



HAL
open science

Dusting off Entrepreneurial Management and Linking it to Entrepreneurial Orientation

K. Randerson, A. Fayolle

► **To cite this version:**

K. Randerson, A. Fayolle. Dusting off Entrepreneurial Management and Linking it to Entrepreneurial Orientation. 2009, 16p. halshs-00528794

HAL Id: halshs-00528794

<https://shs.hal.science/halshs-00528794>

Submitted on 22 Oct 2010

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.



www.cerag.org

Centre d'Études et de Recherches Appliquées à la Gestion_ U.M.R. C.N.R.S. 5820

CAHIER DE RECHERCHE n°2009-13 E4

Dusting off entrepreneurial management and linking it to
entrepreneurial orientation.

RANDERSON Kathleen
FAYOLLE Alain



Unité Mixte de Recherche CNRS / Université Pierre Mendès France Grenoble 2
150 rue de la Chimie – BP 47 – 38040 GRENOBLE cedex 9
Tél. : 04 76 63 53 81 Fax : 04 76 54 60 68



« Distinguishing Entrepreneurial Management and Linking it to Entrepreneurial Orientation »

Kathleen Randerson¹, Université de Grenoble
Alain Fayolle, EM Lyon Business School, Solvay Brussels School of Economics
and Management, Université Libre de Bruxelles

1. Introduction

Entrepreneurial orientation (EO) is at the forefront of research in corporate entrepreneurship. Miller's founding study (1983) established the three initial dimensions of OE: innovation, proactivity, and risk-taking. Organizational characteristics were also included in this study, correlating entrepreneurship to organicity in dynamic environments, entrepreneurship to internal initiative, in particular to the personality of the leader in simple firms, and thirdly to the product-market strategy in 'Planning' (mechanistic) organisations. We would like to point out that Miller (1983), Covin and Slevin (1988, 1989), and Lumpkin and Dess (1996) all call for organizational and environmental factors to support EO.

The construct and related scales have since been developed by Covin and Slevin (1988; 1989). In Covin and Slevin's 1989 work, three scales are deployed: environmental hostility, organization structure, strategic posture. The latter comprises the three initial dimensions of Entrepreneurial Orientation: innovativeness, proactiveness, and risk taking. The organisational structure scale includes items measuring the organicity of the firm.

The EO construct or 'strategic posture' scales are widely used, for example Stam and Elfring, (2008), or Fayolle, Basso, and Legrain (2008). Two additional dimensions, autonomy and competitive aggressiveness, were added by Lumpkin and Dess (1996); they hypothesized that the dimensions innovativeness, risk-taking pro-activeness, autonomy, and competitive aggressiveness trigger independently, or as a covary, EO. They also set, between EO and performance, environmental and organizational factors as moderating contingency variables.

The concept of EO brings us elements to respond to the question "what characterizes entrepreneurial firms?" The literature attests a link between the EO of a firm and the firm's performance (Covin and Slevin, 1989, Wicklund and Shepherd, 2003, Zahra and Covin, 1995 for example). If the concept seems to bat consensus, Basso, Fayolle, and Bouchard (2010: XX) suggest that "*in the history of its uses in firm-level entrepreneurship, the EO construct has undergone several alterations, especially through Lumpkin and Dess' clarification attempt (1996), which inaugurates a totally new interpretation of the construct, notably by trying to use it as a unifying concept for a heterogeneous field.*"

¹ kathleenranderson@yahoo.fr

Lumpkin and Dess (1996: 139) affirm that

“The study of a firm’s entrepreneurial orientation is analogous to Stevenson and Jarillo’s (1990) concept of *entrepreneurial management* in that it reflects the organisational processes methods and styles that firms use to act entrepreneurially.”

Entrepreneurial Management (EM) was first conceptualized by Stevenson (1983) in a Harvard Business School working paper and by Stevenson and Gumpert (1984) through their Harvard Business Review article. They set a continuum of managerial behaviour; on one extreme we find the promoter type of manager, and on the other the trustee. While the first feels confident about identifying opportunities and pursuing them, the latter fosters effective management of existing resources while feeling endangered by unpredictability. The concept refers first of all to individual behaviors (identifying the opportunity, capitalizing on it, gathering the necessary resources, adapting the structure). Also, we find the first suggestions on *how* organization leadership can foster this.

The “mode of management” was further developed (Stevenson and Jarillo, 1986, 1990) to encompass six dimensions related directly or indirectly to the identification and pursuit of opportunity: strategic orientation, commitment to opportunity, commitment of resources, control of resources, management structure, and reward philosophy.

In their attempt to operationalize EM, Brown et al (2001) included both the EM and EO scales in their study. For the first they constructed a 20 item scale measuring eight dimensions of EM; in addition to the initial six, the dimensions “growth orientation” and “entrepreneurial culture” were tested. For the second they used the Miller/Covin and Slevin (1989) scale. During the study the EM scale was reduced to six dimensions, certain items loading on other dimensions. The findings indicate first a positive correlation between the two indices, suggesting that the underlying concepts of EM show enough correspondence with the underlying concepts of EO to be considered as valid to measure entrepreneurship. Secondly, the study shows that the concepts are only partly overlapping, meaning that they assess different aspects of entrepreneurship, EO and EM are not analogous. Neither EO nor EM is sufficient alone to determine organizational entrepreneurship. Finally, the nine factors were uncorrelated individually. In order to establish correlation, the authors constructed nine summed indices corresponding to the dimensions. No other relationships between the EO and EM constructs were sought.

