Corporate Entrepreneurship and Firm Performance
Important Role of Small and Medium Enterprise

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Abstract
The present age is the age of competition over resources and capitals. Great industrial countries and even developing countries attempt to utilize resources and capitals through benefiting from educated and expert persons and develop their growth and development cycle and achieve innovation. Accessing to these innovations that leads to reviving economy of each country depends on entrepreneurship. In fact, entrepreneurship is a concept that has always accompanied human and plays key role for economic growth and development of countries, so that within competitive economy based on market, it has crucial importance; therefore, it guarantees survival for requirement to innovation and creation of new products and services. Thus, economic development in today's world is based on innovation, creation and applying knowledge and entrepreneurship. On the other hand, nowadays small and medium size enterprises play key role on economic and social growth and development process. These businesses due to having great share on national gross production, employment and reducing economic problems have crucial importance. Therefore, it is necessary for planners and policy makers to pay specific attention to this issue in order to take duly action for improving such institutes.

Key Words: Corporate Entrepreneurship, Small and Medium Size Enterprises, Organizational Performance

Introduction
Organizations that engage in entrepreneurial activities tend to be more profitable than organizations that do not (Antoncic & Hisrich 2001, Bojica & Fuentes 2011, Hamed et al, 2014). Pearce, Fritz, and Davis (2010) assert that corporate entrepreneurship leads to a beneficial First-mover advantage. Modern business environments have two major features - Complexity and Uncertainty (Hughes & Morgan 2006). These two characteristics can affect and create stress for young and
small businesses. On one hand, remaining in such a competitive environment requires entrepreneurial capabilities (Lee & Pennings 2005), and on the other hand, aspects of corporate entrepreneurial behavior are also heavily influenced by the nature of their relations with the environment (Minguzzi & Passaro 2000). Additionally, in recent years many more firms are looking to compete in the global market and engage corporate entrepreneurship (Webb et al 2010). Therefore, it is essential to identify and analyze the environmental components in individual entrepreneurship and organization (Wang 2008).
Achieving reliable results in studies of entrepreneurship requires a comprehensive approach to the shaping factors of entrepreneurial processes - including environmental, individual and organizational processes (Aldrich 2004, Audretsch 2007). The study of firm-level entrepreneurship, or corporate entrepreneurship (CE), is increasingly central in managerial studies (Dess et al 2003). CE can be defined as the entrepreneurial behavior shown by existing organizations. This process may result in the initiation of a new ventures - “corporate venturing” or in organizational revitalization - “strategic renewal”. Both processes encompass innovation, which is the introduction of something new to the marketplace (Yilmaz, Alpkan & Ergun 2005).

CE is considered a beneficial tool for revitalizing and improving performance. With emerging economies adapting their markets to the standards of developed markets (Van Agtmael 2007), CE may prove to be an important asset for the growth and profitability of existing companies (Antoncic and Hisrish 2000, 2001, Khanna & Palepu 2010, Oakley 2009, Hamed et al ,20014). CE may improve their ability to recognize and chase opportunities well ahead of their rivals (Shane and Venkataraman 2000, Ahlstrom et al 2007).

Emerging economies are becoming a major economic force in the world and entrepreneurship plays a crucial role in this process (Bruton et al 2008). More specifically, firms in Brazil, Russia, India, China and South Africa (BRICS) need to re-examine traditional ways of doing business and develop an entrepreneurial mindset (Yiu and Lau 2008, Haynie et al 2010) as they find themselves in growing, yet hostile and competitive environments (Weeks 2008). Strategic Corporate Entrepreneurship (SCE) provides a viable strategy for firms to reconfigure their resources in novel ways and to identify and exploit opportunities (Ireland et al 2009, Kyrgidou & Hughes 2010).

Corporate entrepreneurship is essential in competitive markets nowadays. Considerable attempts have been made to identify the factors that determine a corporation’s commitment to corporate entrepreneurship (Lumpkin & Dess 1996, Zahra et al 2000).

**Entrepreneurship**
The term entrepreneurship comes from the French “entrepreneur”, which means to oblige. This concept was studied and tested by many scientists, researchers and craftsman. Meanwhile, there is no agreement on the definition of entrepreneur and the components of entrepreneurship (Beaver 2003, Hitt et al 2001, Shane 2003, Venkatarmn & Shane 2003). The reason for this is the relatively short time scientists have spent in understanding entrepreneurship processes without regarding all aspects comprehensively (Shane 2003).

