Chapter 1: Introduction

Introduction

The study of entrepreneurship is still in its infancy (Brazeal and Herbert, 1999). Entrepreneurial strategy was once considered mainly a focus on the individual innovator and risk taker, but has now branched into other areas of interest which includes the organizational / environmental interface. Within the realm of organizational theory, the study of Corporate Entrepreneurship (CE) is also relatively new to the idea of theory development. CE focuses on the culture within an organization to become more entrepreneurial in nature in order to compete toward the future (Das, 1987). CE has been widely known through scholarly research as the organizational process of venture creation (Vesper, 1984). However, contemporary literature points towards other facets of CE which include, but are not limited to the analysis of the organizational process of (1) the birth of new businesses within existing organizations, whether through internal innovation or joint ventures / alliances; and (2) the transformation of organizations through strategic renewal, i.e., the creation of new wealth through the combination of resources (Guth and Ginsberg, 1990). CE, like entrepreneurship, may be interpreted in many different ways and studied with many different variables to be measured. One of the first goals of this study is to define CE within the context of organizational studies (which will be explored later within the literature review chapter). As CE will be researched further, it is the goal of the study to reveal the understanding of CE among Top Management Teams (TMT) and unit managers within the realm of the casual dining restaurant industry.

Overall, this study will address three research issues as they pertain to CE. First, CE will be defined as it pertains to the food service industry and namely the study of practices of TMTs within organizations as a form of clarity to support previous definitions brought forth by researchers. Second, an attempt will be made by the research to develop a conceptual model integrating CE as a realized managerial practice and a cultural organizational development process within the hospitality industry. And third, propositions will be drawn forth to adapt the theories of CE towards future research endeavors.

This chapter provides an overview of the study. The first section of the chapter identifies the problem, namely why research is needed in this field and how it will contribute to the body of literature in CE. The second section of the chapter deals with the theoretical underpinnings of CE, strategy and structure (from a resource-based view), and hospitality literature related to the study. The next section of the chapter deals with the research purpose, the proposed model, research methods, and limitations to the study. The second chapter presents the literature review on theories related to entrepreneurship, CE, and strategy and structure within the resource based view. Chapter 3 provides the research methods within the study. Chapter 4 provides the results of data from the study and Chapter 5 provides the discussion of the results and conclusions with future propositions.

Research Terminology:

In order to provide the reader of this study some form of understanding of the technical terms presented in this study. The following section provides a list of terms and their meanings in relationship to this study:

Corporate Entrepreneurship (CE): Is the practice of “internal innovation” or “intrapreneurship” within an organization (see literature review for further description).

Corporate Entrepreneurship Intensity: Relates to the adoption and practices of internal entrepreneurial activities within an organization and the level at which entrepreneurial practices are encouraged and produced.

Entrepreneurial Practices: Are those activities that promote and articulate entrepreneurial/ managerial activity within the organization.

Reinforcement Practices: Are those activities by TMTs or management that reward or promote individuals as a method to encourage proactive operational behavior within the organization.

TMTs: “Top Management Teams” refers to the upper management within an organization, which sets and directs corporate policy and strategic formulation within an organization.

CEAI: “Corporate Entrepreneurship Assessment Instrument” survey instrument developed by Morris and Kuratko (2002) in order to assess CE intensity through five main constructs (see chapter 3 for further explanation).

Casual Dining Restaurant Segment: Refers to the segment within the food service industry with characteristics of an eclectic menu, price points between $5.25 and $13.00 and a casual dining atmosphere and full service.

Problem Statement

Within the context of hospitality research, there is also minimal research that explores the theory development and defense of entrepreneurship within the context of the industry. Works by Small (1987) and Jogaratnam, Tse and Olsen,(1999) explore entrepreneurial types within hospitality organizations, but is limited in the scope and extensiveness of the exploration of entrepreneurship and the organization. By making an attempt to link CE as a practiced method within the casual dining industry, the goal is not only to add to the body of knowledge in this field but to also strengthen theories previously stated by past researchers.

One major problem in addressing the context of the study was to determine what variables would make up the measurement criteria in assessing CE. After extensively reviewing previous entrepreneurial studies, it was determined that human resource factors would be the variables used in assessing CE intensity. Rationale for this was two fold: first, human resource functions such as promotions, recognitions, and financial bonuses are easily recognizable and understood as reinforcement practices within the hospitality industry (Enz, Dolinger, and Daily, 1990). Second, this study seeks to find any form of relationship between an organization's reinforcement practices and the realization and importance of management innovation; hence the reinforcement practice of bonuses and rewards is expected to yield higher performance and innovative practices by unit managers.

Researchers have begun to pay increasing attention to entrepreneurial activities within existing organizations (Sharma and Chrisman 1999). Unfortunately, there has become a lack of understanding within the study of entrepreneurship towards the conceptualization and cohesiveness of entrepreneurial traits and practices amongst researchers (Jennings and Lumpkin 1989, Zahra 1991). Another problematic area exists within the development of CE. According to Sharma and Chrisman (1999), the field of CE is still in its infancy and the time is ripe to work on the clarification of existing terminology. They also mention that there are a great number of opinions and ambiguities on how CE should be classified. Burgleman, (1983) and Zahra, (1993) have coined it corporate entrepreneurship, Biggadike (1979) has termed the process as corporate venturing, Pinchot (1985) has called it intraprenuership, and Guth and Ginsberg (1990) have called it strategic renewal. Within the process of CE two distinct, but different, schools of thought have emerged as defining the actions of CE.

Covin and Slevin (1991) have proposed that the three entrepreneurial postures of risk taking, innovativeness, and proactiveness can be applied to both the corporate process and the independent operator. Collins and Porras (1996) have differentiated between “independent” and “administrative” entrepreneurs, with the former creating new organizations from scratch and the latter creating new organizations within or adjunct to existing business structures. For the purpose of this study, CE will be explored as it relates to the food service industry by using a previously tested survey instrument within the manufacturing industry for measuring CE intensity, namely the Corporate Entrepreneurship Assessment Index (CEAI) (Morris and Kuratko 2002). It is the goal of this research to measure the entrepreneurial intensity of an organization and conceptualize a link between CE and TMTs internal organizational practices through intended managerial reinforcement practices.

According to Small (1987), in order for organizations to achieve high performance, each strategy must be supported with the appropriate resources and distinct competencies. However, despite work by Porter (1980) and Miles and Snow (1978) there is minimal research on defining relationships between the firm’s internal resources and their strategic orientations. Porter’s statement has been explored further by Bygrave (1989) who looked at the relationships of resource configuration, strategy formulation, and CE amongst small firms. Within their overall study the researchers attempted to link recognized internal strategies with the performance outcomes of small firms. Their research began to identify some of the variables or attributes related to resource configuration, strategy, and CE but it is evident that more research is needed in this area.

Research Purpose

The purpose of this study is to first define CE through the literature review and then attempt to identify a relationship between management reinforcement practices and CE. The study will be conducted in several steps. The first step will entail defining what CE is and the attributes that make up CE. This will be accomplished through extensive review of the literature as it pertains to entrepreneurship and CE and also through survey questionnaires using Morris and Kuratko's (2002) Corporate Entrepreneurship Assessment Instrument (CEAI) with TMTs of casual dining organizations. This will be accomplished through characteristics identified by TMTs as most valuable to their organization in forms of innovation, diversification, and organizational behavior. The purpose is to explore and assess if TMTs within an organization adopt forms of entreprenurial practices in order to achieve a strategic / organizational cultural adaptation over their competition. This could take several forms such as a cost leadership strategy and or diversification (Porter 1980; 1985), innovate to change the overall competitive environment in which the majority of the organizations compete in (Fahey 1989), or create a period of internal rejuvenation whereby the organization seeks to sustain or improve its competitive standing by altering its internal structure or capabilities (Hamel, 2000). The initial strategy type of differentiation is further defended by Covin and Miles (1999) that stated that a differentiation-based advantage would likely be common among firms engaged in the sustained regeneration form of CE.

The research propositions for this study are:

1. Using management reinforcement practices, to what extent are TMTs and unit managers within casual dining based organizations able to identify entrepreneurial characteristics embedded and practiced within the organization?
2. Using management reinforcement practices, to what extent are TMTs and unit managers aware of the corporate structure, which foster such type of entrepreneurial activity?
3. To what extent are entrepreneurial strategies considered competitive methods within each TMTs and unit managers' organization?
4. Using management reinforcement practices, to what extent do TMTs and unit managers understand the execution and value of entrepreneurial practices within the organization?
5. Using management reinforcement practices, to what extent do TMTs allocate resources towards the development and advancement of entrepreneurial practices / strategies?
6. Using management reinforcement practices, have TMTs communicated these entrepreneurial strategies to the unit level?
7. Is there a feedback mechanism in place for evaluating entrepreneurial activity within an organization?
8. Is there a high level of congruency when adopting and implementing entrepreneurial strategies within the organization?

Research Hypotheses

Six hypotheses are proposed in this study:

H1a: The perception of a corporate entrepreneurial culture will be positively correlated with job satisfaction.

H1b: The perception of a corporate entrepreneurial culture will be positively correlated with reinforcement practices.

H1c: The perception of a corporate entrepreneurial culture will be positively correlated with increased entrepreneurial actions.

H2a: The perception of each corporate entrepreneurial factor measured by the CEAI will be positively correlated in increased job satisfaction.

H2b: The perception of each corporate entrepreneurial factor measured by the CEAI will be positively correlated in increased reinforcement practices.

H2c: The perception of each corporate entrepreneurial factor measured by the CEAI will be positively correlated in increased entrepreneurial actions.

Context of the Study

This study will be conducted in the casual dining theme sector of the restaurant industry. The casual dining restaurant industry has been chosen by the researcher as an arena of study due in large part to the dynamic change of the segment as a whole. Within the past twenty years we have seen dramatic growth and concept development within the casual dining segment which was a result of change in menu and theme design evolving from the initial inception of family dining. Despite double-digit growth in the number of casual dining units being developed over the past ten years, the industry, in large part, still has not achieved the same growing pains prevalent within the quick-service dining market. However, as saturation of this segment looms in several areas within the United States, an increased focus on innovation, change, and diversification will need to be adopted by TMTs within firms to allow for increased market share. Hence, the focus of this research: identification, categorization, strategic linkages, and overall fit between CE, internal management practices, and strategy formulation through management reward practices instilled by TMTs.

Theoretical Underpinnings

Entrepreneurship

Before venturing into the terminology of CE it is first important to explore the theoretical underpinnings of the practice of entrepreneurship itself. Entrepreneurship may mean many different things to many different people (Gartner, 1988; McGrath and MacMillan, 2000). Hence, it is imperative to look at the historical development of entrepreneurship. One of the earliest references to the term was traced by Sharma and Chrisman (1999) in their review of Richard Cantillon's work in 1734. To Cantillon, entrepreneurship was meant as self-employment with an uncertain return. One of the more popular theorists in entrepreneurship was Schumpeter (1934). Schumpeter believed an entrepreneur is a person who carries out new combinations, which may take the form of new products, processes, markets, organizational forms, or sources of supply (Sharma and Chrisman 1999).

Through the 1930's to the late 1980's the focus of entrepreneurship was on the individual risk-taker within a business enterprise (Brazeal and Herbert 1999). Research within entrepreneurship began to shift away from the individual as a risk-taker itself and began to focus on other processes within the entrepreneurial process dimension. According to Gartner (19880) entrepreneurship can be identified by two distinct clusters of thought;

one which focuses on the characteristics of entrepreneurship (i.e. innovation, growth, uniqueness) and the second on the outcomes of entrepreneurship (creation of value). This analysis of internal and external values of entrepreneurship allowed for the fundamental shift of focus from the individual to the organization or firm.

Corporate Entrepreneurship (CE) as an organizational function of entrepreneurship

Within the past twenty years, there has been a fundamental shift of entrepreneurship from more common forms of definitions, which include individual risk taking, and innovation, toward research dedicated to the study of the ability of organizations to innovate and diversify (Lumpkin and Dess 1996). Within Corporate Entrepreneurship (CE) some initial work of theories drawn from Collins (2000) which stated that there should be a clear differentiation from independent and administrative entrepreneurs, with administrative entrepreneurs creating new organizations from scratch or innovating existing ones. Lumpkin and Dess (1996) have stated that launching a new venture (CE) can be done either by a start up firm or an existing one. Although research has been conducted towards the advancement of CE it was still defined ambiguously and without consistency amongst scholars (Sharma & Chrisman 1999).

One of the more contemporary definitions of CE was developed by Covin and Miles (1999) which states: “CE includes situations where (1) an established organization enters a new business; (2) an individual or individuals champion new corporate ideas within a corporate context; and (3) an entrepreneurial philosophy permeates an entire organization’s outlook and operations.” Within the realm of CE it is noted that definitions directed towards the description of “organizational innovation, risk taking, diversification, and organizational empowerment” have been titled in various ways such as: corporate venturing (Biggadike, 1979), intrepreneuring (Pinchot, 1985), internal corporate entrepreneurship (Jelinek and Litterer , 1995), strategic renewal (Guth and Ginsberg, 1990), and venturing (Hornsby et al., 1993). According to Sharma and Chrisman (1999), both strategic renewal and corporate venturing suggest changes in either the strategy or structure of an existing organization, which may involve innovation. Further stated, strategic renewal may involve the reconfiguration of an existing organization while corporate venturing may involve the creation of new businesses. For the purpose of this study their initial proposal will become the premise for the study of CE within the context of the casual dining restaurant segment.

Strategy and Business Policy-

Covin and Miles (1999) have noted that CE can be used to improve competitive positioning and transform corporations. For this task to be accomplished an organization must possess a realized strategy within its operations to conduct entrepreneurial activity. The identification of strategy and structure introduces another wealth of literature that supports strategy for positioning of competitive advantage. To accomplish the objective of linking strategy and structure towards the understanding of CE, it is necessary for this research to adapt theories developed through the resource-based view.

According to Kao (1991), strategic behavior models posit that firms select the organizational configurations that most improve competitive position and best achieve firm objectives. Shays and DeChambeau (1984) noted that in order to achieve high performance, each strategy must be supported with appropriate resources and distinct competencies. Strategy researchers have made significant efforts in building typologies of competitive strategy. The focus of the strategy-structure performance dimension has been explored extensively in theories developed by Ansoff (1994), Hofer (1975), Miles and Snow (1978) and Porter (1980). In defense of this approach in linking strategy, structure, and CE, it is noted that Slevin and Covin (1990) stated that firm behavior, as strategy, structure, and performance, are more clearly understood than when only studying characteristics of entrepreneurs and firm behavior is more easily measured than measurement and interpretation of entrepreneurial activity. Hence, from this statement it is assumed that the evaluation of firm structure and their strategies in allocating resources towards a competitive advantage must be studied in order to interpret activities that would support the classification and functions of a CE based organization. Sykes and Block (1989) state that: "a resource-based view of a firm deepens our understanding of how resources are applied and combined, and what makes our competitive advantage sustainable." This poses another argument for why it is important to follow this process in order to successfully evaluate CE as a function within an organization.