Kreiser, Marino, and Weaver (2002) sought to assess the psychometric properties of the EO scale; in their conceptualization they integrated EM into the dimension of pro-activity. But, does EM embody pro-activity, or does pro-activity embody EM?

First, Zahra, Jennings, and Kuratko (1999b, p.54) note that the “Miller (1983) measure and the Covin and Slevin (1988) extension have both served the field well, and no one can question their merit. We remain concerned that researchers might have prematurely agreed on a common measure without establishing its dimensionality or other psychometric properties”. After Brown and al (2001), Lumpkin and Dess (1996), Basso and al (2010:XXX) point out the pitfalls of the EO concept. They point out, for example, “that the dimensions overlap [...] risk-taking attitudes reflect pro-activeness, ‘substantial product innovations require that risks be taken’ Miller and al., 1982:240). Along with Brown and al (2001), Basso and al (2010) underscore the pitfalls in the operationalisation, where questions on intention and efforts, are mixed with questions on processes and their results. Are autonomy and competitive

aggressiveness, dimensions added by Lumpkin and Dess, pertinent for the analysis of OE? The authors agree with Basso and al. (2010); who argue that competitive aggressiveness is nothing more than a repetition of pro-activeness; and that autonomy is already present under the banner of risk-taking, for, can one take risks without having the autonomy to do so?

Randerson and Fayolle (2009) note that in Lumpkin and Dess' conceptual model, the organizational factors (Strategy, Strategy making process, Size, Firm resources, Structure, Top management team characteristics, Culture) are very similar to the dimensions included in EM (Strategic orientation, Commitment to opportunity, Commitment of Resources, Control of Resources, Management Structure, Reward philosophy, Growth Orientation, Entrepreneurial Culture). Building on Brown and al's 2001 study they support that EO and EM are two distinct concepts contributing to entrepreneurial intensity; further research is necessary to establish if there could be other interactions between these two concepts and their dimensions.

Zahra (1993:10) had already noted "The literature is messy and vague. [...] However, these ambiguities beg researchers to reconsider a different and perhaps more parsimonious classification of the internal factors that may affect entrepreneurial postures." And suggests that, (Zahra 1993:10) "At a minimum, scholars can employ analytic techniques (e.g. factor analysis), that will help establish the different dimensions of the internal variable set suggested by Covin and Slevin (1991)".

Circumscribing organizational characteristics that do not impede entrepreneurship implies inventorying the organizational factors included in the scope of other studies. In our following development we will assess the dimensions of EM and the different organizational factors included in the scope of previous research, as well as possible interactions with the concept of EO and its dimensions.

Previous research studied mainly the contingency relationship between the environment, the organization, and performance. Why do we disregard environmental turbulence? Because first as Kuratko et Audresch (2009 :1) rightly underscore: « *The twenty-first century business atmosphere can be characterized in terms of a new competitive landscape that encompasses increasing risk, decreased ability to forecast, fluid firm and industry boundaries, new structural forms, and an innovative mindset. [...] No organisation is immune to the immense pressure of these forces.* ». Secondly because we adopt the idea of growth from within as per Burgelman (1983) and Stevenson (1984) for whom the organization is a setting for opportunity pursuit. Finally we axe our study on the identification and pursuit of entrepreneurial opportunities, defined as new combinations of resources; these resources can be inside or outside of the organization.

2. Discussion of the dimensions of EM, in particular under the light of "organizational factors" affecting entrepreneurial orientation

EM is declined in 8 dimensions: strategic orientation, management structure, commitment to opportunity, commitment of resources, control of resources, reward philosophy, growth orientation, entrepreneurial culture. The first six conceptualized by Stevenson (1984, 1986, 1990), the last two added by Brown and al (2001).

2.1 Strategic Orientation

Strategic orientation describes strategy creation, “an entrepreneurial organisation is that which pursues opportunity, regardless of resources currently controlled” (Stevenson and Jarillo, 1990:23). On the trustee end, strategy is determined by the efficient utilization of the firm’s resources, only opportunities relevant to the firm’s existing resources are relevant – decisions are made in a process of optimization of resources. In an entrepreneurial firm, people identify new means-ends relationships.

“Since the discovery of entrepreneurial opportunities is not an optimization process by which people make mechanical calculations in response to a given set of alternatives imposed upon them (Baumol, 1993), people must be able to identify new means- ends relationships that are generated by a given change in order to discover entrepreneurial activities.” Shane and Venkataraman (2000: 222, underscore added).

On the trustee end, strategy is determined by the efficient utilization of the firm’s resources, only opportunities relevant to the firm’s existing resources are relevant – decisions are made in a process of optimization of resources.

Entrepreneurial opportunities, by definition beyond the current activities of the organization, are identified and pursued by individuals within it, regardless of resources controlled. Organisations can structure jobs in order to perceive opportunities, for instance by creating jobs close to the customer (external and internal), by making individuals responsible for broadly defined objectives, balancing functional needs, maintaining relationships with universities and other sources of novelty (R&D or support) to perceive opportunities and institutionalizing change so it is desirable to pursue them. The presence of technocrats and scientists (Miller, 1982; Miller and Friesen, 1983; Covin and Slevin, 1989, 1991; Naman and Slevin, 1993) would facilitate opportunity identification, in particular those related to innovation. Differentiation, in the like, would contribute to having an array of different competencies among firm members (Miller, 1982; Miller and Friesen, 1983; Covin and Slevin, 1989).