There have been several definitions of this term in the past 2-3 decades. Morris & Kuratko (2002) referred to entrepreneurship behavior in small and medium size enterprises (SME). It is
regarded as a process that involves risk, tendency for individual and group changes within an organization. Zahra (1991) noted that Corporate Entrepreneurship is a formal or informal activity with the purpose of obtaining business inside of an enterprise through innovation of products, processes or by developing operational markets. Corporate Entrepreneurship will be analyzed in 4 aspects - including Corporate Venturing, Internal Resources, Internationalization, and External Networks.

Hitt & Ireland (2001) and Sexton & Camp (2001), by carrying out several studies, divided Corporate Entrepreneurship into 4 fields - External Networks, Organizational Learning, Resource Innovation and Internationalization. In addition, Ireland et al, added Top Management Teams, Governance and Growth to this field and developed the conceptual domain of Corporate Entrepreneurship. This was because of the undeniable role of such teams in preparing strategic goals. In fact, this type of growth is regarded as the scientific infrastructure of entrepreneurship. Among these aspects, growth is regarded as output that is influenced by one of several variables such as Top Management Teams, Governance and the Reward System.

In the literature review the concept of innovation is sometimes correlated with the term invention and some researchers defined innovation as a process (Tidd et al 1997, Freeman 1982, Drucker 1985, Porter 1990). Meanwhile, other researchers believe that it is the result of dealing with entrepreneurship activity (Hitt et al 2001, Ireland et al 2001, Hamel 2000, Hamed et al ,20014).

**Small and Medium Size Enterprise:**

Generally, small and medium size enterprises are defined either qualitatively or quantitatively. In knowledge management fields the phrase small and medium size enterprises refers to enterprises whose annual sale, cash flow, total value of assets and number of employees is less than a specified level. Selecting one of these criterions and its limit depends on different countries and industries, level of economic development of a firm and its social status. According to one definition, small and medium size enterprises refer to different indices including the number of employees, amount of investment, total amount of assets, level of sale and production capacity but the most common criterion is the number of employees. (Hamed et al ,20014).

Contrary to common practices in large international enterprises, which enjoy an abundance of resources and abilities, SMEs (small and medium size enterprises) do not have abundant resources. Based on past histories they are generally interested in eliminating these resources - taking elementary steps by using maximum technological capability for manufacturing their products and influencing neighboring markets (Rhee 2008). In addition, developing diverse communication with other people in the market eventually leads to manufacturing fresh products, creation of new resources, increasing the capacity for firm renewal, receiving and achieving new project frameworks (Weerawardena 2006). Whereas SMEs are more flexible and have a higher ability fit into changing environments than large enterprises. They are also better able to benefit from the advantages of internationalization. The reason for this is that enterprises follow a specific pattern for internationalization - depending on the level of internationalization, the size of the enterprise, risk acceptance, level of knowledge and attitude toward internationalization. The attitude of SMEs towards competition in international markets.
received attention from scholars of international commerce (Bell et al 2004). Thus, this chapter deals with offering a definition of internationalization and the effective factors for achieving obvious recognition. Further, definitions and recognition of the value of SMEs are given and effective factors in enterprises are introduced. The continuing presence of these enterprises at international level is examined, and finally SMEs in Iran are studied and important factors for the research are selected.

Nowadays, entrepreneurship in small and medium enterprises (SMEs), as a strategy to overcome the transition period, is recommended for both developing and developed nations. Of the 350 million industrial-commercial units with over two billion staff currently working in the world, more than 90% of them are small and medium enterprises (Fakour & Ansari 2010). These small and medium businesses are able to become global via their own services and products by taking advantage of the presented strategies and patterns (Lee et al 2012). Nations such as Iran have suffered due to a kind of historical determinism, but to walk the path that others (developed and developing countries) have trodden is now the challenge. The economic, industrial and social/cultural conditions of Iran are such that the problems and obstacles are different and require new solutions. The increase of the population, the young demographic profile, the inability to attract labor in the productive sectors, the lack of new ideas etc. are some of the reasons that force macro-policy makers and planners to find a solution - and this solution is nothing but the concept of entrepreneurship - because Entrepreneurship is now established as the Economic Development Engine (Shepherd et al 2008, H, Armesh 2014).

These days one of the main challenges of all organizations is the improvement of organizational performance in different aspects. Global competition has increased during recent decades and firms are always trying to improve their market share, to increase profits and achieve a competitive advantage over rivals (Zahra et al 2010). Nowadays, the ability of organizations to compete in the global economy is changing rapidly and depends on the quality of products and services they offer. Moreover, they are trying to use their resources effectively and then connect with other organizations and different sections of society in order to obtain an acceptable organizational performance. This role of improving human resources is very important (Rajabzade & Makaram 2010).

