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The effect of corporate entrepreneurship, innovation and strategic renewal on business performance

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Abstract

This article provides a conceptual framework trying to explain the effect of Corporate Entrepreneurship that encompasses Innovation and Strategic Renewal on Business Performance (Business Failure or Organizational Decline) in Colombian companies. This research uses the information provided by the Superintendency of Corporations of Colombia of companies that have entered the restructuring process during the last ten years. Primary and secondary data were collected from the 131 companies. The results show that innovation affects corporate entrepreneurship, and there is a direct impact on business performance, but there is no effect on organizational decline.

Keywords: Corporate Entrepreneurship (CE), Innovation (I), Strategic Renewal (SR), Business Performance (BP).

Efecto del emprendimiento corporativo, innovación y renovación estratégica en el desempeño empresarial

Resumen

Este artículo proporciona un marco conceptual que trata de explicar el efecto del emprendimiento corporativo, el cual contempla la innovación y la renovación estratégica, en el desempeño empresarial (fracaso empresarial o declive de la organización) de las empresas colombianas. Esta investigación utiliza la información proporcionada por la Superintendencia de Corporaciones de Colombia de empresas que han ingresado al proceso de reestructuración durante los últimos diez años. La información primaria y secundaria fue recolectada de 131 empresas. Los resultados muestran que la innovación afecta el emprendimiento corporativo, y éste último tiene un impacto directo en el desempeño organizacional, pero no en el declive organizacional.

Palabras clave: Emprendimiento corporativo (EC), innovación (I), renovación estratégica (RE), desempeño empresarial.

1. INTRODUCTION

The largest and most successful companies in the world have not always been that way. The challenges they have faced in order to become what they are today may have been countless. In contrast, while many companies have achieved significant levels of growth, they have not all been able to maintain their success in the long term, even to the point of starting to fail or going bankrupt and disappearing altogether. Although managers receive advice and strategic help that can be used to prevent Organizational Decline (OD) or Business Failure (BF), these events persist. The evidence of negative financial indicators may indicate that a company is facing business failure,

organizational decline, or even the starting point of a bankruptcy event. However, this event may be a result rather than a cause of the OD, BF or bankruptcy. Thus, it is necessary to understand why OD or BF takes place. The lack of Corporate Entrepreneurship (CE) and Innovation (I) and diversification of products and services driven by Strategic Renewal (SR) could help us to understand why OD or BF persists.

Understanding the role of CE could help stakeholders to find new ways to prevent BF. Determining the right moment to implement CE activities (The Intervention Point) is crucial for managers and regulators in order to prevent OD, BF, or bankruptcy. Hence, the development of a conceptual framework that considers CE management, maybe a point of reference for practitioners, academics and regulators throughout the world, in the development of more studies, models and/or methodologies to avoid, prevent or even predict OD or BF, therefore contributing to reduce the overall number of bankruptcies and improve business performance in general. Additionally, this CE framework may be used as a driver for the maximization of return on investment and monitoring of long-term risk. Thus, this research is focused on determining the effect of CE that encompass I and SR on Business Performance (BP) and OD or BF. Although there are sufficient academic studies related to CE, OD, and BF, there is no conceptual framework based on CE, I and SR for the prevention of OD or BF and for driving long-term sustainable growth, both economically speaking and in terms of the business ecosystem. CE is an important means for inducing innovation, revitalizing organizations, and enhancing productivity (ZAHRA, 2015). Thus, BF

may be avoided through CE activities that encompasses I and SR. This research considered the results of BIERWERTH, SCHWENS, ISIDOR, and KABST (2015), regarding the future research they suggested to carry out in parts of the world other than North America, Europe, and Asia, especially in South America in which future research they call for a quantitative empirical research examining the effect of CE and performance.

