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WORKING PAPER

Rewiring Business Firms through an Entrepreneurial-Oriented Strategy Making

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ABSTRACT

Strategic entrepreneurship which merges strategic management and entrepreneurship is an essential formula for a good business. An entrepreneurial mindset (opportunity seeking) augurs well for effective strategy making (advantage seeking) to caution against uncertainty. Hence, companies must align their business along strategic entrepreneurship. Companies can sustain their business by plotting a strategy making that pays off on their entrepreneurial orientation. This research aims to provide answer to such by looking at strategy making along 5Ps: plan, position, pattern, perspective and ploy and mapping them out with the dimensions of entrepreneurial orientation to wit: innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy. Thereby, propositions of relational constructs that stand on a firm grounding of literature are presented.

INTRODUCTION

1.1 Strategy Making and Entrepreneurial Orientation

The fields of strategic management and entrepreneurship have grown separately from each other, though joined eventually when they focused on how firms adapt to environmental change and exploit opportunities created by uncertainties and discontinuities in the creation of wealth (Hitt, Ireland, Camp and Sexton 2001a; Hitt et al. 2001b) for survival sakes. In fact, Meyer and Heppard (2000) assert that strategic management and entrepreneurship are really inseparable (Hitt et al. 2001b). They are often complementary, in which case the research results findings of one would have a domino impact on the other. Hence, we find a growing literature on the integration of strategic management and entrepreneurship (Sandberg 1992). Researchers (Hitt et al. 2001b) even combined strategic management and entrepreneurship, and produced the concept of strategic entrepreneurship. Strategic entrepreneurship involves taking entrepreneurial actions with strategic perspectives (Hitt et al. 2001a; 2001b).

Both strategic management and entrepreneurship create change and exploit opportunities (Hitt, Ireland and Sirmon 2003). Moreover, McGrath and Macmillan (2000) debate that strategists must adopt an entrepreneurial mindset to be able to sense opportunities, mobilize resources, and act to exploit opportunities (Hitt et al. 2001b). This brings to mind the new concept of strategic management (Heene and Sanchez 2004) which refers to the management process that defines an organization's goals for value creation and distribution and designs the way the organization will be composed, structured, and coordinated in pursuing those goals.

It is a fact that both strategic management and entrepreneurship are broad areas which may encompass a number of subjects for each. Hence, this research will study the contexts of strategy making (SM) modes and entrepreneurial orientation (EO). These two are claimed important to be examined in conjunction with each other. In fact the EO arena has its origins in the strategy literature. It was in 1973 when Mintzberg conceptualized the entrepreneurial SM mode when he referred to entrepreneurial firms typically adopting risky strategies. Khandwalla in 1977 picked up on the idea and empirically tested and confirmed Mintzberg's claim.

The strategic management literature through the years has considered varying schools of SM (see Hart and Banbury 1994; Mintzberg, Ahlstrand, and Lampel 1998). The modes of SM for this research refer to plan, position, perspective, pattern, and ploy (Mintzberg 1987; see Hart and Banbury 1994). These five modes are adopted from Mintzberg's (1987) pioneering works on SM modes, though a number of modes had been conceptualized so far (see Hart and Banbury, 1994 - Allison, 1971; Mintzberg, 1973; Bourgeois and Brodwin, 1984; Grandori, 1984; Chaffee, 1985; Mintzberg and Waters 1985; Ansoff, 1987; Mintzberg, 1987; Nonaka, 1988; and; Mintzberg et al., 1998). Likewise, the dimensions of EO are innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy (Lumpkin and Dess 1996).

1.2 Objectives of the Research

In a nutshell, the primary task of this research is to find out the varying influences of the strategy-making modes on each of the dimensions of entrepreneurial orientation of business organizations. Thereby, identify a single strand of strategy making mode or strategy making gestalt/s that would pay off in terms of the entrepreneurial orientation of business firms. Strategy making represents modes that can be blended into different combinations. The challenge is to identify gestalts (or configurations) that may explain and predict the variations on the additive effects of these modes on the dimensions of EO. Gestalt refers to the organizing of isolated parts into groups or whole objects where this whole is amounting to more than the sum of its parts.

Further, the research will also seek to find significant differences on the exhibition of SM modes and dimensions of EO based on the respondents' profile. Essentially, the research aims to develop a reliable and valid survey questionnaire for SM modes.

2. CONCEPTUAL FRAMEWORK

2.1 Modes of Strategy Making (SM)

Strategy making may surface through explicit systematic procedures (plan), or may be driven by keeping ahead of the competitors (position), or at the most may be influenced by the chief executive (pattern), or on the one hand be influenced by specific meanings attached to particular practices (perspective), and or on the other hand, be a process of negotiation influenced by force of all sorts (ploy).

2.1.1 Plan

Strategy-making as a plan is some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation (Mintzberg 1987). Strategy embodies how leaders try to establish direction for organizations based on predetermined courses of action (Mintzberg 1987). Hence, planning is an attempt to make and integrate a whole set of decisions and to articulate them formally before executing them. And this is done through a sequential analytical process that basically characterizes the planning mode (Andersen 2000). In this regard, Boyd and Reuning-Elliott (1998) in their interest to come up with a consistent operationalization of planning indicators surveyed the literature and empirically tested the following planning indicators: mission statement, trend analysis, competitor analysis, long-term goals, annual goals, short-term action plans, and ongoing evaluation. This strategic planning model has been tested for its concurrent validity and reliability.

The planning mode typically refers to a formal strategic plan used to gain the involvement and commitment of those principal stakeholders affected by the plan (Veliyath and Shortell 1993; Glaister and Falshaw 1999). Strict accountability, regular progress reviews, and open dialogue rather than restricted discussions are the components of the planning procedures. Essentially, the procedure is populated by decision makers not observers (Glaister et al. 1999).

Analytical tools and methodologies help managers at all hierarchical levels, to reach a better quality of strategic outputs (Hax and Majluf 1991). This analytical tool may come in the form of a SWOT (strengths, weaknesses, opportunities, threats) model or TOWS matrix. From here, the next is to articulate each of the steps in the SWOT with checklist and techniques, and then couple it with statements of objectives at the onset and seal it with budgets and operating plans at the final stage (Mintzberg et al. 1998). The result of which is a complete specification of corporate, business, and functional strategies (Hax et al. 1991), in other words a well-defined organizational-wide effort. And these efforts or outputs are presented and captured on paper and/or computer.

Substantially, the systematic, comprehensive and formal analysis is used in the belief that it can provide an understanding of the environment sufficient to influence it (Mintzberg 1973; Veliyath et al. 1993).

Planning coincides with Chandler's definition of strategy which is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals (Mintzberg and Waters 1982).

2.1.2 Position

The position SM mode is pioneered by Michael Porter. Positioning school offers a basis for strategic content, which is Porter's model of competitive advantage. The result of which, would lead to selection of generic strategic positions. In short, strategy equals generic positions selected through formalized analysis of industry situations. Hence, it is populated by analysts.

Positioning means the position of the organization with regard to its external environment. The focus is on external conditions but not on internal capabilities of the firm. The strong focus on external environment, especially market structure is believed to drive deliberate positional strategies (Mintzberg et al. 1998). Thus, position defines the organization externally (Mintzberg 1987). This means that positional strategies become the mediating force between organization and environment, likewise between internal and external context. These positions, whatever they are, might be a perfectly adequate expression of the firm's strategy (Pearson 1990).

To reiterate, as position, strategy encourages looking at organizations in context, specifically in their competitive environments- how they find their positions and protect them in order to meet competition, avoid it or subvert it. The essence of strategy formulation is coping with competition. It is the goal to find a position in the industry where the company can best defend itself against the forces (threat of new entrants, bargaining power of customers and suppliers, threat of substitute products or services, and jockeying among current competitors) or can influence them in its favor (Porter 1991).