**Importance & Role of Small and Medium Institutes**

Small and medium size enterprises are among the most effective factors on growth and development of social-economic systems of each country; therefore, this issue is received attention by governmental officials of countries. Meanwhile, our country by having 95% total productive units is regarded as Small and medium size enterprises (SME); in which, such enterprises do not have remarkable share a national gross production and added value and suffer from many shortages. (Aramesh, Et al 2014).

Meanwhile, in order to strengthen the national economy and minimize the consequences of the global financial crisis in many countries, some policies have been emerged to strengthen the innovative Yaghobie 2012).

Small and medium enterprises are considered as the most important executive programs to achieve equitable distribution of income and wealth, job creation, increasing productivity and
economic growth in many countries (Zaribaf and Shafie Khani, 2006) and are regarded the cause for attracting and guiding investments towards economic development by providing an appropriate context for entrepreneurship and innovation (Zahra, 2011, Aramesh 2014). Investment in most countries now tends towards small, medium and quick-impact enterprises. Small businesses comprise 93% of total industrial countries in Iran and the average of 45% of employment in industry sector has been done by small industries (Bahmani, 2006).

Background of business goes back to home production period, when productions are based on family attempt; it forms basics of country’s economy. Nowadays, after many centuries, the business process at small and medium level has double importance. All justifications are based on ever-growing importance of SMEs at modern economy for sovereignty of change phenomenon at third world countries. In spite of existence of threatening forces all through the world such as: globalization, the entrepreneurship is emerged as driving engine for economic and social development all through the world (Audretsch & Thurik 2001). Small and medium organizations attempt to adapt themselves with their environment through depending on application of knowledge of their employees (Audretsch & Keilbach 2003). Achieving to objectives such as knowledge based economy and competitive economy all through the world, leads to stable economy, creation of suitable employment opportunities, achieving to higher social coherence within economic institutes specially small and medium one (sexton & Bowman, 1991, Porter, 1990; Kudithuwakku, 1997, Zahra et al 1991).

History of Corporate Entrepreneurship:

Many articles have been published on the relationship between independent entrepreneurship - which deals with individual or group successes in starting a new business. There are fascinating stories about entrepreneurship – such as those of inventors of new industries and values. These include Jeff Bezos from Amazon and Mag Whitman of ABM - who were amongst the special group of innovators who have influenced our day-to-day lives. There were many remarkable attempts made to train entrepreneurs in order to raise the status of growth and development in societies, and even whole nations got involved in this training effort (Seelos & Main 2005). Evidence shows that independent entrepreneurship is not a suitable solution to follow up and bring benefits or great opportunities. In fact, it is regarded as a difficult opportunity that requires investment over a long time. Consequently, investors prefer to invest in larger though risky businesses as opposed to small businesses needing less capital (Keijzers 2002). In the last 20 years, the focus of research in the field of entrepreneurship has changed dramatically. Concepts such as risk, innovation and standard research at the individual level have been dropped in favor of researching the ability of large organizations to determine factors of improvement and innovation (Lumpkin and Dess 1996). Researchers such as Vesper (1985), and Guth and Ginsberg (1990), have focused on the importance of Corporate Entrepreneurship resources. They stated that the establishment of Corporate Entrepreneurship leads to the development of Entrepreneurial Innovation in all aspects (decisions made by higher management, middle management and operational management). Meanwhile, employees believing in the value of organized administration in large organizations stated that concepts such as innovation, creativity and entrepreneurship are, in fact, null and void (Srivastava & Lee 2004). The term ‘enterprise’ follows the term entrepreneurship and most people who hear
these terms have suspicions about executive managers of enterprises that make millions of dollars through legal and possibly illegal means. Before the term ‘enterprise’ attracted modern attention, the properties affiliated to it were mainly negative - avarice, contract incompletion, deception. However, the ideal image of enterprise managers in the 1950’s and 60’s were replaced by disparaging caricatures in the 1980’s and 90’s. Researchers believing in short-term opportunity were dissuaded from taking any type of risk or engaging invention (Miles et al 2003). Nevertheless, on a positive note scientists and large enterprises were able to be entrepreneurial (Apple, Microsoft) and create new rules for economic values so that everybody could benefit from developing new products and markets. Still, there is an agreement that enterprises have to be endowed with entrepreneurial ability in order to compete at a global level and be compatible with technological change (Luo et al, 2005). Results of research in the last decade confirm that enterprising entrepreneurship is regarded as a clear benefit for all nations. The reasons for the beneficial influence of enterprising entrepreneurs are 1) giant contribution to large enterprises in both increasing the level of employment and setting economic foundations in different countries 2) the direct dependency of national economic development to the concepts and efforts of independent entrepreneurs and Corporate Entrepreneurship (they are both complementary and rivals). Only through the existence of both of the above can we have a competitive and dynamic economy (Lumpkin et al 2006).

