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Organizational Support and Corporate Entrepreneurship: Theory Recapitulation

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ABSTRACT

Intrapreneurship or corporate entrepreneurship is recognized as vital element in economic development as well as in organization performance. This paper aims to investigate the effect of perceived organizational support on corporate entrepreneurship. Data was collected using self-administered questionnaire. Total 180 questionnaires were disseminated among the employees working in telecom sector of Pakistan. Path analysis was used to test the relationship between organizational support and corporate entrepreneurship. Results showed that organizational support is positively associated with corporate entrepreneurship dimensions.

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INTRODUCTION

The term entrepreneurship is originated from French verb "entreprender" which means to understand, The study of entrepreneurship have caught the interest of the researcher since Schumpeter developed the Theory of economic development (1934).The theory explained the significance of entrepreneurship in modern economy. Schumpeter advocated that entrepreneurship is related to innovation which involves the combination of existing resources to create new value.

Entrepreneurship from then on has assumed many forms and many names when explored in the corporate boundaries explained by various researchers using different terms like 'entrepreneurial organization' (Morris, 2002), 'Intrapreneurship' (Pinchot, 1985), 'corporate venture' (Ellis & Taylor, 1987), and internal corporate venture' (Burgelman & Sayles, 1986). According to De Jong, Parker S K, Wennekers & WUI (2011) intrapreneurial behavior refers to the entrepreneurial behavior shown within the existing organization that focuses on the employee imitativeness in an organization to start or undertake something new although he or she is not being asked to do so. According to Van De Van (1993) intrapreneurial behavior is a process which occurs in an interaction with the environment. Environment plays an important role in influencing corporate Intrapreneurship. It has been pointed out that the more supportive and hostile and heterogeneous the environment, the more emphasis is on the intrapreneurial activities. One important organizational element that is beneficial for corporate entrepreneurship is organizational and management support for entrepreneurial activities. This support includes top management involvement, encouragement, support, commitment, and style, and the staffing and rewarding of venture activities. Antoncic and Hisrich (2001); Stevenson and Jarillo (1990) argue that organizational support activities such as top management support, denoting the willingness of managers to facilitate and promote entrepreneurial activity in the firm; commitment and style, as well as the staffing and rewarding of venture activities, and training and trusting of individuals to detect opportunities are important factors that stimulate corporate entrepreneurship. The purpose of the study is to recapitalize the theory of organizational support and corporate entrepreneurship

Corporate entrepreneurship:

The essence of corporate entrepreneurship is the creation of an environment that fosters corporate thinking and behaviour. (Antoncic & Hisrich, 2001).A number of theories on corporate entrepreneurship agrees on the importance of the facilitation of Intrapreneurship and its influence on corporate performance and innovation (Hornsby, Naffziger, Kuratko & Montagno, 1999; Morris & Kuratko, 2002). Businesses should pay as much attention to internal organizational strategies in cultivating a creative culture as they do to external

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economic, consumer and competitive factors. Key concepts that have shown to contribute to a creative climate of business performance are corporate entrepreneurship (Barrett & Weinstein, 1997).

Corporate entrepreneurship is an important facet of strategic renewal, profitability, innovativeness and growth of organizations (Drucker, 2007; Morris, Kuratko & Covin, 2002). Although there is no general agreed definition of corporate entrepreneurship (Sharma & Chrisman, 1999) there is consensus that corporate entrepreneurship is Characterized by (1) the birth of new businesses within existing businesses, (2) the transformation or rebirth of organizations through a renewal of key areas of businesses, and (3) the innovation and renewal within an existing organization. The strategic entrepreneurial orientation in businesses creates proactive innovativeness and risk-taking behaviour (Lumpkin & Dess, 1996, Zahra & Covin, 1995) which leads to strategic renewal and development of new business ventures (Guth & Ginsberg, 1990; Zahra, 1993). Higher levels of corporate entrepreneurship are associated with higher levels of competitiveness (Bhardwaj *et al.*, 2007), performance, growth and the survival of firms (Covin, Green & Slevin, 2006). For this reason, it is important to establish which factors contribute significantly to the corporate entrepreneurial functioning of a firm. The collaboration of different work teams within a firm can lead to different forms of entrepreneurial behavior (Bojica,*et al*. 2011). It is important for businesses to nurture the entrepreneurial attitude of employees to facilitate corporate entrepreneurial behavior (Van Wyk & Bosh off, 2004). The attitude of the employees can be nurtured by many ways and organizational support is one of those elements.

Organizational Support:

In regard with social exchange theory, if the organizational environment is perceived to be supportive by employees, they will most likely feel to be obligated to respond in such behavior which is beneficial for the organization. From this point of view it can be expected that perceived organizational support will significantly affect the corporate entrepreneurship dimensions.(Rutherford and Holt, 2007).

