



7th International Strategic Management Conference

Corporate Entrepreneurship and Strategy Process: A Performance Based Research on Istanbul Market

Ata Özdemirci*

*The Faculty of Economics and Administrative Sciences, Department of Business Administration, Marmara University, Rissam
Namik Ismail Sok. No:1 Bahçelievler ISTANBUL 34180, TURKEY*

Abstract

In this study, corporate entrepreneurship which is one of the most important factors of sustainable development process is investigated in the context of strategy process. Corporate entrepreneurship is related with the habits of the company about decision making processes. The decentralization of this process builds an organic structure which the workers can take initiative. This will spread the entrepreneurship process from business owners or leaders to the whole company. The effect of corporate entrepreneurship and different strategy processes on abstract and concrete performance is also examined in this study. The universe of this work is the industrial enterprises of Istanbul which are members of Istanbul Chamber of Industry. The type of the research is hypothetic research. Data collection method is survey. Sample selection method is coincidental.

Keywords: Corporate entrepreneurship, Strategy process, Istanbul, Innovation, Risk taking, Proactiveness, Aggressive competitiveness

© 2011 Published by Elsevier Ltd. Selection and/or peer-review under responsibility of 7th International Strategic Management Conference

*Tel: +90 212 807 99 25; fax: +90 212 505 93 32

ataozdemirci@gmail.com; atademir@marmara.edu.tr

1. Introduction

During the last era in business strategy area, many theoretical and empiric studies were made about entrepreneurship. Although entrepreneurship mostly has been taken as an individual concept, today our point of view about this subject has changed permanently. Entrepreneurship is not only the characteristics of different, brave, talented, genius individuals but also an institutional concept.

We can talk about the corporate entrepreneurship issue as an external or internal factor of organization in three situations; (i) when an organization enters a new business; (ii) when an individual or a team in organization design a new product; and (iii) when an entrepreneurial paradigm change permeates an entire organization's outlook and operations [1].

Entrepreneurship also involves seeking and discovering new opportunities like new products and processes, designing new organizational structures and winning new markets. This means periodic revisions to structure and strategy; innovation, business creation and strategic renewal [2].

Terms such as intrapreneuring [3], corporate entrepreneurship [4], corporate venturing [5] and internal corporate entrepreneurship [6] have been used to describe the phenomenon of intrapreneurship, but the consensus on the concept of entrepreneurship involves creating value and developing opportunity through innovation via the human and capital resources [7]. Jennings and Lumpkin [8] focuses on the new products and new markets in his corporate entrepreneurship definition. Miller, Schollhammer, Shane and Venkataraman and Zahra [9] have also emphasized new product innovation as an important activity in corporate entrepreneurship [10].

Just as Antoncic and Hisrich [11]; in this study, corporate entrepreneurship refers to a process that goes on inside an existing firm like new business venturing, innovative activities and development of new products, services, technologies, administrative techniques, strategies, and competitive postures.

2. Theoretical background

The corporate entrepreneurship researches usually focus on two things: The factors of the firm's external environment [12] and organizational-level internal factors [13]. This study focuses on the strategy process as a predictor which is also an internal factor.

Understanding entrepreneurial processes is vital for strategic management literature. Innovation and new product strategies are generally associated with an entrepreneurial approach to competitive advantage whereas strategies based on cost control and incremental process improvements tend to be in the domain of established firms seeking to sustain advantage by erecting scale economy barriers [14].

Previous views of entrepreneurship can be classified into four dimensions: (i) new business venturing, (ii) innovativeness, (iii) self-renewal, and (iv) proactiveness. New business venturing is the most salient characteristic of entrepreneurship because it can result in a new business creation within an existing organization by redefining the company's products (or services) and/or by developing new markets. In large corporations it can also include formation of more formally autonomous or semi-autonomous units or firms, internal venturing, corporate start-ups, autonomous business unit creation and new streams. For all organizations regardless of size, the **new business-venturing** dimension refers to the creation of new

businesses within the existing organization regardless of the level of autonomy. In contrast, the **innovativeness** dimension refers to product and service innovation with emphasis on development and innovation in technology. Entrepreneurship includes new product development, product improvements, and new production methods and procedures. Covin and Slevin [15] considered one part of the entrepreneurial posture that reflected itself in the extensiveness and frequency of product innovation and the related tendency of technological leadership. Knight [16] included the development or enhancement of products, services, and techniques and technologies in production as part of organizational innovativeness. Zahra [17] included product innovation and technological entrepreneurship as innovative aspects of manufacturing firms. The **self-renewal** dimension reflects the transformation of organizations through the renewal of key ideas on which they are built. It has strategic and organizational change connotations and includes the redefinition of the business concept, reorganization, and the introduction of system-wide changes for innovation. The final dimension—**proactiveness**—is related to aggressive posturing relative to competitors. A proactive firm is inclined to take risks by conducting experiments. It takes initiative [18] and is bold and aggressive in pursuing opportunities [19]. The concept of proactiveness “refers to the extent to which organizations attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies, and administrative techniques” [20]. Proactiveness includes initiative and risk taking and the competitive aggressiveness and boldness that are reflected in orientations and activities of top management [21].