A deep locus of planning (Barringer and Bluedorn, 1999), i.e. a high level of employee implication in the planning process, induces a high level of entrepreneurship, in that it facilitates opportunity identification and maximizes the diversity of viewpoints. Miller and Freisen (1982) included decision making variables (analysis, futurity, and consciousness of strategy), Miller the strategy making characteristics according to the organizational type, and Covin and Slevin (1991:12) included mission strategy, defined as “the firm’s overall strategic philosophy or orientation concerning the likely trade offs between market share growth and short term profits”.

Zahra (1993:8) underscores the importance of locus of entrepreneurship and formulates the issue: “By designating their model as firm level, Covin and Slevin succeed in addressing the thorny issue of how one can integrate the effect of different initiatives at different levels. Yet, the implications of these diverse initiatives for a theory of entrepreneurship are unclear. For instance, is a firm’s entrepreneurship (the focus of Covin & Slevin’s model) the sum of different initiatives at different levels?” This echoes Covin and Slevin’s call: “No less significant would be research into the management of entrepreneurial posture” 1991: 21.” We support these calls for further research; we suggest starting with research on identifying

the different levels involved and their interactions, and only after seeking to measure these interactions.

Moreover, can we assimilate risk-taking to opportunity pursuit? True risk (incurring great debt, for example) could be harmful to the organization. "For instance, focusing on the intensity of entrepreneurial behaviour raises a question about the appropriate level of a firm's commitment to risk taking and the implications of these activities on firm performance. As Miller and Friesen (1982) have suggested excessive entrepreneurship can be as dysfunctional as a lack of commitment to entrepreneurship." Zahra 1993:6). If we substitute opportunity pursuit, we consider entrepreneurial those which actually pursue opportunities, taking evaluated risks. On the other side of the cursor, we still have risk-averse organisations – those who do not even examine change, building solely on current resources.

We also note a first contradiction between the EM paradigm and the EO construct. If the first prones opportunity identification and pursuit "regardless of resources currently controlled" (Stevenson and Jarillo, 1990:23), the latter requires, in particular for effective innovation, excess or sufficient resources (Miller and Friesen, 1982; Miller, 1983, Covin and Slevin, 1991; Lumpkin and Dess, 1996). "Entrepreneurial postures will be resource-consuming postures (Romanelli, 1987). Therefore, an organization's entrepreneurial capacity may be, to some extent, limited by its resource base (Covin and Slevin, 1991:P. 15)"

A second and very consequent difference relates to the strategic goals of these two concepts. EO is characterized by new entry (Lumpkin and Dess, 1996:136). This distinction leads to a restrictive view of corporate entrepreneurship, focussing only on corporate venturing. Zahra enlarged the scope in his 1993 study, including corporate renewal in his corporate entrepreneurship construct. "[Strategic renewal] embodies renewal activities that enhance a firm's ability to compete and take risks (Miller, 1983). Renewal has many facets, including the redefinition of the business concept, reorganization, and the introduction of system-wide changes for innovation. Typically, renewal activities relate to the concept of a firm's business and its competitive approach. Renewal is achieved through the redefinition of a firm's mission through the creative deployment of resources, leading to new combinations of products and technologies (Zahra 1993:321)". The strategic orientation dimension of EM calls for the identification and pursuit of opportunities, aiming at new ends-means relationships. These new relationships can lead to new entry, but also to growth, renewal, or even mere survival of the organization.

In Brown and al's 2001 operationalization of EM, the dimensions of strategic orientation and commitment to opportunity were merged, the items loading together. We will develop commitment to opportunity separately, for a better comprehension of the construct.

2.2 Commitment to Opportunity

An entrepreneurial organisation is action oriented, able to commit and decommit quickly. Conversely, the risk averse organisation will commit only after thorough analysis, going through several decision making constituents, and negotiated strategies.

To encourage autonomous strategic behaviour (Burgelman, 1983), an organization can reward the pursuit of opportunity (a person is given a sense of satisfaction for being "the one who tried"), reduce the risk of failure (the system should be set up to allow failure), and accept the flexibility of execution (change should not be correlated with failure).

Can we assimilate innovation to opportunity pursuit (“...innovativeness is an important component of an EO, because it reflects an important means by which firms pursue new opportunities” Lumpkin and Dess, 1996:143)? Taken that EM aims at new ends-means relationships, a much larger perspective than that of innovation, we maintain that innovation is only one of the many means to pursue an opportunity.

The strategic management concept of “planning flexibility” reflects commitment to opportunity. In order to remain current, the entrepreneurial initiatives should take place within a strategic planning process where the “scan-formulate-implement-evaluate” process is accelerated and flexible (Barringer and Bluedorn, 1999).

Certain information processing mechanisms can contribute to this. For example scanning (“ability to recognize the needs and demands of its external environment” Miller and Friesen, 1982:4) and controls (“monitor task performance and financial results are said to identify areas of weakness and to prompts remedially oriented innovations.” Miller and Friesen, 1982:4) can be geared towards opportunity identification (Miller, 1983:775) and pursuit. These variables were also mobilized by Covin and Slevin (1989).

