each test or study are faced with several impediments and problems that differ depending on the conditions of the region, type of research and methodology. This thesis attempts to overcome these impediments. With regard to time & financial limitations the thesis shall be completed within a specific time frame – naturally, one of the main problems of this research was limited time and finances. Based on the restrictions relating to the determination of the method according to the method of study, causal relationships

can be inferred with caution. Using a longitudinal study (taking into account the time component), obtained relations will be more accurate.

- Data gathering was just in one domain (Iranian SMEs)
- Neglecting the big firms in the statistical sample
- Lack of consideration for financial institutions, healthcare and education (only manufacturing firms have been studied)
- Person errors: Only one person in each company (Senior Manager) was taken for data gathering
- The use of perceptual metrics to measure the perceptual errors that might cause someone to be held accountable

Researchers are faced with several impediments and problems in performing each research that may be different depending on conditions of region, type of research and methodology. This thesis attempts to solve these impediments.

## DISCUSSION AND CONCLUSIONS

In the final section the finding is summarized, contributions and implications are discussed, future research opportunities are mentioned and a conclusion is drawn.

### ***Summary of Findings***

This study tries to find out the effect of Environmental components and corporate entrepreneurship on Iranian small and medium enterprises. Results of SEM indicated that environmental factors were influential for corporate entrepreneurship but the exceptions were environment complexity and access to resources.

Based on fit indices, it can be stated that the structural model designed for the corporate entrepreneurship model was acceptable and valid in terms of the relationships between structures, and the constructions used for measuring models showed reasonable adaptability within the factors of infrastructure. Accordingly, it can be stated 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 company's active in Iran - and can be presented and exploited regarding the specific qualities and conditions of such businesses.

Small and medium size enterprises are strongly influenced by environmental factors and these factors may have either a 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. Whereas a supportive environment encourages entrepreneurs to find and develop new businesses. Coping with the ever-changing environment is regarded as the most important factor in determining success or failure in developing entrepreneurship. This study confirmed previous research results about the positive relationship between some environmental factors and corporate entrepreneurship Hornsby et al (1993), Antoncic and Hisrich (2001), Lumpkin and Dess (1996), Zahra et al (2005).

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

In today's competitive environments, recognizing environmental factors plays a key role on performance and success of an organization. By recognizing these factors, the foundation for making ambitious decisions is set. Furthermore, performances are facilitated and organizations are able to carefully and exactly compare their status with the status of similar organizations at national and international level, and thus improve their future continuously. In different research, the relationship between environmental factors and organizational performance is studied and the existence of a substantial relationship is confirmed (Russel& Kerry, 2008, ' Mansor& Mat, 2010 ·Hassim et al, 2011·Hitt et al, 2011).

Results of SEM indicated that organizational factors had an effect on organization performance with the exception of value, organizational communication and formal control. However, another aspect of this research was the study of the relationship between inner organizational variables and organizational performance - with respect to the level of literacy and organizational growth. It was revealed that there is significant relationship between this variable and organizational performance.

This study also confirmed previous researcher's results in terms of the positive relationship of CE factors and OP - many researchers confirmed this relationship. Corporate entrepreneurship activities are strongly

connected to firm performance. We propose that a firm involved in corporate entrepreneurship will perform even better if it acquires knowledge from inter-organizational relationships. Contingency studies have shown that rich knowledge-based resources and high network capacity are important conditions for translating entrepreneurial activities into superior performance (Walter et al 2005, Wiklund & Shepherd 2003)..

### **Contribution and Implications**

Thus, the purpose of this research is filling the gaps and shortages of previous researches in order to perform a holistic research through observing all effective components, benefiting from structural equation model; in which, no similar research is performed on entrepreneurship at small and medium size enterprises and provide richer literature in this area.

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

It can be said that the first theoretical contribution of the present study is that, besides confirming previous models, it presents a comprehensive and process-based model by integrating and exploiting previous related models, making the model richer and more complete.

On the other hand, though several studies have been conducted on corporate entrepreneurship and the factors influencing it in Iran and/or other countries, they have not much focused on the effect of organizational components and environmental factors in a systematic way. Specifically, in Iran, even less attention has been given to the effect of these two factors. And in most studies, only the effect of individual characteristics is considered. But as stated here, the effect of these important factors is discussed with respect to the components of each. Such a model can be taken as the basis for future planning.