Corporate entrepreneurship has been attached to multiple organizational phenomena. Three of the most common phenomena that are often viewed as examples of corporate entrepreneurship include situations where (i) an established organization enters a new business; (ii) an individual or individuals champion new product ideas within a corporate context; and (iii) an “entrepreneurial” philosophy permeates an entire organization’s outlook and operations [22]. This study assumes that, corporate entrepreneurship is related with the habits of the company about decision making processes. Corporate entrepreneurship has long been recognized as a tool for improving competitive positioning and transforming corporations, their markets and industries as opportunities for value creating. However, only in recent years has much empirical evidence been provided which justifies the conventional wisdom that corporate entrepreneurship leads to superior firm performance [23].

The process of exploiting new opportunities in corporations is fraught with the same risks as those facing start ups and smaller enterprises. This is partly because the outcomes of innovation, which is a core entrepreneurial activity, are difficult to predict. Indeed, a longstanding literature has highlighted significant challenges and shortcomings in the corporate entrepreneurship activities of firms. These challenges must be favored by organizational success [24].

In general, corporate entrepreneurship has been regarded an important element of successful organizations. The relationship between corporate entrepreneurship and growth has received wide support in past research [25]. On the other hand, corporate entrepreneurship was found to be related to profitability [26] especially at large firms in USA and small, medium-sized and large firms in European Union member countries [27].

3. Hypotheses development

Corporate entrepreneurship is a strategic orientation involving the regeneration of products, processes, services, strategies or even whole organizations [28]. As such, corporate entrepreneurship supports sustained competitive advantage through the continuous generation and exploitation of new sources of knowledge. Therefore, corporate entrepreneurship can have significant impact upon organizational financial and market performance [29].

Hypothesis 1: There is a significant effect of corporate entrepreneurship on abstract and concrete performance.

The research of Hart and Banbury [30] showed that the role played by top manager can range all the way being a commander to that of being a sponsor. They developed a typology of leadership styles identifying five different modes of leadership during strategic formation process:

- 1.The Command Style: The strategy is driven by a leader or small top team.
- 2.Symbolic Style: Strategy is driven by mission and vision of the organization.
- 3.Rational Style: Strategy is driven by formal structure and planning systems.
- 4.Transactive Style: Strategy is driven by internal processes of mutual adjustment.
- 5.Generative Style: Strategy is driven by organizational actors’ initiative.

	Command	Symbolic	Rational	Transactive	Generative
Role of Top Management	Total Control		Sense of Strategic Direction		
Role of Org. Members	Sheep		Active Players		Wild Ducks
Performance	Lower Performance (Role Imbalance)	Higher Performance (Greater Balance Between Relative Contributions of Top Managers and Organizational Members)			Lower Performance (Role Imbalance)

Fig. 1: Strategy Making Mode and Firm Performance (Hart, 1992, p.340.)

In the **command style**, a strong individual leader or a few top managers exercise total control over the firm. Strategy making is a conscious, controlled process that is centralized at the very top of the organization. In such a mode, strategies are deliberate, fully formed and ready to be implemented. The **symbolic mode** involves the creation by top management of a compelling vision and clear corporate mission. The corporate vision defines the basic philosophy and values of the firm. Unlike the command or symbolic modes, the **rational mode** seeks to be comprehensive in scope. There is a high level of information processing. Formal analysis, such as environmental scanning, portfolio analysis and industry and competitive analysis is often used to aid in competitive strategy. The **transactive mode** is based on interaction and learning rather than the execution of a predetermined plan. Strategy is crafted based upon an ongoing dialog with key stakeholders- employees, suppliers, customers, governments and regulations. The **generative mode** of strategy-making is dependent upon the autonomous behavior of organization members. Strategy is made via intrapreneurship-new product ideas emerge upward and employee initiative shapes the firm's strategic direction [31].

It's expected that while command style effects abstract and concrete performance negatively and low, the symbolic, rational and transactive mode will effect abstract and concrete performance positively and stronger than command and generative style as Hart refers.

Hypothesis 2: There are significant and different effects of strategy formation processes on abstract and concrete performance.

Management of corporate entrepreneurship is distinct from traditional management because of the conditions of greater uncertainty. The first challenge is managing the knowledge. The second challenge for the management of corporate entrepreneurship as a result of dynamism, complexity and uncertainty, is that corporate entrepreneurship requires coordination through mutual adjustment rather than command and control, and is driven by commitment rather than consensus [32].

It's strongly expected that corporate entrepreneurship is related with the habits of the company about decision making processes. The decentralization of this process can build an organic structure which the workers can take the initiative and this change will spread the entrepreneurship process from business owners or leaders to the whole company. While command style will effect corporate entrepreneurship negatively, the other styles are expected to effect corporate entrepreneurship positively.

Hypothesis 3: There is a strong relationship between strategy process and corporate entrepreneurship.

4. Methodology

4.1. Data collection and instrument

The type of the research is hypothetic research. Data collection method is survey. Sample selection method is coincidental. The universe of this work consists of the enterprises in the list of Istanbul Chamber of Industry that means approximately 12000 members. Face-to-face survey, mail and telephone survey is used for reaching maximum participation.