Corporations that promote entrepreneurial activity are usually more profitable than those that do not (Antoncic & Hisrich, 2001, Bojica & Fuentes Fuentes 2011). Pearce, Fritz, and Davis (2010), maintain that corporate entrepreneurship instigates a positive first-mover advantage. As a result, the stronger the corporate entrepreneurship any organization instills, the greater the overall performance. In a similar vein, firms that encourage corporate entrepreneurship receive important financial benefits from their innovation, risk taking, and new businesses. This discovery proves that entrepreneurial spirit and behavior are necessary for companies of all sizes to prosper and grow in today’s competitive environment (Barringer & Bluedorn 1999).

In industries with technological opportunities, engaging in corporate entrepreneurship and risk taking play a significant part in a companies' success. Further, simultaneously investing in the development of products and technologies increases profitability (Antoncic & Prodan 2008, Zahra & Covin ,2011,1995). For technology-based organizations, recent studies show a constructive connection between corporate entrepreneurship and organizational performance (Bojica & Fuentes 2011). Zahra (1993), and claims that engaging in corporate entrepreneurship is a major factor in enhancing any companies growth and profitability.

In general, it is understood that entrepreneurship has a positive effect on the performance of a company (Covin & Slevin 1991). Yet, even though entrepreneurship is thought to be a driving force in value creation, in the international and national markets, there appears to be a scarcity of empirical studies regarding the entrepreneurship–performance connection (Zahra 1993, Zahra, Jennings & Kuratko 1999). This is especially true for studies on entrepreneurship and the international performance of a business. Research suggests this relationship is positive (Dimitratos & Plakoyiannaki 2003, McDougall & Oviatt 2000), but empirical proof is scarce. Considering the significance of entrepreneurship to researchers, business managers and policy
makers, comprehending its contribution in the international and national arena (especially its superior organizational performance abroad) is an important current research objective. Researchers (Lumpkin & Dess 1996) understand that the connection between entrepreneurship and performance is related to the context. Contextual conditions most probably interface with entrepreneurship and in this way superior international performance is gained in environments of mutually supportive variables, involving moderating effects (Miller 1986). The ecological population perspective (Aldrich, 1979, Hannan & Freeman 1977) supports an environmental determinism outlook - suggesting that organizational successes in the international marketplace are mainly determined by foreign environmental and national factors. With this external control model the environment has the dominant influence on organizational activity and companies should align themselves with environmental conditions to attain top performance abroad (Romanelli & Tushman 1986). Therefore, environmental chances and dangers can affect the relationship between entrepreneurship and performance abroad - inferring that alignment of entrepreneurship with environmental conditions is a serious factor in premier international performance – as opposed to the existence of entrepreneurship.

There is no solidarity among researchers on the definition of entrepreneurial behavior, as Zahra et al (1999) conclude in their literature reviews. To assess the organizational processes and techniques companies use when being entrepreneurial, writers use labels of ‘entrepreneurial posture’ (Covin & Slevin 1991), ‘entrepreneurial orientation’ (Lumpkin & Dess 1996), ‘entrepreneurial style’ (Naman & Slevin 1993), ‘entrepreneurial management’ (Stevenson & Jarillo 1990), ‘entrepreneurial strategy making’ (Dess, Lumpkin, & Covin 1997). Frequently, Miller’s (1983) ‘term of entrepreneurship’ (Zahra et al., 1999). The parameters of risk taking, proactivity and innovation are based on the work of Miller and Stevenson & Jarillo, (1982), and Khandwalla (1977), and are normally referred to in conceptualizing and assessing entrepreneurship (Lyon, Lumpkin & Dess – 2000, Zahra et al - 1999) despite the variations in entrepreneurial behavior (Lumpkin & Dess - 2001). These three entrepreneurial areas form a domain relevant to other contexts such as that of corporate entrepreneurship, which deals with entrepreneurial behavior within established firms (Zahra & Garvis - 2000). Additionally, they include the field of international entrepreneurship (McDougall & Oviatt - 2000) that sits at the crossroad of two research areas, and forms the area of interest in the current study. Thus, in compliance with the current literature, this research study defines ‘entrepreneurship’ as the combination of risk taking, proactivity and innovation in a firm. Regarding the other key factor of this study – that is ‘performance’ - it is a construct difficult to summarize holistically, as it may refer to different aspects of the organizational effectiveness of a company (Dess & Robinson – 1984, Venkatraman & Ramanujam - 1986). In their literature review of entrepreneurship studies, Murphy, Trailer, and Hill (1996), agree with the above statement and present results of studies that employ a wide variety of objective and subjective performance assessments. These measures range from efficiency and profit to market share and leverage. The same writers, however, state that many correlation patterns in this range are insignificant or negative, and recommend that researchers use and justify at least two different dimensions of performance. These should preferably be both financial and non-financial. Similarly, many performance assessments are used in studies of a firm’s international activities. These start from foreign sales ratios and foreign asset ratios and end with international profitability and
subjective means of performance (Sullivan 1994, Zou & Stan - 1998). In this study foreign sales ratio, perceived satisfaction and general performance in the chosen foreign country are employed. The foreign nation sales ratio is an objective figure and a first order financial indicator of the involvement of a business abroad (Buckley, Dunning & Pearce - 1977). In this research, the pre-testing of firm managers using a questionnaire showed that they were either unable or not willing to provide insights into objective financial performance measures or profitability concerning activities in specific foreign markets. This supports the view that international companies may be reluctant to offer information on objective performance indicators in specific foreign countries (Woodcock, Beamish, & Makino - 1994). Satisfaction with performance is based on subjective observations and may include non-financial aspects, nevertheless these are recommended in international business studies (Zou & Stan - 1998).