Many authors emphasize that CE started with entrepreneurship which is the primary concept that supports innovation (MCFADZEAN, O'LOUGHLIN, & SHAW, 2005). According to Schumpeter and Drucker, as cited by URBAN AND WOOD (2017: 536) "innovation in corporations has conceptual roots in innovation entrepreneurship and innovation management.". Entrepreneurship is viewed by SCHUMPETER (1934) as the primary catalyst for innovation. Investigators and specialists have tried to define CE and I in many dissimilar means. It is important to note that CE can be used interchangeably with intrapreneurship (MCFADZEAN, O'LOUGHLIN, & SHAW, 2005). These authors added that the combination of the CE, I and SR, leads to the need to continue research on this space. This idea was recommended by various additional authors in previous years (PINCHOT 1985; SCHUMPETER 1961; THORNBERRY, 2001; ZAHRA, 1995). The concept of I is associated with entrepreneurship and, therefore, with CE (BIERWERTH, SCHWENS, ISIDOR, & KABST, 2015). Industries in which a culture of creativity is developed generate better sources of innovation and, thus, contribute to the potential for innovation in the economy and the

generation of new products and services, this might result in better firm performance (MARINOVA & BORZA, 2015). CE encompasses firm level formal and informal activity that focuses on discovering and pursuing new business opportunities using SR, I and corporate venturing (BIEWERTH, SCHWENS, & ISIDOR, 2015). CE has been well established and has sometimes been regarded in the business management literature as its discipline (ACKERMANN & KERN, 2013). The proposal introduced by (BIERWERTH, SCHWENS, ISIDOR, & KABST, 2015). Recognizes that there is a relation between CE (which includes SR, I, and corporate venturing) and business performance. Although there are sufficient academic studies related to CE and BP, this article provides a conceptual framework that tends to explain the effect of CE that encompass I and SR on BP in Colombian companies, so the lack of CE, I and SR might lead the Colombian companies to BF or OD.

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Corporate Entrepreneurship, Innovation, and Strategic Renewal

CE refers to a process of creating new business within established firms to improve organizational profitability and augment a company's competitive position or the strategic renewal of existing business (ZAHRA, 1991). BENITEZ-AMADO, LLORENS-

MONTES, & NIEVES PEREZ-AROSTEGUI (2010) affirmed that companies that develop an intrapreneurship culture, which comparable to CE, should have a better performance in the market in comparison to those that does not. For its part, as cited in GOSWAMI and MATHEW (2005: 372), I “is the degree to which changes are intentionally implemented that is new to the organization.”. I is defined in a variety of ways by different authors (GOSWA,I & MATHEW, 2005). LEBER, BUCHMEISTER, and IVANISEVIC (2015), defined I as a knowledge management process, involving creation, integration, sharing, and the application of knowledge. Firms that support innovation activities should be better positioned in the market BENITEZ-AMADO, LLORENS-MONTES, & NIEVES PEREZ-AROSTEGUI (2010). On the other hand, SR encompasses entrepreneurial activities that alter an organizational entity’s business and/or overall strategy or structure (SHARMA & CHRISMAN, 1999). SR efforts such as the redefinition of a company’s vision, mission, business concept, reorganization of activities and competitive approach are primary means for firms to adapt to changing environments (BIERWERTH, SCHWENS, ISIDOR, & KABST, 2015). As cited by GARCÍA-MORALES, BOLÍVAR-RAMOS, AND MARTÍN-ROJAS (2014), Zahra stated that engaging in CE activities is a key factor to enhance firm’s growth and profitability. The academic information gathered by ZAHRA, RANDERSON and FAYOLLE (2013), provided a good source of research on the evolution of CE as well as its contribution to the sustainable growth of businesses.

The combined definition of CE and I that can be taken from previous researches determines that former representations on entrepreneurship and innovation are split because there is little examination of the relationship between these two aspects (MCFADZEAN, O'LOUGHLIN, & SHAW, 2005). According to several studies (BIERWERTH, SCHWENS, ISIDOR, & KABST, 2015), there is a need to reflect on the relationship between CE and business performance. It can be inferred that business success or business performance (positive or negative) has a close relationship with the term business failure. The conclusion of the studies presented by BIERWERTH, SCHWENS, ISIDOR, AND KABST (2015), recommends the extension of current theories or development of new ones that reflect the different incentives behind CE activities and the associated performance results.

To understand better the performance of the Colombian companies and how they can prevent Business Failure by implementing Corporate Entrepreneurship, which encompasses Innovation and diversification in products and services driven by Strategic Renewal would lead the discussion of more research. As a starting point, this paper will address the following main research question:

Research question (RQ): To what extent the lack of Corporate Entrepreneurship (CE) that encompasses Innovation (I) and diversification in products and services driven by Strategic Renewal

(SR) might explain Business Performance (BP) in order to avoid or prevent Business Failure (BF)?