The most obvious example is the market niche the organization occupies. A niche is a place that is occupied in order to shelter from and avoid competition. Competition

avoidance is the most potent aim of strategy as position. The organization's boundaries with its various environments are so managed as to avoid competition. Thus strategy becomes the match between the organization and its environment (Pearson 1990). Mintzberg (1987) mentioned strategy as essentially a descriptive idea that includes an organization's choice of niche and its primary decision rules... for coping with that niche. For instance, a firm might be the technological leader, the lowest cost producer or dominant in some particular product market niche. For Porter, strategy represents a consistent array or configuration of activities, aiming at creating a specific form of competitive advantage for which there exist fundamental types: low cost, differentiation, and focus (Spanos, Zaralis, and Lioukas 2004).

Low cost or cost leadership necessitates that an organization should engage in the following: access to raw materials, adopt a strategy of aggressive construction of efficient-scale facilities, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas such as research and development, service, sales force and advertising (Segev 1989). In effect, the organization can leverage its resources in terms of reinvesting in new equipment and modern facilities to achieve cost leadership. Thus it follows that cost leadership aims to have a high relative market share.

Differentiation refers to a product (goods or services) that is seen in the market as unique in terms of design or brand image, technology, features, customer service, and dealer network. In so doing, differentiation bears well for brand loyalty by customers, lower sensitivity to price, increased margins and entry barriers (Segev 1989). Apparently, differentiation runs counter with cost leadership. Exclusivity for once is incompatible with high market share. Ergo, Porter has prescribed that either cost leadership or differentiation must be tapped by a firm to gain competitive advantage.

Focus will be applied for both in terms of cost-focus and differentiation focus. Cost focus takes a particular consumer group, a segment of a product line or a geographic market. In this way, the firm can target more effectively and efficiently than its competitors who attack more broadly. Differentiation focus on the other hand, is simply limiting to a product (goods or service) to enable the firm to develop a brand or design image.

2.1.3 Pattern

The vision of one great leader summarizes the idea of this SM mode. This leader could be a hired manager, an owner or founder, and the organization could be a large corporation (Sandberg 1992). It is in the leader's mind that company strategies are formed and put into action. The process of strategy formation is held in a black box where the leader only has the key, thus the organization moves in response to whatever or wherever the leader wants. The organization has to rely on one or two unusually gifted individuals to decide what to do, while the rest enthusiastically follow (Mintzberg et al. 1998).

Indeed, some organizations are led and manhandled by the single-minded entrepreneurial capability of this one person, who walks confidently into an uncertain future (Mintzberg

1973). There is no charted plan of organization, “typically one finds instead that strategy is guided by the entrepreneur’s own vision of direction for his organization- his personalized plan of attack. Power rests with one man capable of committing the organization to bold courses of action (Mintzberg 1973).

But it is worth noting that a major characteristic of the pattern mode is the leader’s intimate knowledge of the business. It is intuition that directs the entrepreneur, intuition based on wisdom- detailed, ingrained, personalized knowledge of the world. Study shows how effective such knowledge can be when it is concentrated in one individual who a) is fully in charge (having no need to convince others with different views and different levels of knowledge, neither subordinates below nor superiors at some distant headquarters b) retains a strong, long term commitment to his organization (knowing that, barring a natural disaster it is he who will be there in the long run); and c) possesses the vision and ability to switch from narrow focus to broad perspective (Mintzberg 1973). The strong leader cum entrepreneur can provide so clear and complete a vision of direction, yet also allow the flexibility to elaborate and rework that vision (Mintzberg et al. 1982). Although vision is put forward in all strategy making modes but there is none so critical of its presence but here in the pattern mode.

But it must be noted that while the chief executive may be tangibly assessed as a ‘man or woman’ of vision, the vision will often not be articulated, but rather detected through their style and the pattern of entrepreneurial steps taken. This is a showcase of an emergent strategy. Patterns may somehow be detected, but opportunism and ‘muddling through’ with success are the hard and fast rules for the organization (Eden and Ackermann 1998).

Hence, the pattern mode detours from precise designs, plans, and oppositions to strategies of vague visions or broad perspectives (Mintzberg and Lampel 1999). According to Mintzberg (1987), patterns may appear without preconception, developed in the absence of intentions, or despite them. There is generally little planning, time horizons are short, and the focus is upon operating matters rather than visionary master plans. Strategies are not explicitly or formally elaborated but reside as the implicit and often vague vision of the leaders (Miller 1983).

The latest development in the use of the concept of pattern to one of entrepreneurial SM mode (Mintzberg et al. 1998), suggests that they are one and the same. The entrepreneurial SM described by Lumpkin, Dess, and Covin (1997) which is characterized by experimentation, innovativeness, risk-taking, proactive assertiveness, opportunity-seeking and decisive action catalyzed by a strong leader parallels that of Mintzberg et al. (1998). From here, one can gain insight that pattern mode necessarily involves a lot of actions. Strategy-making is dominated by the active search for new opportunities. The organization focuses on opportunities; problems are secondary. The orientation is always active rather than passive. It is characterized by dramatic leaps forward in the face of uncertainty. The chief executive seeks out and thrives in conditions of uncertainty, where his organization can make dramatic gains. In so doing, growth is the dominant goal (Mintzberg 1973) of the entrepreneurial/pattern mode.

2.1.4 Perspective

Perspective SM is a social process rooted in culture. Culture is the shared meaning that a group of people create over time. It is based on the beliefs and understandings shared by the members of the enterprise. Therefore, a critical point in this strategy making mode is that the perspective is shared. It is based on common interest and integration (Mintzberg et al. 1998; Mintzberg et al. 1999). It focuses our attention on the reflections and actions of the collectivity- how intentions diffuse through a group of people to become shared as norms and values (Mintzberg 1987). It consists of tangible and intangible resources, which can be strategic, and if exploited by the company, will offer the greatest sustained benefits in the face of competition.

As mentioned, culture refers to the corporate personality or ideology as perceived collectively by organization members (Pearson 1990). It is generally acknowledged that strategic decisions are influenced by the beliefs, value structures, and management's philosophies of the strategists (Covin and Slevin 1991). Those within the enterprise see the outside world through their own conditioned perspective and this influences everything they do and permeates their strategy even though they may be unaware of this (Macmillan and Tampoe 2000). Thus, perspective SM looks at strategies as abstractions which exist only in the minds of interested parties- those who pursue them, are influenced by that pursuit or care to observe others doing so (Mintzberg 1987).

Culture can be gleaned through the meanings attached to more tangible aspects of organizations, such as strategies (Rowlinson 1995). Strategy may reflect an organization's culture. Weick (1985) suggests 'culture' and 'strategy' are interchangeable because both provide 'coherence and meaning in organizations (Rowlinson 1995). Although, Schein (1985) distinguishes strategy from culture and sees the possibility of culture, which operates at a deeper level, frustrating strategies, that makes sense from a financial, product, or marketing point-of-view (Rowlinson 1995).

Perspective aka culture is often talked about in almost all subjects but this school has come strongest when Japanese companies' success is attributed to their particular brand of culture. From then on, a lot of pundits and even practical businessmen have become interested in knowing why Japanese companies are so successful. Japanese businessmen are known not to believe in so much planning or strategizing, if this is the case, then it could be that the ingredient of success is something else, and here we refer to culture.

2.1.5 Ploy

As ploy, strategy takes us into the realm of direct competition, where threats and various other maneuvers are employed to gain advantage (Mintzberg 1987). Processual analyses of strategy have tended to concentrate on the "organizational level" and have not dwelt on the political rationalities of individual players in the strategy game. But the ploy mode rests on the politics of strategic decisions, executive bargaining and negotiation, and the role of coalitions in strategic management (Hax et al. 1991). It is recognized that in strategy field, the issue of power should be given due consideration (Heracleous and De Voge 1998). It is as well to recognize the politics of an organization before selecting a course of action. It is well to think through the responses that might be expected from

internal interest groups if a specific strategic move is being contemplated. A well formulated strategy can be destroyed by reluctant executives acting on behalf of unpersuaded interest groups (Macmillan 1978). The ploy mode represents political process among decision makers with conflicting goals (Lumpkin, Dess and Covin 1997).