As this study progresses it will be the attempt of the researcher to clarify this process and show models to support these initial linkages. Through the initial review of the theories previously mentioned, the scope and the task of creating this research endeavor became clearer. The overall process of this ongoing research can only validate the initial assumptions posed by this researcher and the researchers mentioned in this review.

Hospitality Industry Research / Entrepreneurship

As previously mentioned, hospitality related research within the realm of entrepreneurship is relatively limited. However, within the area of strategy and the resource-based view in regards to the hospitality industry, several studies are to be noted. Two studies (Williams and Tse, 1995; Jogaratnam, Tse and Olsen, 1999) related to strategy and entrepreneurship has only recently started to influence the selection and conduct of entrepreneurial study in hospitality academia. Williams and Tse (1995) showed the empirical evidence of the relationship between Smith's (1967) typology of entrepreneurial types and Miles and Snows' (1978) typology of strategy among 113 small restaurant entrepreneurs. The findings suggested that different types of strategy appeared to be followed by different types of restaurant entrepreneurs. Jogaratnam et al. (1999) tested relationships between entrepreneurial strategic posture and financial performance among 311 independent restaurateurs. The study concluded that high-performing restaurants were more proactive, and emphasized a greater degree of innovation compared with their lower-performing counterparts.

Basic Model of CE

As explored within the theoretical underpinnings, it is the goal of this research to establish an understanding, and develop a link between corporate entrepreneurship (CE) and management reinforcement practices (cultural dynamics) within a food service organization. As previously stated the complex nature of this research is intensified through the lack of or ambiguity of the theory development within the realm of entrepreneurship, namely CE. What makes this task even more challenging is the attempt of the research to not only define CE but also provide a link towards CE and theories within strategy to be used to define another form of sustainable competitive advantage within an organization. Keeping in mind the breath and complexity of this endeavor, it is the goal of this study to introduce the building blocks for developing theory and the initial process it will entail. (Refer to Figure 1.1 for a model showing the entire process of a proposed theory-building model within entrepreneurship, which will become the goal of for future research.)

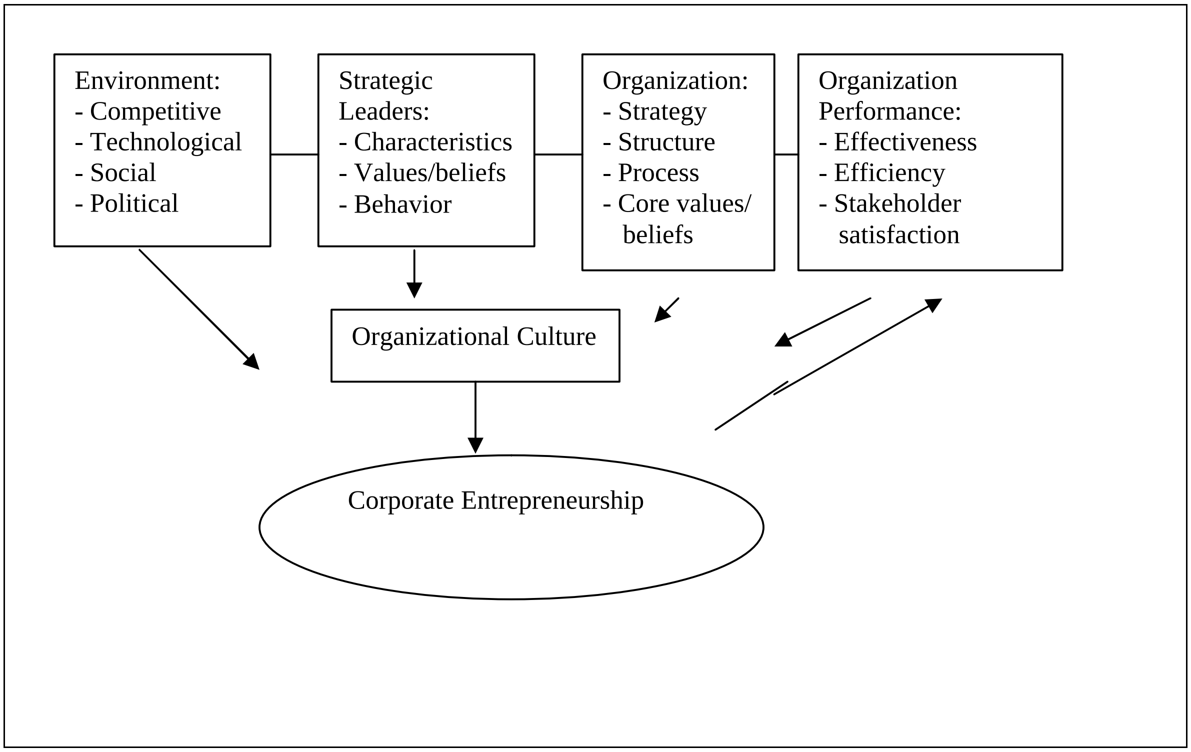
In reference to CE intensity and strategy formulation, the following constructs were adopted in order to define an organizational structure as it relates to strategy choice and eventually development of CE. Each construct within the model will possess attributes necessary for assessment in future research to define strategies and organizational performance. By assessing this model, one can begin to determine if an organization is entrepreneurial in nature or conservative in its practices.

Model Explanation

The following figure 1.1 displays the constructs and interrelationships that describe the flow of an organization's structure and culture that enable CE activity and eventually strategy formulation. The top-level constructs represent the resources needed in order to conduct policy formulation and organizational operational structures within the organization. Each key construct possesses the following essential elements: Operating environment which contains remote environmental considerations such as competitive organizations, technological factors, social-cultural forces, political / legal considerations, and safety security issues (Jogaratnam, et. al., 1999). Strategic orientation features the elements of what an organization's value system and cultural identity is. Strategic orientation is how the organization selects and postures itself towards policy formulation (Jogaratnam, et. al., 1999). Organizational performance includes key indices that measure positive cash flows and shareholder value.

Within the organizational culture construct, the interrelationships between the aforementioned constructs form the core value system and organizational structure on how the firm operates. The culture construct allows for the introduction and formulation of corporate entrepreneurial practices. The adoption of CE practices is the basis for this research and the research itself will propose the adoption of CE practices for organizational performance.

Figure 1.1: Model: Fitting Corporate Entrepreneurship into Strategic Management



Adapted from: Guth, W.D., and A. Ginsburg. 1990."Corporate Entrepreneurship," Strategic Management Journal 11 (Summer): 5-15.

As shown in Figure 1.1, the model represents the structure of fitting CE into strategic management. To better explain this model the strategic management constructs will be explained first.

To achieve the different objectives, firms may choose various strategies depending on their resource configurations. The effects of strategies are determined by the characteristics of the resources and how they are combined (Kuratko, 1988). Contingencies like the firm's age, size, competition, industry, and environment are also expected to be of importance, and may have a direct relationship on resources as well as on strategies as they pertain to an organization's ability to develop established management practices and strategy formulation. It is also important to note that the resource configuration of an organization is highly dependent upon the organizational culture they hope to achieve (structure). The utilization and development of resources may however, also depend on the objectives and strategies chosen. Dynamism is thus introduced into the model. The model is simplified to focus the attention in this study. There may, however, be other links and relationships among the constructs presented. Certain resource combinations may attract other resources; for instance, an organization with a combination of organizational and financial resources may more easily be able to attract human resources, and thus indicate that there also will be a direct link back from resource configuration to resources.

Guth and Ginsburg's (1990) model represents two main ideas of CE and strategic management. First, the adopted model shows the process of internal innovation and organizational renewal through resource allocation. Second, the model depicts the culture and environmental scanning functions of an organization and how the process transcends into CE (venturing).

An organization's current resources will influence managerial perceptions and thus the direction and speed of growth (Guth and Ginsburg, 1990). A resource-based view puts more emphasis on the company's stock of resources than managerial decisions (Guth and Ginsburg, 1990). They define these stocks of resources as assets, capabilities, routines, and knowledge that are tied semi permanently or permanently to, or controlled by, a firm. To develop a sustainable competitive advantage, resources must be derived through a tangible or intangible nature hence strengthening the organization's posture within the marketplace. Using the CE construct, innovation and the thrust of change gives the organization the intangible effect for allocating and developing resources for future competitive strategies. The direction of the use of CE is determined by the posture of the stakeholders which review overall firm performance as an antecedent to strategic policy formulation. This study is limited to the evaluation of the definition within the process of organizational culture development and CE itself.

Within the analysis of this model it is important to note the interactions of each construct and the relationships they pose towards the entire model. Starting with the CE practice construct, as mentioned within the literature review chapter that CE is a fundamental practice of innovation and diversification within an organization. CE's influence on an organization's resources is paramount for the adoption of resource allocation in developing future strategies. The physical dimensions such as the organization's size and age will place some limitations or exceptions to the ability to adopt some of these characteristics. Once various resources have been identified within an organization the process of analyzing one's environment in relation to the firm structure is the next logical step when determining the appropriate resources to allocate for strategic development. This is a critical area within the model due to the researcher's belief that CE will be challenged most within the resource configuration process (refer to the CEAI questionnaire). Considering the model, an organization may adopt a cost-based differentiation or an innovation strategy based on all of the factors under consideration. The corporate culture of an organization must foster a form of innovation and diversification in order for CE to thrive. (This is one of the main goals of the study, which is to identify firms within the context of the food service industry.) The adoption of competitive strategies will have an immediate impact on the results both financial and strategic and as a result impact current and future decisions being made by the various stakeholders involved. The main goal and argument of CE is not only to creating organizational wealth financial but also foster managerial wealth and growth internally.

Limitations

Gartner (1989) has noted that research in the entrepreneurship field is exceedingly difficult to do well because of the complex nature of the field. What becomes increasingly difficult are the decisions related to the independent variables that ought to be studied, the ways these variables should be used, the most appropriate ways for gathering relevant data and the techniques that should be used in analyzing the data within the field of entrepreneurship.

One of the biggest challenges in conducting this research is overcoming the inherent research boundaries that were present within the industry. In gathering the sample size all selected corporations were contacted and approval was solicited in order to survey the actual corporation's units. In some cases approval was not granted and new corporations were selected. Another limitation was the gathering of sufficient data in order to achieve an acceptable and analyzable response rate.

Other limitations worth noting are the inherent research problems encountered while researching on a model. One fundamental problem in developing a conceptual model is the understanding and development of interrelationships between the model's constructs. Carney's 1972 publication entitled Content Analysis: A Technique for Systematic Analysis From Communication, outlines the process in developing a pattern of data for the purpose of developing a qualitative model. In the article, Carney describes the mapping of data processes as a decision tree of thought processes and posits that the construction of a research model must include the following elements for validity: through review of the body of documents, reference to previous research, alternatives to the research, and supported propositions through the review of the research environment. As in any form of research there is a possibility of research "holes" where not all of the information is readily available or reviewed and that the constructs do not simply fit within the propositions and conclusions presented within the research. The researcher needs to defend their findings and validate their results in order to strengthen and support the proposed model. This always could present challenges and limitations in validating and refining research models over a period of time. With that statement the final issue and limitation to contend with is construct validity that refers to looking for patterns of relationships among variables that are expected on the basis of theory (Band and Scalon, 1995).

In this study patterns in management reinforcement and work discretion that encourages or marks activity with involvement of CE are being analyzed. The ultimate challenge was to conduct a statistical analysis to support the hypotheses and constructs presented in building the theory of CE intensity within the hospitality industry. The inability in producing statistical results of significance may lead to the ultimate weakness and limitations within the overall study of CE.

Chapter 2. Literature Review

Introduction

This chapter reviews the breath of literature concerning corporate entrepreneurship and strategy through a measurement of corporate entrepreneurship intensity.

Intensifying global competition, corporate downsizing and de-layering, and rapid technological progress have heightened the need for organizations to become more entrepreneurial in order to survive and prosper. Entrepreneurship is an attitude toward management that accentuates innovation, flexibility, and responsiveness driven by the perception of opportunity, while providing more sophisticated and efficient management (Guth & Ginsberg, 1990). Virtually all organizations–new start-ups, major corporations and alliances among global partners–are striving to exploit product-market opportunities through innovative and proactive behavior. According to the Journal of Product Innovation Management, companies that lead their industries in financial performance received 49 percent of their revenues from new products or services (Bradford, 1994).

In the strategic management field, new product/service development and innovation are crucial sources of competitive advantage (Tushman, Anderson & O'Reilly, 1997). However, a key question in strategic management is why some technology-advanced and resource-rich firms fail to develop and /or sustain a competitive advantage (Tushman et al., 1997). One answer to this question is the lack of entrepreneurial initiatives. As firms grow larger, they begin to stagnate and lose sight of those factors that made them successful in the first place–creating a product or service that people want. Often times, established firms tend to develop bureaucratic (structural) and control system impediments to innovation (Hitt, and Reed, 2000). These impediments are created partly by the size of the firm and partly by the strategy employed by the firm (Hitt and Reed, 2000), and they lead to managerial risk aversion and thus lower managerial commitment to innovation and entrepreneurial activities (Hitt and Reed, 2000).

A body of literature is evolving examining the relationship between corporate entrepreneurship and strategic management in the manufacturing industry (Hitt & Ireland, 2000; Barringer & Bluedorn, 1999; Glamholtz & Randie, 1999; Covin, 1991). For instance, the findings from Barringer & Bluedorn's study (1999) suggested that a firm's entrepreneurial intensity was positively influenced by the nature of its strategic management practices. On the other hand, advanced plans tend to make administration inflexible which may undermine the effectiveness of entrepreneurial behavior in an organization (Newman, 1963). These authors have singled out strategic management as an organizational process that can facilitate or impede corporate entrepreneurship. This stream of research is extremely valuable because a firm's ability to increase its corporate entrepreneurial behavior is largely determined by the compatibility of its management practices with its entrepreneurial ambitions.

In the hospitality academia no published study has focused on the relationship between strategic management practices and corporate entrepreneurship. Instead, entrepreneurship was considered mostly in terms of individuals who started new ventures. This common view of entrepreneurship is a result of the nature of research in the hospitality, which appears to be preoccupied with describing the characteristics of entrepreneurs (Gilder, 1971) and the nature of the ventures created by them (Small, 1987).

The purpose of the following sections is to review the conceptual and empirical body of knowledge relating to the following areas of this study: corporate entrepreneurship (CE), strategy formulation, and performance. Each area's body of literature will be explored along with their significant contributions to the body of knowledge in theory development related to CE and strategy. The conclusion of this chapter will focus on the relevance of these variables and how it contributes to the body of knowledge in entrepreneurial strategy formulation.

Entrepreneurship

Although the term entrepreneurship has been used for well over 200 years, there is still considerable disagreement as to what the term actually means. The main discrepancy among theorists is the conceptualization of the individual entrepreneur as compared to an entrepreneurial enterprise or organization.