2.2 Business Failure, Organizational Decline, and Business Performance

DIAS and TEIXEIRA (2017) said that according to Wennberg and DeTienne BF is not a simple concept to define. They added that BF occurs over several distinct phases, usually contiguous with a significant event that is considered the tipping point of failure. Due to the great number of hypothesizing and circumstantial evidence adopting the significance of learning from business failure, it is surprising that studies focus overwhelmingly on business success, failure is simply the opportunity to begin again, this time more intelligently (MUELLER & SHEPHERD, 2016). OD, for its part, it is defined “as an organizational state of poor adaptability, consistently depleting resources, reduced legitimacy, and high vulnerability” (CARMELI & SHEAFFER, 2009: 364). These authors added that decline is an involuntary organizational phenomenon that appears as a result of the fragility of resource management. According to TRAHMS, NDOFOR and SIRMON (2013), OD occurs when firm’s performance or resource base deteriorates over a sustained period. The meta-analysis related to industry decline performed by LAMBERG, OJALA, and PELTONIEMI (2018), indicated that both concepts of OD and BF are different from industry decline, as both concepts are based on firm performance. Some authors concluded that failure only

occurs when a firm files for some form of bankruptcy (WATSON & EVERETT, 1996). MINELLO, ALVES and DA COSTA (2014) stated that BF occurs when income decreases and/or expenses increase, leading to insolvency of the company and restricting the possibilities of attracting debt financing or net equity. BYRNE and SHEPHERD (2015: 377) stated that BF happens when “a fall in revenues and/or a rise in expenses are of such a magnitude that the firm becomes insolvent and is unable to attract new debt or equity funding; consequently, it cannot continue to operate under the current ownership and management”. Thus, it can be inferred that both concepts, OD and BF, are interrelated. According to the literature review there is evidence about the positive implications that CE has in companies. However, despite research regarding the relationship between CE and BP, the results remain inconclusive (BIERWERTH, SCHWENS, ISIDOR, & KABST, 2015). The absence of a good understanding of the cause of BF and OD and how it is associated with CE, which encompasses I and diversification in products and services driven by SR would lead the need of more research. Based on the research questions and the referenced literature, this research will test the following research hypotheses (Figure 1 shows the proposed research model):

H1: Lack of Corporate Entrepreneurship (CE) that encompasses Innovation (I) and diversification in products and services driven by Strategic Renewal (SR) might explain Business Failure or Organizational Decline.

H2: The presence of Corporate Entrepreneurship (CE) that encompasses Innovation (I) and diversification in products and services driven by Strategic Renewal (SR) have a positive effect on Business Performance.

H3: There is a relationship between Business Performance and Organizational Decline.

H4: There is a positive effect of Innovation (I) on Corporate Entrepreneurship (CE)

H5: There is a positive effect of Strategic Renewal (SR) on Corporate Entrepreneurship (CE).

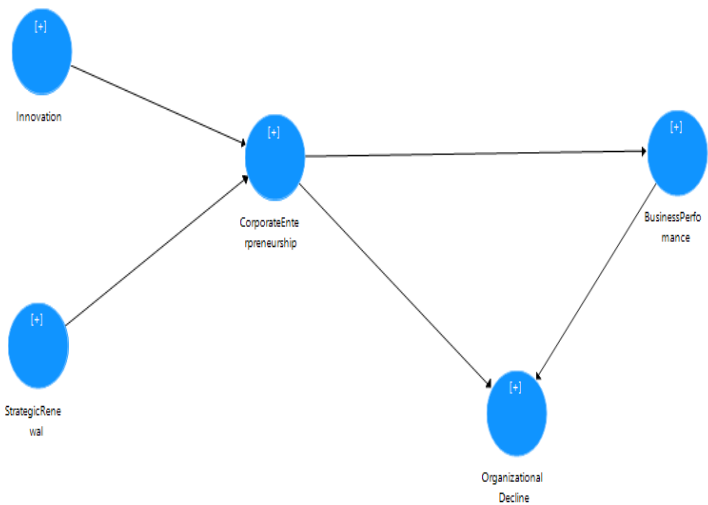


Figure 1. Proposed Research Model

3. METHODOLOGY

3.1 Data collection

The research was developed using the information provided by regulatory entities in Colombia. The information gathered included both financial and managerial information submitted to the Colombian Superintendency of Corporations by companies that have entered into the restructuring process during the last ten years, as supervised by the Colombian Superintendency of Corporations and based on the Colombian Law on Restructuring during the last decade. Out of the 131 companies included in this research, 53 (40 %) belonged to the manufacturing sector, and 78 (60%) belonged to the service sector. Regarding company size, 60 (45,80%) were small, 27 (20,61%) were medium and 44 (33,59%) were big.