Furthermore, Lumpkin and Dess (1996), in the field of entrepreneurship, claim that the satisfaction of managers with performance may need to be weighed more heavily, when estimating the performance of their firms. Both the foreign country sales ratio and customer satisfaction have frequently been used in previous international business studies (Sullivan 1994, and Madsen 1989).

Planned wealth creation is a significant target for strategic management and entrepreneurship. Corporate entrepreneurship (entrepreneurial activity and management in an established organization) is an important aspect of organizational and economic progress and profitability. Scholars and practitioners have been interested in these concepts since the early eighties because of the progressive revitalization and performance of firms (Schollhammer 1981 - 82, Burgelman 1983 – 85, Kanter 1984, Pinchot 1985, Rule and Irwin 1988, McKinney and McKinney 1989, Guth and Ginsberg 1990, Zahra 1991). The implementation of corporate entrepreneurship is important for both large corporations and small and medium sized enterprises (Covin and Slevin 1989, Covin, 1990, Carrier 1994). It is also beneficial to specialized business organizations and for national economies too - since corporate entrepreneurship can improve an economy by increasing productivity, improving best practices, creating new industries, and raising international competitiveness (Wennekers and Thurik 1999). Although the theoretical framework of most research in the field of entrepreneurship is examined, most of entrepreneurship activities are equilibrium based. These include ecology, demographics or gradual evolution, advance theory, normative theory as well as contingency theory (Aldrich 2004).

**Corporate entrepreneurship models**

The literature on corporate entrepreneurship has labeled two groups of corporate entrepreneurship antecedents: one group refers to the organization and the other to the external environment of a company. The most important result of corporate entrepreneurship is performance. One significant question is whether the direct effects of corporate entrepreneurship and its broader associations are more, less or equally important as the interactive impact of these elements on performance. The importance of congruence among the range of elements regarding the explanation and prediction of company performance, has been emphasized by a number of researchers in organizational design (Burns and Stalker 1961, Woodward 1965, Lawrence and Lorsch 1967, Thompson 1967, Galbraith 1973 & 1977, Tosi and
Slocum 1984, Nadler and Tushman 1992 & 1997). Venkatraman (1989) offers alternative models that are useful in determining the effect of third variables as a way of exploring contingency relationships. Lumpkin and Dess (1996 - p.155), in their conceptual clarification of entrepreneurship orientation (EO), suggest that: “moderating effects, mediating effects, independent effects, and interaction effects give us a handy framework for getting additional insights into the EO-performance relationship.” Lyon et al (1999), also support contingency modeling as a way of enhancing a theory and measuring company-level entrepreneurial orientation. They say that organizational and environmental aspects can moderate the entrepreneurial orientation-performance relationship. Investigation of alternative, non-major effect models may enhance corporate entrepreneurship theory by providing further insights into the inter-relationships in corporate entrepreneurship models. So to advance the theory, it is necessary to develop alternative hypotheses that look into the overall interactions - both indirect and direct impacts. The suitability of entrepreneurial orientation (as a strategic element) and its organizational and environmental context may have a positive effect on performance - not just the existence of such an orientation per se (Zahra 1993, Dess et al 1997). Previous research has looked at the corporate entrepreneurship associations (organizational, environmental factors and performance) by connecting two or more of these together with corporate entrepreneurship, or by analyzing a specific relationship between corporate entrepreneurship and a specific correlate. There have only been a few studies in which corporate entrepreneurship models were built and investigated. The nine studies in this model-building classification are summed up in the appendix. While all these corporate entrepreneurship models include performance as a dependent variable - six of them simultaneously include environmental and organizational factors. Among these two are conceptual (Covin and Slevin 1991, Lumpkin and Dess 1996), and four are empirical (Zahra 1991, Russell and Russell 1992, Naman and Slevin 1993, Antoncic and Hisrich 2001). Of the four empirical studies, only Naman and Slevin (1993) tested the impact of corporate entrepreneurship, organizational and environmental factors on performance. However, analysts did not test these impacts independently, nor did they note the major effects in the model elements. Only one study (Antoncic and Hisrich, 2001) explicitly tested the indirect effects of corporate entrepreneurship antecedents on company performance - justifying the unobservable results of other empirical studies. In three studies (Zahra 1993, Zahra and Covin 1995, Dess et al 1997), the effects of moderation and interaction with the environment by corporate entrepreneurship performance were tested without considering organizational factors. The results of these empirical studies did not determine what was more important for company performance: corporate entrepreneurship or its interaction with environmental and organizational factors. This left some important relationships in the corporate entrepreneurship model unanswered.