4.2. Measures

The survey prepared for the research has 71 questions. As seen at Table 1, measure of corporate entrepreneurship [33] has 35 items, measure of Strategic Leader Types [34] has 16 items. There are also 10 questions about the firm's perceived performance, 1 question about firm size, 1 question about the sector of the firm, and 8 questions about the demographics. Likert Scale-5 is used in all questions.

Table 1: Measures Used in Research

Measure	Developers	Item Number
Corporate Entrepreneurship	Antoncic and Hisrich (2003)	35
Strategic Leader Types	Hart and Banbury (1994)	16
Organizational Performance	-	10

Factor analysis is used to determine the dimensions of the measures. Also K-S test for normal distribution and Cronbach Alpha test for reliability, Correlation and Regression tests are made with SPSS 17.0 to measure the power of hypothesis.

Before testing the main hypothesis, the descriptive statistics and the correlation test between the factors in the model is analyzed. Then, a multi regression test is made for measuring the effect of the independent variables (corporate entrepreneurship, strategic leader types) on firm performance.

4.3. Factor Analysis and Reliabilities

Exploratory factor analysis is made for establishing the sub dimensions of measures. All factors have passed the KMO Measure of Sampling Adequacy and Bartlett test of Sphericity which means that our data set is appropriate for factor analyses (Table 2). Principal components and varimax method are used in analysis. For all measures, items which have factor weight below 0,50; unique items in a factor; items with close factor weights are leaved out of evaluation. After this processes, factors which have initial eigenvalues over 1,00 and Cronbach Alpha over 0,65 are:

4 factors in Corporate Entrepreneurship Measure (Cumulative Extraction Sums= %75,905) which can be called as Innovativeness (Cronbach Alpha=0,935), Proactiveness (Cronbach Alpha=0,831), Self Renewal (Cronbach Alpha=0,817), New Business Venturing (Cronbach Alpha=0,852).

4 factors in Strategic Leaders Types Measure (Cumulative Extraction Sums= %82,056) which can be called as Rational – Transactive (Cronbach Alpha=0,936), Commander (Cronbach Alpha=0,830), Symbolic (Cronbach Alpha=0,829) and Generative (Cronbach Alpha=0,763).

2 factors in Organizational Performance Measure (Cumulative Extraction Sums= %74,301 which can be called as Concrete Performance (Cronbach Alpha=0,919) and Abstract Performance (Cronbach Alpha=0,753). Concrete performance consists of sales, financial performance, profitability, market share and reaching goals items which can be called as concrete performance criteria; and the second factor of

performance consists of handling difficulties, HR quality and meeting expectations items which can be called as abstract performance criteria (Table 2).

Table 2: The Results of Factor and Reliability Analysis

Factor Name	Items	Factor Loadings	Factor Extraction (%)	Reliability Analysis (Cronbach Alpha)
Innovativeness	Employee's initiatives to implement ideas	,892	46,282	,935
	Incentives for analytical solutions of workers	,870		
	Supporting new ideas and projects	,826		
	Openness for employee's ideas	,819		
	Authorization of employees	,756		
	Flexible org. structure for innovation	,738		
	Rewarding ideas for innovation	,719		
	Rewarding creative and innovative activities	,633		
Proactiveness	Risk taking in uncertain conditions	,890	12,976	,831
	Tendency to apply risky projects	,882		
	Adventurous characteristics of top managers	,632		
Self Renewal	Changing strategies for competing firm	,912	9,625	,817
	Aggressive and competitive behaviors	,747		
	Changing competitive strategy	,705		
New Business Venturing	Broadening business lines in current industry	,882	7,021	,852
	Pursuing new businesses in new industries	,844		
TOTAL			75,905	
Kaizer Meyer Olkin Measure of Sampling Adequacy			,814	
Bartlett Test of Sphericity Chi-Square			1725,825	
df			120	
Sig.			,000	
Factor Name	Items	Factor Loadings	Factor Extraction (%)	Reliability Analysis (Cronbach Alpha)
Rational - Transactive	Formal analysis of environment for str. plan	,901	47,670	,936
	Strategic plan is a formal procedure	,876		
	Business planning involves everyone	,824		
	Adopt written strategic plan each year	,805		
Commander	CEO defines vision and general direction	,904	19,589	,830
	CEO determines and executes strategy	,852		
	Strategy primarily set by CEO	,773		
Symbolic	CEO is a personal example	,864	8,091	,829
	CEO spreads his dream throughout the org.	,862		
Generative	Employees know what to do for surviving	,866	6,706	,763
	Employees are willing to take risks	,676		

Factor Name	Items	Factor Loadings	Factor Extraction (%)	Reliability Analysis (Cronbach Alpha)
		TOTAL	82,056	
		Kaizer Meyer Olkin Measure of Sampling Adequacy	,783	
		Bartlett Test of Sphericity Chi-Square	1134,787	
		df	55	
		Sig.	,000	
Concrete Performance	Sales	,865	61,188	,919
	Financial Performance	,842		
	Profitability	,822		
	Market Share	,821		
	Reaching Goals	,807		
Abstract Performance	Handling difficulties	,890	13,113	,753
	HR quality	,772		
	Meeting expectations	,585		
		TOTAL	74,301	
		Kaizer Meyer Olkin Measure of Sampling Adequacy	,875	
		Bartlett Test of Sphericity Chi-Square	721,745	
		df	28	
		Sig.	,000	