Decision-making devices such as analysis (“tendency to search deeper for the roots of problems and to generate the best possible solution alternatives” Miller and Friesen, 1982:5) and futurity (“the more future-oriented the firm, the greater concern with change” Miller and Friesen, 1982:5) can also support such an effort. Consciousness of strategy (“concerted attempt to decide upon the product-market orientation of the firm” Miller and Friesen, 1982:5), on the contrary, would contribute to an efficient induced strategic behavior (Miller 1983:774).

Such mechanisms and devices are support to mission strategy, defined by Covin and Slevin as “the firm’s overall strategic philosophy or orientation concerning the likely trade-offs between market share growth and short-term profits.” (Covin and Slevin 1991:12); mission strategy was also included by Zahra 1993, and Naman and Slevin 1993. Thus, integrated into the mission strategy, commitment to opportunity can be supported by mechanisms and processes such as scanning, controls, analysis, and futurity.

2.3. Commitment of Resources

An entrepreneurially managed organisation attempts to maximize value creation while minimizing resources required. Resource allocation is multi-staged; while short resource allocation is attributed largely to the pursuit of opportunities, greater investments require a more careful and rigorous examination. In this perspective it is the idea that is being tested, and not its holder. This also allows learning – learning from failures is often more valuable than learning from successes.

Organizational resources and competencies refer to “*monetary resources, plant and equipment, personnel, functional-level capabilities [e.g. manufacturing flexibility], organizational-level capabilities [e.g., ability to get a new product to the market in a timely fashion], and organizational systems [e.g., marketing research systems]. Resources and competencies provide the bases for all forms of organizational action. They can serve either as facilitators or deterrents of entrepreneurial behavior, and influence the specific form of entrepreneurship in which the firm engages.* (Covin and Slevin, 1991:15)”

It is interesting to note that Covin and Slevin include the “reward system, the firms’ environmental scanning system, the ability of the firm to institutionalize innovation-related learning experiences, and the overall financial health of the organization” (Covin and Slevin, 1991:16)” under the variable ‘organizational resources and competencies’

The multi-staged allocation process proper to EM diverges from traditional strategic planning theory. Miller and Friesen (1983) set analysis and consciousness of strategy as support for EO; taken as a pair, these variables could lead a firm to analyse only in the parameter of the current product-market orientation of the firm, thus reproducing a conservative behavior. Such firms study deeply any change, before allocating abundant resources when an opportunity has been identified, incurring great debt at sometimes high risk.

Zarha (1993:10) attracts our attention to the importance of fairness “more than a managerial philosophy; it is a managerial practice or process.” When perceptions of fairness prevail in a firm, its members are more willing to undertake entrepreneurial adventures. Stevenson’s multi-staged resource allocation could be the genesis of such fairness.

Miller and Freisen (1982) and Miler (1983) included resource availability among their tested structural variables. The first observed a negative correlation between innovation and resource availability in entrepreneurial firms; they attributed this result to massive spending. Other relationships should be studied. According to Davidsson (1991), need and perceived need are the main motives of growth. Also, a sense of resource scarcity triggers opportunity identification and pursuit. It also pushes organizational members to seek external resources, as the dimension control of resources suggests.

2.4. Control of Resources

An entrepreneurial organisation will prefer the utilization/exploitation or ability to extract value from resources than their ownership. Promoters use the financial capital, intellectual capital, skills and competencies, whereas the trustee tends to focus on the ownership of resources and their control.

The resource control dimension is very current; using resources not controlled enables others to develop their passions, subordination relationship absent. New forms of labor, in particular for “experts” are but one example. Another could be renting another company’s manufacturing equipment while not in use by the first, or using a university’s R&D lab by a spin-off. These examples suggest that we may need to move the organizational frontier, in order to include virtual and network organizations.

For Stevenson, “the process of determining which assets to own and which to rent, subcontract, outsource, etc. is ‘a time phased sequence of decisions’ (1983:10) for the firm” (Brown and al, 2001:956)

An appropriate sense of resource scarcity incites to use resources belonging to others. If such organizations may be seen as “parasites”, they have the distinct advantage of avoiding the creation of fiefdoms by sharing resources, as well as a higher rate of initiatives (Stevenson and Jarillo, 1986). They propose using techniques such as controls designed to measure cross-use of resources and promotion of team spirit among managers. In addition, when the

decentralized organization shares resources, this sharing can constitute a means of integration proper to EM, as we will see in the development on management structure.

2.5. Management Structure

In the EM construct, entrepreneurs use resources that do not belong to the firm; also, the most appropriate Management structure is a flat, organic structure. This allows for coordination of these resources, flexibility and an environment allowing employees to seek and pursue opportunities.

The organic structure has been plebiscited in corporate entrepreneurship literature as the most appropriate (Miller and Freisen 1982; Miller, 1983; Covin and Slevin, 1989; Covin and Slevin 1991, Naman and Slevin, 1993).

Miller's 1983 study "The Correlates of Entrepreneurship in Three Types of Firms", finds that entrepreneurship can prevail in very different firm types: the simple firm "These are small firms operating in homogeneous environments and generally run by owner-managers."p.772, the planning firm "The emphasis or objective of the Planning firm is smooth, efficient, and regular functioning." P.773 Only planned, regular, and predictable entrepreneurship is palatable to Planners. This can be as easily undertaken by firms with 'mechanistic' structures as those with 'organic' ones" P.774, and the organic firm "Organizations try to be responsive to their challenging environments. Adaptation is facilitated by five structural devices."