Before venturing into the terminology of CE it is first important to explore the theoretical underpinnings of the practice of entrepreneurship itself. Entrepreneurship may mean many different things to many different people (Gartner, 1988). Hence, it is imperative to look at the historical development of entrepreneurship. One of the earliest references to the term was traced by Sharma & Chrisman (1999) in their review of Richard Cantillon's work in 1734. To Cantillon, entrepreneurship was meant as self-employment with an uncertain return. One of the more popular theorists in entrepreneurship was Schumpeter (1934). He believed an entrepreneur is a person who carries out new combinations, which may take the form of new products, processes, markets, organizational forms, or sources of supply (Sharma and Chrisman 1999).

Early research on individual entrepreneurial behavior suggests that such variables as energy level, conformity, and need for autonomy (Sexton and Bowman-Upton, 1986); need for achievement, need for autonomy, dominance, high energy level, persistence (Neider, 1987); and a desire for personal control (Greenberger and Sexton, 1988) influence entrepreneurial acts. More recently, findings include a proactive personality (Crant, 1996); and self-efficacy (Chen, Greene, and Crick, 1998). Busenitz and Barney (1997) explored the differences between entrepreneurs and managers in large organizations with regard to their decision-making processes. They contended that entrepreneurs would apply biases and heuristics — specifically overconfidence and representativeness. Stopford and Baden-Fuller (1994) examined five "bundles" of attributes believed to be associated with different types of internal entrepreneurship with ten firms in four European industries. These bundles, or common attributes, included pro-activeness, aspirations beyond capability, team orientation, capability to resolve dilemmas, and learning capability.

In that same vein, Pearce, Kramer, and Robbins (1997) conducted an empirical study of 833 immediate subordinates' of 102 individual managers and found that as entrepreneurial behavior of managers increased, subordinate's satisfaction with supervision increased. In addition, these individual behaviors help subordinates accept internal entrepreneurship even when it is running counter to the organization's pre-existing culture. The research of Chen et al., (1998) on self-efficacy (the belief that you can produce) extends this concept by acknowledging that an environment perceived to be more supportive will increase entrepreneurial self-efficacy because individuals assess their entrepreneurial capacities in reference to perceived resources, opportunities, and obstacles existing in the environment.

Forlani and Mullins (2000) examined entrepreneurs' risk taking, and propensity and perception of risk. They found that differences in entrepreneurs' new venture choices were influenced not only by differences in the risks inherent in the patterns of anticipated outcomes for different ventures, but also by differences in the entrepreneurs' perceptions of these risks. This leads to the importance of anticipated and perceived outcomes.

(Morrison, 1998) classified entrepreneurship into six distinct attributes: an economic function, ownership structure, degrees of entrepreneurship, resource based view, size and life cycle of firm, and the consolidation approach. In the economic function approach, entrepreneurship is viewed as a process of individual risk-taking with a significant financial gain or loss to the individual entrepreneur. Within the ownership structure attribute the individual entrepreneur becomes the owner and provider of leadership to the founded organization. Within the degrees of entrepreneurship attributes, entrepreneurial intensity is classified through the variables: the size of the firm, personal financial risk, creativity and innovation, and growth realization. These variables make up the entrepreneurial power of the individual entrepreneur / firm. The resource based view attribute, the entrepreneurial process is concerned with resource configuration that the individual operator or organization allocated, in order to build innovation and strategic growth within the organization. The environment also plays an important role as an attribute when the service / product are up against the forces of a life cycle dimension. Reinvention and innovation of the product / service becomes imperative for sustainability within a highly competitive market. Finally, the authors note the consolidation approach within entrepreneurship as a process that reevaluates the operational process of an organization in order to promote change within the organization in order to develop a competitive stance within its own marketplace.

Morrison (1998) also discuss a number of key elements that make up entrepreneurial traits. These elements are change initiation, commitment to employees, creative resourcing, entrepreneurial learning, innovation and creativity, knowledge leadership, opportunity alertness, relationship management, risk and uncertainty management, timing of action, and vision and strategic orientation. The table listed below outlines the attributes of these elements.

Figure 2.1: Key Elements of Entrepreneurship

Elements	Description
Change initiation	Capability to identify an opportunity for creation or innovation, and ability to turn it into a reality
Commitment to employees	Application of appropriate management practices and reward systems designed to exact employee loyalty, retention and efficiency

Creative resourcing	Ingeniously marshalling resources, both a financial and managerial nature, from a complex set of sources in order to mobilize and realize the opportunity
Entrepreneurial learning	Motivation to acquire the necessary knowledge and expertise through relevant exploration and reflection, in order to excel
Innovation and creativity	Renewal of products or services by adding value through application of expertise and imagination
Knowledge leadership	Development of sources of management information to enable first-mover capability, and effective strategy formulation and implementation
Opportunity alertness	Continuous focus on emerging trends and opportunities to be captured and realized
Relationship management	Maintenance of effective teams, networks, and flexible management structures
Risk and uncertainty mgt.	Evaluation of personal and financial risk elements, self-confidence and determination to succeed
Timing of action	Acting within a limited window in which an opportunity can be optimized
Vision and strategic orientation	Formulation of ambitions, and strategies to realize them

Source: Morrison (1998)

Drucker (1995) states that entrepreneurship stems from economic and societal theory dating back to Schumpeter's theory of the economic self. He further states that entrepreneurship is a process where one initiates change through creation and / or innovation. This process is a purposeful change in order to change an individuals' or organization's economic or social direction (Drucker, 1995). One study performed by Morris and Jones (1995) developed a content analysis of key terms associated with entrepreneurship from articles derived from leading academic journals as well as organizational theory textbooks. The results yielded eighteen common terms related to entrepreneurship along with terms associated with value creation and organizational management (see figure 2.2). Even though not one term is universal in nature, Morris and Jones (1995) argue that all of the authors are suggesting one single phenomenon regarding the process of entrepreneurship itself.

Figure 2.2: Key Terms Identified in Content Analysis of Seventy-Five Contemporary Definitions of Entrepreneurship (Terms receiving five or more mentions)

Term		Number of Appearances
1.	Starting/founding/creating	41
2.	New business/new venture	40
3.	Innovation/new products new market	39
4.	Pursuit of opportunity	31
5.	Risk-taking/risk management/uncertainty	25
6.	Profit-seeking/personal benefit	25
7.	New combinations of resources, means of production	22
8.	Management	22
9.	Marshalling resources	18
10.	Value creation	13
11.	Pursuit of growth	12
12.	A process activity	12
13.	Existing enterprise	12
14.	Initiative-taking/proactiveness	12
15.	Create change	12
16.	Ownership	9
17.	Responsibility/source of authority	8
18.	Strategy formulation	6

Source: Morris and Lewis, (1995)

Morris (1998) also conceptualized seven perspectives on the nature of entrepreneurship based from a review of entrepreneurship literature and extracting the seven most prevalent views from management theorists. First, he introduces the concept of the relationship of entrepreneurship and the creation of wealth involving the assumption of risk-taking in association with production in exchange for profit. Second, the creation of enterprise is introduced through the practices of an entrepreneur founding a new business venture where there was none before. Third, the creation of innovation is introduced where entrepreneurship is concerned with unique combinations of resources that make existing methods or products obsolete. Fourth, entrepreneurship involves creating change by adjusting, adapting, and modifying one's personal repertoire, approaches, and skills to meet the ever-changing demands in the business environment. Fifth, entrepreneurship is concerned with increasing human capital in the factors of production. Sixth, entrepreneurship is also defined as the process of creating value for consumers by exploiting into untapped resources. And finally entrepreneurship is defined as a strong positive growth in all forms of operation concerned with growth in sales, production, income, assets, and human capital.

Gartner (1988) agrees with previous researchers by concluding that there is not a universal definition to define entrepreneurship but suggests that entrepreneurship is a single phenomenon in business that possesses several operational components. Gartner also concludes that this phenomenon is predicated upon environmental factors that influence an organization's entrepreneurial context and strategy choice. Stevenson et al. (1999) states that entrepreneurship is: "the process of creating value by bringing together a unique package of resources to exploit an opportunity." Stevenson (1983) also offers four main components to support this definition of entrepreneurship. First, entrepreneurship involves a process that is manageable, can be broken down into steps or stages, is ongoing, and can be applied in any organizational context. Second, entrepreneurship / entrepreneurs create value where there was none before. Third, entrepreneurship combines unique resources and transforms these resources into innovative, valuable, and synergistic operational combinations, which include but are not limited to financial capital, human resources, are materials, operational facilities, marketing and distribution, and corporate intelligence. Fourth, entrepreneurship is concerned with the harvesting of operational opportunities without regard to current resources being controlled by the organization.

Timmons (1994) further describes entrepreneurship as the process of building and creating a vision from practically nothing. He continues further that entrepreneurship is a fundamental human, creative act which involves the ability to create a concept or strategy through a vision which will include, but is not limited to the willingness to take calculated risks, develop and build a management team with complementary skills, and the ability to control resources.

Brazeal and Herbert (1999) describe entrepreneurship within the operational functions of the entrepreneurial process as being: (a) the current or potential existence of something new, (b) the creation of a new entity due to an operational problem, (c) changing of operations due to business environmental change, (d) complementary to existing strategies, and (e) innovation being championed by a innovator / manager.

Finally, Stevenson, Roberts, and Grousbeck (1989) persist that entrepreneurship is a process that brings together a unique combination of resources to exploit an opportunity and create value. Within the model presented in chapter one, the end result within any management function is to create value and positive cash flows for the firm.

Corporate Entrepreneurship

The concept of corporate entrepreneurship (also discussed in the literature as corporate venturing, or intrapreneurship) has been evolving for at least thirty years (Peterson and Berger, 1971; Hill and Hlavacek, 1972; Hanan, 1976; and Quinn, 1985). Sathe (1985), for example, defined it as a process of organizational renewal. Other researchers have conceptualized corporate entrepreneurship as embodying entrepreneurial efforts that require organizational sanctions and resource commitments for the purpose of carrying out innovative activities in the form of product, process and organizational innovations (Schollhammer 1982; Burgleman, 1984; Kanter, 1986; Alterowitz, 1988; Jennings and Seaman, 1990). This view is also consistent with Damanpour (1991) who pointed out that corporate innovation is a very broad concept which includes "...the generation, development and implementation of new ideas or behaviors. An innovation can be a new product or service, an administrative system, or a new plan or program pertaining to organizational members." (p. 556) In this context, corporate entrepreneurship centers on re-energizing and enhancing the ability of a firm to acquire innovative skills and capabilities.

In its broadest sense, entrepreneurship involves an incremental innovation process (Quinn, 1985) that eventually triggers an entrepreneurial event (Bygrave, 1989; Bygrave and Hofer, 1991). From a conceptual perspective, many advances in the field have occurred through examining entrepreneurship as an organizational-level phenomenon that emphasizes "how" entrepreneurship occurs through a stratagem of organizational venues rather than "why" or "what happens" when it occurs, the latter lending perhaps undue exclusive attention to the personality of the individual (Stevenson and Jarillo, 1990). Yet, the context of entrepreneurial behavior as an organizational-level phenomenon should be delineated to generate consistency in methodology and findings. In an effort to systematize the use of terminology in the field of corporate entrepreneurship, Sharma and Chrisman (1999) differentiated entrepreneurial activities based on those activities pursued independently and those activities pursued within the context of an organization, the former labeled "independent entrepreneurship" and the latter referred to as "corporate entrepreneurship". The province of corporate entrepreneurship then includes two conceptually distinctive and separate arenas. The first is the creation of a new business within an existing organization also referred to as internal corporate venturing (Zajac, Golden and Shortell, 1991), and intrapreneurship (Pinchot, (1985). The second set of corporate entrepreneurial activities is strategic renewal (Guth and Ginsberg, 1990). The associated activities refer to efforts to revitalize, renew or transform an organization's strategy and structure. While new businesses are not brought into being, strategic renewal usually involves innovation and creativity.

Despite the configuring of corporate entrepreneurial activities or even the intended content of actions, innovative efforts undertaken within a pre-existing organization come about through corporate strategy identified by the TMT. Radical or frame-breaking innovations are born out of the TMT's ability to expand or manipulate the organizational strategic context. Thus, the ability to consistently and systematically create a stream of incremental and radical innovations is wholly dependent on an appropriate creative culture replete with reward systems and legitimizing processes that encourage the entrepreneurial spirit, a process called "strategic entrepreneurship (Herbert and Brazeal, 1999; Hitt, Ireland, Camp and Sexton, 2001). While some consistency in outlining parameters seems to be evident in the field of corporate entrepreneurship, only a few validated measure of firm-level entrepreneurship exist, which is a major obstruction to concentrated research efforts (Brown, Davidsson and Wiklund, 2001).

Zahra (1991) observed that "corporate entrepreneurship may be formal or informal activities aimed at creating new businesses in established companies through product and process innovations and market developments. These activities may take place at the corporate, division (business), functional, or project levels, with the unifying objective of improving a company's competitive position and financial performance."   Guth and Ginsberg (1990) stressed that corporate entrepreneurship encompasses two major types of phenomena: new venture creation within existing organizations and the transformation of organizations through strategic renewal.

Zahra and O'Neil (1998) point out that when the factors in the external environment and the internal organization interact, managers are challenged to respond creatively and act in innovative ways. Thus, established organizations seeking to "refocus" or "transform" themselves through entrepreneurial behaviors and actions are finding the challenges daunting but the outcomes productive. Barringer and Bluedorn (1999) suggested that increasingly, "... entrepreneurial attitudes and behaviors are necessary for firms of all sizes to prosper and flourish in competitive environments." In order to be successful in implementing a CE strategy, organizations should focus on whether or not their environment facilitates successful implementation.

Within the past twenty years, more focus has been given towards a fundamental shift of entrepreneurship from more common forms of definitions, which include individual risk taking, and innovation and more directed to research dedicated towards the study of the ability of organizations to innovate and diversify (Lumpkin and Dess 1996). Corporate Entrepreneurship (CE) began to see some initial work of theories drawn from Collins and Porras (1996) which stated that there should be a clear differentiation from independent and administrative entrepreneurs, with administrative entrepreneurs creating new organizations from scratch or innovating existing ones. Lumpkin and Dess (1996) have stated that launching a new venture (CE) can be done either by a start up firm or an existing one. Although research has been conducted towards the advancement of CE it has still defined ambiguously and without consistency amongst scholars (Sharma & Chrisman 1999).

Vesper (1984) defined CE viewed broadly as two types of distinct phenomena and processes: (1) the birth of new business within an existing organization, whether through joint ventures/ alliances or internal innovation; and (2) the transformation of organizations through strategic renewal using resource based allocation.

One of the more contemporary definitions of CE was developed by Covin and Miles (1999) which states: “CE includes situations where (1) an established organization enters a new business; (2) an individual or individuals champion new corporate ideas within a corporate context; and (3) an entrepreneurial philosophy permeates an entire organization’s outlook and operations.”

Within the realm of CE it is noted that definitions directed towards the description of “organizational innovation, risk taking, diversification, and organizational empowerment” has been titled in various ways such as: corporate venturing (Bird, 1992), intrepreneuring (Pinchot, 1985), internal corporate entrepreneurship (Jordan, 1990), strategic renewal (Guth and Ginsberg, 1990), and venturing (Hoskisson et. al., 1988). According to Sharma and Chrisman (1999), both strategic renewal and corporate venturing suggest changes in either the strategy or structure of an existing organization, which may involve innovation. Further stated, strategic renewal may involve the reconfiguration of an existing organization while corporate venturing may involve the creation of new businesses.