The ploy mode is concerned with the intraorganizational as well as interorganizational alliances that shape the nature of an organization's strategy (Macmillan 1978). The micropower refers to the people in the organization that have to compete with resources thereby scuttle for their respective strategies. In so doing, micropower sees the development of strategies within the organization as essentially political- a process involving bargaining, persuasion, and confrontation among actors who divide the power (Mintzberg et al. 1998; Mintzberg et al. 1999). The micro aspects of SM in organizations always occur within the broader structure of power, discourse and inequality in the world (Watson 2003). In connection, macropower, perceives the organization as an entity that uses its power over others and among its partners in alliances joint ventures and other network relationships to negotiate "collective" strategies in its interest. Therefore, ploy mode focuses on self-interest and fragmentation. (Mintzberg et al. 1999)

According to Mintzberg (1973) the distinguishing characteristics of the ploy mode are the following:

1. Clear goals do not exist; SM reflects a division of power among members of a complex coalition. The organization is caught in a complex web of political forces. Unions, managers, owners, lobby groups, government agencies, and so on, each with their own needs, seek to influence decisions. There is no one central source of power, no one simple goal. The goal system of the organization is characterized by bargaining among these groups, with each winning some issues and losing others. Hence, the organization attends to a whole array of goals sequentially, ignoring the inconsistencies among them. The organization cannot make decisions to 'maximize' any one goal such as profit or growth; rather it must seek solutions to its problems that are good enough, that satisfy the constraints.
2. The SM process is characterized by the "reactive" solution to existing problems rather than the proactive search for new opportunities. The lack of clear goals would preclude a proactive approach. They deal more confidently with what is wrong than with what in the future may or may not be right. It seeks conditions of certainty whenever possible; otherwise it seeks to reduce existing uncertainties. It establishes cartels to ensure markets, negotiates long-term purchasing arrangements to stabilize sources of supply, and so on.
3. Makes its decisions in incremental, serial steps. Strategy-maker focuses first on what is familiar, considering the convenient alternatives and the ones that differ only slightly from the status quo. It is typically a never-ending process of successive steps in which continual nibbling is a substitute for a good bite.
4. Disjointed decisions characterized this mode. Strategy-making is fragmented but at least the strategy maker remains flexible.

Strategy-maker consciously seeks to avoid uncertainty, sometimes solving pressing problems instead of developing long-run strategies other times "negotiating" with the

environment (for example, establishing cartels). Furthermore because the organization is controlled by a coalition of disparate interest, the strategy-maker must make his decisions so as to reduce conflicts. He does this by attending to conflicting goals sequentially, ignoring the inconsistencies. For instance, the business firm is likely to resolve conflicting pressures to 'smooth production' and 'satisfy customers' by first doing one and then the other.

To top it all, ploy mode postulates organizations as coalitions of individuals each of whom brings their own personal objectives and cognitive biases to the organization. By viewing organizations as coalitions of participants with disparate demands, they developed a notion of goal formation in firms that was based on an internal process of bargaining among coalition members (Cyert and March 1963 in Mintzberg 1973). Ploy as a SM mode is considered to be dynamic as it involves the interplay of social actors not simply ideas (Mintzberg 1973).

2.2 Dimensions of Entrepreneurial Orientation (EO)

Entrepreneurial orientation consists of five dimensions: innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy. The first three are conceptualized by Miller (1983), and the last two by Lumpkin and Dess (1996). Miller (1983) has provided a useful starting point in the understanding of EO. He referred to an entrepreneurial firm as one that "engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch" (1983: 771). It is from this description of an entrepreneurial firm that the basis for the dimensions of EO is formed. Henceforth, a number of research enthusiasts have proceeded to ground their theory of EO on Miller's (1983) original conceptualization (Covin and Slevin 1989; Lumpkin et al. 1996; Knight 1997; Wiklund 1998). Eventually, Lumpkin and Dess (1996) contributed two more dimensions as part of EO: competitive aggressiveness and autonomy. Although the latter two, seemingly are not eye catching enough to have grabbed the attention of researchers as reflected in the dearth of extant literature pertaining thereto. Lumpkin, Dess and Covin (1997) suggested to further study on the research findings of Burgelman (1983) regarding autonomy. Hence, the interest of this researcher is to study the five dimensions of EO.

The study of a firm's EO is taken from Stevenson and Jarillos' (1990) concept of entrepreneurial management, in that it reflects the organizational processes, methods, and styles that firms use to act entrepreneurially. Likewise, Lumpkin and Dess (2001, 2005), refer to EO as the SM processes and styles of firms that engage in entrepreneurial activities. In other words, EO is how entrepreneurial activities are undertaken (process). On the other hand, entrepreneurship is what entrepreneurs essentially do (content). Thus, one should not be misled into thinking that entrepreneurship and EO are one and the same.

At this juncture, a critical point of argument about EO is whether the dimensions covary or unique from each other. Prior research on entrepreneurship (eg. Miller 1983; Covin et al. 1989) suggests that EO is a unidimensional construct. However, Lumpkin and Dess

(1996) argue that the dimensions of EO can vary independently of each other (Lyon, Lumpkin and Dess 2000). For example, research has shown that entrepreneurs tend to be moderate in their willingness to take risks (McClelland 1960; Brockhaus 1980), but high in their inclination towards innovation (Schollhammer 1982). Moreover, Stopford and Baden-Fuller (1994) do not associate proactiveness with high levels of risk-taking. Organizations may be innovative and proactive but financially risk-averse, aiming to spread and minimize risks by initiating many different projects. These findings raise serious concerns regarding the use of aggregated measures of EO and necessitate a review of each individual sub-dimension and its potential contribution to a firm's entrepreneurial orientation (Kreiser, Marino and Weaver 2002). The study of Stetz, Howell, Stewart, Blair and Fottler (2000) found that the individual dimensions of EO were more robust predictors of firm growth than a summated unidimensional EO construct (Covin, Green and Slevin 2006). In addition, Kreiser et al. (2002), from a methodological point of view, proved that the three subdimensions of EO (innovativeness, proactiveness and risk taking) vary from each other. These three dimensions of EO are found to have significant independent variance. Also study of Richard, Barnett, Dwyer, and Chadwick, found that innovativeness and risk taking had different relationships with firm performance in their study of cultural diversity and firm performance (Lumpkin et al. 2005).

Consequently, it is from these solid evidences that prescribed the basis for taking a multi-dimensional perspective for this current study. It would seem, based on the recent studies, that there is much future and value in a multidimensional study of EO. Not to mention the convincing pronouncement by Covin et al. (2006) that the debate over the dimensionality of the EO construct could be regarded as largely resolved owing to the Stetz et al.'s and Kreiser et al.'s confirmatory studies.

The EO scale developed by Covin et al. (1989) will be adopted as the content construction on innovativeness and risk taking. However, the proactiveness scale created by Covin et al. (1989) has been qualified to account for the recent study of Lumpkin et al. (2001). Lumpkin et al. (2001) teased the concepts of proactiveness and competitiveness aggressiveness apart. With regard to the autonomy scale, the construction is done by the researcher herself but culled from the study of Lumpkin et al. (2005). But despite the readiness of the literature to provide an easy conquest of the content of each of the dimensions of EO, it would still be best for the researcher to ground her understanding of the dimensions of EO on literature. Thus, the essay on these is presented as follows.

2.2.1 Innovativeness

Innovativeness refers to a willingness to support creativity and experimentation in introducing new products/ services, and novelty technological leadership and R&D in developing new processes (Lumpkin et al. 2005); thereby departing from established practices and technologies (Lumpkin et al. 1996). Knight (1997) defines innovativeness as the "pursuit of creative or novel solutions to challenges confronting the firm including the development or enhancement of products and services, as well as administrative techniques and technologies for performing organizational functions."