These structural devices include (de)centralization, technocratization, resources, differentiation, and integration. Figure either as structure variables or information processing variables: scanning and controls. EM leverages on these devices in diverse manners. A decentralized organization enables decision-making at the appropriate level, promoting shared responsibilities and a sense of empowerment. As previously mentioned, the presence of technocrats and scientists facilitates opportunity identification, in particular those related to technology and innovation. Company resources can be combined in new ways to create value or to pursue an opportunity. Differentiation implies the presence of different competencies, which can also be recombined in new manners. Traditional integration devices (task forces, team projects, liaison personnel) cohabit with new forms of integration – shared personnel, for example.

Covin and Slevin, 1989:84 temperate: "However, the fact that the regression equations did not explain large portions of the variance in performance suggests that other organizational context variables (e.g. organization culture, industry structure) may be equally or more important than organization structure and strategic posture in predicting small firm performance in hostile and benign environments."

Scanning is but a means to seek opportunities and threats. Controls are not antonymous to EM. Covin and Slevin (1989) study the effective strategic responses to environmental hostility, according to the small firm's strategic orientation, or posture and organizational attributes. The latter relates to organization structure, and cites "Hall (1980) [...] noted that high performing firms typically reacted to increased hostility by creating internal administrative structures which allowed them effectively and efficiently to manage any necessary strategic repositioning." (Covin and Slevin 1989:76). These findings are corroborated by those of Fouraker cited by Lawrence and Lorsch, " Fouraker ['s] finding suggest that threatening environments, operationally defined in terms of resource scarcity and

competitive intensity, cause organizations to place more emphasis on discipline and authority (i.e. control issues) and to become more hierarchical.” (Covin and Slevin 1989:76). Finally, “[Pfeffer and Leblebici’s] findings suggest that ‘the extent of competition in the environment is positively associated with frequency of reporting, the extent to which decision procedures are specified in advance and weakly associated with a relatively taller organizational structure’” (Covin and Slevin 1989:76). Messegem (2003:36) shows that an organization that follows a ‘managerial logic’, “characterized by a higher standardisation, formalization, and specialization” can also show a high entrepreneurial intensity.

Whereas most authors equate the organic organization with entrepreneurial intensity, Zahra (1993:10) underscores the weaknesses of such a shortcut: “Participation in evaluating a new venture proposal does not increase entrepreneurship *per se* but it increases the administrative context within which people can advance innovative ideas. In other words, an organic structure *per se* does not guarantee this participation, no more than it guarantees fairness in evaluating new adventures.” This duality can be generalized: on the one hand we can establish processes that encourage firm members to identify and pursue opportunities; we must also, on the other establish processes and identify mechanisms that enable the organization to integrate these opportunities.

Organizational organicness was identified by the above stream of research as the most appropriate organizational structure to link entrepreneurial orientation (risk taking, innovation, and pro-activeness) to performance. Is this also the case when trying to establish the organizational forms that would best allow the identification and pursuit of opportunities? Should we not include in the scope of our study “new” organizational types, such as virtual organizations and network organizations? EM proung the use or utilization of resources not owned, pushing the frontier of the organization to include non-traditional forms of labor, partnerships, spin-offs, would be of interest.

2.6. Reward Philosophy

In order to let promoters thrive, the reward philosophy should base compensation on how individuals contribute to value creation, instead of seniority or the amount of resources already under their control. Letting the ideas come up from below top management is a characteristic of EM. Intrapreneurs are quickly identified, and their emergence is more related to the convergence with top management than on structural barriers (Carrier, 1994). Rewards can be financial or symbolic – namely giving intrapreneurs autonomy to lead other projects.

Covin and Slevin (1991:13) also identified the importance of this aspect, putting it under “business practices and competitive strategy “These include decisions relating to such things as financial alternatives, personnel practices, manufacturing or operations strategy, pricing policy and customer service systems...business practices and competitive tactics are the mechanisms that allow entrepreneurial firms, and all other firms, to reach their markets.” (underscore added); and (1991:15) “[...] reward system. Considerable evidence suggests that an entrepreneurial posture can be either promoted or stifled by the incentives and disincentives individuals have to engage in behaviour consistent with such posture”.

2.7. Growth Orientation

As per Stevenson's initial conceptualization, we are to understand that "small is beautiful". According to Brown et al (2001) promoters seek rapid growth and entrepreneurial management helps create growth. This interpretation of Growth orientation seems overdeveloped in relation to Stevenson's work. If "the desired future state characterized by growth" (Stevenson and Gumpert, 1985: 86) relates to the promoter (person), Stevenson warns of the side effects of *organizational growth*, with its correlates of hierarchisation, specification – the loss of entrepreneurship.

"Growth brings problems. Top management feels the overarching responsibility for the safeguarding of assembled resources [...] tracking whether commands are executed and feedback is provided to management becomes the goal of the control system for many initially entrepreneurial firms" (Stevenson and Jarillo, 1986:17).

Although the outcomes differ greatly, Miller came to the same conclusion: "Growth and complexification of organizations makes organizational renewal, innovation, constructive risk-taking, as well as the conceptualization and pursuit of new opportunities necessary (Miller, 1983: 770)".