4.4. Descriptive Statistics and Correlations

80,9% of the participants are upper level manager. Rest of them are middle and lower level manager. 80,1% of the respondents are man, and 19,9 % of them are woman. Their average age is 41,18. 46,1% of the respondents are bachelor; 22,7% of them have master, %2,8 have PhD degree. 57,4% of the respondents have more than 5000 TL (>3300 \$) of monthly income, 16,3 % of them have 4000-5000 TL and 19,9 % of them have 3000-4000 TL monthly income. 34% of the respondents have an experience more than 15 years and 20,6% of them have an experience of 5-10 years.

When we look at the descriptive statistics of the factors at Table 3, we can see that the commander style in leadership is very common (M=3,93) and symbolic leadership follows it (M=3,52). In these firms, rational-transactive leadership is rarely followed (M=2,88). Corporate Entrepreneurship level of the companies in Istanbul is perceived very optimistic. For example innovativeness of these firms are perceived very high (M=3,34) and the other factors of corporate entrepreneurship which are proactiveness(M=3,07), self renewal(M=3,01), new business venturing (M=3,11) are not so low. We can also say that the optimism of the participants persists in going on about the firm performance (M=3,61 and M=3,54).

Table 3: Descriptive Statistics and Correlations Between Factors and Demographics

	Mean	SD	Alpha	Age	Education	Professional Seniority	Firm Seniority	Income
Innovativeness	3,3395	,82812	,935	-,041	-,114	-,149	-,087	-,043
Proactiveness	3,0686	,93987	,831	-,141	-,267**	-,160	-,183*	-,149
Self Renewal	3,0142	,94102	,817	-,230**	-,116	-,293**	-,271**	-,140
New Business Venturing	3,1099	,91825	,852	-,237**	-,026	-,248**	-,414**	-,220**
Rational - Transactive	2,8812	,94140	,936	-,058	-,215*	-,051	-,187*	-,108
Commander	3,9314	,79634	,830	,138	,238**	-,030	-,002	-,005
Symbolic	3,5248	,94930	,829	-,020	-,009	-,153	-,074	-,155
Generative	3,0638	,89612	,763	-,184*	-,091	-,257**	-,289**	-,131
Concrete Performance	3,6099	,78133	,919	-,120	,053	-,160	-,368**	-,046
Abstract Performance	3,5437	,70869	,753	-,180*	-,039	-,153	-,355**	-,062

*Sample Size =141 *p<0,05, **p<0,01

Correlation test between factors and demographics are shown at Table 3. We see that when age, professional seniority and firm seniority gets high, managers tend to lose their optimism about self renewal and new business venturing of the company. Also they perceive the concrete and abstract performance worse and think that leadership is less generative. Education effects the perception of proactiveness negatively, and commander style positively. Income only effects the perception of new business venturing negatively.

Correlation test between the factors are shown at Table 4. We see high positive correlations between the all factors of corporate entrepreneurship and “rational-transactive leadership” ($r=0,638; 0,537; 0,401; 0,438$); “symbolic leadership” ($r=0,613; 0,397; 0,354; 0,364$) and “generative leadership” ($r=0,581; 0,514; 0,521; 0,278$). Just as expected, commander leadership affects all corporate entrepreneurship dimensions negatively, but only 3 of them are significant. ($r=-0,363; -0,326, -0,260$). There is no significant relationship between commander style and proactiveness. These relations confirm our hypothesis 3, but the last decisions will be made after the multi regression test. When we look at the correlations between the dimensions of corporate entrepreneurship and performance, we see that concrete performance has the highest correlation with new business venturing. Self renewal and innovativeness follows it. Just like the concrete performance, abstract performance has the highest correlation with new business venturing. Innovativeness, self renewal and proactiveness follow it.

The relations between leadership and performance show that the most effective leadership in our field is rational-transactive style. Symbolic and generative styles have similar positive effects. These effects are greater in abstract performance than concrete performance. Command style both effects concrete and abstract performance negatively and it must get out of use.

All the correlations support our hypothesis 1 and hypothesis 2. After the multi regression tests, we can see the table clearly.

Table 4: Correlations Between Factors

Variable	1	2	3	4	5	6	7	8	9	10
1.Innovativeness	1									
2.Proactiveness	,489**	1								
3.Self Renewal	,427**	,436**	1							
4.New Business Venturing	,386**	,292**	,456**	1						
5.Rational - Transactive	,638**	,537**	,401**	,438**	1					
6.Commander	-,363**	-0,113	-,326**	-,260**	-,218**	1				
7.Symbolic	,613**	,397**	,354**	,364**	,587**	-0,05	1			
8.Generative	,581**	,514**	,521**	,278**	,630**	-,459**	,380**	1		
9.Concrete Performance	,260**	0,139	,321**	,654**	,334**	-,225**	,200*	,212*	1	
10.Abstract Performance	,554**	,404**	,504**	,594**	,736**	-,212*	,564**	,498**	,604**	1

*Sample Size =141 *p<0,05, **p<0,01

4.5. Hypothesis testing

For analyzing the hypothesis, multi regression tests are applied to the data. The first multi regression tests are about Hypothesis 1.

