

*Review Article*

# Corporate Entrepreneurship and Organizational Performance: The Moderating Role of Organizational Engagement

Tundikbayeva Bakytgul<sup>1\*</sup>, Marwa Ahmed<sup>2</sup> and Yevgeniya Kim<sup>1</sup>

<sup>1</sup>KIMEP University Kazakhstan, Kazakhstan.

[bakhytgul@kimep.kz](mailto:bakhytgul@kimep.kz); [ydk@kimep.kz](mailto:ydk@kimep.kz)

<sup>2</sup>Universiti Utara Malaysia, Malaysia.

[Janna20082002@yahoo.com](mailto:Janna20082002@yahoo.com)

\*Correspondence: [bakhytgul@kimep.kz](mailto:bakhytgul@kimep.kz)

Received: 22<sup>nd</sup> December 2018; Accepted: 21<sup>st</sup> January 2019; Published: 1<sup>st</sup> May 2019

**Abstract:** The aim of the present paper is to shed light on the concept of corporate entrepreneurship. The authors have attempted to highlight the different conceptualizations and explanations from renowned scholars in the domain of entrepreneurship pertaining to the corporate entrepreneurship and how it can result in worthy outcomes for businesses. Therein, the paper has reviewed and presented notable model explaining the predictors and consequences of corporate entrepreneurship. Specifically, the paper has attempted to work on linking corporate entrepreneurship with organizational performance. Through critical appraisal, the paper has also discussed the potential of organizational engagement in moderating this relationship. The paper forwards prepositions and conceptual model for scholars enthusiastic to study corporate entrepreneurship and its relationship with organizational performance following the buffering impact of organizational performance.

**Keywords:** *organizational performance; corporate entrepreneurship; engagement; moderation, entrepreneurship*

---

## 1. Introduction

In order to attain and secure global competitiveness, growth for the business as well as its survival the businesses are being forced by the economic and environmental changes to nurture their entrepreneurial environments (Bolton & Lane, 2012). Further suggesting (Bolton & Lane, 2012) have mentioned that there lies a continuous need to research and identify the factors that could potentially contribute in the development and growth of entrepreneurial ventures. Supporting this notion, Marr and Schiuma (2003) have argued that business leaders more often fail in identifying the factors that can foster business performance. Hence in order to nurture entrepreneurial environment (Bolton Lane, 2012) business require to practice entrepreneurial behaviours and processes, therefore, a more comprehensive understanding of entrepreneurial behaviours is required.

Tundikbayeva Bakytgul, Marwa Ahmed and Yevgeniya Kim, "Corporate Entrepreneurship and Organizational Performance: The Moderating Role of Organizational Engagement", *Annals of Contemporary Developments in Management & HR (ACDMHR)*, Print ISSN: 2632-7686, Online ISSN: 2632-7694, pp. 39-45, Vol. 1, No. 1, 1<sup>st</sup> May 2019, Published by [International Association of Educators and Researchers \(IAER\)](http://international.associationofeducatorsandresearchers.com), DOI: 10.33166/ACDMHR.2019.01.005, Available: <http://acdmhr.theiaer.org/archive/v1/v1n1/p5.html>.

Corporate entrepreneurship is defined by many researchers as a commitment to create entrepreneurial environment in an organization to foster innovation, pro-activeness and calculated risk-taking (Sharma & Chrisman, 1999; Zahra, 1995). The philosophy of CE is incorporated in the organization so that organization can be more responsive to environmental conditions, which change rapidly, by developing unique solutions (i.e product/services, processes and organizational structures) and continuously exploiting opportunities with acceptance of risk of failure. Soriano & Montoro-Sanchez (2011) in his study reported that there exists a strong correlation of the formalization and CE. The findings of the study indicate that some degree of formalization increases CE (Umrani, Kura & Ahmed, 2018; Umrani, Mahmood & Ahmed, 2016). No matter it is about product, service, process, strategy, structure or behaviour something common in major conceptualization of CE is innovation. As a result, CE is considered as the process enhancing firm's ability for acquiring and utilizing the firm member's innovative skills (Soriano & Montoro-Sánchez, 2011). The current paper has attempted to outline how businesses can potentially foster organizational performance through corporate entrepreneurship and what role organizational engagement could play in this regard.