On the entrepreneurial end of the curser, we would find a smaller organization using resources not owned on order to pursue an opportunity. We note that the size of the organization and its impact on entrepreneurship appears in the EO stream of literature, for example (Miller, 1983), found a positive correlation between the simple firm and entrepreneurship. Also, need and perceived need (ie scarcity of resources) seem to be more important than ability and opportunity in explaining a firm's growth (Davidson, 1991).

Burgelman (1983, 1353) notes: «*From the perspective of the strategically inclined, operational level participants, the organization constitutes an opportunity structure. [...] This leads to an internal impulse for growth, distinct from external environmental changes in opportunities*». This is consistent with Stevenson's conception, for to be gauged an entrepreneurial opportunity, this opportunity must first represent a desirable future state and, second, the individual must believe that it is possible to reach it. Making the individual's tendency towards entrepreneurship match corporate goals and needs is the backdrop of EM. Can this be related to the 'autonomy' dimension of EO, added by Lumpkin and Dess in 1996? In a quite contradicting manner, they note first that autonomy is "...the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion. In general, it means ability and will to be self-directed in the pursuit of opportunities. In an organizational context, it refers to action taken free of stifling organizational constraints. Thus, even though factors such as resource availability, actions by competitive rivals, or internal organizational considerations may change the course of new-venture initiatives, these are not sufficient to extinguish the autonomous entrepreneurial processes that lead to new entry." (1996:140). But yet, "... changes in organizational structure such as flattening hierarchies and delegating authority...are intended to foster autonomy, but the process of organizational autonomy requires more than just a design change. Firms must actually grant autonomy and encourage organizational players to exercise it. (Quinn, 1979)" (1996:142).

Growth orientation also appears in the literature specific to EO, first among the financial performance variables (Covin and Slevin, 1989). Covin and Slevin (1991:13) hypothesize that

“entrepreneurial posture is highest among firms with growth strategies, and that entrepreneurial posture is more positively related to firm performance among firms with growth strategies than among firms with less ambitious growth or non growth strategies.”, figuring growth as a strategic variable and among the firm performance variables. Naman and Slevin (1993), propose a model of fit between the constructs of entrepreneurship (conceptualized by EO: innovation, risk taking, and pro-activeness; operationalized by the Miller/ Covin and Slevin scale); organizational structure (conceptualized and operationalized by Khandwalla 1977); and mission strategy (conceptualized by, among others, Stevenson and Jarillo 1990, operationalized by an instrument developed by Gupta and Govindarajan 1984 measuring growth), arguing that “In short, current theory and research suggest that the entrepreneurial management style is particularly well suited to and common among firms with build-oriented mission strategies. Thus, the operational measure of mission strategy must be a lens that focuses on critical attributes related to growth and minimizes the many other aspects and dimensions of the mission strategy construct.” Naman and Slevin (1993: 143). In the stead of articulating a detailed scale, they bypassed to evaluate the estimated goal (growth); this conclusion is quite hasty. They assessed by its ends (growth) and not by its means (processes and procedures that do not hinder the identification and pursuit of opportunity).

Although Zhara (1993:12) criticizes the strict relationship between entrepreneurship and growth orientation (“ Some of the very best managerial actions and innovations do not yield measurable financial performance but they define the firm and give meaning to its different activities”), he fails to detail what could be non financial implications of a firm’s entrepreneurial activities. Lumpkin and Dess (1996) also underscore that if growth could figure among the indicators of performance (ultimate dependant variable), multiple performance measures should be adapted, i.e. growth should not be considered the unique path to performance.

The question seems to be, at the end, is growth the ends, or the means? Should we see growth as a means to measure performance, or is the individual’s desire for autonomous strategic action a means for corporate renewal?

2.8. Entrepreneurial Culture

As previously mentioned, Brown and al. describe entrepreneurial culture as a culture that encourages ideas, experimentation, and creativity in relation to opportunity. We maintain that an entrepreneurial culture would strictly refer to a positive synergy of detecting opportunities, the willingness to pursue, and confidence in success.

The concept has long figured in the EO literature, with little rigor. While developing the dimension ‘culture’, Zahra (1993:10) notes “For example, management philosophy and organizational culture have been used interchangeably by some researchers (Schein, 1985). The close link between managerial philosophies and organizational structure has also been recognized in the literature (Weick, 1987). Further, the association between the culture and structure has invited many empirical examinations.”

Miller and Freisen (1982) deploy first the dimensions of innovation and risk-taking (‘goals and temperaments’ of the top managers) to separate the venturesome top managers from the more conservative ones. The first value innovation per se, whereas the second “may view innovation as costly and disruptive to production efficiency (p.2)”. In such, entrepreneurial organizations are those which have entrepreneurial top management. This confusion is

maintained by Covin and Slevin (1989), who study the effective strategic responses to environmental hostility, according to the small firm's strategic orientation, or posture ("Entrepreneurial firms are those in which top managers have entrepreneurial management styles, as evidenced by the firms' strategic decisions and operating management philosophy." (Covin and Slevin 1989:76), in particular in relation to innovation, risk taking, and pro-activity),

Pertaining to Covin and Slevin's (1991:15) internal variables (top management values and philosophy) we read: "strategic decisions are influenced by beliefs, value structures, and managerial philosophies of the strategists." and p.14 "The choice of an entrepreneurial posture can be a heavy value-laden decision reflecting top management's beliefs on how a firm should be managed. Certain executives will be much more inclined than others to choose entrepreneurial-type postures for their firms regardless of specific forces in the larger business context". They go on p.16 "Organizational culture can be defined as the shared set of values, beliefs, attitudes, expectations, and assumptions, passed from one generation of employees to the next, that determine the norms for appropriate behaviour within the organization (Wheelen & Hunger, 1988). An organization's ability to develop and maintain an entrepreneurial posture is contingent upon that organization's culture." And, p.17, they buckle back "Entrepreneurial posture is established at the uppermost level of a firm. Strategic managers at this level have a widely recognized impact on organizational culture through both their substantive and symbolic actions (Peters & Waterman, 1982, Deal & Kennedy, 1982). By encouraging innovation and risk taking, these managers help to create a culture whose norms in turn support an entrepreneurial posture."