Hypothesis 1: There is a significant effect of corporate entrepreneurship on abstract and concrete performance.

Table 5: Multi Regression Tests for Hypotesis 1

	Concrete Performance		Abstract Performance	
	β	Sig.	β	Sig.
Innovativeness	,031	,690	,300**	,000
Proactiveness	-,087	,264	,072	,323
Self Renewal	,053	,506	,172*	,021
New Business Venturing	,643**	,000	,378**	,000
Adjusted R ²	,416		,492	
N	141		141	
F	25,973		34,879	
Sig.	0		0	
S.E.	,59688		,50518	

*Sample Size =141 *p<0,05, **p<0,01

The significant effects are “New Business Venturing” on “Concrete Performance” ($\beta=0,643$, Sig.=0,000); “Innovativeness” ($\beta=0,300$ Sig=0,000), “Self Renewal” ($\beta= 0,172$, Sig= 0,021) and “New

Business Venturing” on “Abstract Performance”; ($\beta = 0,378$, Sig.=0,000). There is no significant effect of proactiveness on performance (Table 5).

Hypothesis 2: There are significant and different effects of strategy formation processes on abstract and concrete performance.

Table 6: Multi Regression Test for Hypotesis 2

	Concrete Performance		Abstract Performance	
	β	Sig.	β	Sig.
Rational - Transactive	,337**	,005	,589**	,000
Commander	-,197*	,032	-,065	,311
Symbolic	,031	,751	,208**	,003
Generative	-,102	,368	,018	,823
Adjusted R ²	,116		,561	
N	141		141	
F	5,588		45,725	
Sig.	0		0	
S.E.	,73466		,46956	

*Sample Size =141 *p<0,05, **p<0,01

The significant effects are “Rational – Transactive Style” on “Concrete Performance” ($\beta=0,337$, Sig.=0,005) and “Abstract Performance” ($\beta=0,589$, Sig.=0,000); “Commander Style” on Concrete Performance ($\beta=-0,197$ Sig=0,032) and “Symbolic Style” on “Abstract Performance” ($\beta= 0,208$, Sig=0,003). There is no significant effect of generative style on performance (Table 6).

Hypothesis 3: There is a strong relationship between strategy process and corporate entrepreneurship.

Table 7: Multi Regression Test for Hypotesis 3

	Innovativeness		Proactiveness		Self Renewal		New Business Venturing	
	β	Sig.	β	Sig.	β	Sig.	β	Sig.
Rational - Transactive	,254**	,002	,280**	,006	,026	,802	,352**	,002
Commander	-,206**	,001	,113	,151	-,143	,080	-,230**	,007
Symbolic	,386**	,000	,106	,218	,192*	,031	,192*	,039
Generative	,180*	,025	,349**	,001	,366**	,000	-,123	,249
Adjusted R ²	0,566		0,34		0,296		0,228	
N	141		141		141		141	
F	46,588		19,091		15,705		11,309	
Sig.	0		0		0		0	
S.E.	0,54575		0,76363		0,78965		0,80706	

*Sample Size =141 *p<0,05, **p<0,01

The significant effects are “Rational – Transactive Style” on “Innovativeness” ($\beta=0,254$, Sig.=0,002), “Proactiveness” ($\beta=0,280$, Sig.=0,006) and “New Business Venturing” ($\beta=0,352$, Sig.=0,002); “Commander Style” on Innovativeness ($\beta=-0,206$ Sig=0,001) and “New Business Venturing” ($\beta=-0,230$ Sig=0,007), “Symbolic Style” on “Innovativeness” ($\beta= 0,386$, Sig= 0,000), Self Renewal ($\beta= 0,192$, Sig= 0,031) and “New Business Venturing” ($\beta=0,192$ Sig=0,039); Generative Style on “Innovativeness” ($\beta=0,180$ Sig=0,025), “Proactiveness” ($\beta=0,349$ Sig=0,001)and “Self Renewal” ($\beta=0,366$ Sig=0,000) (Table 7).

Table 8: Results of multivariate regression models-1

Dependent: Concrete Performance	Model 1	Model 2
Step 1: Strategy Formation Process		
Rational - Transactive	,337**	,146
Commander	-,197*	-,033
Symbolic	,031	-,087
Generative	-,102	-,006
Step 2: Corporate Entrepreneurship		
Innovativeness		,004
Proactiveness		-,110
Self Renewal		,048
New Business Venturing		,623**
Model R ²	,116	,412
Change in R ² (ΔR^2)		,296
Model F	5,588**	13,278**

Standardized regression coefficients are reported. Standardized regression coefficients are reported. * $p < 0,05$; ** $p < 0,01$