According to Covin and Miles (1999) CE has long been recognized as a potentially viable means for promoting and sustaining organizational competitiveness. They also posit that CE can be used to improve competitive positioning and transform corporations, their markets, and industries as opportunities for value-creating innovation and an exploitation of positive firm performance. They have supported their theories through an extensive review and introduction of operational typologies that could further define CE. Within clarification of the CE construct, Covin and Miles (1999) proposed four variables within the construct of CE to be labeled as sustained regeneration, organizational rejuvenation, strategic renewal, and domain redefinition. In the sustained regeneration variable it is described as a form of CE consistent with firm-level entrepreneurial activity. In sustained regeneration firms are regularly and continuously introducing new products or services and are entering new markets. In order to harness CE a firm's structure includes its ability to harness its valued innovation-producing competencies. Some of sustained regression's other qualities include a firm's ability to have cultures, structures, and management systems supportive of innovation. These firms also tend to be learning organizations within its strategy formulation. In organizational rejuvenation is synonymous with CE as it is a function whereby the firm seeks to sustain or improve its competitive standing by altering its internal processes, structures, and/or capabilities (Covin and Miles, 1999). The focus on this variable is for the firm to concentrate on internal innovation and organizational change. In strategic renewal the organization focuses on its competitive market and its competitors and readjusting the organization's strategy and altering how the organization competes. In domain redefinition it is referred to an organization proactively created a new product-market arena that others have not recognized or have actively sought to exploit. In this variable the corporate entrepreneurship process is not concerned with product / strategy rejuvenation but creating a corporate prospecting process to seek out new products and services.

The majority of the literature pertaining to CE is commonly referred to intrapreneurship (Shatzer and Schwartz, 1991; Schollhammer, 1982; Geisler, 1993; Ford, 1996; McDougall, 1996; 1995; Pearson, 1989; Blinkhorn, 1991; Kuratko, 1988). Although the majority of literature of CE points to intrapreneurship, there is some confusion as to a common definition of intrapreneurship. Shatzer and Schwartz (1991) refer to intrapreneurship as corporate venturing. Pinchot (1985) originated the term of intrapreneurship as being the following passage:

"Any of the dreamers who do. Those who take hands on responsibility for creating innovation within an organization. The creator may be the creator or inventor but is always the dreamer who figures out how to turn an idea into a profitable reality."

Schollhammer (1982) views the CE process as internal corporate entrepreneurs, which is similar to Pinchot's view. Schollhammer defined any type of formalized entrepreneurial activity within an organization as a form of intrapreneurship. He further described a formalized entrepreneurial activity as a function that requires resource allocation and organizational commitment from TMTs.

Geisler (1993) contends that intrapreneurs not only need personal entrepreneurial skills but also need to develop and implement organizational and transitional skills needed in order to manage and function within an organization.   Ferguson et. al. (1987) persists that intrapreneurs tend to gravitate towards established organizations in order for the intrapreneur to innovate through established resources and capital flow.

Morris and Kuratko (2002) point out that within the body of literature within CE there is a level of confusion between the similarities and differences between start-up entrepreneurship and entrepreneurship within an established organization. Within the similarities of start-up entrepreneurship and "established entrepreneurship" the authors make the following points:

- Both involve opportunity recognition and definition.
- Both require a unique business concept that takes the form of a product, process, or service.
- Both are driven by an individual champion who works with a team to bring the concept to fruition.
- Both require that the entrepreneur be able to balance vision with managerial skill, passion with pragmatism, and proactiveness with patience.
- Both involve concepts that are most vulnerable in the formative stage, and that require adaptation over time.
- Both entail a window of opportunity within which the concept can be successfully capitalized upon.
- Both are predicated on value creation and accountability to a customer.
- Both entail risk and require risk-management strategies.
- Both require the entrepreneur to develop creative strategies for leveraging resources.

- Both involve significant ambiguity.
- Both require harvesting strategies.

Amongst start-up entrepreneurship and CE, Morris and Kuratko (2002) point out several differences.

- In start-up entrepreneurship the entrepreneur takes the risk, in CE the company takes the risk other than career-related risk.
- In start-up the individual entrepreneur owns the concept and business, in CE the company typically owns the concept and intellectual rights with the individual entrepreneur having little or no equity in the venture at all.
- In a start-up potential rewards for the individual entrepreneur are theoretically unlimited where as in CE an organizational structure is in place to limit rewards / compensation to the entrepreneur / employee.
- In a start-up venture one strategic gaffe could mean instant failure, in CE the organization has more flexibility for management errors.
- In a start-up, the entrepreneur is subject or more susceptible to outside influences; in CE the organization is more insulated from outside forces or influence.

Besides the aforementioned attributes, the biggest glaring differences between the individual entrepreneur / start-up venture and CE according to Morris and Kuratko (2002) are following characteristics: flexibility issues in planning, championing of innovative ideas, speed of decision process, security / risk issues, organization behavior practices (the individual vs. corporate culture), resource allocation, and strategic planning size and scope.

Finally, Morris and Kuratko (2002) summarize their findings dealing with CE and start-ups through an outline of strategic implications of both entities. Their research points out that sustainable entrepreneurial activity becomes more of a reality through the resource allocation of an established or well-funded organization. Through a resource based view the authors point out some significant strategic advantages that a CE based organization possesses over a start-up organization or individual entrepreneur. Some of these characteristics include: research and development resources, financial resources, management think-tank resources, outsourcing / business alliance resources, firm portfolio resources, and natural economies of scale resources. The power of CE resources is further supported by Vesper (1985) and Guth and Ginsberg (1990), who state that the power of CE can develop entrepreneurial initiatives from all directions, which include management direction from the top, middle, or lower management decisions.

To further explain CE, Kuratko and Hodgetts (2001) developed a typology of managerial characteristics of CE that assessed common traits among mainstream CE based organizations. The variables within the organizational CE hierarchy typology are:

The Initiator: Is the individual or individuals that trigger the entrepreneurial activity or event. This is accomplished by either the initiator analyzing forces driving change within the external business environment or by pursuing ongoing innovation initiatives.

The Sponsor / Facilitator: Is the individual or group that advocates the activities of the initiator and supports these activities through managerial support and / or financial support. The sponsor / facilitator may be an inside entity or an outside special interest organization such as a government agency (USDA), and association, or a private financier.

The Champion / Manager: Is the individual(s) who help facilitate the project and lead the initiative through its different stages or trials.

Team Supporter: Plays a secondary role in providing expertise, intelligence, marketing, and or other managerial functions in order to support the concept or initiative.

Reactor: Plays a devils advocate role in pinpointing weaknesses and threats to the concept or initiative. Supplies data and managerial support in strengthening the power of the initiative.

Kuratko and Hodgetts (2001) contend that the champion and the sponsor play the most critical roles in the entrepreneurial development within an organization. The authors state that champion / manager plays a focal point in the development, facilitation, and oversight of the entire entrepreneurial process within an organization.

Opportunity-Based Behavioral Orientations Scale

Brown, Davidsson and Wiklund (2001) operationalized Stevenson's conceptualization of entrepreneurship with concentrated prominence on the unabandoned pursuit of opportunity. Eight dimensions including strategic orientation, resource orientation, management structure, reward philosophy, growth orientation, and entrepreneurial culture are arranged in the form of a semantic differential, which contrast entrepreneurial behavior with administrative behavior. The underlying philosophical thread states that the entrepreneur's (promoter's) attention is exclusively directed towards the pursuit of opportunity while the trustee attempts to efficiently use resources within a predefined budget. Due to it newness, widespread utilization of the scale has not yet been demonstrated.

Entrepreneurial Archétype Scale (EAS)

Herbert and Brazeal's (1998) framework describes the level of entrepreneurship in corporations. The scale is not designed to speak to an entrepreneurial disposition or orientation, but to a current assessment of entrepreneurial behaviors that classify an organization based on Herbert and Brazeal's archetypes (see Herbert and Brazeal for an in depth discussion of each archetype). Couched within the archetypes is terminology that points to specific behaviors such as opportunity recognition, e.g., my organization recognizes opportunities through producing a consistent stream of incremental innovations. These archetypes (Figure 2.3) are on a continuum from least to most entrepreneurial cultures.

<u>Figure 2.3: Brazeal and Azriel (2002) Corporate Entrepreneurial Archetypes:</u>

Entrepreneurially Challenged Organization	Accidentally Innovative Organization	Entrepreneurially-Oriented	Entrepreneurial Organization

Source: The four Corporate Entrepreneurial Archetypes (Brazeal & Azriel, 2002)

The Entrepreneurially Challenged Organization

The Entrepreneurially Challenged Organization (ECO) does not normally embrace new methods or products/services. The organization's culture is not open to new ideas and risk-taking. "Employees wishing to incrementally modify or improve even considerably outdated processes and procedures are often shunned, punished financially, and viewed as troublemakers."

Accidentally Innovative Organization

Top managers at the Accidentally Innovative Organization (AIO) rely on chance rather than intent for improvement, modification, or innovative application to products or services. It is suspect that many TMT's perceive their responsibilities as being divorced from the difficult integrative task of relating the firm's competitive strategy to building its advantage through institutionalized programs of innovativeness. Thus, the TMT may place too much faith on technical or technological skills as determining factors in marketing success rather than the more subtle processes involved in building the strategic intent for widespread entrepreneurship. While the AIO does not necessarily have entrepreneurial tendencies embedded in its culture, when the firm does stumble across an incremental or radical improvement opportunity, it is seized in an act of serendipity.

Although the AIO may not actively shun innovative activities (as does the ECO), it does not deliberately construct and maintain a culture that rewards creative endeavors.

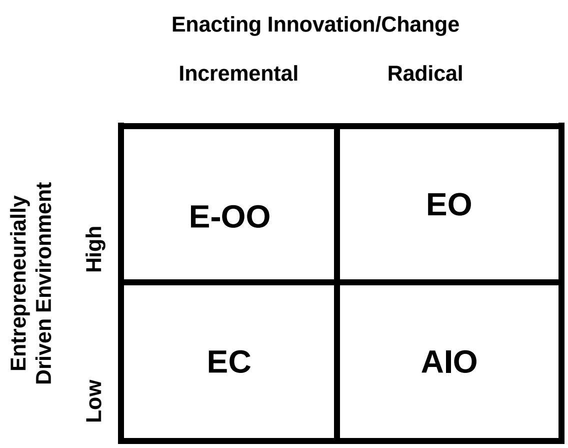
Entrepreneurially-Oriented Organization

Organizational members in Entrepreneurially-Oriented Organization (E-OO) are dedicated to improving pre-existing processes or products and are encouraged by policy toward incremental innovation. Lacking a single-minded focus on fine-tuning all organizational resources to discovering breakthrough technologies, these organizations are less likely to pursue radical innovations, preferring to achieve lucrative ends through the successful harvesting of numerous incremental innovations that require less initial funds and minimal interfacing with other departments. Consequently, while the E-OO has entrepreneurial behaviors embedded in its culture, the firm is less skilled at frame-breaking radical innovations.

Entrepreneurial Organization

The Entrepreneurial Organization's (EO) culture is dedicated to and structured for the facilitation, creation, and implementation of innovative processes, products, or technologies. Entrepreneurial organizations are those that have serious commitments to both incremental and radical innovations as being strategically important to the competitiveness of the organization and tactically important to its operations and processes.   These organizations have integrated the entrepreneurial spirit into their culture and embrace a long-term strategic commitment (Kanter, 1994). Thus, EO companies spearhead using radical organizational forms such as Corporate Entrepreneurship, Intrapreneuring, and New Enterprise Venturing, which are implemented within the confines of the existing (traditional) corporate structure (Quinn, 1979; O'Reilly, 1997; Rule & Irwin, 1988) sometimes gaining a first mover advantage. Brazeal and Azriel (2001) advanced this conceptual framework by using the entrepreneurial archetype framework to inform our understanding of TMT's in the context of the type of innovation or change firms pursue and the entrepreneurially driven environment. The entrepreneurial archetype matrix (Figure 2.4) illustrates a firm's entrepreneurial-driven culture and its aggressiveness in enacting both incremental and radical changes or innovations.

Figure 2.4: Entrepreneurial Archetype Matrix



Source : Entrepreneurial Archétype Matrix (Brazeal & Azriel, 2001)

While many researchers have continued to tout the importance of corporate entrepreneurship as a growth strategy for established organizations and an effective means for achieving competitive advantage (Pinchot, 1985; Zahra, 1991; Kuratko, 1993; Merrifield, 1993; Lumpkin & Dess, 1996; Thornhill and Amit, 2001), there has been a greater effort by researchers to conduct empirical studies that examine the elements of corporate entrepreneurial activities (Zahra and Covin, 1995 and Lumpkin and Dess, 2001). Findings suggest that internal organizational factors that relate to a corporate entrepreneurial climate do exist (Covin and Slevin, 1991 and Hornsby, Kuratko and Zahra, 2002). Also, some researchers have emphasized the vital role of middle managers to develop innovative and entrepreneurial behaviors within an organization (Kanter, 1986; Floyd and Woolridge, 1990, 1992, 1994; Ginsberg and Hay, 1994; Pearce, et al., 1997; Kuratko, Ireland, and Hornsby, 2001; and Hornsby, Kuratko and Zahra, 2002). Not only can middle managers develop entrepreneurial behaviors resulting in entrepreneurial activities but they can also influence their subordinates' commitment to these activities once they are initiated. The study of middle managers is consistent with the growing recognition of the key role internal organizational factors play in promoting or stifling entrepreneurial behavior (Burgleman, 1983; Pinchot, 1985; Floyd and Woolridge, 1992; Ginsberg and Hay, 1994; Day, 1994; Nonaka and Takeuchi, 1995; Pearce, et al., 1997).

The importance of antecedents and outcomes during corporate refocusing has been established (Johnson, 1996). In addition, there has been some recent research into the organizational antecedents that can promote or impede corporate entrepreneurial activities (Zahra, 1991; Zahra and Covin, 1995; Antoncic and Hisrich, 2001). Specific attention has been given to internal organizational factors such as: the company's incentive and control systems (Sathe, 1985); culture (Kanter, 1985; Hisrich and Peters, 1986; Brazeal, 1993); organizational structure (Covin and Slevin, 1991; Naman and Slevin, 1993); managerial support (Stevenson and Jarillo, 1990; and Kuratko, 1988); internal fit (Thornhill and Amit, 2001); and communication and organizational values (Antoncic and Hisrich, 2001). Individually, and in combination, these variables are believed to be important antecedents of corporate entrepreneurial efforts, because they affect the internal environment that determines interest in and support of entrepreneurial initiatives within a company.