## 2. Corporate Entrepreneurship

Essentially, the term entrepreneurial behaviour is related with both i.e individuals as well as the businesses; one could easily visualize and identify entrepreneurial behaviour in a given business environment. As according to prominent scholars, the concept of corporate entrepreneurship is identified as a necessary component of organizational culture for enhancing value creation (Jennings & Lumpkin, 1989). Corporate entrepreneurship is a set of strategies utilized by an established firm for promoting growth and development of its own (Sharma & Chrisman, 1999). The concept of corporate entrepreneurship is adopted here as the behaviour of a firm which reflect its orientation towards entrepreneurship as shown by its dimensions such as management support, organizational boundaries, rewards & reinforcement, time availability and work discretion. corporate entrepreneurship, when practiced and implemented in the appropriate manner, could potentially influence both types of business performances (i.e financial and non-financial). More recent literature also supported this notion, providing that corporate entrepreneurship compliments significantly to business performance in all forms including (non-financial, financial or combined of the two (Heavey & Simsek, 2013). Apart from the significant influence of corporate entrepreneurship over business performance in any of the form, the above literature also provides evidence that corporate entrepreneurial activities inside an organization have been seen differently (Umrani & Mahmood, 2015). Specially, when it comes to measure corporate entrepreneurship, there has been a great debate over it in the past studies (Umrani, 2016; Rauch, Wilkund, Lumpkin & Frese, 2009). The corporate entrepreneurship domain is no longer limited conceptually to the creation of new venture process (see Low & MacMillan, 1988). But it includes also the development of firm's domain of competencies and corresponding to opportunities (Burgelman, 1984). Those organizations are called entrepreneurial organizations (organizations with entrepreneurial posture) where particular entrepreneurial behaviour patterns are recurring, and these patterns prevail in the organization at all levels and they reflect top management's entrepreneurial philosophy. A firm will not be called entrepreneurial just because it changed the technology or introduced a new product line thus imitating competitors avoiding risk taking approach. Some degree of pro-activeness and willingness to takes risk is essential for firms to be entrepreneurial.

Corporate entrepreneurship however is the result of collective efforts of organizational members hence it is not an all alone factor to contribute to business innovation (Akehurst, Comeche & Galindo, 2009).

### 3. Organizational Performance

From Schumpeter (1949), there seems to be a great consensus among scholars that the key determinant of an organization's performance either at regional or national entrepreneurship (Nguyen & Leblanc, 2001) as it provides jobs, offer a range of consumer-goods and services, and it increases the national wealth generally and competitiveness (Zahra, 1999). Organizational performance lies at the core of every management, as there remains no purpose of existence for a business entity if it is not performing as per the established goals and objectives. Businesses strive to look into diverse prospects to help maintain and/or boost organizational performance (Hickman & Silva, 2018). More recently, there has been a growing discussion amongst the practitioners pertaining to entrepreneurship; underlining its potential in enhancing organizational performance in all areas.

### 4. Models of Corporate Entrepreneurship

#### 4.1. Guth and Ginsberg Model of Entrepreneurship

The Guth and Ginsberg model of entrepreneurship suggests that the idea of corporate entrepreneurship takes towards the rise of new business ventures in the same organization. Essentially, this model connects CE with the strategic business management ideology to drive innovation, new venture development and creative workplace infusion (Guth & Ginsberg, 1990). Figure 1 provides further knowledge on this.