3.2 Measurement instrument

CE and OD were measured through scales previously used by other researchers. For CE there were four items developed by ZAHRA (1993) were used to measure SR, and four items also developed by ZAHRA (1993) to measure organizational innovation. For CE the scale of GARCÍA-MORALES, BOLÍVAR-RAMOS and MARTÍN-ROJAS (2014). For OD, there were adopted five items from CARMELI and SCHAUBREOCK (2006). Responses were anchored on five-point Likert scales (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree).

3.3 Procedure

The instruments were adapted with a double translation following the guideline of MUÑIZ, ELOSUA and HAMBLETON (2013). For the first stage, three experts on the field on CE and OD evaluated the translation from the English to Spanish based on the guideline of ESCOBAR-PÉREZ and CUERVO-MARTÍNEZ (2008), which measures: sufficiency, explicitness, coherence, and relevance of the items. As a result, few items were reworded. For the second stage, a Spanish translator translated the instrument from Spanish to English and compared the results with the original scales. The translator did not encounter significant difference in this stage. In order to collect data from the 131 companies, in-person interviews took place for two months with the CEOs. It was stated to all participants that all the information will be used for academic purposes and their privacy will be guaranteed because it was not asked too many demographic information. It was just requested the company type and industry type. Each participant filled out his/her survey and the items were randomly assigned to avoid common method variance.

4. RESULTS AND DISCUSSION

4.1. Data analysis and results

The analysis followed HAIR, HULT, RINGLE and SARSTEDT (2016), and HAIR, SARSTEDT, RINGLE and GUDERGAN (2017) guidelines. The aforementioned guidelines were chosen because they

offered updated techniques in variance-SEM based on SmartPLS. We used SmartPLS3 to run the analysis.

4.2 Measurement model evaluation

In order to obtain the items loading factors, it was run the PLS algorithm with 300 iterations and a stop criterion of 7 based on path analysis. As the rule of thumb, to retain an indicator, it must be loaded at least 0.60 (see Table 1).

Table 1. Loading factors of the items.

Item	Item description	Mean	SD	Loading	p-value
CE1	The organization has stimulated new demands on the existing products/services in current markets through aggressive advertising and marketing.	6.702	0.457	0.942	0.013
CE2	The organization has broadened the business lines in current industries.	6.351	0.477	0.626	0.000
CE4	The organization has entered new businesses by offering new lines and products/services.	6.710	0.454	0.939	0.010
INN1	The organization has significantly increased the spending on new product/service development activities.	6.359	0.480	0.979	0.013

INN4	The organization has significantly increased the emphasis on R&D, technological leadership, and innovations.	6.313	0.464	0.971	0.000
SR3	The organization has adopted flexible organizational structures to increase innovation.	6.565	0.496	1.00	0.000
BP8	Relative to your main competitors, what is your firm's performance in the last three years in relation to growth of sales in its main products and markets.	6.649	0.477	1.00	0.010
ODEC1	The extent to which the company's responses to changes in environmental conditions were inadequate	4.786	0.410	0.864	0.010
ODEC2	the company's responses to changes in environmental conditions are on the whole untimely	4.863	0.344	0.798	0.013

Table 2 depicts the constructs' reliability, and validity in which the Average Variance Extracted (AVE) exceeded the recommended 0.50 threshold as well as Composite Reliability (0,70). Moreover, for discriminant validity, it was used the Heterotrait-Monotrait Ratio (HTMT) technique in which each value should be less o equal than 0.90. Table 3 depicts the HTMT values, as it can see all the values are below the threshold and none of the confidence intervals include one.

For these reasons, it is concluded that discriminant validity has been established. We chose HTMT instead of Fornell-Larcker criterion because according to Hair, Hult, Ringle, and Sarstedt (2016), Fornell-Larcker and cross-loadings are insufficiently sensitive to detect many discriminant validity problems.

Table 2. Construct reliability and validity.

Constructs	Cronbach's Alpha	Composite reliability	AVE
Business Performance	1.000	1.000	1.000
Corporate Entrepreneurship	0.786	0.882	0.720
Innovation	0.949	0.975	0.951
Organizational Decline	0.558	0.818	0.692
Strategic Renewal	1.000	1.000	1.000

Table 3. Discriminant validity.