Entrepreneurial Strategy:

In the strategic management field, new product/service development and innovation are crucial sources of competitive advantage (Tushman, et al., 1997). However, a key question in strategic management is why some technology-advanced and resource-rich firms fail to develop and /or sustain a competitive advantage (Tushman et al., 1997). One answer to this question is the lack of entrepreneurial initiatives. As firms grow larger, they begin to stagnate and lose sight of those factors that made them successful in the first place–creating a product or service that people want. Oftentimes, established firms tend to develop bureaucratic (structural) and control system, which impediments innovation (Hitt, and Reed, 2000). These impediments are created partly by the size of the firm and partly by the strategy employed by the firm (Hoskisson and Hitt, 1988), and they lead to managerial risk aversion and thus lower managerial commitment to innovation and entrepreneurial activities (Hitt and Reed, 2000).

The impending age of globalization and the new millennium coupled with far-reaching environmental events have brought to fruition a chaotic and tumultuous economy. Perhaps most pervasive among business people is the rapid onslaught of technologically advanced communications including innovations such as cellular phones configured with access to the worldwide web, electronic mail, and day organizers that fit neatly into a suit pocket. Business transactions have become portable, uncomplicated and feasible on an international basis, intensifying competition for new startups and more established corporations alike. Appropriately, the field of entrepreneurship is "coming of age" in an economy that demands fluidity, and thrives, rather than tolerates, apparent disorder.

The new entrepreneurial economy operates with the ease and simplicity as new ventures freely form and disband to exploit here-to-fore unacknowledged opportunities. The tragic events of September 11, 2001 signify the possibility of unprecedented environmental changes with effects that have echoed across multiple industries from the clearly devastated entertainment and travel industries to a trickle-down effect on manufacturing, literally labeling some industries obsolete while reshaping the structure of others. The net effect is long-lasting cultural, social and political changes that forever alter the landscape of the American economy. While "new" entrepreneurs are strategically poised to *carpe diem*, older well established organizations operating with cumbersome structures lack the necessary agility that make it difficult to behave entrepreneurially. Such an orientation gives rise to what Krackhardt (1995) refers to as a "growth paradox" meaning a new firm seeking growth eventually structures itself for efficiency with respect to all-encompassing organizational systems, e.g., policies and procedures, general decision-making strategies, reward systems and strategic orientation. Yet, ceasing to be small leads to decreased flexibility and hampered response time, not usually the domain of entrepreneurship and innovation. Consequently, the field of corporate entrepreneurship holds promise as a challenging arena and potential resolution as the TMT of main line, revered companies, seek to lodge a creative foothold amid environmental turmoil.

To identify the different factors involved in establishing corporate entrepreneurial activity Burgleman (1983) noted that innovation is the result of induced strategic behavior, which is the outcome of the company's official strategic behavior, which may reinforce, challenge, influence or expand the company's formal corporate strategy. He suggested that as long as middle managers and employees see opportunities that exceed the "opportunity set" proffered by the company's top management, autonomous strategic behavior (which results in entrepreneurial outcomes) would occur. A key contribution of Burgleman's work is its recognition of the impact of the firm's culture, organizational structure and strategy in promoting and focusing on autonomous behavior. Later research by Floyd and Woolridge (1992, 1994) and Hornsby, et al., (2002), among others, also recognized the importance of middle managers in enhancing and cultivating such autonomous behavior and thereby fostering entrepreneurial activities.

Assessing a CE Environnent

Kuratko, Montagno, and Hornsby (1990) established Top Management Support, Autonomy/Work Discretion, Rewards/Reinforcement, Resources/Time Availability, and Organizational Boundaries as the underlying environmental factors required for individuals to behave entrepreneurially. They developed an instrument then known as the Intrapreneurial Assessment Instrument to measure these factors. Their results were reinforced by the findings of a study of 119 Fortune 500 CEO's, (Zahra, 1991). This study examined these antecedents as well as the association between internal entrepreneurship and the financial performance of the firm. Kuratko et al.(1990) supported the existence of these factors in a cross-cultural study of Canadian firms.

Hornsby et al., (2002) established sound psychometric properties for an instrument that measures these factors. They documented the existence of an underlying set of five stable organizational factors that should be recognized in promoting entrepreneurial activities within an organization. The five factors that were identified (management support, work discretion/autonomy, rewards/reinforcement, time availability, and organizational boundaries) represent a parsimonious description of the internal organizational factors that influence middle managers to foster entrepreneurial activity within established companies. It is important to note that this resulting structure held up on the second confirmatory factor analysis using an entirely separate sample of middle managers. Furthermore, Kuratko, Hornsby and Goldsby (2002) suggested a theoretical model that suggests that the perceived existence of these factors impacts manager behavior to act entrepreneurially. For this reason, as suggested in the model, when an organization initiates a corporate entrepreneurial activity, organizational antecedents including top management support, use of rewards, flexible organizational boundaries, resource availability and work discretion/autonomy must be present to influence an individual's decision to behave entrepreneurially.

Based on these results, when an organization initiates a corporate entrepreneurial activity, organizational antecedents including top management support, use of rewards, flexible organizational boundaries, resource availability and work discretion/autonomy should be present to influence an individual's decision to behave entrepreneurially. Therefore, the greater the degree the individual perceives the existence of rewards, management support, flexible organizational boundaries, resources, and autonomy, the higher the probability of the individual's decision to behave entrepreneurially.

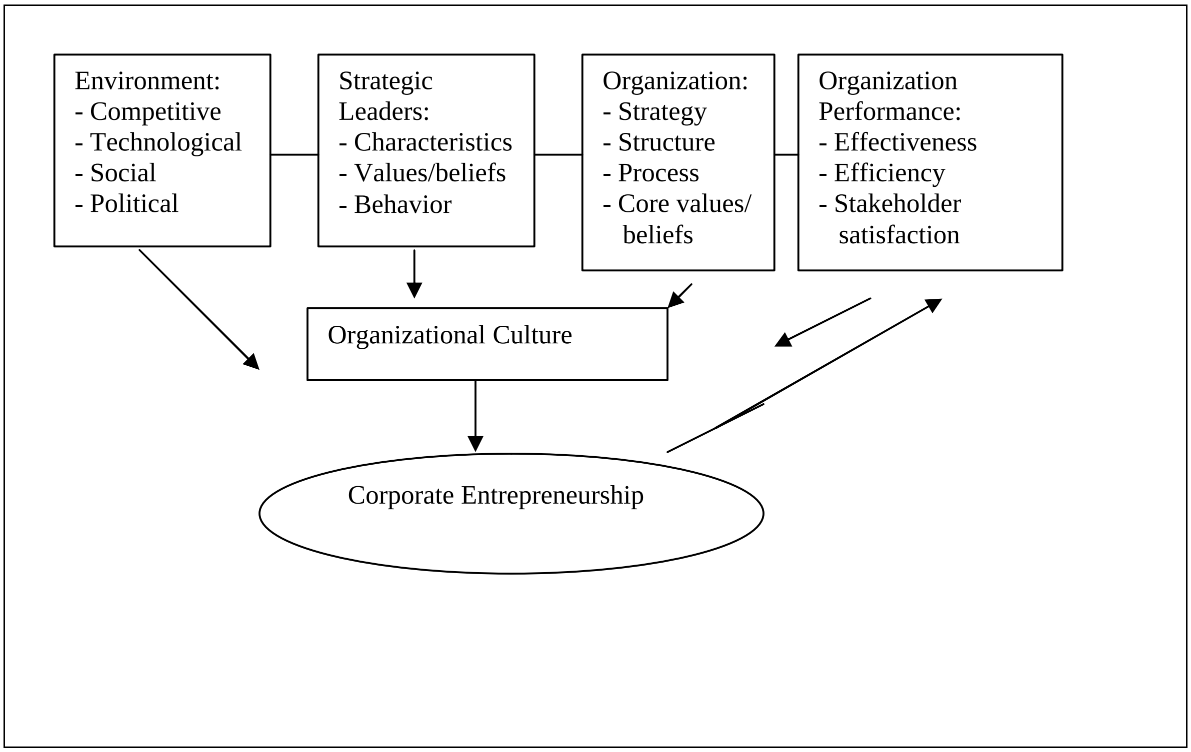
Entrepreneurship in Hospitality Research

In the hospitality academia no published study has focused on the relationship between strategic management practices and corporate entrepreneurship. Instead, entrepreneurship was considered mostly in terms of individuals who started new ventures. This common view of entrepreneurship is a result of the nature of research in the hospitality academia, which appears to be focused on describing the characteristics of entrepreneurs (Barrier, 1994) and the nature of the ventures created by them (Small, 1987).

Two studies (Williams and Tse, 1995; Jogaratnam et al., 1999) related to strategy and entrepreneurship has only recently started to influence the selection and conduct of entrepreneurial study in the hospitality academia. Williams & Tse (1995) showed the empirical evidence of the relationship between Smith's (1967) typology of entrepreneurial type and Miles & Snows' (1978) typology of strategy among 113 small restaurant entrepreneurs. The findings suggested that different types of strategy appeared to be followed by different types of restaurant entrepreneurs. Jogaratnam et al. (1999) tested relationships between entrepreneurial strategic posture and financial performance among 311 independent restaurateurs. The study concluded that high-performing restaurants were more proactive, and emphasized a greater degree of innovation compared with their lower-performing counterparts. There were no significant differences identified between high and low performers in the dimension of risk taking. Both studies addressed the underlying theory linkages between strategic management and entrepreneurship. However, they still limit entrepreneurship to new, small and individual businesses. In Williams & Tse's study (1995), "entrepreneurial" status was defined as restaurants with 2-19 employees and in operation between 2-5 years. Jogaratnam et al.'s study (1999) did not report the background information of the participants; but stated that only "independent restaurateurs who are, more often than not, entrepreneurs" were selected in the study.

The new millennium has brought new opportunities and challenges to the hospitality industry. Today large hospitality firms are aggressively expanding their operations worldwide and tremendous amounts of consolidation have taken place in the industry. The sales of the 200 largest restaurant chains comprised 40% of the entire foodservice market in the United States (Moody's Public Finance,1999). Two hundred large hotel companies controlled 4.6 million guestrooms and nine companies own 66 hotel brands (Tse and Kwansa, 2000). Given the trends of continuous consolidation in the hospitality industry, corporate entrepreneurship and strategic management have not been sought and studied as diligently as is the case in the manufacturing industry (Hitt and Reed, 2000; Barringer and Bluedorn, 1999; Glamholtz and Randie, 1999).

CE Model Including Key Constructs and Their Interrelationships:
Model: Fitting Corporate Entrepreneurship into Strategic Management



Adapted from: Guth, W.D., and A. Ginsburg. 1990.”Corporate Entrepreneurship,” Strategic Management Journal 11 (Summer): 5-15.

Model:

The relationships between the proposed model mentioned above and their constructs will be briefly mentioned below with the past review of the literature. It is the goal of this section to link the model’s constructs with literature that was previously mentioned within the chapter. The end result is a systematic flow of managerial competencies presented that produces an end game of CE practice.

From the literature the following characteristics of CE have been identified:

1. Organizational renewal (Sathe, 1985)
2. Innovative activities from within (Schollhammer, 1982; Burgleman, 1984; Kanter, 1985; Alterowitz, 1988)
3. Generation of new ideas or behaviors (Damanpour, 1991)
4. Incremental innovation process (Quinn, 1979)
5. An entrepreneurial event (Bygrave and Hofer, 1991)
6. Activities pursued individually within an organization (Sharma and Chrisman, 1999)
7. Internal corporate venturing (Zajac, et al., 1991; Pinchot, 1985)
8. Strategic renewal (Guth and Ginsburg, 1990; Herbert and Brazeal, 1999; Hitt, et al., 2001)
9. Transformation of existing organizations (Guth and Ginsburg, 1990)
10. Refocus or transform internal and external environments (Zahra and O'Neil, 1998)
11. Organizations innovate and diversify (Lumpkin and Dess, 1996)
12. Birth of a new business within an organization (Vesper, 1984)
13. improvement of competitive positioning within organizations and their markets (Covin and Miles, 1999)
14. Commitment of TMTs for organizational renewal (Schollhammer, 1982)
15. Transition of personal skills to the organization (Geisler, 1993)
16. Flexibillity issues in organizational planning (Morris and Kuratko, 2002)

Summary and Conclusions:

Although the stream of research within CE is relatively small in nature to other business related disciplines, common denominators can be noticed within the past and present cited research within the field. As previously mentioned, the commonalities of CE research have evolved into conceptual and empirical research relating to what CE is and the strategic effect CE practices play within an organization. Table 2.5 is an outline of prominent research relating to CE. It is the intention of this research to bring the literature of CE to the forefront and use it as a basis to continue CE research in this study and in future research studies relating to entrepreneurship and the hospitality industry.

Table 2.5: Overview of Literature Review Entrepreneurship

Sharma and Chrisman (1999)	Review of Richard Cantillon's work in 1734, Self-employment with an uncertain return
Schumpeter (1934)	Entrepreneur is a person who carries out new combinations, which may take the form of new products, processes, markets, organizational forms, or sources of supply
Sexton and Bowman-Upton (1986)	Energy level, conformity, and need for autonomy
Neider (1987)	Need for achievement, need for autonomy, dominance, high energy level, persistence
Greenberger and Sexton (1988)	A desire for personal control
Crant (1996)	Proactive personality
Chen, et al., (1998)	Self-efficacy
Busenitz and Barney (1997)	Entrepreneurs will apply biases and heuristics – specifically overconfidence and representativeness
Stopford and Baden-Fuller (1994)	Common attributes, include pro-activeness, aspirations beyond capability, team orientation, capability to resolve dilemmas, and learning capability
Pearce, et al., (1997)	Entrepreneurial behavior of managers increased, subordinates satisfaction with supervision increased
Forlani and Mullins (2000)	Entrepreneurs' new venture choices were influenced not only by differences in the risks inherent in the patterns of anticipated outcomes for different ventures, but also by differences in the entrepreneurs' perception of these risks

Entrepreneurship (continued)

Morrison, (1998)	Economic function, ownership structure, degrees of entrepreneurship, resource based view, size and life cycle of firm, and the consolidation approach
Morrison, (1998)	Changes initiation, commitment to employees, creative resourcing, entrepreneurial learning, innovation and creativity, knowledge leadership, opportunity alertness, relationship management, risk and uncertainty management, timing of action, and vision and strategic orientation
Drucker (1995)	Entrepreneurship stems from economic and societal theory Entrepreneurship through creation and / or innovation
Drucker (1986)	Change an individual' or organization's economic or social direction
Morris (1998)	Creation of wealth involving the assumption of risk
Gartner (1988)	Entrepreneurship is a single phenomenon in business that possesses several operational components
Stevenson et al., (1999)	States that entrepreneurship is: "the process of creating value by bringing together a unique package of resources to exploit an opportunity Entrepreneurs create value where there was none before

Entrepreneurship (continued)

Timmons (1994)	Entrepreneurship as the process of building and creating a vision from practically nothing
Brazeal and Herbert (1999)	Entrepreneurial process as being: (a) the current or potential existence of something new, (b) the creation of a new entity due to an operational problem, (c) changing of operations due to business environmental change, (d) can be complementary to existing strategies, (e) and innovation being championed by a innovator / manager
Stevenson, et al. (1989)	Entrepreneurship is a process that brings together an unique combination of resources to exploit an opportunity and create value