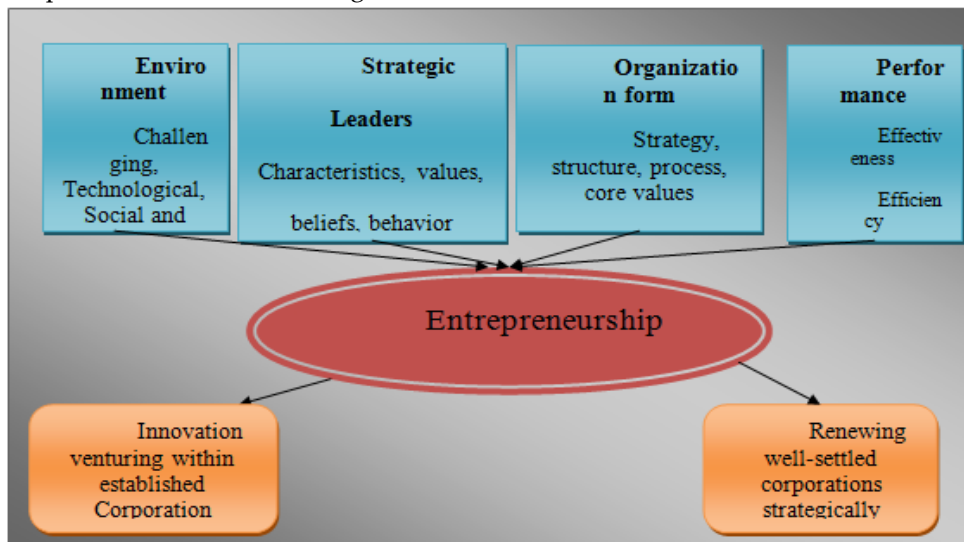


Figure 1. Guth and Ginsberg model of entrepreneurship

#### 4.2 The Covin and Slevin's Model of Corporate Entrepreneurship

Colvin and Slevin (1991) model cater to connecting corporate entrepreneurship with firm performance. Therein, the external environment, strategic control variables and internal factors plays a key role in shaping the organizational culture and attitude towards certain things. This model further explains that corporate entrepreneurship has a strong connection and association with the outcomes of a business entity including financial and non-financial prospects and may get stronger or weaker based on the effect of the environment. Figure 2 offers more insight into the model.

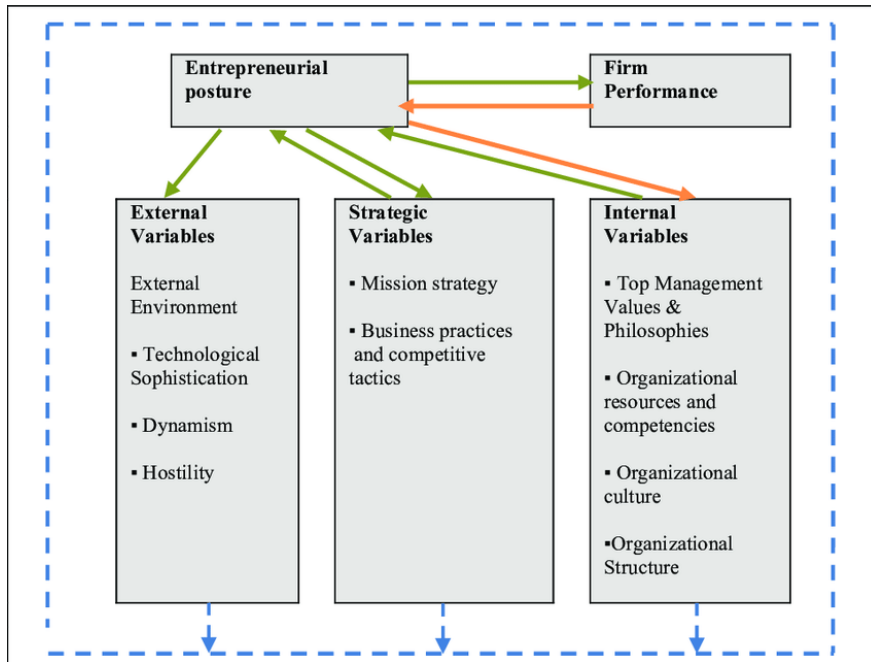


Figure 2. Covin and Slevin model of entrepreneurship

### 4.3 Lumpkin and Dess Model of Corporate Entrepreneurship

This model from Lumpkin and Dess (1996) suggests corporate entrepreneurship comprising of five major dimensions. According to the authors, the corporate entrepreneurship could be better understood with the idea as to whether or not; an organization has an orientation towards entrepreneurship. The authors further suggest that there are five major elements of entrepreneurial orientation, which are innovation, risk taking, pro-activeness, competitive advantage and autonomy. The model further asserts that these factors can be further influenced from environmental factors or organizational factors. Figure 3. Provides sheds more light on this.