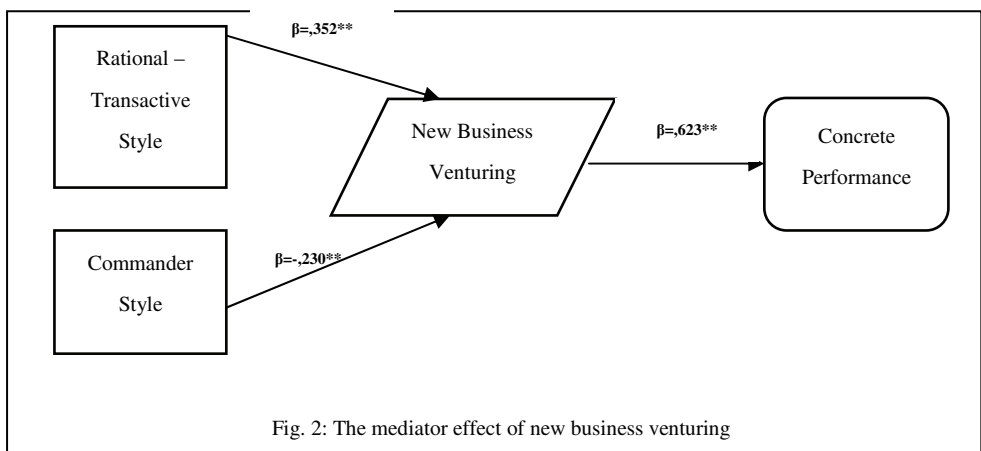


Fig. 2: The mediator effect of new business venturing

Table 8 presents the results of multivariate regression models. Model 1 indicates that the significant effects are “Rational – Transactive Style” ($\beta=0,337$) and “Commander Style” on Concrete Performance

($\beta=-0,197$) as mentioned at Table 6. But in Model 2, we see that the effects of “Rational – Transactive Style” and “Commander Style” loose their power. In Model 2, the only significant effect is the effect of “New Business Venturing” on Concrete Performance. This means that, if “Rational – Transactive Style” and “Commander Style” have significant effects on “New Business Venturing” as mentioned at Table 7, then “New Business Venturing” is a **mediator** between “Rational – Transactive Style”, “Commander Style” and Concrete Performance as shown in Figure 2.

Table 9: Results of multivariate regression models-2

Dependent: Abstract Performance	Model 1	Model 2
Step 1: Strategy Formation Process		
Rational - Transactive	,589**	,505**
Commander	-,065	,036
Symbolic	,208**	,124
Generative	,018	,017
Step 2: Corporate Entrepreneurship		
Innovativeness		,026
Proactiveness		-,085
Self Renewal		,161*
New Business Venturing		,273**
Model R ²	,561	,646
Change in R ² (ΔR^2)		,085
Model F	45,725**	32,960**

Standardized regression coefficients are reported. * $p < 0,05$; ** $p < 0,01$

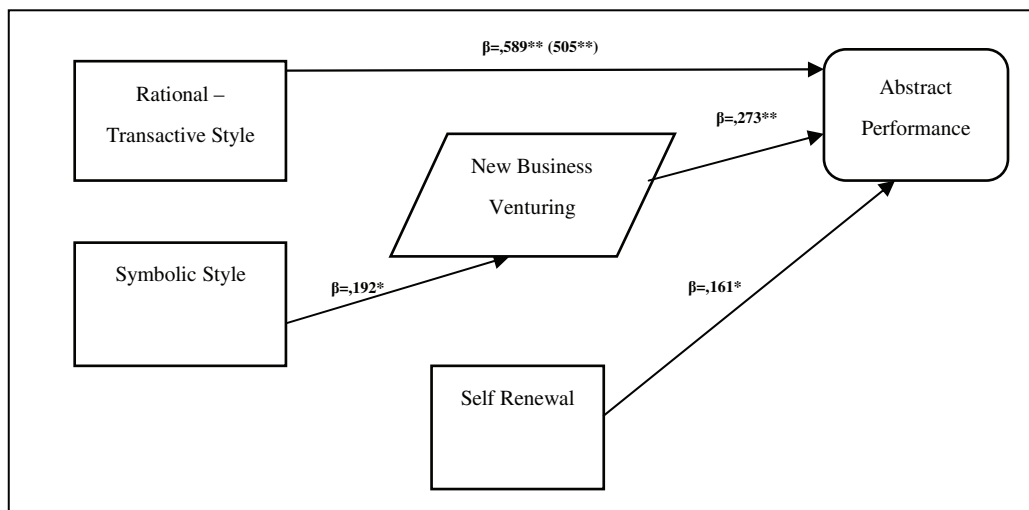


Fig. 3: The effects of predictive variables and mediator on abstract performance

Table 9 presents the results of multivariate regression models. Model 1 indicates that the significant effects are “Rational – Transactive Style” ($\beta=0,589$) and “Symbolic Style” on Abstract Performance ($\beta=0,208$) as mentioned at Table 6. In Model 2, we see that while the effect of “Rational – Transactive Style” is still significant, “Symbolic Style” loses its power. The significant effects are the effect of “Rational – Transactive Style”, “New Business Venturing” and “Self Renewal” on Abstract Performance. This means that, if “Symbolic Style” has significant effect on “New Business Venturing” as mentioned at Table 7, then “New Business Venturing” is a **mediator** between “Symbolic Style” and Abstract Performance as shown in Figure 2.