Path	Value	2.5%	97.5%
Corporate Entrepreneurship -> Business Performance	0.880	0.786	0.982
Innovation -> Business Performance	0.212	0.049	0.371
Innovation -> Corporate Entrepreneurship	0.675	0.570	0.763
Organizational Decline -> Business Performance	0.038	0.018	0.318
Organizational Decline -> Corporate Entrepreneurship	0.088	0.060	0.399
Organizational Decline -> Innovation	0.118	0.046	0.333
Strategic Renewal -> Business Performance	0.064	0.004	0.225
Strategic Renewal -> Corporate Entrepreneurship	0.096	0.029	0.291
Strategic Renewal -> Innovation	0.143	0.018	0.310
Strategic Renewal -> Organizational Decline	0.078	0.025	0.293

4.3 Structural model evaluation

The variance inflation factor (VIF) that quantifies the intensity of multicollinearity value between CE and BP is 1.000, CE and OD is 2.757, BP and OD is 2.757, I and CE is 1.019, and SR and CE is 1.019. The VIF values are below the critical threshold of 5 guaranteeing no collinearity between constructs. For the significance and relevance of the path coefficients, it was run the bootstrapping algorithm with 5,000 subsamples. Table 4 depicts that the relationship between CE and BP is significant, and only I affects CE.

Table 4. Path coefficients significance.

Hypothesis	Path	Coefficient	T statistics	P-Value
H1	Corporate Entrepreneurship -> Business Performance	0.798	16.040	0.000
	Corporate Entrepreneurship -> Organizational Decline	0.123	0.853	0.394
H2	Business Performance -> Organizational Decline	-0.127	0.926	0.355
H3	Innovation -> Corporate Entrepreneurship	0.549	6.459	0.000
H4	Strategic Renewal - > Corporate Entrepreneurship	0.005	0.068	0.946
H5	Entrepreneurship			

Figure 2 shows the results of the hypothesis tested related to the research model proposed. The explanation of the model (R^2) is distributed by 64% for Business Performance, 30% for Corporate Entrepreneurship and 0.06 % Organizational Decline of the explained variance. The model shows predictive power only for BP ($Q^2 = 0.616$), CE ($Q^2 = 0.172$) since all the Q^2 are greater than zero. The model shows that CE has a direct influence on BP. It is important to highlight that CE is influenced only by I. SR does not have a direct impact in CE. It could be inferred that the Colombian companies do not perceive that CE is not a crucial part of the strategic planning. Furthermore, CE does not impact OD, neither the indirect effect of BP in OD. It could be inferred that in Colombian companies the concept of CE is not well known as an indicator OD. Future research is recommended in this area. The absence of a good understanding of the cause of BF and OD and how it is associated with CE, which encompasses I and diversification in products and services driven by SR would lead the need of more research.

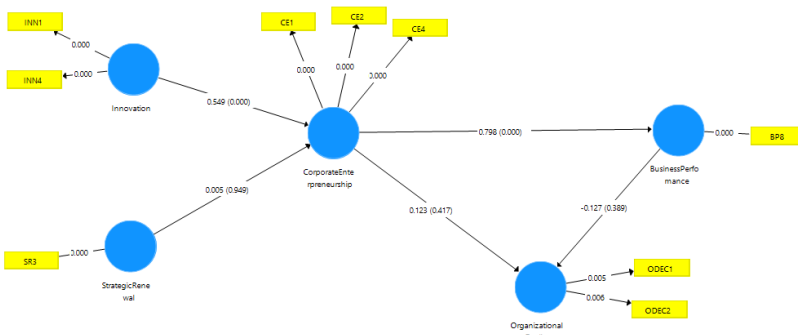


Figure 2. Results of the hypothesis tested related to the research model proposed.