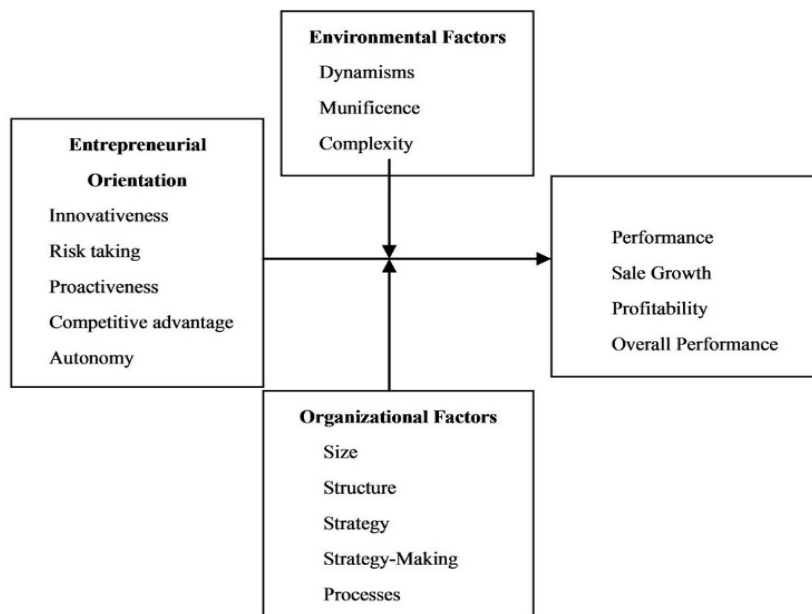


Figure 3. Lumpkin and Dess model of corporate entrepreneurship

## 5. Moderation of Organizational Engagement

Engagement is termed to be a notable predictor of several employee and organizational outcomes prospects (e.g., Rowe & Frewer, 2005). Notably the concept of engagement has also been found mediating several predictors to general notable outcomes (e.g., Saks, 2006). However, limited studies have looked into the potential of engagement as a moderator. Conceptual study by Ahmed, Shah, Qureshi, Shah and Khuwaja (2018) has asserted that there is a need to understand the role and moderating potential of engagement to further employee and organizational outcomes. Accordingly, some scholars have also asserted the possibility and need of empirical attention towards the buffering of engagement (e.g., Rich LePine & Crawford, 2010) suggesting that engagement can yield better outcomes through enhancing the impact of available predictors. There is a major gap in this domain and no study was found underlining the moderation of organizational engagement on the corporate entrepreneurship and organizational performance relationship. Based on the assertions of these scholars it can be asserted that engagement of employees with the organization will help them to further enhance the influence of corporate entrepreneurial activities towards boosting organizational performance. In simple, we attempted to outline that having organizationally engaged employees can potentially help the business to enrich the impact of socially responsible activities towards booming organizational performance.

## 6. Proposed Framework and Propositions

Based on the critical appraisal of the literature, the present study forwards the following conceptual framework and propositions:

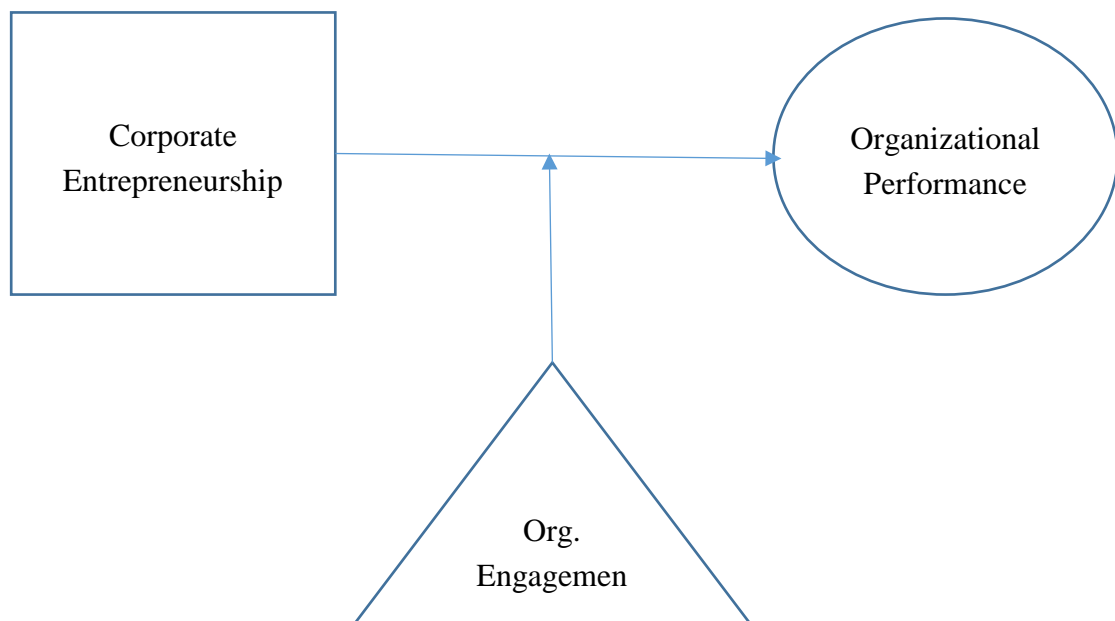


Figure 4. Conceptual Model

P1: There will be a relationship between Corporate Entrepreneurship and Organizational Performance

P2: Organizational Engagement will moderate the relationship between corporate Entrepreneurship and Organizational Performance

## References

- Ahmed, U., Shah, S. A., Qureshi, M. A., Shah, M. H., & Khuwaja, F. M. (2018). Nurturing innovation performance through corporate entrepreneurship: the moderation of employee engagement. *Studies in Business and Economics*, 13(2), 20-30.
- Akehurst, G., Comeche, J. M., & Galindo, M. A. (2009). Job satisfaction and commitment in the entrepreneurial SME. *Small Business Economics*, 32(3), 277-289.