Corporate Entrepreneurship

Peterson and Berger (1971); Hill and Hlavacek (1972); Hanan (1976) and Quinn (1979) Sathe (1985)	Organizational renewal
Schollhammer (1982); Burgelman (1984); Kanter (1983); Alterowitz (1988)	Resource commitments for the purpose of carrying out innovative activities in the form of product, process and organizational innovations
Damanpour (1991)	"…the generation, development and implementation of new ideas or behaviors.
Quinn (1979)	Entrepreneurship involves an incremental innovation process
Bygrave (1989); Bygrave and Hofer (1991)	Entrepreneurial event
Stevenson and Jorilla (1990)	Lending perhaps undue exclusive attention to the personality of the individual
Sharma and Chrisman (1999)	Differentiated entrepreneurial activities based on those activities pursued independently and those activities pursued within the context of an organization
Zajac, et al. (1991)	Creation of a new business within an existing organization also referred to as an internal corporate venturing
Pinchot (1985)	Intrapreneurship
Guth and Ginsberg (1990)	Corporate entrepreneurial activities is strategic renewal
Herbert and Brazeal (1998); Hitt, et al. (2001)	Legitimizing processes that encourage the entrepreneurial spirit "strategic entrepreneurship "
Brown, et al. (2001)	Measure of firm-level entrepreneurship

Corporate Entrepreneurship (continued)

Zahra (1991)	Observed that "corporate entrepreneurship may be formal or informal activities aimed at creating new businesses in established companies through product and process innovations and market developments.
Guth and Ginsberg (1990)	New venture creation within existing organizations and the transformation of organizations through strategic renewal
Zahra and O'Neil (1998)	Established organizations seeking to "refocus" or "transform" themselves through entrepreneurial behaviors and actions are finding
Barringer and Bluedorn (1999)	"Entrepreneurial attitudes and behaviors are necessary for firms of all sizes to prosper and flourish in competitive environments."
Lumpkin and Dess (1996)	Organizations to innovate and diversify
Collins and Moore (1970)	Should be a clear differentiation from independent and administrative entrepreneurs
Lumpkin and Dess (1996)	Have stated that launching a new venture (CE) can be done either by a start up firm or an existing one
Sharma and Chrisman (1999)	CE it has still be defined ambiguously and without consistency amongst scholars
Vesper (1985)	Defined CE (1) the birth of new business within an existing organization, (2) the transformation of organizations through strategic renewal using resource based allocation

Corporate Entrepreneurship (continued)

Covin and Miles (1999)	"CE includes situations where (1) an established organization enters a new business; (2) an individual or individuals champion new corporate ideas within a corporate context; and (3) an entrepreneurial philosophy permeates an entire organization's outlook and operations. CE can be used to improve competitive positioning and transform corporations, their markets, and industries as opportunities for value-creating innovation In domain redefinition it is referred to an organization proactively created a new product-market arena that others have not recognized or have actively sought to exploit
Shatzer and Schwartz (1991); Schollhammer (1982); Geisler (1993); Ferguson et al., (1987); Pearson (1989); Blinkhorn (1991); Kuratko (1993)	CE is commonly referred to intrapreneurship
Shatzer and Schwartz (1991)	Intrapreneurship as corporate venturing
Schollhammer (1982)	Views the CE process as internal corporate entrepreneurs Function that requires resource allocation and organizational commitment from TMTs
Geisler (1993)	Personal entrepreneurial skills but also need to develop and implement organizational and transitional skills
Ferguson (1987)	Persists that intrapreneurs tend to gravitate towards established organizations in order for the intrapreneur to innovate through established resources and capital flow

Corporate Entrepreneurship (continued)

Morris and Kuratko (2002)	Characteristics of the following: flexibility issues in planning, championing of innovative ideas, speed of decision process, security / risk issues, organization behavior practices (the individual vs. corporate culture), resource allocation, and strategic planning size and scope.
Kuratko and Hodgetts (2001)	Developed a typology of managerial characteristics of CE The Initiator The Sponcer / Facilitator The Champion / Manager Team Supporter Reactor
Brown, Davidsson and Wiklund (2001)	Strategic orientation, resource orientation, management structure, reward philosophy, growth orientation, and entrepreneurial culture
Herbert and Brazeal (1998)	Assessment of entrepreneurial behaviors that classify an organization
Covin and Slevin (1991) and Hornsby, et al. (2002)	Internal organizational factors that relate to a corporate entrepreneurial climate do exist
Kanter (1983/1986); Floyd and Woolridge (1990), (1992), (1994); Ginsberg and Hay (1994); Pearce, et al. (1997); and Hornsby, et al. (2002)	Role of middle managers to develop innovative and entrepreneurial behaviors within an organization
Burgelman (1983); Pinchot (1985);Floyd and Woolridge (1992); Ginsburg and Hay (1994); Day (1994); Nonaka and Takeuchi (1995); Pearce, et al. (1997)	Study of middle managers is consistent with the growing recognition of the key role internal organizational factors play in promoting or stifling entrepreneurial behavior

Corporate Entrepreneurship (continued)

Sathe (1985)	Internal organizational factors such as: the company's incentive and control systems
Kanter (1983/1988); Hisrich and Peters (1986);	Culture
Covin and Slevin (1991); Naman and Slevin (1993)	Organizational structure
Stevenson and Jarillo (1990); and Kuratko et al. (1993)	Managerial support
Thornhill and Amit (2001)	Internal fit
Antoncic and Hisrich (2001)	Communication and organizational values

Entrepreneurial Strategy

Tushman, et al. (1997)	Innovation are crucial sources of competitive advantage
Tushman et al., (1997)	Resource-rich firms fail to develop and / or sustain a competitive advantage
Barringer and Bluedorn (1999); Glamholtz and Randie (1999); Covin (1991)	Corporate entrepreneurship and strategic management in the manufacturing industry
Barringer and Bluedorn (1999)	Entrepreneurial intensity was positively influenced by the nature of its strategic management practices
Newman (1963)	Administration inflexible which may undermine the effectiveness of entrepreneurial behavior in an organization
Krackhardt (1995)	"Growth paradox"
Burgleman (1983)	Innovation is the result of induced strategic behavior
Floyd and Woolridge (1992, 1994) and Hornsby, et al. (2002)	Importance of middle managers in enhancing and cultivating such autonomous behavior and thereby fostering entrepreneurial activities.
Kuratko, et al. (1990)	Established Top Management Support, Autonomy/Work Discretion, Rewards/Reinforcement, Resources/Time Availability and Organizational Boundaries

Entrepreneurial Strategy (continued)

Hornsby, et al. (2002)	Established sound psychometric properties for an instrument that measures these factors Recognized in promoting entrepreneurial activities
Kuratko, et al. (2002)	Suggested a theoretical modal that suggests that the perceived existence of these factors impacts managers behavior to act entrepreneurially

Small (1987)	Nature of the ventures created by them
Williams and Tse (1995); Jogaratnam, et al. (1999)	Two studies related to strategy and entrepreneurship
Williams and Tse (1995)	Showed the empirical evidence of the relationship between
Jogaratnam et al., (1999)	Tested relationships between entrepreneurial strategic posture and financial performance among 311 independent restaurateurs

Chapter 3. Methods

The purpose of this study was to investigate the relationship between an entrepreneurial culture and actual outcomes from managers. Specifically, the Corporate Entrepreneurship Assessment Instrument (CEAI) was administered and received from 530 managers. Along with this survey, measures of job satisfaction, reinforcement practices and entrepreneurial behaviors were utilized. The results of stepwise regression analyses indicated support for a relationship between an entrepreneurial culture and job satisfaction and reinforcement practices, especially focusing on the use of bonuses.

In order to investigate the hypotheses detailed in Chapter 1, three analyses were conducted. First, averages were calculated on all demographic variables to appropriately describe the data sample. Second, regression analysis was conducted to investigate the relationship between an overall CE practices, as measured by the CEAI, and measures of management reinforcement practices and entrepreneurial behavior. Third, five individual stepwise regression analyses were conducted to assess the impact of each of the factors measured by the CEAI (and supported in the literature) on measures of corporate culture (TMT practices), reinforcement practices and entrepreneurial behavior.

The Corporate Entrepreneurship Assessment Instrument

In order to monitor and measure entrepreneurial actions within an organization, instruments need to be formulated in order to measure and access these activities. In 2000 Morris and Kuratko developed the Corporate Entrepreneurship Assessment

Instrument (CEAI) in order to assess entrepreneurial activity within the manufacturing industry. The CEAI was designed to measure five key areas within an organization, which includes: management support for corporate entrepreneurship, work discretion, management rewards/ reinforcement, time availability for innovation, and organizational boundaries involving innovation. The instrument is constructed as a five-point Likert scale assessing these five constructs. The desired outcome of the CEAI is to assessment a level of CE intensity and recognition of CE by management within an organization.

The CEAI Post Test

The CEAI Post Test was administered one-year after the initial CEAI questionnaire was issued. The smaller post test survey (N=500) was distributed to assess if the results from the second CEAI survey round would either support or dispute the original finding of the first CEAI survey. Respondents were extracted from the original sample size but it is not known if the same respondents participated in both surveys that were issued.

The Minnesota Satisfaction Questionnaire (MSQ) and Self-Assessment Questionnaire

The MSQ and Self-Assessment Questionnaire was instituted within this study to serve two purposes. First, the questionnaire was instituted as an initial study to detect an interest by management in organizational / managerial practices within their own organization. Second, the MSQ was instituted as a screening mechanism to throw out questionnaires by the researcher that was deemed to bias the overall study. The MSQ questionnaire was designed in 1968 to measure overall satisfaction and an individual’s support of organizational practices and procedures. The MSQ gives a clear picture of what an individual displays as positive or negative feelings towards their respected organization. For this study the MSQ was used to throw out negative responses that would adversely effect a central tendency of results related to the CEAI. It is believed by the researcher that the MSQ would allow for a clean display of results that would reflect the majority of reposes towards CE practices within an organization. In this study 13% of all negative MSQ surveys along with CEAI responses were thrown out for this reason.

Justification for Regression Analysis

The procedure of regression analysis is rooted within the primary purpose of two main functions. The first function of regression can be used to predict values on some dependent variables for all members of a population. The second function of regression analysis can be used as a means of explaining causal relationships among variables.

To understand multiple regression, it is first important to review simple linear regression as a means for extending its principles into multiple regression. In simple regression the researcher is striving to make predictions about a dependent variable if the values of the independent variable are present. In order to make a prediction about the dependent variable there needs to be some sort of correlation between the independent and dependent variables. The correlation itself tells how much information about the dependent variable is contained in the independent variable (Mertler and Vannatta, 2001). Depending on the level of significance, the independent variable may predict the information needed to understand the dependent variable. Ultimately, if we would want to find the "best fit" in predicting the dependent variable from the independent variable the researcher would draw a straight line through a series of points closest together on a scatter plot commonly called a regression line. In order to make predictions using this regression line three important facts must be known. First, the extent to which the points are scattered around the line due to the relationship between the independent and dependent variables (Sprinthall, 2000). This relationship is typically measured through Pearson's r. In Pearson's r, the stronger the relationship the higher degree of predictability is present on an x y axis. The second area to consider is the slope of the regression line (Sprinthall, 2000). The degree of slope is determined by the amount of change in y that accompanies a unit change in x. It is the slope that largely determines the predicted values of y from the known values for x (Mertler and Vannatta, 2001). The final point to consider is the point at which the regression line crosses the Y-axis (Y-intercept). As a review the basic equation for simple regression is Y hat =bx+a. Y hat is the predicted value for the dependent variable, x is the known raw score value on the independent variable, b is the slope of the regression line, and a in the Y-intercept.

In the prediction process unless the values contained in the regression equation produce a perfect correlation between the independent and dependent variables, some errors will occur, which are commonly known as residuals (Mertler and Vannatta, 2001). In using a best fitting line it is important to use the line as a regression equation because it is mathematically calculated with the smallest amount of squared error, which is commonly referred to as the least squares solution (Mertler and Vannatta, 2001). The least squares solution also provides values for the constants in the regression equation, b1 and b0 also known as beta weights. This allows for the smallest amount of prediction error both positive and negative giving the best possible mathematically achievable line through a set of points on a scatter plot.

Multiple regression is merely an extension of the concept of simple regression. Instead of using values on one predictor variable to estimate values on a criterion variable, the researcher uses values on several predictor variables (Kachigan, 1999). The goal in using many predictor variables instead of just one is to further reduce errors of prediction and to account for more of the variance in the criterion variable (dependent variable). The multiple regression equation is similar to the simple regression equation, but instead of a single predictor variable, there are several predictor (independent) variables (x1,x2,xk…..). The general equation of multiple regression is: y'=a+b1x1+b2x2=bkxk… Where: y'is the predicted value of the criterion variables and the values of a and b are coefficients derived from a sample data set.

In the multiple regression the multiple regression coefficient R tells the researcher the correlation between the weighted sum of the predictor variables and the criterion variable (Kachigan, 1999). Also, the squared multiple correlation coefficient R^2 tells the researcher what proportion of the variance of the criterion variable is accounted for by all predictor variables combined. When assessing the importance of the various predictor values within a regression equation, it is important to look at their coefficients when all of the variables are in a standardized z score. (With a mean of 0 and a *sd* of 1.) These coefficients are commonly referred to as beta coefficients or beta weights (Kachigan,

1999) Sometimes beta coefficients are also referred to as partial regression coefficients. This is due to the fact that these regression coefficients represent partial correlation coefficients between the respective predictor variables and the criterion variables while controlling for other predictors in the equation (Kachigan, 1999). This means that the value of the coefficient of each predictor variable is a function of the correlations that exist among the predictor variables themselves. It expresses the correlation between two variables under the condition that all other commonality measured with variables are held constant. One important note about beta coefficients is that their results are relative in nature and not absolute (Kachigan, 1999).

In using multiple regression analysis, there are several types of analyses that may be used within the process. The most common procedure is known as simultaneous regression. In simultaneous regression the regression equation and multiple correlation are determined by analyzing all of the predictors at the same time (Kachigan, 1999). Another form of analysis is through hierarchical regression. In hierarchical regression a series of simultaneous analyses occur that all use the same criterion. Within this process, one or more predictors are used within the first analysis. Next, one or more new sets of predictors are used in the analysis and so on. The result is a way to calculate the proportion of the variance with the new set of predictors. By doing this the change in R^2 can be evaluated by observing the change within each new set of predictors. One area to note is that with hierarchical regression the order of the variables being entered gives the analyst an element of controlled selection. This is important to consider when reviewing the data outcomes. Another type of multiple regression use is stepwise regression. The basic procedure in stepwise regression is the same as hierarchical regression, however, in stepwise regression the order in which predictors are included next is determined solely by the predictor that will produce the greatest increase in R^2 at that step (Kachigan, 1999). In stepwise regression another area of consideration within the result lies in the fact that not all predictors are specific and may relay on samples, which will not include all relevant or eliminate irrelevant predictors. As a result some of the outcomes may become misleading .