Substratum of Perceived organizational support is derived from of social exchange theory which explains social change and relationship between individuals in organizational context. When organization shows a supportive behavior to employees, they feel obligated to respond in a way that may prove to be beneficial for the organizations. (Ring, 2010).

According to Hisrich and Antoncic (2001) management support, work discretion, time availability, rewards and loose intra organizational boundaries, which are dimensions of organization support, have been seen to be very vital for corporate entrepreneurship. If the organization support is perceived to be positive, employees will be more innovative and proactive in their initiatives and tasks and if the support is perceived to be negative, however, employees will get de motivated and there will be lack of inclination to contribute for corporate entrepreneurship. Thus, from view point, it can be expected that organizational support will significantly affect corporate entrepreneurship. This notion leads us to suggest that: *There is significant relationship between organizational justice and corporate entrepreneurship.*

Methodology:

This research paper aims to investigate the relationship between organizational justice and corporate entrepreneurship in software developing firms. Path analysis is used to investigate the relationship between the variables.

H1: There is a relationship between organizational support and corporate entrepreneurship

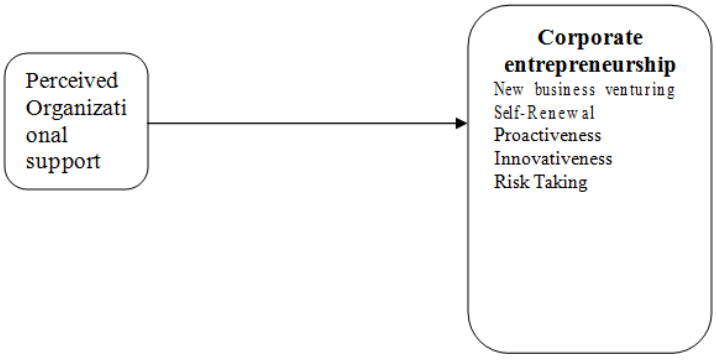
H1a: There is a significant relationship between organizational support and new business venturing.

H1b: There is a significant relationship between organizational support and self-renewal.

H1c: There is a significant relationship between organizational support and Proactiveness.

H1d: There is a significant relationship between organizational support and innovativeness.

H1e: There is a significant relationship between organizational support and risk taking.



Measures:

Organizational support:

This variable was measured by using Eisenberger's (1986. There are 36 items in this scale and the Cranach's alpha was 0.8.

***Corporate entrepreneurship*:**

New business venturing, innovativeness, self-renewal, pro-activeness, and risk taking were measured using Hill's (2003) scale and Fox's (2005) scale. CE scale is composed of 40 items. Cranach's alpha was 0.81 for new business venturing, 0.78 for innovativeness, and 0.81 for self-renewal, 0.84 for pro-activeness and 0.73 for risk taking.

Results:

Table 1: Relationship between Organizational support and CE

	Mean	s.d.	1	2	3	4
new business venturing (1)	2.70	0.502	-			
innovativeness (2)	2.40	0.512	0.35**	-		
self-renewal (3)	2.70	0.468	0.30**	0.33**	-	
pro-activeness (4)	2.85	0.586	0.23*	0.32**	0.31**	-
risk taking (5)	2.81	0.655	0.32**	0.20*	0.24**	0.34**
Organizational support(6)	2.89	0.605	0.32**	0.21*	0.24**	0.34**

To test the hypothesized relationships between the organizational support and dimensions of corporate entrepreneurship (Fig.1) the data were analyzed using path analysis, a structural equation modeling technique (SEM; LISREL 8.54). This technique allows for the estimation of causal relations among variables (Kline, 2005). Based on the results of SEM analysis, all of hypotheses are confirmed. A t -value of more than 1.96 is a reason for the acceptation of hypotheses. Table 2 summarizes the hypotheses test results in terms of path coefficients

Table 2. Path coefficients, T-Value of model and Result of hypotheses

Result	T-Value	β		Relation
Significant	8.3	0.62	Organizational support	new business venturing
Significant	9.5	0.71	Organizational support	innovativeness
Significant	8.1	0.63	Organizational support	self-renewal
Significant	8.9	0.70	Organizational support	pro-activeness
Significant	10.3	0.85	Organizational support	risk taking

A good fitting model indicates that the hypothesized relationship is supported and provides support for the validity of the hypothesized relationship. The Hypothesized model fit the data well.

Chi^2 =37.72, P= 0.22, GFI=0.95, AGFI= 0.92, RMESA =0.041 as seen the fit indices are acceptable.

Conclusion:

Intrapreneurship or corporate entrepreneurship is recognized as vital element in economic development as well as in organization performance. This paper investigated the effect of perceived organizational support on corporate entrepreneurship. Findings of the study showed that when organization shows a supportive behavior to employees, they feel obligated to respond in a way that may prove to be beneficial for the organizations.

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