Innovativeness is concerned with the process of adoption of innovation. Innovation is not the same as innovativeness. According to the editorial board of *Innovation Journal*, innovation is the result of innovativeness, of being innovative. Innovativeness is a process; innovation is the result of that process. Innovation comes in many different forms (Lumpkin et al. 2005) - technological innovativeness consists primarily of research and engineering efforts aimed at developing new products and processes. Product-market innovativeness includes market research, product design and innovations in advertising and promotion. Administrative innovativeness refers to novelty in management systems, control techniques, and organizational structure.

Schumpeter (1934) is one of the leaders who emphasized the role of innovation in entrepreneurial process (Aloulou and Fayolle 2005). He referred to innovation as the very heart of entrepreneurship. Most authors agree that all types of entrepreneurship are based on innovation (Drucker 1985; Stopford et al. 1994; Lumpkin et al. 1996; McGrath et al. 2000) that require changes in the pattern of resource deployment and the creation of new capabilities to add new possibilities for positioning in new markets (Stopford et al. 1994). Hamel (2000 in Hitt et al. 2001b) concludes that the most important component of a firm's strategy is innovation. He substantiates this by arguing that the success of Silicon Valley is brought about by the power of innovation not by the onset of e-commerce.

In economies falling short of international competitive standards, calls are made to develop a collective vision that places greater weight on innovation, risk taking and individualism. As a matter of fact, Hoffman and Hegarty (1993) support that innovation represents strategic change, and should become part of a firm's strategy and therefore top management's responsibility. In large corporations and entrepreneurial ventures, innovation is the foundation on which strategies should be built and wealth can be created (Hitt et al. 2001a; 2001b).

In the final analysis, though definitely aligned with the extant literature, innovativeness will be operationalized based on Covin and Slevin's measurement scale (1989). The indicators for innovativeness are: 1) A firm markets many new lines of products or services.; 2) In a firm, changes in product or service lines have usually been quite dramatic.; and 3) In general, top managers in a firm favors a strong emphasis on R&D, technological leadership, and innovations.

2.2.2 Proactiveness

Proactiveness refers to how firms relate to market opportunities by seizing initiative in the marketplace (Lumpkin et al. 1996; 2001). Proactiveness is concretely done through the introduction of new products or technological capabilities ahead of the competition, and/or continuously seeking out new products or service offerings. This reflects a firm's inertia for exploiting emerging opportunities, experimenting with change, and mobilizing first-mover actions. Proactiveness enables the firm to shape the nature and direction of competition to its advantage. Proactiveness therefore, is a driver for competitive advantage because of its onward and forward pursuit of new products and new markets (Morgan and Strong 2003).

Proactiveness is especially effective at creating competitive advantages because it puts competitors in the position of having to respond to successful initiatives (Morgan et al. 2003; Lumpkin et al. 2005). The benefit gained by firms that are the first to enter new markets, establish brand identity, implement administrative techniques, or adopt new operating technologies in an industry is called first mover advantage (Lieberman and Montgomery 1988). In other words, proactiveness refers to a posture of anticipating and acting on future wants and needs in the marketplace thereby creating a first mover advantage vis-à-vis competitors (Lumpkin et al. 1996; 2001). With such a forward-looking perspective, proactive firms capitalize on emerging opportunities. Evidently, it is wise for organizations to be proactive.

Proactiveness is an appropriate mode for firms in dynamic environments or in growth stage industries where conditions are rapidly changing and opportunities for advancement are numerous (Lumpkin et al. 2001).

The measurement scale on proactiveness will be taken from Covin and Slevin (1989) but has been qualified to account for the latest study of Lumpkin and Dess (2001). Lumpkin and Dess in 2001 pursued the idea of delineating proactiveness from competitive aggressiveness through empirical testing and found a difference. The ultimate scale contains the following: In dealing with the industry, the firm 1) Is very often the first business to introduce new products/ services, administrative techniques, operating technologies, etc.; 2) Continuously monitors trends and identifies future needs of customers and/or anticipates future demand conditions.; 3) Typically initiates action to which competitors then respond.; and 4) Strives to be a “first mover” to capture the benefits of an industry pioneer.

2.2.3 Risk-taking

Risk-taking means a tendency to take bold actions such as venturing into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes, and/or borrowing heavily (Lumpkin et al. 2001). Three types of risk that organizations and their executives face are business risk, financial risk, and personal risk (Lumpkin et al. 2005). Business risk taking involves venturing into the unknown without knowing the probability of success. This is the risk associated with entering untested markets or committing to unproven technologies. Financial risk-taking requires that a company borrow heavily or commit a large portion of its resources in order to grow. Risk is used in this context to refer to the risk/return tradeoff that is common in financial analysis. Personal risk-taking refers to the risk that an executive assumes in taking a stand in favor of a strategic course of action. Executives who take such risks stand to influence the course of their whole company and their decisions can also have significant implications for their careers (Lumpkin et al. 2005).

Apparently, from the foregoing, the riskiness trait can be described as the possible losses or gains that are derived from an action. Risk-taking is associated with a willingness to commit large amounts of resources to projects where the costs of failure may be high (Miller and Friesen 1978). It also implies committing to projects where the outcomes are

unknown. It largely reflects the organization's willingness to break away from the tried-and-true adventure into the unknown. Because of such high level of risk, it is perhaps understandable from the study of Brockhaus (1980) that entrepreneurs are not different from managers in engaging in calculated business-related risks. To substantiate, risk-oriented firms are purported to combine the entrepreneurial skills of constructive risk taking with opportunistic venture seeking (Baird and Thomas 1985).

Nonetheless, the main point of risk taking as a dimension of EO is that it is considered as one of the major attributes of entrepreneurship in the theory of opportunity based entrepreneurship (Venkatraman 1989). It is expected therefore, from an opportunity seeking perspective that a possibility of success and a vulnerability to failure co-exist (Zhan Jun 2006). Thus it goes that risk taking is part of the territory of entrepreneurial behavior. It is by engendering a flexible spirit of creativity and traditional rule breaking can riskiness provide the firm with potential improvements in business performance (Morgan et al. 2003).

Conclusively, the dimension of risk taking will be adopted from the measurement scale developed by Covin and Slevin (1989), and this is as follows: 1) In general, the top managers at the firm have a strong proclivity for high-risk projects (with chances of very high returns).; 2) In general, the top managers at the firm believe that, owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives.; and 3) When confronted with decision-making situations involving uncertainty the firm, typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.

2.2.4 Competitive Aggressiveness

Competitive Aggressiveness refers to how firms react to competitive trends and demands that already exist in the marketplace (Lumpkin et al. 2001). It refers to the intensity of a firm's efforts to outperform industry rivals. It is aligned with the distinct idea of 'beating competitors to the punch', suggested by Millers (1983) definition of an entrepreneurial firm. Thus, it is characterized by a strong offensive posture directed at overcoming competitors and may also be quite reactive as when a firm defend its market position or aggressively enters a market that a rival has identified. This is accomplished by, for example, setting ambitious market share goals and taking bold steps to achieve them such as cutting prices and sacrificing profitability (Venkatraman 1989), or spending aggressively compared to competitors on marketing, product service and quality, or manufacturing capacity (MacMillan and Day 1987).

The aggressiveness trait of strategic orientation is primarily concerned with developing and exploiting resources more rapidly than competitors. A strong competitively aggressive stance in gaining an offensive competitive edge gives a firm the ability to be a decisive player in a field of rivals and to act forcefully to secure or improve its position. This involves being adaptive to competitors' challenges.