5. Conclusion

The only effective dimension of corporate entrepreneurship on concrete performance is “New Business Venturing”. This dimension has a positive effect not only on the concrete performance but also on abstract performance. It’s also a mediator between strategic leadership styles (rational – transactive and commander) and performance. We clearly see that the creation of new businesses within the existing organization is the most useful movement in Istanbul market in short and long term success.

“Innovativeness” and “Self Renewal” have positive effect on “Abstract Performance”. It means that new product development, product improvements, new production methods, procedures and transformation of organizations through the renewal of key ideas affects the performance in long term which are handling difficulties, HR quality and meeting expectations.

There is no significant effect of proactiveness on performance. It shows us that aggressive posturing relative to competitors is not an effective way of corporate entrepreneurship in Istanbul market.

When we look at the strategy process types, we see that while “Rational – Transactive Style” effects “Concrete Performance” positively, “Commander Style” has negative effect on it. Also “Rational-Transactive Style” and “Symbolic Style” effects “Abstract Performance” positively. There is no significant effect of generative style on performance.

The positive effect of rational-transactive style and the negative effect of command style on concrete performance disappear without new business venturing. Also the positive effect of symbolic style on abstract performance disappears without new business venturing too.

Just as Hart [35] predicted weak performance at the two extreme sides of his scale which are Command and Generative style, we see a negative effect of Command Style on Concrete Performance, neutral effect of Command Style on Abstract Performance and neutral effect of generative style on both Concrete and Abstract Performance. It means that a strong individual leader or highly autonomous behavior of organization members doesn’t work in this market.

The only powerful positive effect on concrete performance comes from the Rational-Transactive Style which has a high level of information processing, formal analysis, such as environmental scanning, portfolio analysis and industry and competitive analysis, and which is not closed to ongoing dialog with key stakeholders (employees, suppliers, customers, governments and regulations).

The significant positive effect of Symbolic Style on Abstract Performance means that when strategy is driven by mission and vision of the organization with strong corporate culture, long term positive advantages such as handling difficulties, HR quality and meeting expectations are gained.

When we look at the results of the multi regression tests for the effect of strategy process on corporate entrepreneurship we clearly see that if you want innovativeness from the company, you have to be a symbolic leader. Because product and service innovation with emphasis on development and innovation in technology needs a strong and relevant corporate culture, mission and vision that is carried by the whole company. Rational-Transactive and Generative leader also has positive effects on innovativeness while Commander has an opposite effect.

If you want proactiveness from the company, you have to be generative. It means that the autonomous behavior of organizational members causes aggressive activities in the market. As we see the neutral effect of proactiveness on performance generative style doesn't look useful.

If you need self renewal from the company you have to be generative too, or at least symbolic. For new business venturing which gathers concrete performance, you have to be Rational-Transactive or Symbolic which also have positive effects on performance.

The leading practical suggestion of this study is using the Rational-Transactive style which positively affects Innovativeness, Proactiveness, New Business Venturing, Concrete Performance and Abstract Performance. With it's high level of information processing, formal analysis, such as environmental scanning, portfolio analysis and industry and competitive analysis, Rational-Transactive style looks like the best way of strategy deployment process. Further researches should investigate the relationship between the corporate entrepreneurship and human resources management practices (job design, team based structure, performance evaluation systems, training) or organizational culture.

References

- [1] Covin, G.J., Miles, P. M. Corporate Entrepreneurship And The Pursuit Of Competitive Advantage, *Entrepreneurship Theory And Practice*, 1999. Vol.23, No.3, p.48.
- [2] Martinez, A.; Rodriuez, Z., Vazquez, E. Exploring corporate entrepreneurship in privatized firms. *Journal of World Business* 2010. 45, p.3.
- [3] Pinchot, G. III. Intrapreneuring. New York, NY: Harper & Row, 1985.
- [4] Burgelman, R.A. Corporate entrepreneurship and strategic management: Insights from a process study. *Management Science* 1983. 29(12):1349–1364; Vesper, K.H. Three faces of corporate entrepreneurship. In J.A.Hornaday et al., eds., *Frontiers of Entrepreneurship Research*. Wellesley, MA: Babson College, 1984; Guth, W.D., and Ginsberg, A. Guest editors' introduction: Corporate entrepreneurship. *Strategic Management Journal* 1990. 11:5–15; Hornsby, J.S., Naffziger, D.W., Kuratko, D.F., and Montagno, R.V. An interactive model of the corporate entrepreneurship process. *Entrepreneurship: Theory and Practice* 1993. 17(2):29–37; Stopford, J.M., and Baden-Fuller, C.W.F. Creating corporate entrepreneurship. *Strategic Management Journal* 1994. 15(7):521–536.
- [5] MacMillan, I.C. Progress in research on corporate venturing. In D.L. Sexton and R.W. Smilor, eds., *The Art and Science of Entrepreneurship*. Cambridge, MA: Ballinger Publishing Company, 1986; Vesper, K.H. *New Venture Strategies (Rev. Ed.)*. Englewood Cliffs, NJ: Prentice-Hall, 1990.
- [6] Schollhammer, H. The efficacy of internal corporate entrepreneurship strategies. In K.H., 1981; Schollhammer, H. Internal corporate entrepreneurship. In C.A. Kent, D.L. Sexton, and K.H. Vesper, eds., *Encyclopedia of Entrepreneurship*. Englewood Cliffs, NJ: Prentice-Hall, 1982; Jones, G.R., and Butler, J.E. Managing internal corporate entrepreneurship: An agency theory perspective. *Journal of Management*: 1992. 18(4):733–749.
- [7] Churchill, N.C. Research issues in entrepreneurship. In D.L. Sexton and J.D. Kasarda, eds., *The State of the Art of Entrepreneurship*. Boston, MA: PWS-KENT. 1992, p. 586.; Antoncic, B. and Hisrich, R.D. Intrapreneurship: Construct refinement and cross-cultural validation. *Journal of Business Venturing* 2001.16, p.498.
- [8] Jennings, D.F., Lumpkin, J.R., Functioning modeling corporate entrepreneurship: an empirical integrative analysis. *Journal of Management*. 1989. 15, p. 489.
- [9] Miller, D., The correlates of entrepreneurship in three types of firms. *Managerial Science* 1983. 29: 770–791; Schollhammer, 1982; Shane, S., Venkataraman, S., The promise of entrepreneurship as a field of research. *Academy of Management Review*