Research into alternative, non-major effect models can enhance corporate entrepreneurship theory by providing further insights into the relationships of corporate entrepreneurship models. So to advance the theory, one must develop alternative hypotheses that investigate the interaction of indirect and direct influences. The interaction between entrepreneurial orientation (as a strategic element) and its organizational and environmental contexts can have a positive effect on performance - not just the existence of such an orientation per se (Zahra 1993, Dess et al 1997).
Criterions of Corporate Entrepreneurship

In research related to Corporate Entrepreneurship, researchers applied different criterions for the conceptual modeling of Corporate Entrepreneurship. Table 2-4 introduces some of these variables. All of the aforesaid variables refer to activities that are controlled by Organization. In this table the variables related to the environment and out of the control of Organization are neglected. However, this does not mean that these variables are unimportant with respect to Corporate Entrepreneurship but in fact may have a direct influence on Corporate Entrepreneurship or play a mediator role.

Entrepreneurship is a driving force for modern economies and societal development through both economic growth and the generation of employment and the promotion of innovation (Bosma et al 2010, 2009). Corporate entrepreneurship refers to the process whereby an organization creates new business units or instigates renewal within that organization (Sharma and Chrisman 1999). To stimulate these entrepreneurial activities within an organization, it is necessary to build an adequate level of entrepreneurial orientation (Dess and Lumpkin 2005). Entrepreneurial orientation is related to corporate proactivity and innovation as shown by corporate processes, practices and activities .Proactivity refers to the influential aspects of initiative, risk assumption and competitive aggressiveness - which are reflected in the actions of the organization’s members (Lumpkin and Dess 1996). Innovation is defined as the tendency of an organization to adopt and support new experimental ideas and creative processes that can lead to new products, services or technological processes (Lumpkin and Dess 1996). Entrepreneurial activities in existing organizations result in two possible types of corporate progress: strategic renewal and new business venturing. Strategic renewal refers to organizational efforts that lead to significant changes in organizational business processes of strategic or organizational structure. New business ventures are related to the creation of new business units (Guth and Ginsberg 1990, Sharma and Chrisman 1999).

Corporate entrepreneurship is the aggregation of innovation and venture. In order to assess corporate entrepreneurship scientifically an amulet-index measurement was designed for both the innovation and the venture components of corporate entrepreneurship. Innovation is a significant way for an entrepreneur to improve corporation’s performance (Lumpkin and Dess 1996). Innovation gives important expression to corporate entrepreneurship. Venture reflects corporate entrepreneurship in another way. The corporate domestic development needs business ventures. Moreover, the success of globalized business needs creativity, commercial wisdom, and risk-taking (Bossak and Nagashima 1997). Therefore, the measurement for a venture is for both domestic and international exploits (Debroux 2000, Acs et al 1997).

CE Dimensions

Corporate entrepreneurship research normally focuses on two things: the factors of a company’s external environment and organizational-level internal factors. Entrepreneurship can be classified into four dimensions (i) New business venturing (ii) Innovation (iii) Self-renewal and (iv) Proactivity.
Environmental Characteristics of Corporate Entrepreneurship


Corporate Entrepreneurship is also influenced by factors in a firm’s external environment (Miller – 1983, Khandwalla – 1987, Covin & Slevin – 1991, Zahra - 1991, 1993, Badguerahanian & Abetti - 1995). Organizational and environmental influences, however, were usually empirically designated as major effects, and rarely as interactive effects on corporate entrepreneurship - other indirect effects were rarely stressed. Many pioneering organizations in the business area could overcome environmental challenges with development and deployment strategies based on entrepreneurial activities. Hence, the study of the relationship between various dimensions and environmental factors, reinforced by policies implementing entrepreneurial behavior in organizations, can be a guide for company success in the modern business environment (Zahra, 2007).