4.4 Discussion

Many authors had emphasized that CE started with entrepreneurship which is the primary concept that supports I (MCFADZEAN, O'LOUGHLIN, & SHAW, 2005). CE may be considered as entrepreneurial activities within the organization (NAPOLITANO, MARINO, & OJALA, 2015). As showed in in figure 2 and table 4, the hypothesis 4 is supported since the path coefficient significance showed: 0.549 coefficient, 6.459 T statistics and 0.000 P-value. Thus, this research shows that CE is influenced by I, as the results. As stated by MCFADZEAN, O'LOUGHLIN and SHAW (2005), the combination of the CE, I and SR, lead to the opinion by various authors PINCHOT (1985); SCHUMPETER (1961); THORNBERRY (2001) and ZAHRA (1995) of the need to continue research on this field. This research took into consideration this guidance as a motivation to determine if the Colombian entities that felt into a restructuring process, supervised by the Superintendency of Corporation, could have avoided this process if they had implemented I, SR and CE activities before they faced liquidity issues. The results of this research show that there is a direct influence of CE on positive BP as the results indicated that the path coefficient significance are: 0.798 coefficient, 16.040 T statistics and 0.000 P-Value, (see results in figure 2 and table 4). Thus, it can be inferred that Colombian entities should implement CE and I activities would drive them to avoid Organizational Decline or Business Failure so that they could avoid a restructuring process in the future. CE covers innovation activities that “consider the discovery and pursuit of market opportunities”

(BIEWERTH, SCWENS, & ISIDOR, 2015). “Not only are entrepreneurship and innovation complementary, but a combination of the two is vital to organizational success” (URBAN & WOOD, 2017). As there has been bringing significant attention to the effects of CE on long-term survival. (NAPOLITANO, MARINO, & OJALA, 2015), this research also aimed to find the relationship between CE and positive BP in order for the Colombian entities to avoid Business Failure before they got into a restructuring process. Thus, Colombian entities could find a way for long-term survival. The result of this research supports partially the hypothesis proposed. While hypothesis H1 and H4 are supported based on the results shown in Table 4 and figure 2, hypothesis H2, H3 and H5 are not supported. Therefore, the presence of Corporate Entrepreneurship (CE) that encompasses Innovation (I) have positive effect on Business Performance. Conversely the results of the research show that there is no influence of SR on CE as the path coefficients significance indicates that the P-value is 0.946, the T-statistics 0.068 and the coefficient 0.005. Thus hypothesis H5 is not supported (see the results in tables 4 and figure 2). It can be inferred that SR for Colombian entities it is not so crucial as innovation is.

On the other hand, BF is an endless issue in today’s business environment, and considered an essential and significant part of new business ventures (DIAS, AURORA & TEIXEIRA, 2017). BF happens when a business finishes, either willingly or out of financial necessity, which in former case may be because the proprietors are not accomplishing their financial potentials in contrast to personal reasons (DIAS & TEIXEIRA, 2017). Existing literature on the costs of BF not

covered by the companies, shows unquestionably that BF is essentially a learning process. (COPE, 2011). Why some companies survive while others fail is a fundamental puzzle in both business history and management research (NAPOLITANO, MARINO & OJALA, 2015). Organizational decline, for its part, it is defined “as an organizational state of poor adaptability, consistently depleting resources, reduced legitimacy, and high vulnerability “(CARMELI & SHEAFFER, 2009). As cited by CARMELI & SHEAFFER (2009), decline is an involuntary organizational phenomenon that appears as a result of the fragility of resource management.

The referenced literature review reveals many studies related to CE and how CE activities can help companies to have a better performance. At the same time, the literature referenced explains that the phenomenon of BF and OD is interrelated as both concepts depend on management decisions. As stated by DIAS, AURORA and TEIXEIRA (2017), most of the studies on BF are related to predicting it by using financial ratios-based modeling, rather than finding a better way to drive successful business and thus avoid BF. The results of this research show that CE has a direct influence on BP as commented above (see the results on table 4 and figure 2). Thus, Hypothesis H1 is supported.

Nevertheless, the results also show that CE does not impact OD, neither the indirect effect of BP in OD. The results showed in table 4 and figure 2, indicated that the path coefficients significance are: P-value of 0.394, Tstatistics 0.853 and coefficient 0.123. For its part, the

path coefficients significance for hypothesis H3 indicates that the P-value is .0355, Tstatistics 0.926 and a coefficient of -0.127. Hence, hypothesis H2 and H3 is not supported in the result of the model. It could be inferred that in Colombian companies neither the concept of CE is not well known as an indicator OD nor the relationship between BP and OD. Future research is recommended in this area. Introducing other consutrcts like the size of the companies as well as the industry type would hep to understand better if it is any effect.