Another issue to consider when using multiple regression analysis is the problem of collinearity. Collinearity occurs when two or more predictor variables are very highly correlated with each other. When collinearity occurs, computer outputs will not be as accurate due to the data suggesting high correlation amongst a set of similar predictor variables. One way to avoid this problem is to carefully consider the values of each predictor variable. If the criteria of each predictor variable is relatively similar in nature meaning that it is a slight variation of one another, a collinarity problem could occur. In other situation collinarity may occur when introducing dummy variables into a multiple regression model.

In applying regression analysis to functional problems two principles must be retained to consider. (1) The prediction of values on a criterion variable based on a knowledge of values on predictor variables, and (2) the assessment of the relative degree to which each predictor variable accounts for the variance in the criterion variable (Kachigan, 1999). In hospitality management, researchers are interested in identifying predictors of sales, productivity, food production / menu management, yield management in room turnovers, profit vs. waste in food production, etc. What is important to consider in using regression analysis is the range of variables that can be used in determining the relationships amongst data sets. As an example, in hospitality management, lets say an individual wants to investigate the criterion variable of “sales of the breakfast platter #1.” Even though this is a very broad statement it still can apply to regression analysis if the individual also adds a number of options to consider in order for the technique to be used. Now that the criterion variables of “sales of breakfast platter #1” has been identified, it is time to do the same for selecting predictor variable. Some data sets that could be considered include: individual restaurant units selling the platter, local advertising for the platter, competitors selling similar products, consumer expenditures in each market, and so on. The individual investigator can control some of these predictor variables, others may not. The end result in the analysis may determine whether or not a set of predictor values positively or negatively influence the sale of these breakfast platters. One final premise to consider in using multiple regression analysis in industry applications is that no one regression analysis is most appropriate for understanding a criterion variable, but rather the greatest understanding is most likely to result from number of alternative analyses, each viewing the problem from a different angle (Kachigan, 1999).

Unit of Analysis / Site and Firm Selection

According to Zikmund (1998), to define the problem, researchers must explain their unit of analysis. The unit of analysis specifies at what level the data will be collected. The level may be of a department / organization, work group, or individual(s). It may occur at more than one level. Within this study the data were collected through extensive survey distribution using a convenience sample, which was supplied after approval of each corporation. Participants from each unit may consist of any form of management that has a direct effect in the decision making process within that unit. Surveys were returned and analyzed as a whole group. No single organization or unit was singled out or identified during the data collection process.

The characteristics of the organizations that the sample was extracted from are as follows:

Organization A: Is a 1,300-unit casual dining organization, which has an annual growth rate of 47%. Within the past five years this organization has ventured into other concepts with little success. They have divested the concepts and are now focusing on their core concept. Their international expansion is present, but is still limited.

Organization B: Is a 660-unit casual dining organization that boasts same store sales average of $2.3 million per year. The organization, which originated in 1986 has diversified its concept portfolio with three other concepts. Each unit has an operating partner which benefits from profit sharing.

Organization C: Is a 330-unit casual dining organization, which originally grew from being a franchisee. After the organization divested its franchise assets, the organization grew by acquiring four other concepts through its divested funds from the franchise sale.

Since the multiple concept acquisition its stock price has plunged 83% and the organization was prompted to divest three domestic concepts and two international joint-ventures. It is currently evaluating its portfolio in order to deliver positive cash flows to shareholders.

Organization D: Is a 1,850-unit causal dining three concept organization. The organization, originally a privately held firm, has grown over the past 35 years. The organization has aggressively developed eclectic concepts from within the organization and has used its concept innovation as a vehicle for growth.

Organization E: Is a 22-unit high-end casual dining concept with same store sales ranging from \$6.5 to \$9.0 million in annual sales. The organization has aggressively developed spin-off concepts within high economic urban areas. The organization continues to concentrate on high volume concept development.

The common features that each sample possessed was similarity in management teams / hierarchical structures, common offering of products / services, each organization has operated its concept 15 years or more, and each organization either holds or franchises multiple operating units. Concepts vary, however operational / management structures remain similar within the operating domain.

Data Collection Procedures

Criterion. The Corporate Entrepreneurship Assessment Instrument (CEAI) was developed to gauge the organizational factors that foster corporate entrepreneurial activity within a company. As noted earlier the most widely acknowledged factors appear to fall into five distinctive areas: management support; organizational structure; risk taking, time availability; and reward and resource availability. Hornsby et al.'s (2002) results confirmed the existence of these factors with acceptable psychometric results. (These results will be explained further within the results section of chapter 4.) The CEAI also includes a section that assesses demographic variables such as age, gender, and managerial level, tenure in job and tenure in the organization.

Predictor Variables. Two instruments were utilized to assess the independent variables. First, the Minnesota Satisfaction Questionnaire (MSQ) (Weiss et. al., 1967) was selected. This 20 item Likert-type scale instrument was selected because of its psychometric properties and ability to assess job satisfaction in terms of both intrinsic and extrinsic factors. This survey was used to determine the initial satisfaction that managers sense within the current position in the organization. This is important to research first due to the assumption that if management is initially unhappy within their current environment or organization it would naturally skew the results of the CEAI survey study. The questionnaire resulted in a total satisfaction score as well as a score for intrinsic and extrinsic job satisfaction. The reliabilities for this measure were .84, .80 and .88 for intrinsic, extrinsic and total satisfaction respectively.

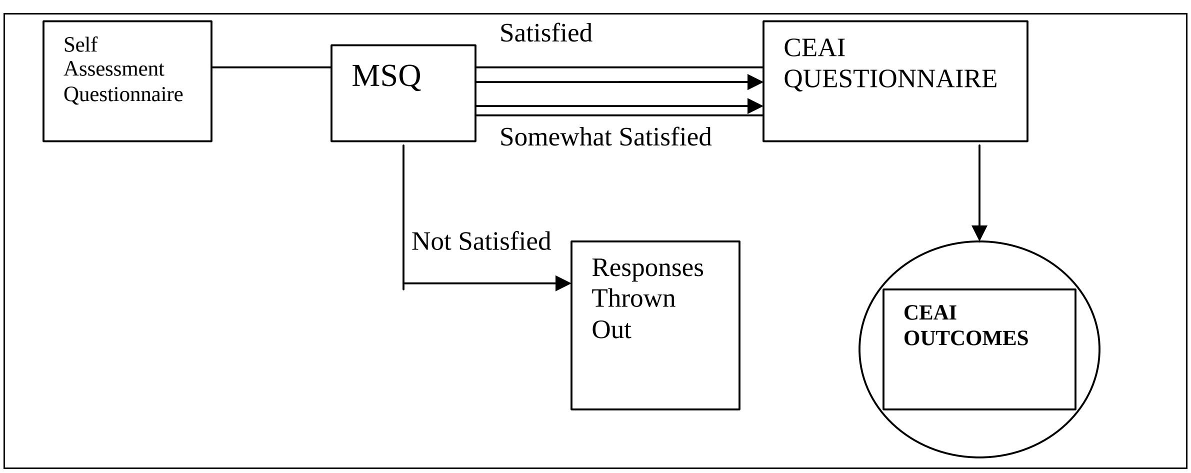
Second, the CE Organizational Intensity Questionnairewas developed to assess reinforcement practices and behavior outcomes. All questions were self-report and based on the past six months. The items included were:

- Number of new ideas suggested.
- Number of ideas implemented.
- Number of job improvements implemented without official organizational approval.
- Number of hours per week spent thinking about new ideas and/or improvements.
- Number of times recognized for a new idea.
- Method of recognition (i.e., pay raise, promotion, assigned time, recognition awards, bonuses or other)
- Satisfaction with recognition (i.e., pay raise, promotion, assigned time, recognition awards, bonuses or other)

These behaviors represent outcomes based on the perceived environment. Due to lack of statistical measurement on the responses given from the MSQ, the qualitative section of the survey proves to be invalid for this study. The results given on the CE Organizational Intensity survey may be used for a future qualitative study on CE and its impact on corporate culture. It is recognized that these items are self-report, however, due to the variations on how organizations record work behaviors and the lack of instruments in the literature to measure CE outcomes, these items represent a start in this direction. The second survey also proves to be valuable in assessing the individual within the organization along with the Minnesota Satisfaction Questionnaire and the CEAI Questionnaire.

The Minnesota Satisfaction Questionnaire (MSQ) was used to initially assess the overall satisfaction of managers within the overall scope of their present employment. The survey was important to conduct prior to issuing the CEAI questionnaire for several reasons. First, if a respondent scored relatively low on the MSQ it would indicate that the respondent was initially dissatisfied with current position and organization and would naturally score low on the CEAI questionnaire that would skew the results. Second, the MSQ was used as a control factor to eliminate any type of respondent bias. The respondents that answered the MSQ and CEAI were not aware that the MSQ was used as a survey control instrument. Ultimately the respondents that answered low on the MSQ consequently allowed the CEAI results thrown out which accounted for 13% of all responses. This supports the notion that low job satisfaction would initially skew any type of positive Reponses related to CE and job reinforcement as it related to organizational culture.

<u>Figure 3.1: Illustration of the Survey Research Process Pertaining to this Study:</u>



Summary

This chapter focused on the methods used, unit of analysis, and the rationale for using this type of statistical analysis when analyzing the data and accepting or rejecting the proposed hypothesis as it relates to CE intensity. Further explanations of research results will be explored in Chapter 4 with a summery and conclusion of results within the body of Chapter 5.

The following tables are the survey instruments that were selected, distributed, and collected within the research process. This questionnaire is the premise for conducting the research of CE intensity and organizational acceptance within the casual dining restaurant segment

Table 3.2: Minnesota Satisfaction Questionnaire (MSQ)

Ask yourself: How satisfied am I with this aspect of my job?

5 = Extremely Satisfied
4 = Very Satisfied
3 = Satisfied
2 = Somewhat Satisfied
1 = Not Satisfied

		Your answer: *Please circle one:*
1.	Being able to keep busy all the time.	1 2 3 4 5
2.	The chance to work alone on the job.	1 2 3 4 5
3.	The chance to do different things from time to time.	1 2 3 4 5
4.	The chance to be "somebody" in the community.	1 2 3 4 5
5.	The way my boss handles his/her workers.	1 2 3 4 5
6.	The competence of my supervisor in making decisions.	1 2 3 4 5
7.	Being able to do things that don't go against my conscience.	1 2 3 4 5
8.	The way my job provides for steady employment.	1 2 3 4 5
9.	The chance to do things for other people.	1 2 3 4 5
10.	The chance to tell people what to do.	1 2 3 4 5
11.	The chance to do something that makes use of my abilities.	1 2 3 4 5
12.	The way company policies are put into practice.	1 2 3 4 5
13.	My pay and the amount of work I do.	1 2 3 4 5
14.	The chances for advancement on this job.	1 2 3 4 5
15.	The freedom to use my own judgment.	1 2 3 4 5
16.	The chance to try my own methods of doing the job.	1 2 3 4 5
17.	The working conditions.	1 2 3 4 5
18.	The way my co-workers get along with each other.	1 2 3 4 5
19.	The praise I get for doing a good job.	1 2 3 4 5
20.	The feeling of accomplishment I get from the job.	1 2 3 4 5

Table 3.3: Self-Assessment Questionnaire (Kuratko, 2002)

For the questions mentioned below please provide a personal brief opinion concerning the traits for you within your organization.

1. Within a given fiscal year how many new ideas do you suggest / present to your organizational management team? ______________

2. Within the same period of time how many of your ideas have been implemented either at the unit or organizational level? _________

3. In your opinion, how many informal job level improvements have you made to your unit / organization within the past fiscal year? __________

4. how many hours per week do you spend thinking about new job improvements / procedures? _________

5. Since your tenure within your current organization how many times have you been recognized for outstanding management decisions / changes? __________

6. What was the method of recognition that was received?

   A. pay raise
   B. bonus
   C. promotion
   D. other _____________

7. How satisfied were you with the level of recognition?

A. very satisfied B. somewhat satisfied C. not satisfied

8. How would you rate your current employer?

A. excellent B. good C. fair D. poor

Table 3.4:CEAI Corporate Entrepreneurship Assessment Instrument

We are interested in learning about how you perceive your workplace and organization. Please read the following items. Using the scale below please indicate how much you agree or disagree with each of the statements. If you strongly agree, write "5". If you strongly disagree, write "1". There are no right or wrong answers to these questions so please be as honest and thoughtful as possible in your responses. All responses will be kept strictly confidential. Thank you for your cooperation!

Strongly disagree	Disagree	Not sure	Agree	Strongly agree
1	2	3	4	5

Section 1: Management Support for Corporate Entrepreneurship

1. My organization is quick to use improved work methods.	1 2 3 4 5
2. My organization is quick to use improved work methods that are developed by workers.	1 2 3 4 5
3.In my organization, developing ideas for the improvement of the corporation is encouraged.	1 2 3 4 5
4.Upper management is aware of and very receptive to my ideas and suggestions.	1 2 3 4 5
5. A promotion usually follows from the development of new and innovative ideas.	1 2 3 4 5
6. Those employees who come up with innovative ideas on their own often receive management encouragement for their activities.	1 2 3 4 5
7. The "doers" on projects are allowed to make decisions without going through elaborate justification and approval procedures.	1 2 3 4 5
8. Senior managers encourage innovators to bend rules and rigid procedures in order to keep promising ideas on track.	1 2 3 4 5
9. Many top manages are known for their experience with the innovation process.	1 2 3 4 5
10. Money is often available to get new project ideas off the ground.	1 2 3 4 5
11. Individuals with successful innovative projects receive additional rewards and compensation for their ideas and efforts beyond the standard reward system.	1 2 3 4 5
12. There are several options within the organization for individuals to get financial support for their innovative projects and ideas.	1 2 3 4 5
13. People are often encouraged to take calculated risks with ideas around here.	1 2 3 4 5
14. Individual risk takers are often recognized for their willingness to champion new projects, whether eventually successful or not.	1 2 3 4 5
15. The tern "risk taker" is considered a positive attribute for people in my work area.	1 2 3 4 5
16. This organization supports many small and experimental projects realizing that some will undoubtedly fail.	1 2 3 4 5
17. An employee with a good idea is often given free time to develop that idea.	1 2 3 4 5
18. There is considerable desire among people in the organization for generating new ideas without regard for crossing departmental or functional boundaries.	1 2 3 4 5
19. People are encouraged to talk to employees in other departments of this organization about ideas for new projects.	1 2 3 4 5

Section 2: Work Discretion

20. I feel that I am my own boss and do not have to double-check all of my decisions with someone else. 1 2 3 4 5
21. Harsh criticism and punishment result form mistakes made on the job. 1 2 3 4 5
22. This organization provides the chance to be creative and try my own methods of doing the job. 1 2 3 4 5
23. This organization provides the freedom to use my own judgment. 1 2 3 4 5
24. This organization provides the chance to do something that makes use of my abilities. 1 2 3 4 5
25. I have the freedom to decide what I do on my job. 1 2 3 4 5
26. It is basically my own responsibility to decide how my job gets done. 1 2 3 4 5
27. I almost always get to decide what I do on my job. 1 2 3 4 5
28. I have much autonomy on my job and am left on my own to do my own work. 1 2 3 4 5
29. I seldom have to follow the same work methods or steps for doing my major tasks from day to day. 1 2 3 4 5