Another theoretical contribution of the present study is presenting the unique components and variables added to the variables presented in previous models. It is richer in this regard. In the model by Antonic and Hithrich (2001), regarding the effect of environmental factors on corporate entrepreneurship, components such as the environment's dynamism, technological opportunity, demand for new products and competitiveness were only implied. In the present study, factors such environmental complexity and access to resource were also considered. The organizational factors cited in the model, organizational component interactions, formal control, environmental scanning, organizational support, and values were noted, but in Iran components like, work independence and culture were also emphasized and it can be said that the present study has played a significant role in highlighting these.

**Practical Contribution:** Generally corporate entrepreneurship can highly impact the organizational performance and recognizing environmental and organizational factors can lead to entrepreneurship development and improving organizational performance. In addition, environmental and organizational factors in addition to impacting organizational performance directly can also use the corporate entrepreneurship and indirectly influence the organizational performance and through recognizing these factors the organizational performance can be improved. But the interesting point is that the social and environmental conditions of developing countries such as Iran are different from each other so the influential environmental and organizational factors on entrepreneurship also should be different. In this research understanding these components was done based on Iran's condition and through this there can be development of corporate entrepreneurship which is specified for developing countries such as Iran and these activities result in increase of GDP and improving organizational performance as well as employment specifically in Sistan Baluchistan province by considering high economic potentials of this region. Therefore, with presenting and confirming a proper model for condition of these businesses we can utilize it practically in macro national policy making and planning's and develop executive and operational strategies.

In addition to the above mentioned, by using SEM with AMOS, this study becomes a highly effective suitable method for data analysis. It records the unobservable and observable existing relationships. I so doing it tests the model used in comprehensive research done by Antonic & Hisrich, who used ESM with EQS as their basis. In this study, the relationships between environmental factors (the environment's dynamicity and complexity, accessibility of time and resources, and technological opportunity) and organizational factors (organizational structure, strategy, culture, and communications) with corporate entrepreneurship (innovation, initiation, competitiveness and risk taking), as well as the relationship of the three components of organizational performance (organizational growth and profitability) were examined. This provided a comprehensive understanding of the relationship between the variables and the transparency of these relationships. The existence of a positive relationship between variables – besides supporting the hypotheses – led to the approval of the highly determining role of corporate entrepreneurship on the performance of small and medium businesses. The study also considered the effect of other factors (including organizational and environmental factors) on the above. Another difference is the proposed model with previous research which evaluate The direct and indirect as well as partial and overall impact of environmental and organizational factors with Corporate entrepreneurship and organizational performance.

This study will help policy makers, investors and entrepreneurs to make better decisions in future investments. They will consider applying all the effective organizational and environmental factors necessary to emerging but stable companies. It hopes to assist managers to maintain valid businesses and compete in both the domestic and global market. Moreover, identifying weakness and strengths of company assist in the long-term increase in profitability. As we have witnessed in other countries, especially developed countries, an increasing number of SMEs in all sectors - especially the industrial sector - will lead to job creation, reduce poverty, increasing exports, decrease imports and add to the GDP of a country. SMEs promote faster growth and development of a nation – especially amongst developing and less developed countries.

Finally, few researchers have dealt with the entrepreneurship and evolution process as complete or combined process, and most of them focus on traditional research approaches (Aldrich, McKelevy 2004). Therefore, a tangible gap with respect to entrepreneurship research is seen. This research attempts to study the stages of formation, establishment and progress in the entrepreneurship process, applying qualitative and quantitative research approaches. This research clarifies damages, threats, opportunities, and strong points in developing entrepreneurship activity, and paves the way for strategic planning of development in developing countries.

#### **Suggestions for Further Studies**

Considering the process and results of the study, we can make suggestions for further studies in this area 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 there. By considering comparative studies in other countries, including developed and developing ones, it is possible to identify the weaknesses and strengths of each.

#### **Conducting Longitudinal Studies**

As mentioned, this study was carried out in a special time interval. Conducting a longitudinal study can show the influence of effective factors better over a longer time interval and present more substantial results.

#### **Conducting Comparative Studies with Other Sectors**

This study was done on small and medium businesses. If such a study can be conducted on other businesses, especially large industries, it is possible to compare the effect of each factor to further demonstrate the differences or compatibility between various influential entrepreneurial factors.

#### **Examining the Obstacles of Corporate entrepreneurship**

Definitely, developing entrepreneurship in these businesses has various obstacles such as cultural, infrastructural, supportive, policy-making, and finance. It is possible to carry out more suitable executive strategies and policies, as well as better long term planning and development of entrepreneurship in small and medium businesses by studying, examining, and identifying these obstacles.