The major point is that in all models of corporate entrepreneurship, performance is defined as a dependent variable, and seven studies have explored the simultaneous effect of environmental and organizational aspects on corporate entrepreneurship and organizational performance relationships. Of the seven, two conceptual models (Covin & Slevin 1991, Lumpkin & Dess 1996) and five empirical models (Zahra 1991, Russell & Russell 1992, Naman & Slevin 1993, Antoncic & Hisrich 2001, 2004) were presented. Of these five, only two investigated the common and integrated effects of corporate entrepreneurship, environmental aspects and organizational components on general performance (Naman & Slevin 1993, Antoncic & Hisrich 2004). None of the researchers had examined the compatibility of the integration of respective components separately – specifically, the effect of the main components of the model.

Just two studies examined the indirect effects of corporate entrepreneurship requirements (external environment and organization) on performance, and approved the unobservable results of other empirical studies (Antoncic & Hisrich 2001, 2004). Most of the studies on corporate entrepreneurship since the very beginning have been devoted to experimental research. They examined the requirements and inputs of corporate entrepreneurship, and the results of all this research indicated that the internal organizational component plays an important part in inspiring members towards entrepreneurial activity (Zahra - 2007).
Kerry & Russel (2008) stated that the Entrepreneurial environment consists of macro-economic factors, cultural aspects, social factors and political support, which stimulate the tendency of company members to engage in entrepreneurial activities revealed that environmental factors such as credit funds, loans, access to markets, and governmental rules, have the strongest effect on entrepreneurship. Results of research in Nigeria showed that governmental policies – as an environmental factor - had significant negative effects in developing female entrepreneurship (Okafor & Mordi 2010).

Results of research studying the effective environmental factors on entrepreneurship in India suggested that factors such as legal structure, market conditions, access to financial resources, R & D, technology related factors, physical infrastructure, entrepreneurship abilities and entrepreneurship culture were most effective. Additionally, international economic factors and conditions also play a key role (Kshetri 2011). Environmental conditions of the domestic market may affect performance of a company abroad (Hitt, Hoskisson & Ireland 1994, Porter 1990).

Research in Malaysia suggested that firstly, entrepreneurial attitude has a positive influence on the performance of a company, whereas market direction has a negative influence on the performance of a company. Environmental factors play a mediating and balancing role (Hassim et al - 2011).

In part, the relationship between corporate entrepreneurship (as an independent variable) and the organizations’ performance (as a dependent variable) and the study of the effect of intermediate variables like external environmental factors and organizational relationships have been highlighted by researchers of the field. Few studies to date have achieved a model of corporate entrepreneurship (Antoncic & Hisrich 2004). Contingency theory supports the relationship between environment and corporate entrepreneurship (Hornsby et al – 1993, Antoncic & Hisrich - 2001, Lumpkin & Dess – 1996, Zahra et al - 2005). Environment as a convergent variable has been well analyzed (Covin & Sliven 1988).

In their research on small manufacturing firms, researchers found that the companies that attempt corporate entrepreneurship in the form of Competitive Aggressive behavior when doing business in turbulent environments, generally do well (Antoncic & Hisrich, 2004). At the beginning of entrepreneurship, Models focus on rapid changes in the organizational environment and the effects result in changes of the entrepreneurial activities (Zahra, 2005). Environment is the most important driving force that affects their organizations (Antoncic & Hisrich 1998, 2002, Roure & Keeley 1990, Garud & Van de Ven 1992, Bygrave & Hofer 1991, Zahra 1991, 2007).

Corporate entrepreneurship can also be influenced by a firm’s external environment (Miller 1983, Khandwalla 1987, Covin and Slevin 1991, Zahra 1991, 1993, Badguerahanian and Abetti 1995). Organizational and environmental influences, however, were usually empirically designated as main effects and rarely as interaction effects on corporate entrepreneurship - other indirect effects were rarely stressed.

Results of specific studies show that environmental characteristics such as dynamism, technological opportunities, demand for new products and competitive rivalry, have had positive effects on corporate entrepreneurship and organizational performance in the industrial sector of the US and Slovenia (Antoncic & Hisrich2001).
The first studies to apply a contingency perspective on the above-mentioned relationship – studies that now form a significant part of specialized literature – focused on the influence of the different dimensions of a company's general environment, such as dynamism - hostility or heterogeneity (Alvarez & Barney 2005, Miller Friesen 1983, Ucbasaran, Westhead, & Wright 2001, Zahra & Covin 1995). Generally, researchers agree that the positive effects of entrepreneurship increase in dynamic and complex environments characterized by uncertainty. In a in-depth study of DuPont, Bhardwaj et al (2006) ascertained that entrepreneurial organizations are more likely to search for opportunities in new environments - especially following events that promise a significant and lasting change in performance. Lumpkin and Dess’ (1996) recommend more studies on the contingencies of the entrepreneurship–firm performance.