Section 3: Rewards/Reinforcement

30. My manager helps me get my work done by removing obstacles and roadblocks. 1 2 3 4 5
31. The rewards I receive are dependent upon my work on the job. 1 2 3 4 5
32. My supervisor will increase my job responsibilities if I am performing well in my job. 1 2 3 4 5
33. My supervisor will give me special recognition if my work performance is especially good. 1 2 3 4 5
34. My manager would tell his/her boss if my work was outstanding. 1 2 3 4 5
35. There is a lot of challenge in my job. 1 2 3 4 5

Section 4: Time Availability

36. During the past three months, my workload kept me from spending time on developing new ideas. 1 2 3 4 5
37. I always seem to have plenty of time to get everything done. 1 2 3 4 5
38. I have just the right amount of time and workload to do everything well. 1 2 3 4 5
39. My job is structured so that I have very little time to think about wider organizational problems. 1 2 3 4 5
40. I feel that I am always working with time constraints on my job. 1 2 3 4 5
41. My co-workers and I always find time for long-term problem solving. 1 2 3 4 5

Section 5: Organizational Boundaries

42. In the past three months, I have always followed standard operating procedures or practices to do my major tasks. 1 2 3 4 5
43. There are many written rules and procedures that exist for doing my major tasks. 1 2 3 4 5
44. On my job I have no doubt of what is expected of me. 1 2 3 4 5
45. There is little uncertainty in my job. 1 2 3 4 5
46. During the past year, my immediate supervisor discussed my work performance with me frequently. 1 2 3 4 5
47. My job description clearly specifies the standards of performance on which my job is evaluated. 1 2 3 4 5
48. I clearly know what level of work performance is expected from me in terms of amount, quality, and time line of output. 1 2 3 4 5

Please indicate your management status: Area Manager / General Manager / Assistant Manager

Chapter 4. Results

Analyses

Stepwise Regression. Stepwise regression was chosen to address the research hypotheses because of its ability to assess the relationship between several independent variables and a single dependent variable. According to Cohen and Cohen (1983), this analysis is designed to select from a group of independent variables, which make the largest contribution to R-squared. It is an iterative procedure that continues to enter independent variables into the equation until there is no statistically significant increase in R-square. For this analysis, the stepwise criteria for F to enter was <=.05 and to remove was >=.100. This stepwise procedure was conducted on each of the five factors of the CEAI using each of the behavior outcome items and the individual's intrinsic, extrinsic and total satisfaction scores as independent variables.

Descriptive Statistics

Table 4.1 provides the mean, standard deviation, and correlation of the major variables in this study. The table indicates that scanning intensity (correlation coefficient = 0.406), management support (0.507), organizational structure (-0.587), risk taking (0.521), time availability (0.322), reward and resource availability (0.419) are statistically correlated to corporate entrepreneurship intensity (at alpha = 0.05 or 0.01). There is no significant correlation between entrepreneurship intensity and environmental turbulence, and firm profitability.

These individual ratings for each of the statements in the five areas were tallied. For example, the first statement for each of the five areas were added together to obtain a composite score and was then given a numeric value between 1-entrepreneurially challenged organization and 4-entrepreneurial organization.

Pilot Test: Corporate Entrepreneurial Intensity Index

The pilot test consisted of a small sample of 60 respondents. This sample was used to make the initial assessment of CE intensity. In this study, the primary focus was concerned with reactions to content and format by the respondents in order to create conversation and refine both instruments in later studies. Respondents were asked to think about either their company or a company that they knew very well in providing their answers for both measures. The respondents all had intimate knowledge of the company that they rated through being an employee, consultant, or in one case an operating partner. A simple Pearson correlation between the composite score (1= least entrepreneurial to 4=most entrepreneurial) of the entrepreneurial statement measure and the organization measures of other organizations (1 to 4) was used to test whether the two measures were strongly associated. The correlation between the two was .77 providing evidence to support this proposition. In addition, respondents were asked to comment on the two measures and describe their answers when the two measures did not correspond. (See Table 4.5)

Stepwise Regression Results of CEAI

Specifically, the CEAI consists of top management support for corporate entrepreneurship (19 items), work discretion (10 items), rewards/reinforcement (6 items), time availability (6 items) and organizational boundaries (7 items). The five-factor solution accounted for 46 percent of variance. The reliabilities of these factors were then established using Chronbach's α. The resulting reliabilities were .92, .86, .75, .77, and .69 for Management Support, Work Discretion, Rewards/Reinforcement, Time Availability, and Organizational Boundaries respectively.

Table 4.3 contains the results of the stepwise regression. A statistically significant model was identified for the overall score on the CEAI and for each factor. Results specific to each analysis are summarized below:

- For the overall composite score on the CEAI , total satisfaction, use of bonuses and times recognized for new ideas resulted in a model R-square of .509.

- For the management support factor, total satisfaction, times recognized for new ideas, use of bonuses and rating of effectiveness of bonuses resulted in a model R-square of .352.

- For work discretion, total satisfaction and unofficial improvements implemented by you resulted in a model R-square of .337.

- For rewards/reinforcement, total satisfaction, use of pay raise and times recognized for new ideas resulted in a model R-square of .432.

- For time availability, total satisfaction and use of “other” method of pay raise resulted in an model R-square of .044. While this result is significant and is consistent with the results from the other CEAI factors, the amount of variance explained is extremely low.

- For organizational boundaries, total satisfaction, times recognized for job improvement and use of bonuses resulted in a model R-square of .208.

Perhaps the most important finding of these results is that total satisfaction as measured by the CEAI was highly related to the existence of a corporate entrepreneurial environment. Total satisfaction accounted for the most variance in all of the stepwise analyses. This finding confirms both hypothesis 1a and 2a. Also, reinforcement practices appear to be highly related to the existence of a CE environment. Specifically, times recognized for new ideas and the use of bonuses accounted for a significant amount of variance in all but one of the stepwise analyses. These findings support hypotheses 1b and 2b. In only one instance did a behavioral action (unofficial improvements implemented by you) significantly add to the variance accounted for in the dependent variable (work discretion). While this result may provide some partial support for hypothesis 2c, its lack of predictive power in the other stepwise models makes the interpretation of the result somewhat tentative and, therefore, it is concluded that hypotheses 1c and 2c are not supported at this time through stepwise regression analysis.

Two additional survey reminders were sent out to restaurant units in the form of a follow-up letter and in some cases an e-mail. Extensive time and follow-up was needed in order to achieve an perceived acceptable response rate.

<u>Post Test of CEAI Survey</u>

One-year following the initial CEAI survey was issued and evaluated, a second CEAI post test was issued to evaluate and support the results received from the initial survey. 500 questionnaires were issued to casual dining organizations that contain unit managers and TMTs that could have participated in the previous survey. It is not known that the exact same managers participated in this post test survey as did the initial CEAI survey due to anonymity of the respondents. The only conclusions that could be made of the survey participants that that they are members of the same organizations selected in the initial survey and that they hold positions similar or the same as the previous group of participants.

Of the 500 questionnaires sent to casual dining organizations, 117 were returned with 113 being usable. Survey reminders were issued to the selected sample size in the form of follow-up letters and in some cases via e-mail. The descriptive statistics of the post test respondents are displayed in table 4.5. What is interesting to note is that within this survey round more senior level or TMTs responded to this survey (28%) than the original survey. Also, a higher percentage of respondents did classify their management level (98%) versus not classifying their status. This could be due to the fact that the CEAI questionnaire was revised to reflect a greater emphasis on the respondent reporting their management classification.

Stepwise Regression Results of Post Test CEAI

As in the original CEAI survey the post test CEAI questionnaire assessed all of the same criterion as the first test (Top Management Support for Corporate Entrepreneurship, Work Discretion, Rewards/Reinforcement, Time Availability, and Organizational Boundaries). The integrity of the survey instrument is vital to stay intact due to the fact that the CEAI survey was previously tested within the manufacturing industry (Kuratko, 2000) and is now being tested within the food service industry.

It is interesting to note that the post test results also mirrored the results of the pervious testing done a year ago. This could be in large part due to the similarities between both sample sizes used mainly in management backgrounds and the casual dining paradigm itself. The five-factor solution of the CEAI post test accounted for 52 percent of the variance. The post-test reliabilities were again tested using Chronbach's α with resulting reliabilities being .94 for Management Support, .84 for Work Discretion, .87 for Rewards/Reinforcement, .72 for Time Availability, and .61 for Organizational Boundaries. Table 4.6 contains the results of the stepwise regression post test. Results of the CEAI post test are as follows:

- For the overall composite score on the CEAI post test , total satisfaction, use of bonuses and times recognized for new ideas resulted in a model R-square of .539.

- For the management support factor in the CEAI post test, total satisfaction, times recognized for new ideas, use of bonuses and rating of effectiveness of bonuses resulted in a model R-square of .212.
- For work discretion within the CEAI post test, total satisfaction and unofficial improvements implemented by you resulted in a model R-square of .437.
- For rewards/reinforcement in the CEAI post test, total satisfaction, use of pay raise and times recognized for new ideas resulted in a model R-square of .582.
- For time availability in the post test, total satisfaction and use of “other” method of pay raise resulted in an model R-square of .014. While this result is significant and is consistent with the results from the other CEAI factors, the amount of variance explained again within this test is also extremely low.
- For organizational boundaries within the CEAI post test, total satisfaction, times recognized for job improvement and use of bonuses resulted in a model R-square of .201.

Table 4.1: Descriptive Statistics of the Sample Size

Sample Size (N) = 522

Avg. Respondant's Age = 39.59 years

Percent of Males Reporting = 75%

Percent of Females Reporting = 25%

Organizational Tenure = 4.5 years

Position Tenure = 2.2 years

Level of management reporting (1st test):

First level	**30%**
Mid-level	**45%**
Senior level (TMT)	**13%**
Did not classify	**12%**

Level of management reporting (2nd test):

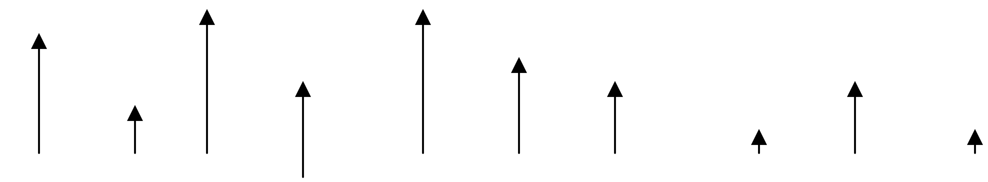
First level	**10%**
Mid-level	**60%**
Senior level (TMT)	**28%**
Did not classify	**2%**

Table 4.2 Ranges of Management Respondents

N=522

Management Organizational Tenure Range:

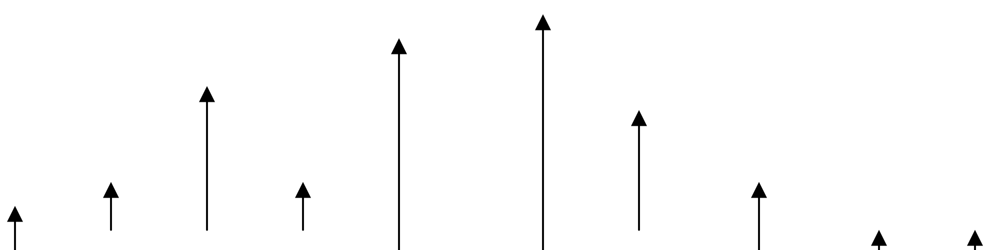
.5 years	.8 years	1year	1.5 years	2.0 years	2.5 years	3.0 years	3.5 years	4.0years	4.5 years
22	8	178	44	179	49	26	2	11	3



N=522

Management Current Position Tenure Range:

.5 years	.8 years	1year	1.5 years	2.0 years	2.5 years	3.0 years	3.5 years	4.0years	4.5 years
39	44	67	24	123	131	66	23	3	2



CEAI Post Test Analysis:

What is interesting to note concerning the CEAI post test is how similar the results were in comparison to the original test. Hypothetically this could be assumed once again due to the similarities in the sample size population. Certain results such as total satisfaction, management support for new ideas, and rewards and reinforcement for new ideas were fairly significant and consistent amongst both tests that suggest an overall support for innovation and an entrepreneurial culture amongst casual dining organizations. These results also support the original hypothesis of H1a H2a and H1b and H2b. However, at this time both CEAI results provided a lack of predictive power to support hypothesis H1c and H2c.

Survey Analysis:

The purpose of the study was to provide an empirical analysis of corporate culture and CE intensity through the CEAI model. The results found in this research effort continue to support the viability of the CEAI as a tool for organizations to assess their environmental readiness for a corporate entrepreneurial strategy. Specifically, measures of job satisfaction and reinforcement practices were highly related to an entrepreneurial environment. In addition, these results support Pearce, et al’s (1997) and Chen, et al’s (1998) assertions that a CE environment is related to satisfaction and self-efficacy. On the other hand, there is very little support for the relationship between the CEAI and entrepreneurial behaviors. It is of contention that improvement is necessary in the means of measuring this behavior. More research is needed to develop an instrument or identify objective measures of CE behaviors. Addressing this criteria problem will help advance the CE research and the process of validating instruments such as the CEAI.

The consistent finding that job satisfaction and use of bonuses as reinforcement or compensation is important to note. Given the relationships between satisfaction and variables such as productivity and withdraw behaviors (absenteeism and tardiness), it may be the case that developing a CE culture could favorable impact these variables. Also, reinforcement in the form of bonuses and recognition for new ideas seems to be important to individuals surveyed in this study. Firms wishing to sustain their CE culture may want to develop equitable reward structures focusing on these issues. Again, very little research exists that examines the relationship between CE and compensation practices. Much more research is needed to assist organizations when choosing a CE strategy.

As previously mentioned through the analysis of the data, it is assumed that CE is recognized formally among all levels of management by matching innovation and productivity through organizational rewards. It is also important to note that the informal institutionalization of CE allows for higher job satisfaction and job productivity. Further research will be needed to assess the proposition of CE practices and financial performance. Although it was positively correlated within the variables of firm profitability and CE (0.122), further statistical analysis would be needed to test and prove this proposition previously mentioned in chapter 1.

Table 4.3: Mean, Standard Deviation, and Correlation of Major Variables

	Mean	S.D.	1	2	3	4	5	6	7	8
1. Corporate Entrepreneurship	4.465	0.983								
2. Management Support	5.107	1.035	0.406*							
3. Organizational Structure	4.581	1.169	0.507**	0.207**						
4. Risk Taking	2.485	1.464	-0.587	0.186	0.282**					
5. Time Availability	4.086	0.942	0.521	0.339	0.407**	0.293*				
6. Reward and Resource Avail	5.882	0.984	0.322	0.259	0.386	0.062*	0.062*			
7. Firm Profitability	6.313	0.883	0.419	0.362	0.399	0.371	0.371**	0.322**	0.355**	
8. Firm Size	4.018	0.597	-0.32	-0.341	-0.259	-0.266	-0.266	-0.315	-0.315	0.396**

***Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).**