2000. 25: 217–226; Zahra, S.A. Environment, corporate entrepreneurship, and financial performance: A taxonomic approach. *Journal of Business Venturing* 1993. 8(4):319–340.
- [10] Srivastava, A. And Lee, H. Predicting order and timing of new product moves: the role of top management in corporate entrepreneurship. *Journal of Business Venturing* 2005. 20, p.461).
- [11] Antoncic and Hisrich, 2001, p.498.
- [12] Miller, 1983, p. 770–791; Covin, J.G., and Slevin, D.P. The development and testing of an organizational-level entrepreneurship scale. In R. Ronstadt et al., eds., *Frontiers of Entrepreneurship Research*. Wellesley, MA: Babson College, 1986; Covin, J.G., and Slevin, D.P.. A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory and Practice* 1991. 16(1):7–25; Antoncic, B. and Hisrich, R.D., 2001.
- [13] Schollhammer, 1982; Pinchot, G. III. *Intrapreneuring*. New York, NY: Harper & Row, 1985; Antoncic, B. and Hisrich, R.D., 2001.
- [14] Dess, G.G., Lumpkin, G.T. and Mcgee, J. E. Linking Corporate Entrepreneurship to Strategy, Structure and Process: Suggested Research Directions, *Entrepreneurship Theory And Practice*, 1999. Vol.23, No.3, p. 85-87.)
- [15] Covin and Slevin, 1991, p. 7–25.
- [16] Knight, G.A. Cross-cultural reliability and validity of a scale to measure firm entrepreneurial orientation. *Journal of Business Venturing* 1997. 12(3):213–225.
- [17] Zahra, 1993, p.319–340.
- [18] Lumpkin, G.T., and Dess, G.G. Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review* 1996. 12(1):135–172.
- [19] Covin and Slevin, 1991.
- [20] Covin and Slevin, 1986, p. 631.
- [21] Antoncic, B.; Hisrich, R., 2001, p.498-499.
- [22] Covin and Miles, 1999, p. 47.
- [23] Zahra, S.A. and Covin, J.G. Contextual influences on the corporate entrepreneurship-performance relationship: A longitudinal analysis. *Journal of Business Venturing*, 1995. 10(1): 43-58
- [24] Phan, P.; Wright M.; Ucbasaran, D., Tan, W. Corporate entrepreneurship: Current research and future directions. *Journal of Business Venturing* 2009. 24, p.198.
- [25] Zahra, S.A. Predictors and financial outcomes of corporate entrepreneurship: An exploratory study. *Journal of Business Venturing* 1991. 6(4): 259-285; Zahra, 1993; Covin and Slevin, 1986; Zahra and Covin, 1995.
- [26] Covin and Slevin, 1986; Zahra, 1991, 1993; Zahra and Covin, 1995.
- [27] Antoncic, B. and Scarlat, C. Corporate Entrepreneurship And Organizational Performance: A Comparison Between Slovenia And Romania. Managing the Process of Globalisation in New and Upcoming EU Members Proceedings of the 6th International Conference of the Faculty of Management Koper Congress Centre Bernardin, Slovenia, 24–26 November, 2005.
- [28] Covin and Miles, 1999.
- [29] Hayton, J. Promoting corporate entrepreneurship through human resource management practices: A review of empirical research. *Human Resource Management Review* 2005. 15, p.22).
- [30] Hart, S. and Banbury, C. “How strategy-making processes can make a difference”, *Strategic Management Journal*, 1994. Vol.15, No.4: 251-269.
- [31] Hart, L. S. “An Integrated Framework or Strategy Making Process”, *Academy Management Review*, 1992. Vol. 17, No.2., p.335-339).
- [32] Hayton, 2005, p.24.
- [33] Antoncic, B. and Hisrich, R.D. Clarifying the Intrapreneurship Concept. *Journal of Small Business and Enterprise Development*, 2003. Vol.10, No.1, p. 7–24.
- [34] Hart and Banbury, 1994.
- [35] Hart, 1992.