Covin and Covin (1990), identified based on literature, a number of manifestations of competitive aggressiveness: Porter's offensive strategies for achieving and maintaining

competitive advantage; MacMillan's discussion of the roles of preemptive strategies and competitive initiative; Kotler and Sing's description of prevalent types of marketing warfare tactics; Rothschild's use of surprise; and Lumpkin's investigation of the relationships among order of entry into a market, competitive strategy variables, and firm performance. Covin et al. (1990) have also aligned Lieberman and Montgomery identification of the various means through which pioneering or "first-mover" firms typically achieve competitive advantage along competitive aggressiveness. But for the purpose of this research, "first mover" is deemed to be part of proactiveness for the primary reason that "first mover" is considered to be a response to opportunities not threats (Lumpkin et al. 2001).

There is a bone of contention in the academic world that proactiveness and competitive aggressiveness are synonymous with each other (Lumpkin et al. 1996). But the empirical study of Lumpkin et al. (2001) on these two dimensions of EO proved that these two are perceived by the executive respondents as two separate factors. Proactiveness is a response to opportunities whereas competitive aggressiveness is a response to threats.

Finally, the competitive aggressiveness measurement scale is based on the study of Lumpkin and Dess (1996; 2001; 2005)- the content is as follows: In dealing with competitors, my firm... 1) Typically adopts a very competitive "undo-the-competitors" posture.; 2) Utilize market strategies (ex. entering markets with drastically lower prices or copying the business practices or techniques of successful competitors or make preannouncements of new products or technologies).; 3) Establish competitive position and vigorously exploit opportunities to achieve profitability.; and, 4) Is very aggressive and intensely competitive.

2.2.5 Autonomy

Autonomy is defined as independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion (Lumpkin et al. 2005). Autonomous actions refer to 1) using 'skunkworks' to encourage independent thought; and 2) reorganizing work units to stimulate entrepreneurial initiatives.

Autonomy refers to the intensity and head-to-head posturing that new entrants often need to compete with existing rivals. Entrepreneurship requires strong decision to carry forward specific actions (Lumpkin et al. 2005). However, creating autonomous work units and encouraging independent action may have pitfalls that can jeopardize their effectiveness. For instance, pitfalls such as when autonomous teams may lack coordination and sustained support from upper management (Lumpkin et al. 2005).

A proposition set by Stevenson and Jarillo (1990) states that the level of entrepreneurship within the firm (i.e. the pursuit of opportunities) is critically dependent on the attitude of individuals within the firm, below the ranks of top management. In addition, they proposed that the entrepreneurial behavior exhibited by a firm will be positively correlated with its efforts to put individuals in a position to detect opportunities. Gaw and Liu (2004) assert that encouraging innovation and establishing autonomous business units

allow companies to develop products and services in a broad market giving them competitive advantage.

With reference to the literature, and particularly from the study of Lumpkin et al. (2005), served as the basis for the construction of the measurement scale for autonomy. The indicators for autonomy are: In my firm... 1) Top leaders support programs and incentives that foster a climate of entrepreneurship; 2) Creative thinking and brainstorming about venture ideas are encouraged; and 3) Necessary structural changes such as small, autonomous groups to stimulate new ideas are implemented.

3. RESEARCH HYPOTHESIS

3.1 Prior Research on Strategy-making Modes and Entrepreneurial Orientation

A firm's strategic management practices are believed to facilitate entrepreneurial behavior. The idea is that a firm's strategic management practice should be designed to support its original objectives and context (Barringer and Bluedorn 1999). Unfortunately, there are just few studies (Barringer et al. 1999) on the relationship between a firm's strategic management practices and entrepreneurial intensity.

Hitt et al. (2001a), pronounced that the degree to which a firm acts entrepreneurially in terms of innovativeness, risk-taking and proactiveness is related to dimensions of strategic management (Hitt et al. 2001b). Besides Schendel and Hofer (1979) described strategic management as a process that deals with the entrepreneurial work of the organization... and more particularly with developing and utilizing the strategy which is to guide the organization's operations (Sandberg 1992).

In this light, Barringer et al. (1999) stated that there are just few empirical studies done on the relationship between a firm's strategic management practices (ex. strategy making/formation) and entrepreneurship. Accordingly, Barringer et al. (1999) examined the relationship between entrepreneurship intensity (operationalized based on the Covin and Slevin 1989 measurement scale) and five strategic management practices to wit: scanning intensity, planning flexibility, planning horizon, locus of planning and control attributes. Their study found that all of these strategic management practices except planning horizon are important correlates of entrepreneurial behavior. This is an evidence to say that a firm's strategic management practices are intended to shape and mold entrepreneurial behavior.

In another study, Entrialgo, Fernandez and Vazquez (2000) indicated a positive relationship between entrepreneurship and analysis, flexibility, locus of planning, controls and strategy based on differentiation. In addition, Covin et al. (2006) also looked into the strategy formation mode in terms of planned and emerging strategies and the effects on entrepreneurial orientation. These two latter studies will be elaborated eventually.

At this early, it is important to point out the fact that there is not much body of empirical research that exist regarding competitive aggressiveness, how much more on how it relates to strategy making modes. Thus the construct of competitive aggressiveness would be preliminary explored. Furthermore, autonomy wise, the study of Burgelman (1983) and Andersen (2004) are just two of the very few empirical studies done in line with SM modes.

3.2 Hypothesis

3.2.1 Plan and Entrepreneurial Orientation

Planning mode, with all its more intricate processes i.e. budgets, controls, etc, through the years, as companies made use of it, has been found to hamper an organization's system instead of liberating it. Researchers and practitioners alike would attack the concept of strategic plan being too bureaucratic, staff oriented, not leveraging its resources, setting short-term incremental goals, focusing only on extant markets and not democratizing its creative process ” (Vaghefi and Huellmantel 1998). The process, being too formal does not lend itself to flexibility which is being called forth by the current situation. It is too rigid a structure that is slow to respond to the emergence of opportunities. Hence, rendering the organization helpless and falling behind in the light of competition. This has been experienced by General Electric, which pushed Jack Welch to institute major revisions. This case, subsequently, has led Mintzberg to come up with his book “the Rise and Fall of Strategic Planning”. As can be surmised from the previous statements, strategic planning is taking all the beating.

Yet, despite the heavy criticisms (Mintzberg 1998) hurled against the planning school, yet it appears to be highly pervasive in organizations (Berry 1998; Glaister et al. 1999; Grant 2003). Some organizations seem not able to do away with what they are used to doing even in the face of discouragement from both live cases and scholarly works about it. Further, to them somehow, the planning school seems to pay off (Powell 1992; Peel and Bridge 1998; see White 1998).

When reinvented as a learning process, formal strategic planning can make solidly grounded strategic decisions in the light of turbulence and uncertainty (Kaplan and Beinhocker 2003). That is to align itself to the needs of an entrepreneurial organization which seeks to change, to anticipate threats, is opportunity-oriented and searches widely for alternatives. As cited before, General Electric did this in their strategic plan. A turnaround from the 1950's of a strategic plan that was internally oriented- focused on problem solving, cost-cutting and efficiency, to a marketing philosophy in 1957 (Vaghefi et al. 1998). Planning, in this sense, builds new capabilities and augments knowledge of new, potential markets and customer behavior (Williamson 1999).

Adopting a strategic orientation and implementing strategic plan procedures in order to achieve long-term growth and development should go hand-in-hand for competitive advantage. In the face of uncertainty and rapid change, companies must refine their strategy-making to create a portfolio of options on the future and integrate planning with opportunism. Opportunism in this case may take the form of entrepreneurial orientation.

For instance, much of the literature on innovation emphasizes the theme of rational, functional planned innovation (Howell and Higgins 1990). Successful innovation is seen as the outcome of an organized, purposeful, and systematic process (Drucker 1985); innovation occurs by design and as a result of an organization's rules and procedures. In their study of high technology organizations, Jelinek and Schoonhoven (1990) found that innovation was an integral part of on-going operations (Mezias and Glynn 1993).