According to OPOKU, CHIZEMA and ARTHUR (2015), most of the selected studies found in the literature dealing with BF originate from 11 countries: 53 percent, 15 percent and 11 percent of the studies use the information set from the United States, South Korea and the United Kingdom, respectively. Additionally, France, Belgium, and Australia account for 4 percent each, while the rest of the world accounts for the remaining 9 percent (i.e. Finland(3%), Greece (2%), Italy (2%), Brazil (1%) and Spain (1%)t). Thus, this research took a Latin American country (Colombia) to start the analysis of the hypothesis mentioned in this paper. An examination of 201 paper articles on the theme carried out by DIAS, AURORA and TEXEIRA (2017) shows that 70 percent of them do not offer an unequivocal meaning of BF, whereas 30 percent openly provide an explanation focused on one or numerous proportions of BF, most particularly, business closure, bankruptcy, ownership change, and failure to meet expectations. As stated by HORNSBY, KURATKO & ZAHRA (2002), future research should investigate the relationship between CE and financial performance. Thus, as financial performance is an

indication that the company might be potentially associated in the future on BF or OD, this research took into consideration the suggestions of HORNSBY, KURATKO & ZAHRA (2002).

4.5 Limitations

This research has limitations the readers should take into consideration for the interpretation of the results. First, the research uses data provided by the CEO of the Colombian entities that accepted to participate. As long as the responses from the CEO of the entities under analysis for this study are unbiased, there would be an opportunity to triangulate the answers from the CEO with another managerial level at the companies. Second, the sample used for the research considered the Colombian entities that are under restructuring process. The results of the research could be different if the selected entities would not be an ongoing concern as the restructuring event suggest it. Third, Business performance was assessed based on previous research in other geographies. As this is the first study in Colombia and Latin America, the model resulted should have additional constructs in order to adapt to the local business environment.

4.6 Future research directions

Although there are sufficient academic studies related to CE and BF, there is no conceptual framework based on the effect of CE for the avoiding, preventing or predicting BF or even bankruptcy and driving of long-term sustainable growth, both economically speaking and in terms of the ecosystem. This empirical research provided important findings for Colombian entities. Nevertheless, it is suggested that future research can take into consideration additional variables that could explain better the effect of CE on BF by introducing moderating variables like firm size and industry type. Moreover, the sampling needs to consider not only companies under restructuring process but also, companies with no going concern issues of the companies.

4.7 Managerial and academic implications

With the goal of understanding the underpinnings of business sustainability in the long-term, it is necessary to understand why Colombian companies fail. This research contributed to this understanding by addressing the effect of the independent variable: CE, which encompasses I, and the dependent variable BP and BF. The main contribution of this research is to explain the positive relationship between CE on BP on Colombian entities. Based on that, this research aims to contribute to knowledge through the development of a conceptual framework on how CE can help Colombian companies to avoid, prevent and even predict BF, to reduce the overall number of bankruptcies and improve business performance in Colombia. This conceptual framework will incorporate CE activities, encompassing I.

The development of a conceptual framework that considers CE activities, maybe a point of reference for practitioners, academics and regulators in Colombia and Latin America for development of more studies, models and methodologies to avoid, prevent or even predict BF and so, reduce the overall number of bankruptcies and improve business performance in Colombia.

5. CONCLUSIONS AND IMPLICATIONS

The model shows that Corporate Entrepreneurship has a direct influence on Business Performance. It is important to highlight that CE is influenced only by I. SR does not have a direct impact in CE. It could be inferred that the Colombian companies do not perceive that CE is a crucial part of the strategic planning. Furthermore, CE does not impact OD. It can be inferred that the more CE activities the Colombian companies put in place the better the outcomes from the business and financial performance. Thus, the Colombian companies that are facing OD could have avoided it by implementing CE activities.

Further research will be needed in this area. BP neither has an indirect effect on OD or BF. It could be inferred that the concept of CE is not well known as an indicator OD in Colombian companies. Nevertheless and based on the results of this research, the more the Colombian companies implement I and CE activities, the better result they obtain on the performance of the companies. Other constructs can

be included such as the management support on Innovation and the Corporate Entrepreneurial activities as well as the technological support for those activities. Regarding the diversification on products and services driven by Strategic Renewal, future research would be conducted by using a different sample which do not consider the companies that are, currently, under a restructuring process. Based on the results of this research, it can be inferred that the companies under restructuring process do not have the appetite to implement strategic planning process or even a Strategic Renewal activities. By using an unbiased sample with companies that are not facing any going concern issues, the result could be different.

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