Such concision has been criticized; Zahra (1993:12) points out that top management's background, distinct from values and philosophies, has a direct impact on the internal variables and thus entrepreneurial posture. But further on, he sets a positive organizational culture as a non-financial performance outcome: "[...] possible non- financial outcomes : increasing employee motivation and task involvement ; keeping the firm's best and most talented people who might have left for lack of opportunities; and *creating a positive organizational culture* that encourages the integration of employee and organizational needs (Peters & Waterman 1982)" "[...] in their recent research, McGrath, Venkatraman, and McMillan (1992) emphasize three criteria: enhancing the value of the firm, creating worth for customers, and insulating the firm from its competition."

Conclusion

The concepts of the entrepreneurial firm (Miller, 1983), entrepreneurial orientation (Covin and Slevin, 1989, 1991; Lumpkin and Dess, 1996) and entrepreneurial management (Stevenson and Jarillo, 1986, 1990) show obvious proximities and similarities. The basic concept of EO elaborated by Covin and Slevin (1989) is strongly based upon the dimensions of entrepreneurship identified by Miller (1983). Lumpkin and Dess (1996), without demonstrating it, posit that EM and EO are 'analogous'. Finally, Brown and al (2001) conclude, based upon their empirical study, that EM and EO are complementary, and that neither, taken alone, can be useful indicators of organisational entrepreneurship. Moreover, while Miller's fundamental contributions and Stevenson's work have been largely forgotten, the concept of entrepreneurial orientation has generated many empirical and conceptual studies and publications. The current situation, i.e. the multiplication of quantitative empirical studies using different scales and samples, leads us to a dead end. Several researchers have underscored conceptual faults (Basso and al., 2009). This research is based on these limits and

inconsistencies, which appeared to us as a gap in the literature. As a response, the present paper studies in depth the correspondences between these different notions, calling on an important body of literature. We show that, first, there is a real interest in using the EM concept. We also demonstrate that there are new perspectives for research, by exploring even more the complementarities between the concepts of EO and EM, which could lead to a model of the entrepreneurial organisation combining, more than excluding, the main contributions of the literature. Finally, we point out the importance of designing research in this complex domain through qualitative longitudinal studies to unveil the role and importance of the dimensions and factors in the processes of identifying, evaluating, and exploiting opportunities.

References

- Basso, O., Fayolle, A., Bouchard, V. (2010) "Entrepreneurial Orientation: the Making of a Concept", *International Journal of Entrepreneurship and Innovation* (forthcoming)
- Barringer, B.; Bluedorn, A. "The relationship between Corporate Entrepreneurship and Strategic Management", *Strategic Management Journal*, vol. 20, no 5 (May, 1999); pp. 421-444.
- Brown, T., Davidsson, P., Wicklund, J. "An operationalization of Stevenson's conceptualisation of entrepreneurship as opportunity based firm behavior", *Strategic Management Journal*, vol. 22, no 10 (oct. 2001); pp. 953-968.
- Carrier, C. "Intrapreneurship in large firms and SMEs: A comparative study ", *International Small Business Journal*, vol. 12, no 3 (April-June 1994); pp.54-62.
- Covin, J., Slevin, D. "The Influence of Organization Structure on the Utility of an Entrepreneurial Top Management Style" *Journal of Management Studies*, 25:3, May, 1988
- Covin, J., Slevin, D. (1989)"Strategic Management of Small Firms in Hostile and Benign Environments" *Strategic Management Journal*, vol. 10, 75-87
- Covin, J., Slevin, D. (1991)"A Conceptual Model of Entrepreneurship as Firm Behavior" *Entrepreneurship Theory and Practice*, 16, 1, pp. 7-25.
- Davidsson, P. (1991) "Continued Entrepreneurship: Ability, Need, and Opportunity as Determinants of Small Firm Growth"; *Journal of Business Venturing*, 6, pp. 405-429
- Fayolle, A. Basso O., Legrain, T., "Corporate Culture and Values: Genesis and Sources of L'Oréal's Entrepreneurial Orientation", *Journal of Small Business and Entrepreneurship*, vol.21, n°2, p. 215-230.
- Fayolle, A., Basso, O., Bouchard, V.,(2010) "Three levels of Culture and Firms' Entrepreneurial Orientation: A Research Agenda, *Entrepreneurship and Regional Development* (forthcoming).
- Kreiser, P.M., Marino, L.D., Weaver, K.M., (2002), "Assessing the psychometric properties of the Entrepreneurial Orientation Scale: A Multi-Country Analysis", *Entrepreneurship Theory and Practice*, Summer, 2002, pp. 71- 94.
- Khandwalla, P.N. (1977) "Some Top Management Styles, their context and performance", *Organization and Administrative Science*, 7(4), Winter 1976/77, pp. 21-51.
- Khandwalla, P.N. (1977) *The Design of Organizations*, Harcourt Brace Jovanovich, New York.
- Kuratko, D., Audretsch, D., "Strategic Entrepreneurship: Exploring Different Perspectives of an Emerging Concept", *Entrepreneurship Theory and Practice*, XX, X, pp. 1-17.

