

# Towards improved firm performance

## *The role of corporate and strategic entrepreneurship*

### A challenging business world

Contemporary organizations are being increasingly forced to compete within an operating context characterized by unpredictability and change. As a result, only those proactive and agile enough are able to exploit opportunities that arise.

The volatile nature of the business environment poses considerable strategic challenges for firms. However, these must be adequately addressed if hopes of securing any meaningful competitive edge are to be realized.

Given these demanding circumstances, the increased focus on a company's internal assets is hardly unexpected. One strong assumption to emerge is that dynamic capabilities are critical to performance success.

### Corporate entrepreneurship and performance

In this regard, various observers point to the significance of entrepreneurial qualities and their scope to impact on how an organization performs. Evidence suggests that corporate entrepreneurship (CE) is becoming more widely recognized as an essential competence within firms. For example, the resource-based theory advocates that CE is vital if key resources at a company's disposal are utilized to enhance its competitive position.

Flexibility is a core quality of CE and permits both formal and informal means of generating new business within companies. That it facilitates expansion through product or process innovation is further testimony to this. Value ascribed to CE has risen in line with growing market uncertainty and the increase in global competition. Factors like these have raised serious questions about the effectiveness of conventional approaches to corporate management.

Academics have conducted work to ascertain fundamental characteristics of CE and various definitions have surfaced. But general consensus exists as to the elements firms need to possess in order to be labeled entrepreneurial. These include:

- being creative and innovative, identified in many studies as a major contributory factor to business success;
- risk-taking propensity, given that willingness to experiment and tolerate failure is essential when entering the unknown territory of new markets;
- a proactive approach with regard to finding and exploiting opportunities these markets offer;
- competitive aggressiveness. This relates to companies and leaders imposing themselves in markets in order to outdo rival operators; and
- autonomy in respect of helping develop new ideas and performing self-regulating activities from this embryonic stage through to realization of an idea.

## Using strategic entrepreneurship to enhance the impact

It is the opinion of several analysts that any positive impact on performance from CE can be further enhanced when strategic entrepreneurship (SE) is also utilized. This emerging concept essentially blends the respective qualities of strategic management and entrepreneurship that are proven to enhance business efficiency.

Given the newness of SE, a widely accepted framework is yet to be developed. More insight is likewise required into the scope for SE to mediate the effect of CE on organizational performance.

According to the resource-based view (RBV), business performance can be enhanced when a firm possesses critical resources and capabilities. This approach is thus deemed pertinent as studies consider SE a key intangible asset that permits a firm to engage in entrepreneurial activities.

In essence, SE increases the prospect of opportunities being both identified and exploited. This is crucial since many companies can manage one of these but not the other. Having both strategic and entrepreneurial strands has accelerated interest across a wide range of domains.

Research has established that SE is comprised of four different dimensions. Each has scope to impact differently on performance but all play some part when a firm successfully enters a new market. These dimensions are respectively labeled:

- entrepreneurial mindset where individuals are routinely drawn to opportunities to innovate and generate value. The sub-categories of intuition, alertness and framework conditions play a significant role. While the first two are self-evident, the latter relates to shaping of opportunities and to the scale and type of entrepreneurial activities;
- entrepreneurial culture. This defines the norms, values and beliefs that drive innovative efforts within a firm. Such a culture embraces new ideas and actively encourages creative behaviors. Informality is a typical facet of an entrepreneurial culture;
- entrepreneurial leadership that blends an entrepreneurial philosophy with conventional leadership skills to motivate and inspire creative output from others. Such leaders are also key to identification of appropriate opportunities to innovate; and
- strategic management of resources to optimize the possibility of securing a competitive edge. The RBV claims the likelihood increases when available resources are unique, valuable and difficult for others to replicate.

## Evidence from Iran

Research thus far is limited and largely confined to Europe and the United States. [Ziyae and Sadeghi \(2020\)](#) therefore explore the issues further in a survey of financial technology organizations in Iran. Compared with conventional methods, this nascent industry exploits technology to offer a pioneering approach to the delivery of financial services.

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## Factors like these have raised serious questions about the effectiveness of conventional approaches to corporate management.

Data was accumulated from respondents operating in various domains across the financial sector and analysis served to corroborate findings from previous research conducted elsewhere. The authors discovered that:

- SE directly and positively effects firm performance;
- the impact of each individual dimension of SE on organizational performance is direct and positive;
- firm performance is directly and positively influenced by CE; and
- the relationship between CE and organizational performance is mediated by SE.

Results confirm that all four dimensions of SE play a vital part in performance enhancement. This is particularly important in a developing nation, where economic and competitive pressures are the norm for organizations operating there. However, through SE such operators can create and use suitable strategies, resources and capabilities to elevate and sustain performance levels.

These findings likewise equip managers with greater knowledge of SE to help ascertain appropriate emphasis on each dimension so that opportunities can be developed and exploited. Firms oriented towards entrepreneurialism should focus on improving their ability to recognize opportunities, although the authors point out the need to also engage in behaviors that enable such openings to be fully capitalized on. Conducting activities in both areas can benefit overall performance and create value.

In addition, leaders should aim to develop relevant dynamic capabilities and ensure the work environment is one in which employees enjoy the creative autonomy to explore different solutions potentially available to them. Conducting similar work in other industries would be useful to help build on the indications here.

### Comment

The review is based on: "Exploring the relationship between corporate entrepreneurship and firm performance: the mediating effect of strategic entrepreneurship", by Babak Ziyae and Hossein Sadeghi, published in *Baltic Journal of Management*. Conventional corporate management techniques are becoming less effective in today's uncertain business climate. Organizations can alternatively use corporate entrepreneurship and strategic entrepreneurship to optimize deployment of key resources and capabilities as a means of improving performance.

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Corporate entrepreneurship,  
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### Reference

Ziyae, B. and Sadeghi, H. (2020), "Exploring the relationship between corporate entrepreneurship and firm performance: the mediating effect of strategic entrepreneurship", *Baltic Journal of Management*, ISSN 1746-5265, doi: [10.1108/BJM-04-2020-0124](https://doi.org/10.1108/BJM-04-2020-0124).

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