Planning mode was perceived to be the best way to institutionalize the entrepreneurial activity within the firm (Ansoff 1965, 1987 in Leavy 1996). It would be through strategic planning that the brilliant and intuitive planners' minds are formed (Steiner 1979 in Leavy 1996) and literally pencil pushed. But Argenti (1980 in Leavy 1996) debated that nothing could compete 'with the entrepreneur' in terms of innovative capability, but agreed that planning per se can protect a managed company from failure. In a related study, Miller (1983) learned that environment heterogeneity, dynamism, and hostility were found to be positively associated with a firm's entrepreneurial posture and innovation. But environment notwithstanding, what is worth noting is the fact that this relationship was drawn from a variety of firms to include firms with high planning orientations (Lumpkin et al. 1997).

But as a whole, the derivation that planning is hard to be flexed in line with EO supersedes all kinds of arguments in favor of it. The study of Covin, Green, and Slevin (2006) on 110 manufacturing firms concluded that emergent approach as compared to planned strategy formation appears to best enable entrepreneurial firms to capture the best of their innovativeness, risk taking, and proactiveness. These three dimensions of EO warrant unpredictability which would prove contrary to the principles of planned strategy formation. Furthermore, Quinn (1985) claimed, based on his research that few, if any, major innovation results from highly structured planning systems. Major innovations are best managed as incremental goal oriented, interactive learning processes (Quinn 1985). However, Grant (2003) showed from his study of the oil majors that their planning systems fostered adaptation and responsiveness but showed limited innovation. In the case of autonomy, Burgelman (1983) found that autonomous strategic behavior does not fit in the existing categories used in the strategic planning of the firm: it falls outside of its current concept of strategy. But in contrast, the study of 112 manufacturing firms by Andersen (2004), found that decentralized strategic emergence, where relatively autonomous managers are empowered to take initiatives of potential consequence, in conjunction with strategic planning is associated with a high degree of international business activities that operate in turbulent industrial environments.

Hypotheses 1

- a) The dominance of planning mode will result to low levels of exhibition of the dimensions of entrepreneurial orientation: innovativeness, proactiveness, risk taking and autonomy.
- b) There is no clear relationship between the dominance of planning mode and competitive aggressiveness.

3.2.2 Position and Entrepreneurial Orientation

The study of Segev (1989) found that differentiation and cost differentiation positioning strategies are highly proactive whereas cost leadership and cost focus have low proactiveness. Furthermore, differentiation and differentiation focus are found to be high risk strategies while cost leadership and cost-focus are found to be low risk. Understandably, the results would end up like these primarily because differentiation as it is described must offer a product (goods or services) that is perceived to be unique industry-wide. Hence the environment should be seen as something that the firm must actively shape thereby requiring proactiveness which in turn makes it highly risky. Likewise, cost leadership is found to have low proactiveness and low risk because this strategy projects the impression that a firm must be a low key player in the production of unique products thereby focusing instead on being the leader in terms of cost.

Similarly, the study on a sample of 233 Spanish SMEs of Entrialgo et al. (2000) showed that firms which are competing using differentiation strategy develop greater degree of entrepreneurial orientation as compared to firms using cost leadership. They qualified differentiation in terms of innovation based differentiation. Innovation based differentiation is congruent to the context of entrepreneurial orientation given the apparent similarity of objectives and means in terms of product development, applications of new technologies and design quality. Whereas, cost leadership suggests an internal orientation in which the firm concentrates on efficiency and cost control in order to undercut competitors. And one way is to minimize cost is by marketing standardized products. In effect, usage of resources along experimentation, risk-taking, and innovation activities can be harmful to the pursuit of a cost leadership strategy.

On the other hand, though from a different way of approaching the problem, the study regarding cost leadership of Lumpkin et al. (1997) arrived at a contrasting result. Lumpkin et al. (1997) dwell on the two generic strategies identified by Porter- cost leadership and differentiation. They used the generic positioning strategies as moderating variables between entrepreneurial strategy-making and performance. Considering that the entrepreneurial strategy-making possesses the elements of entrepreneurial orientation, it is likely that we can align this study with the research question at hand. First, their study found that cost leadership and entrepreneurial behavior are correlated. According to them this means that even when competing on the basis of cost, it may be advisable to proactively monitor the environment, take some risks and innovate. Further, perhaps entrepreneurial processes serve as a means of encouraging the use of state-of-the-art process technologies that further lower costs and enhance quality. These technologies may take the form of 'core-process redesign, business process improvement, and reengineering'. Such activities can be innovative, proactive, and serve to dramatically enhance a firm's cost position relative to its competitors. Both cost leadership and entrepreneurial behaviors are bases on which competitive advantage is sought. The study suggests that the pursuit of a cost leadership strategy is not inimical to entrepreneurial behavior (strategy-making). When both are leveraged, they may contribute to multiple layers of advantage for an organization.

But just like Segev (1989) and Entrialgo et al. (2000), the outcome of Lumpkin et al.'s (1997) study found that differentiation and entrepreneurial postures are congruent to each other. Covin (1991) found that differentiation tactics like high price and high product quality were most pronounced among the entrepreneurial firms (Lumpkin et al. 1997).

In addition, a general application of positioning SM mode is applied through a longitudinal case study by Beverland et al. (2004). They identified how a firm can build a sustainable niche through commitment to positioning based values (i.e. brand values) and constant market action. They found that these approaches allow firms to engage in proactive action.

Therefore it can be concluded that the positioning mode in terms of differentiation with reference to the aforementioned studies, is examined to have a strong correlation with a firm's EO towards innovativeness, proactiveness, and risk taking.

In view of positioning mode and competitive aggressiveness, this researcher presupposes a strong relationship between them. Considering that positioning mode thrives on competition avoidance, organizations may do well to recourse to a competitively aggressive stance. Critically, Covin and Covin (1990) identified Porter's (1985) offensive strategies for achieving and maintaining competitive advantage as a diverse strategic and tactical manifestation of competitive aggressiveness.

Ultimately, the relevance of all these above studies would be measured only in as much as the findings would assess the positioning SM mode as a whole not in a chopped basis (for ex. differentiation versus cost leadership). The track of this research is to look at how the mode as a whole impacts on the dimensions of EO. It is this perspective that defines the parameters and at the same time the limitation or orientation of this research endeavors. This orientation is based on Mintzberg et al.'s treatment of positioning as a distinct school of thought of SM.

Hypotheses 2

- a) The dominance of the positioning mode will result to high levels of exhibition of proactiveness and competitive aggressiveness.
- b) There is no clear relationship between positioning and the dimensions of EO, namely: innovativeness, risk taking and autonomy.

3.2.3 Pattern and Entrepreneurial Orientation

Undoubtedly, individual-level behavior on the part of the entrepreneur can affect an organization's actions and in many cases the two will be synonymous. Sexton and Bowman-Upton (1987: p. 82 in Covin and Slevin, 1991) have argued that growth is not a natural phenomenon which occurs in and of itself; it is a social phenomenon which is under the control of the owner of the firm. Porter has found that there's a striking relationship between really good strategies and really strong leaders (Hammonds 2001). Leaders can largely influence their firm's ability to create sustainable income stream. Guth and Ginsberg argued that 'entrepreneurial behavior in organizations is critically

dependent on the characteristics, values/beliefs, and visions of their strategic leaders (in Antoncic 2003) and more likely would reflect on the style and content of the organization's strategy-making (Kisfalvi 2002).

Lafuente and Salas (1989) added that entrepreneurial intentions, the desires of the individual entrepreneur, lead to entrepreneurial outcomes (in Jenkins and Johnson 1997). In the study of Crossan and Bedrow (2003), every person interviewed attributed entrepreneurial-style intuitive insights to one key individual. But contrary to expectations respondents did not identify the CEO as the primary source of this intuitive insight.