Lumpkin, G.T., Dess, G.G. (1996), "Clarifying the entrepreneurial orientation construct and linking it to performance", *Academy of Management Review*, 21, 135-172.

Messeghem, K., (2003) "Strategic Entrepreneurship and Managerial Activities in SME's", *International Small Business Journal*, May 2003 v21 i2 p197(16)

Messeghem, K., "Peut-on concilier logiques managériale et entrepreneuriale en PME?", *La Revue des Sciences de Gestion*, n° 194, p. 35-49

Miller, D. "The Correlates of Entrepreneurship in Three Types of Firms", *Management Science*", vol. 29, N°7. (Jul.,1983), pp. 770-791.

Miller, D. and Friesen, P. (1982), "Innovation in conservative and entrepreneurial firms: two models of strategic momentum", *Strategic Management Journal*, 3, 1-25.

Randerson, K. and Fayolle, A., "Entrepreneurial Orientation and Entrepreneurial Management: Same, Different, or Both?" RENT XXIII Conference proceedings, Budapest November 19-20, 2009.

Shane, S., Venkataraman S., "The promise of entrepreneurship as a field of research" *Academy of Management Review*, 2000, vol. 25, no. 1, 217-226

Stam, W; and Elfring, T., "Entrepreneurial Orientation and New Venture Performance: the Moderating Role of Intra and Extraindustry social capital" *Academy of Management Journal*, 2008, vol. 51, no. 1, 97-111

Stevenson, "A perspective on Entrepreneurship", Harvard Business School; Working Paper 9-384-131, 1983

Stevenson, H. Gumpert, D. "The heart of entrepreneurship", *Harvard Business Review*, Mar/Apr85, Vol. 63 Issue 2, p85-94, 10p,

Stevenson H., Jarillo J.C., "Preserving entrepreneurship as companies grow", (1986), *Preserving entrepreneurship as company grow, Journal of Business Strategy*, 7(1), 10-23.

Stevenson H., Jarillo J.C., (1991) "A new entrepreneurial paradigm. In A Etzioni & P Lawrence (Eds), *Socio-economics: toward a new synthesis* (pp. 185-20) Armonk, NY: ME Sharpe

Stevenson H., Jarillo J.C., (1990) "A paradigm of entrepreneurship: entrepreneurial management", *Strategic Management Journal; Index*, Vol. 11 Issue 4, p17-27, 11p

Wicklund, J. and Shepherd, D. (2003), "Knowledge-Based Resources, Entrepreneurial Orientation, and the Performance of Small and Medium-Sized Businesses", *Strategic Management Journal*, 24, 1307-1314.

Zahra S.A. (1993), "Contextual Influences on the Corporate Entrepreneurship – Performance Relationship", *Journal of Business Venturing*, 17(4), pp.5-22.

Zahra S.A. (1993), "A Conceptual Model of Entrepreneurship as Firm Behavior: A Critique and Extension" *Entrepreneurship Theory and Practice*, 17, 4, pp. 5-22.

Zahra S.A. and Covin, J.G. (1995), "Contextual Influences on the Corporate Entrepreneurship-performance Relationship: A Longitudinal Analysis", *Journal of Business Venturing*, 10:43-58

Zahra S.A., Jennings, D.F., and Kurakto, D.F., (1999a), "Guest Editorial: Corporate Entrepreneurship in a Global Economy" *Entrepreneurship Theory and Practice*, 24(1), pp. 5-7.

Zahra S.A., Jennings, D.F., and Kurakto, D.F., (1999b), "Antecedents and Consequences of Firm-Level Entrepreneurship: The State of the Field" *Entrepreneurship Theory and Practice*, 24(2), pp. 45-65.

Formation et esprit d'entreprendre chez les étudiants

Bénédicte BRANCHET, benedicte.branchet@upmf-grenoble.fr, CERAG UMR CNRS 5820, CNRS

Jean-Pierre BOISSIN, Jean-Pierre.Boissin@upmf-grenoble.fr, CERAG UMR CNRS 5820, Université Pierre Mendès France, IAE de Grenoble

Annette CASAGRANDE, Annette.Casagrande@upmf-grenoble.fr, CERAG UMR CNRS 5820, CNRS

Jacques ARLOTTO, jarlotto@audencia.com, AUDENCIA Nantes

Michel CESAR, Michel.Cesar@ema.fr, Ecole des Mines d'Alès

Catherine DERVAUX, catherine.dervaux@icl-lille.fr, Institut de l'Entrepreneuriat, Université Catholique de Lille

Erika LEGRAND, erika.legrand@etu.unilim.fr, Institut d'Administration des Entreprises de Limoges

Pierre TREMENBERT, Pierre.Tremenbert@telecom-bretagne.eu, TELECOM Bretagne

Nous remercions pour leur collaboration Servane DELANOË (ESC Rennes School of Business), Vincent LAGARDE (Maison de l'Entrepreneuriat de Limoges), Muriel LEDUC et Nathalie SCHIEB-BIENFAIT (Maison de l'entrepreneuriat de Nantes).