#### **Conclusions**

As mentioned, the present study was aimed at presenting a process-model of corporate entrepreneurship for Iran's small and medium sized enterprises. This had to be confirmed by applying the SEM model of research hypotheses regarding the effect of the relationship between organizational and environmental factors on corporate entrepreneurship, and the direct and indirect effect of corporate entrepreneurship on organizational performance in these businesses. The complexity and turbulences of today's business environment has forced organizations to enhance their ability to respond to environmental changes. In response to considerable changes in the business environment, many organizations consider the entrepreneurship issue seriously. So, if businesses cannot promote their entrepreneurial potential they will not be able to compete with other businesses and cannot employ all their capacity and power.

In recent years, the intensive competition in the market, globalization and the rampant development of technology, innovation and brand distinctions have led companies to consider the need for exploiting new opportunities in the international arena so to gain success in the market and maintain a competitive advantage. Entrepreneurial companies contribute to profits for large companies as their main customers in the global arena and by reducing costs and accelerating the development of technology. We have the importance of entrepreneurship in various organizational aspects on one hand, and the undeniable role of small and medium businesses in the national and international economy, on the other. The approved model of this study can be applied in administering small and medium businesses in Iran, and together with informed planning can enhance organizational performance in any company.

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## Appendix

Table: Mediation effect of entrepreneurship of organization

Items	B	S.E	$\beta$	C.R	P value
<b>Organization</b>					
Entrepreneurships<--- Organization	0.498	0.093	0.558	5.367	***
Organization Performance<--- Organization	1.713	0.207	0.685	8.284	***
Value (CF) <--- Organization	2.201	0.222	0.802	9.927	***
Communication (CE) <--- Organization	1.061	0.148	0.524	7.162	***
Formal Control (CD) <--- Organization	1.594	0.154	0.859	10.37	***
Culture (CC)<--- Organization	2.254	0.211	0.897	10.658	***
Work Independence (CB)<--- Organization	1.288	0.163	0.591	7.906	***
Environment Monitoring (CG) <--- Organization	1.97	0.217	0.737	9.072	***
Organizational Support (CA) <--- Organization	1		0.613		
<b>Entrepreneurships</b>					
Organization Performance<--- Entrepreneurships	0.694	0.163	0.248	4.253	***
Business venturing (BD) <--- Entrepreneurships	1.158	0.186	0.623	6.239	***
(BC)<--- Entrepreneurships	1		0.594		
Self-renewal (BB) <--- Entrepreneurships	1.832	0.268	0.866	6.844	***
Innovative (BA) <--- Entrepreneurships	0.923	0.165	0.505	5.594	***
<b>Organization Performance</b>					
Profitability (FC)<--- Organization Performance	1		0.933		
Growth (FD) <--- Organization Performance	0.878	0.049	0.86	18.102	***

Table: Mediation effect of entrepreneurship of organization

Items	B	S.E	$\beta$	C.R	P value
<b>Environment</b>					
Dynamicity (EA) <--- ENV	1.122	0.143	0.639	7.85	***
Access to resource (EB) <--- ENV	1.063	0.142	0.597	7.461	***
EC<--- ENV	1		0.666		
Strategic Orientation (EF) <--- ENV	1.148	0.153	0.601	7.499	***
Demand for New Product (EE) <--- ENV	0.82	0.124	0.595	6.622	***
Organizational Performance<--- ENV	0.935	0.137	0.497	6.836	***
Entrepreneurships<--- ENV	0.365	0.066	0.505	5.517	***
<b>Entrepreneurships</b>					
Business venturing (BD) <--- Entrepreneurships	1.064	0.164	0.605	6.509	***
Organizational Performance<--- Entrepreneurships	1.059	0.171	0.407	6.173	***
Proactivity (BC) <--- Entrepreneurships	1		0.629		
Self-renewal (BB) <--- Entrepreneurships	1.623	0.223	0.812	7.289	***
Innovative (BA) <--- Entrepreneurships	0.891	0.151	0.516	5.903	***
<b>Organizational Performance</b>					
Growth (FD) <- Organizational Performance	0.91	0.051	0.876	17.894	***

Table: The relationship between Organizational Performance Level and corporate entrepreneurship

	Inventiveness	Self- renewal	Proactivity	New business venturing BD
Profitability	.232**	.554**	.355**	.295**
Growth	.244**	.516**	.374**	.317**

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

Table Error! No text of specified style in document..1: The relationship between Organizational Performance and organizational culture

	Management support	Work independence	Organizational Culture	Formal control	Organizational interactions	Value	Environment Monitoring
Profitability	.507**	.476**	.690**	.659**	.396**	.596**	.593**
Growth	.491**	.402**	.613**	.591**	.464**	.547**	.525**

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).