Organizational characteristics of Corporate Entrepreneurship

Research results show that internal organizational elements encourage people to organize their entrepreneurial activity and organizational performance too (Zahra 2007). Hornsby et al (1990), claims that the dimensions of the internal environment, including management support for corporate entrepreneurship, work discretion and strengthening programs, access to time and other resources, improve overall organizational scope (Hornsby et al 1990, Kuratko & Montago 1999). Five-dimensional Structure, as a brief description of the internal organizational elements, encourages middle management to hasten entrepreneurial efforts in the organizations (Hornsby, Kuratko, Zahra 2002). Research by Gantsho (2006) on European SMEs in manufacturing added another dimension to the five dimensions, and measured organizational innovation in entrepreneurial organizations. Corporate entrepreneurship, it has been recorded, is influenced by external environmental factors of a firm (Miller 1983, Khandwalla 1987, Covin and Slevin 1991, Zahra 1991, 1993, Badgerahanian and Abetti 1995). Organizational and environmental influences, however, were usually empirically designed as main effects, and rarely as interaction effects on corporate entrepreneurship. Other indirect effects were rarely stressed. Antonicic & Scarlat (2005) stated that Entrepreneurship approaches and activities have positive influences on organizational performance. Covin et al (2006) stated that organizational Entrepreneurship has a positive effect on improving financial performance. Antonicic & Hisrich (2007) stated that organizational and managerial elements, financial support systems, an encouragement system, organizational hierarchy, access to required resources for developing entrepreneurship activities and so on, are highly effective in developing organizational entrepreneurship. Results of research by Zain & Hassan (2007) on the effects of organizational entrepreneurship on performance of companies showed 1) Organizational Entrepreneurship strongly affects performance of organizations in dangerous environments 2) Organizational Entrepreneurship operates at different organizational levels. Lekmat & Selvarajah (2008) noted that all factors of Organizational Entrepreneurship have direct effects on organizational performance and that variables such as innovation, self-emergence and organizational support were also beneficial. Further, these findings indicated that the influence of Entrepreneurship on organizational performance is especially revealed in
long-term profitability. Research in Croatia, by Kolakvic et al (2008), studied the absence of a direct relationship between Organizational Entrepreneurship and the performance of companies. Further research by Aktan & Bulbut (2008) proved that there was a significant positive relationship between Organizational Entrepreneurship and Organizational Performance amongst Slovenian and Romanian companies. Results of other studies demonstrate that organizational entrepreneurship has a great impact on the financial aspect of companies - increasing their growth and profitability (Lekmat & Selvarajah 2008). Lee et al (2009) proclaim that an entrepreneurial attitude improves the performance of a company. However, the process of creating knowledge is a mediating variable that when added to this relationship leads to a direct decline in the relationship between entrepreneurial activity and performance.

Research studying influential factors on organizational entrepreneurship led to recognition of several significant factors including job options, management support, accepting risk, bonus and promotion, innovation, financial support, time management and organizational fields that support entrepreneurship activity in organizations (Wyk & Adonisi 2011). Another researcher found that organizational characteristics including communication, formal control, environmental scanning, organizational support and value, had positive impacts on corporate entrepreneurship and organization performance in the industrial sectors of the US and Slovenia.


Conclusion
Small or medium-sized enterprises (SMEs) make important contributions to development of any countries. The growth of a healthy, competitive SME sector will be maximized when there is a strong enterprise culture in the society at all levels; a continuous growth in the quality stock of independent business; maximum potential for growth of existing small businesses; and a highly supportive economic, social and stakeholder environment as well as maximum performance. These are the broad target areas for policy development.so in this regards this study and presented framework help for developing strategic plan as well as policy review process for managers ,policy maker as well as investor and for future SMEs development and reduce barriers to meeting future objective and how they will be overcome it in Iran.

On one hand, in recent years and in the intensive competition in the market, globalization and development of technology, innovation and distinction – as a necessity for any company – have led the companies to consider the need for exploiting new opportunities in international arena to gain success in the market and maintain competitive advantage. Entrepreneurial companies can contribute to the creation of competitive profit in large companies as their main customers in global competition arenas by reducing costs and accelerating the development of technology. Hence, regarding the importance of entrepreneurship in various organizational aspects, on one hand, and the undeniable role of small and medium businesses in national and international economy, on the other, the presented and approved model of the study can be
applied to administer small and medium businesses in Iran and essential planning must be done based on it so as to enhance organizational performance by doing so.

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