- Bolton, D., & Lane, M. D. (2012). Individual entrepreneurial orientation: Development of a measurement instrument. *Education+ Training, 54*(2/3), 219-233.
- Burgelman, R. A. (1984). Designs for corporate entrepreneurship in established firms. *California Management Review, 26*(3), 154-166.
- Chua, J. H., Chrisman, J. J., & Sharma, P. (1999). Defining the family business by behavior. *Entrepreneurship Theory and Practice, 23*(4), 19-39.
- Covin, J. G., & Slevin, D. P. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory and Practice, 16*(1), 7-26.
- Guth, W. D., & Ginsberg, A. (1990). Guest editors' introduction: Corporate entrepreneurship. *Strategic Management Journal, 5*-15.
- Heavey, C., & Simsek, Z. (2013). Top management compositional effects on corporate entrepreneurship: The moderating role of perceived technological uncertainty. *Journal of Product Innovation Management, 30*(5), 837-855.
- Hickman, C. R., & Silva, M. A. (2018). *Creating excellence: Managing corporate culture, strategy, and change in the new age*. Routledge.
- Jennings, D. F., & Lumpkin, J. R. (1989). Functioning modeling corporate entrepreneurship: An empirical integrative analysis. *Journal of Management, 15*(3), 485-502.
- Low, M. B., & MacMillan, I. C. (1988). Entrepreneurship: Past research and future challenges. *Journal of Management, 14*(2), 139-161.
- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review, 21*(1), 135-172.
- Marr, B., & Schiuma, G. (2003). Business performance measurement—past, present and future. *Management Decision, 41*(8), 680-687.
- Montoro-Sánchez, Á., & Ribeiro Soriano, D. (2011). Human resource management and corporate entrepreneurship. *International Journal of Manpower, 32*(1), 6-13.
- Nguyen, N., & Leblanc, G. (2001). Corporate image and corporate reputation in customers' retention decisions in services. *Journal of Retailing and Consumer Services, 8*(4), 227-236.
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice, 33*(3), 761-787.
- Rich, B. L., Lepine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of Management Journal, 53*(3), 617-635.
- Rowe, G., & Frewer, L. J. (2005). A typology of public engagement mechanisms. *Science, Technology, & Human Values, 30*(2), 251-290.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology, 21*(7), 600-619.
- Schumpeter, J. A. (1949). *Change and the entrepreneur: Postulates and patterns for entrepreneurial history*. Harvard University Press.
- Soriano, D. R., & Montoro-Sanchez, M. A. (2011). Introduction: The challenges of defining and studying contemporary entrepreneurship. *Canadian Journal of Administrative Sciences/Revue Canadienne Des Sciences de l'Administration, 28*(3), 297-301.
- Umrani, W. A. (2016). *Moderating effect of organizational culture on the relationship between corporate entrepreneurship and business performance in Pakistan's banking sector* (Doctoral dissertation, Universiti Utara Malaysia).
- Umrani, W. A., & Mahmood, R. (2015). Examining the dimensions of corporate entrepreneurship construct: a validation study in the Pakistani banking context. *Mediterranean Journal of Social Sciences, 6*(6), 278-283.
- Umrani, W. A., Kura, K. M., & Ahmed, U. (2018). Corporate entrepreneurship and business performance: The moderating role of organizational culture in selected banks in Pakistan. *PSU Research Review, 2*(1), 59-80.
- Umrani, W. A., Mahmood, R., & Ahmed, U. (2016). Unveiling the direct effect of corporate entrepreneurship's dimensions on the business performance: a case of big five banks in Pakistan. *Studies in Business and Economics, 11*(1), 181-195.

Zahra, S. A., & Covin, J. G. (1995). Contextual influences on the corporate entrepreneurship-performance relationship: A longitudinal analysis. *Journal of Business Venturing*, 10(1), 43-58.

Zahra, S. A., Nielsen, A. P., & Bogner, W. C. (1999). Corporate entrepreneurship, knowledge, and competence development. *Entrepreneurship Theory and Practice*, 23(3), 169-189.



© 2019 by the author(s). Published by Annals of Contemporary Developments in Management & HR (ACDMHR), under the terms and conditions of the Creative Commons Attribution (CC BY) license which can be accessed at <http://creativecommons.org/licenses/by/4.0/>.