The pattern mode also known as entrepreneurial SM is described by Lumpkin et al. (1997) as characterized by experimentation, innovativeness, risk-taking, proactive assertiveness, opportunity-seeking and decisive action catalyzed by a strong leader. Similarly, Mintzberg (1973) saw risk taking and decisive action (bold action or proactiveness as used in Mintzberg et al., 1998) catalyzed by a strong leader as elements of his entrepreneurial mode. Also references on innovation can be found in the text of Mintzberg et al.'s (1998) entrepreneurial strategy making mode. Moreover, Wiklund (1998) defined EO, as "the CEO's strategic orientation reflecting the willingness of a firm to engage in entrepreneurial behavior". From the foregoing discussions, one can carefully infer and argue that pattern mode also known as entrepreneurial SM mode and EO (re: innovativeness, proactiveness, risk taking) are connected with each other.

Along this line of argument, Miller asserted that an entrepreneurial firm 'engages in product-market innovation, undertakes somewhat risky ventures and is first to come up with 'proactive' innovations, beating competitors to the punch'; suggesting the dimensions of innovativeness, risk-taking and proactiveness, respectively (Lumpkin et al. 2005). Complementarily, Miller and Friesen (1984), Covin and Slevin (1989), Lumpkin and Dess (1996), and many others, asserted that firms often adopt an entrepreneurial posture in their strategy-making processes as a means to achieve competitive advantage through proactive strategic repositioning and product/market revitalization efforts. In line with this, from an economic perspective, Schumpeter (1934) cited that the concept of the entrepreneur has been regarded as the catalyst for growth through the process of innovation and enterprise (in Jenkins and Johnson 1997). Thus it can be said that at the helm of a firm that engages in entrepreneurial strategy making is a chief executive or president that can be otherwise referred to as an entrepreneur, and that this entrepreneur is the head of an entrepreneurial firm (Mintzberg and Waters 1982).

Hence, there is no question indeed that the dimensions of EO fairly relate with the pattern SM mode. However, the issue of 'on what level do these dimensions of EO are treated by a firm's utilization of pattern mode?' has not yet been addressed much. The study of Brockhaus (1980) has found that entrepreneurs as well as managers are moderate risk handlers. This means that entrepreneurs and managers alike handle the risk taking propensity of a firm in moderation.

In addition, with regard to autonomy, Burgelman (1983) found in his study that the 'motor for corporate entrepreneurship resides in the autonomous strategic initiative of

individuals at the operational levels in the organization (Lumpkin et al. 1997). Burgelman (1983) pointed that corporate entrepreneurship would seem to depend both on the capabilities of operational level participants to exploit entrepreneurial opportunities and on the perception of the corporate management that there is a need for entrepreneurship at the particular moment in its development.

Hypotheses 3

- The dominance of the pattern mode will result to high levels of exhibition of the dimensions of entrepreneurial orientation (without competitive aggressiveness).

3.2.4 Perspective and Entrepreneurial Orientation

Before anything else, it is very essential to bear in mind that perspective SM looks at strategies as abstractions which exist only in the minds of interested parties- those who pursue them, are influenced by that pursuit or care to observe others doing so (Minzberg 1987).

The perspective mode is synonymous with cultural perspective. Culture in organizations is usually approached through concepts such as ‘symbol, language, ideology, belief, ritual and myth (Pettigrew 1979, p.580) which are difficult to trace through historical data (Schein 1985). As a result, there has been little interaction between business history and the concept of culture from organization studies (Rowlinson and Hassard 1993 in Rowlinson 1995). An attempt was done by Rowlinson (1995) with Cadbury divisionalization and merger in the 1960’s. He monitored the connection of strategy structure and culture and found out that though the challenge to the Cadbury’s culture could be presented as an ‘emergent strategy’, the continual affirmation by executives of their commitment to the culture suggests that this was not the case. Culture, was clearly seen to have a major impact on the entrepreneurial ability, capability and orientation of a company (Peters and Waterman 1982).

Culture defines what the organization is internally. Culture explains how people in the organization perceive the organization, and consequently determines how they behave (Pearson 1990). An organizations ability to develop and maintain an entrepreneurial posture is contingent upon that organization’s culture. Culture is a key determinant of and the first step in fostering entrepreneurial activity within an organization. Clearly, the culture of an organization can strongly affect entrepreneurial posture. Organizational culture is potentially an important factor that may influence the direction, nature and effect of entrepreneurial activities (Zahra 1993). In fact, Cornwall and Perlman (1990) suggest that organizational culture is a key determinant of entrepreneurial orientation (Chadwick, Barnett and Dwyer, retrieved 2/25/06). Other researchers (e.g. Covin and Slevin, 1989, 1991; Pearce, Kramer, and Robbins (1997), in recognizing organizational culture’s potential influence on EO, have called for an examination of the relationship between organizational culture and entrepreneurial orientation (Chadwick et al. 2006).

In a related sense, Andrews (1980) has argued that top management’s values and philosophies are major determinants of competitive strategy choices (Covin and Slevin, 1991). Accordingly, top management’s values and philosophies are essential variables in

the proposed model of firm-level entrepreneurship. The choice of an entrepreneurial posture can be a heavily value laden decision reflecting top management's beliefs of how a firm should be managed. It is virtually impossible to separate top management's values from a firm's strategic choices (Andrews 1980), and the decision to adopt an entrepreneurial posture must be considered a strategic choice (Khandwalla 1987 in Covin and Slevin, 1991).

Therefore, in line with this, recognizing the critical role that culture plays in determining entrepreneurial behavior, several well known scholars have called for future research addressing the impact of national culture on the rates and types of firm-level entrepreneurship (Zahra, Jennings & Kuratko 1999 in Kreiser, Marino and Weaver, 2002). The study of Kreiser et al. (2002) suggests that national cultural values exert direct influence on the rates of organizational risk-taking and proactive firm behavior exhibited in a particular culture. The rationale for this relationship according to Keiser et al. (2002) is that if national culture affects the way that individuals behave within the organization and individual behavior affects the strategic orientation displayed by these organizations (Lumpkin and Dess, 1996; Miller 1983), then it stands to reason that national culture may play a significant role in determining the overall level of a firm's entrepreneurial orientation.

Research has demonstrated that a firm's innovative capacity is affected by cultural norms (Kanter 1982 in Covin and Slevin 1991). Likewise, the level of competitive proactiveness exhibited by a firm will be in part culturally determined (Miller and Friesen 1984). Not surprisingly, common cultural attributes are often identified with entrepreneurial firms (Cornwall and Perlman 1990 in Covin and Slevin 1991). Potentially, culture offers a way of combining concentration and consistency with the flexibility essential to effective strategy (Pearson, 1990). On second thought, a traditional culture at times limits the risk-taking capabilities of a company (Rowlinson 1995). Culture can encourage or discourage business-related risk-taking (Burgelman & Sayles 1986 in Covin and Slevin 1991).

The rationale is that the dominant culture in established organizations is centered on rules that stifle innovation (Kanter 1983; Mezas and Glynn 1993). Strong cultures may lead to core rigidities and retard innovation and risk-taking (Hamel and Prahalad 1996 in Dess and Lumpkin 2005). Stevenson and Jarillo (1990) point the need for an 'entrepreneurial culture' within the firm. As proposed by Antoncic (2003) risk-oriented organizational culture will have positive impact on attitudes toward risk-taking. Although, the case study of Hope-Hailey (2001), illustrates the depth of change that is required in order to shift a culture built on short-term results towards a culture that emphasizes risk, creativity and uncertainty.

To conclude, the nature of the relationship between perspective/cultural strategy making mode, be it positive or negative, is expected to vary with the culture type emphasized within the firm. But the track of this paper is to look at whole context of how perspective strategy making is put into practice in a business firm.

Hypotheses 4

- There is no clear relationship between perspective strategy making mode and the dimensions of entrepreneurial orientation.

3.2.5 Ploy and Entrepreneurial Orientation

Strategy is clearly tied to the social process of strategy negotiation. The balancing act between putting the well-being of the group as the primary consideration on the one hand and disorganized competing behavior on the other is an integral part of strategy-making. Conflict and consensus co-exist but the implication is that the process of negotiating action is central to organizational behavior and so central to strategy making- a process of negotiation influenced by power of all sorts (Eden and Ackermann 1998). Concretely, it was in the study of Samra-Fredericks (2003) that portrayed how the everyday human exchange of a particular strategist shaped the attention of others and began to lay the building blocks for shaping future possibilities. This strategist in reference was shown to possess greater political advantage.

