

Abstract

Entrepreneurship as a firm level phenomenon has been of interest to researchers and practitioners for the past two decades, as it is viewed to be beneficial for revitalization and performance of large corporations as well as for small and medium sized enterprises. Given the importance of entrepreneurship for the established organization as well as small and medium enterprises, “Entrepreneurial Orientation” of organizations has become one of the most important constructs in the field of firm level entrepreneurship. Popular press as well as normative literature suggests that organizations in order to do well must develop a high degree of “Entrepreneurial Orientation”. Though compelling conceptual arguments back the above prescription for better firm performance, it is not unambiguously supported by the empirical studies made by different academicians and researchers. We review the relevant extant literature to find explanation for such inconsistencies and come up with hypotheses.

We posit that such inconsistencies could be because of the lack of fit between an organization’s intended business level strategy and the dimensions of “Entrepreneurial Orientation”. We hypothesize that if the intended business level strategy of an organization is ‘Cost leadership’, then the organization would be better off by having a lower degree of ‘Risk-taking’ and ‘Proactiveness’ dimensions. On the other hand, if the organization’s intended business level strategy is ‘Differentiation’, then the organization would be better off with a higher degree of the above two dimensions. We further hypothesize that a high degree of ‘Autonomy’, ‘Innovativeness’, and ‘Competitive

aggressiveness' dimensions would lead to better firm performance, no matter what the organization's intended business level strategy is.

For empirically testing the hypotheses, a pilot study was carried out. The transcripts so developed were subjected to content analysis. For ensuring content validity, the transcripts were analyzed by three different persons. The face validity of the questionnaire was ensured before the same was subjected to pre-testing. Out of the seven proposed hypotheses, we found support for four hypotheses, while the results for the other three were not found to be statistically significant. It was found that the higher the degree of 'Innovativeness' and 'Competitive Aggressiveness' (everything else remaining same) the higher would be the firm performance, irrespective of the organization's intended business level strategy. The study also supported the hypothesis that a higher degree of 'Risk-taking' would be associated with lower levels of firm performance (everything else remaining same) if the intended business level strategy is 'Cost leadership' and it would be associated with higher levels of firm performance if the intended business level strategy of the organization was 'Differentiation'. The hypotheses related to the 'Proactiveness' dimension and the 'Autonomy' dimension could not be supported.