Schoenberger shows how the power interests and identities of the strategic managers of certain large American corporations led to the development of particular managerial cultures and corporate identities (in Watson 2003). These, she argues, frame the kinds of knowledge that can be produced and utilized by the firm in the creation and implementation of competitive strategies (in Watson 2003). In this connection, strategy-makers' own demands are taken into account by strategy-makers when they are dealing with the resource demands of all of the other parties with which the enterprise exchanges.

However, group processes in strategic decisions, is an issue that has been neglected in entrepreneurship research (Sandberg 1992). Much has been said and studied on a single leader/ entrepreneur but not much on teams particularly management teams that typically work out strategic decisions in a firm. Although decision making as a topic per se has been well researched, but not in connection with entrepreneurship. As suggested by Sandberg (1992), the most promising theoretical applications to entrepreneurship involve the handling of conflict in the decision process. The study of Wagner et al. (1984) reported an association between heterogeneity and increased group conflict and decreased interpersonal communication (in Smith K, Smith A, Olian, Sims, O'Bannon and Scully 1994). This has been substantiated by the study of Knight et al (1999), which found that top team heterogeneity reduces important group processes, such as agreement-seeking behaviors that in effect reduces strategic consensus. Also the study of Amason (1996), found that conflict does appear to improve decision quality but at the same time appears to disrupt group effort.

Top management usually defers a decision until substantive and political uncertainties are resolved (Burgelman 1994 in Floyd and Lane 2000). Having leadership divided among several partners of a small firm can paralyze action when there are dissenting views. The partners may veto one another's proposals so that no entrepreneurial programs can be implemented (Miller 1983). Having a heterogeneous top management team for example, are prone to vigorous and comprehensive debate on various courses of action, for the reason that they are coming from diverse cognitive and experiential backgrounds

(Simons, Pelled, and Smith K 2000). In effect, this diversity could result in slow decisions that would impair the firm's ability to launch actions after all. This has been affirmed in the study of Hambrick et al. (1996). More importantly, as operationalized in earlier discussion, Mintzberg (1973) described ploy mode as providing "reactive" solution to existing problems rather than the proactive search for new opportunities. This is in connection with unspecified goals that would hinder proactiveness.

Otherwise, the study of Hambrick et al (1996) on 32 major airlines also found that heterogeneity was positively related to action propensity (basic tendency to undertake competitive initiatives) and the magnitude of competitive actions. Heterogeneous teams are also seen to possess decision creativity. Further, Ferrier's study (2001) suggests that competitive aggressiveness is influenced by a top management team's ability to scan and interpret signals from the competitive environment. Heterogeneous top teams are better equipped to carry out complex sequence of competitive moves than homogenous top teams.

Hypothesis 5

- A dominance of the ploy mode will result to high levels of exhibition of the dimensions of entrepreneurial orientation in terms of innovativeness, and competitive aggressiveness.
- A dominance of the ploy mode will result to low levels of exhibition of proactiveness and risk taking.
- There is no clear relationship between ploy mode and autonomy.

3.3 Discussions and Conclusions

The significance and importance of an entrepreneurial orientation for a firm stands without question. It is an integral component. Considering the cutthroat competition that organizations now find themselves both locally and globally, it is but right to incorporate an EO in every aspect of a company's operations. And the best way to adopt EO is to live it in the strategies of a company. It is during strategy-making that entrepreneurial activities are given life and direction. The beauty of this matter is to look at entrepreneurial orientation as a strategic dimension in which all firms can be plotted. Thus, the following table presents the mapping out of relational constructs between SM modes and dimensions of EO based on a comprehensive surfing of literature.

Table 1 : Overview of Relations Between SM Modes and Dimensions of EO

	Plan	Position	Perspective	Pattern	Ploy
Innovativeness	- +	+	0	+	+
Proactiveness	-	+	0	+	-
Risk-taking	-	0	0	+	-
Competitive Aggressiveness	0	+	0	0	+
Autonomy	-	0	0	+	0

First, the review of literature has arrived at a confirmation of expected home truths. A number of studies have validated that plan SM mode does not figure in a company's EO. In the final analysis, it remains, that the popular view of scholars and practitioners alike,

is the jarring notes that planning mode and EO create when combined. It is a case of 'never the twain shall meet'. When the connection exists, it is seen to be weak. As the literature suggests, the connection is seen to be strong, only under conditions of deliberate opportunism and/or strategic EO. But the planning SM does not lend itself towards an entrepreneurially oriented behavior. The danger, ultimately, is that the planning mode forces out the entrepreneurial capabilities and activities of the organization; procedure tends to become rigid, so that (Mintzberg and Waters 1982) strategy making becomes more extrapolation than invention. Planning mode is the least flexible of the strategy-making modes (Mintzberg 1973).

Also as expected, pattern more than position will have more additive predictive power effect on EO. Pattern SM mode is the exact thesis to plot an entrepreneurial orientated inclination. The pattern mode also known as entrepreneurial SM is described by Lumpkin et al. (1997) as characterized by experimentation, innovativeness, risk-taking, proactive assertiveness, opportunity-seeking and decisive action catalyzed by a strong leader. There is a certain level of embeddedness of some dimensions of EO (if not all) that can be found in the pattern mode. Essentially, the definition of EO by Wiklund highlights the CEO's major role which is basically the determining factor in the pattern mode. Hence it follows that there is indeed a compelling reason to state that EO and pattern mode are related with each other. Perhaps this implication is not surprising since Wiklund developed the definition of EO based on his study on small firm growth and performance. Pattern mode usually thrives in a small firm single-handedly manned by the owner entrepreneur (Aloulou and Fayolle 2005).

Position critically comes after pattern mode as very influential on the exhibition of EO in firms. It makes sense that a positioning based SM which rings around understanding market structure, developing products on company's industry position and keeping abreast of competitors are basic parameters for an EO to flourish. The main tenets of EO are built on an action that engage in product market innovation, undertake somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch (Miller, 1983: 771). The study of Tzokas, and Kyridis (2001) demonstrated that marketing and EO are synergistic constructs.

Second, this research started off with an exploration of the five Ps schools of thoughts for strategy and ended with a balance mixture of SM approaches that company's exhibit to explain their EO. Mintzberg started with the five Ps for strategy and ended up with a discussion of the interrelatedness of these Ps. Likewise one of the results of this study purported to arrive at the same conclusion. Hence based on the stocktaking of literatures two critical SM gestalts have been mapped out. One is that the combinations of positioning and pattern modes harmonize each other in terms of bridging gaps on empty links with EO. The other is that pattern and position can be infused with minimal ploy.

It is found that pattern has a weakness on competitive aggressiveness which is a plus in positioning. Likewise, positioning lacks risk taking which is a strong point of pattern. Ergo, pattern and position when coalesced provides a sturdy foundation for EO to move forward. An EO requires a deep understanding of the complexity of contemporary

markets and company's position in this environment that can be defended against competitors and coupling this with a decisive leader that can act boldly and flexibly. The study of Li, Haiyang and Chan (2005) affirmed that firms benefit from pattern mode in this case referred to as entrepreneurial SM depends on what they perceive from the environment and what they are able to do. Pattern mode thrives in conjunction with positioning based perspective where opportunities in the environment are vital in crafting strategies. Position and pattern involve extensive interplay with the environment and require the assumption of risk and uncertainty. These two modes significantly complement each other.

As regards to ploy, theory wise, ploy takes us into the realm of direct competition where maneuvers for or against the competitors are employed to gain competitive advantage. Ploy grants substantial contribution to pattern and position by providing social networks for strategic decision making and survival. Finding web of relationships (ex. with friends, government) is a necessary information source to practice action driven decision making and emergent planning.

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