

A Strategy Formulation Model: A Model Based on The Corporate Entrepreneurship In Industrial Firms Of Iran

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Abstract: Entrepreneurship, as a recent phenomenon, plays a crucial role in the economic development of countries. The corporate entrepreneurship, among different types of entrepreneurship, takes a significant part in the development and evolution of organizations, as well. Strategy presents the principal objectives, policies and the chain of organizational actions in the framework of a coherent set. The combination of two concepts of entrepreneurship and strategy engenders the new concept of strategic entrepreneurship. In order for the strategies to be formulated based on the strategic entrepreneurship, these two elements should be addressed in a single matrix. For achieving a strategic entrepreneurship model, entrepreneurship should be placed along one column (from low to high) and the prioritization of the internal and external affairs should be inserted on the row of matrix. Combining these rows and column, we came up with various strategic options which were used for the new model of strategy designing presented in the current study. The model was grounded on the combination of three concepts: strategic management, corporate entrepreneurship and the prioritization of the internal and external environments. The main feature of the model was the entrepreneurship-based strategy preparation. This model opposed to the prior models takes the prioritization of internal and external environment and their pertinence to entrepreneurship into consideration and presents nine alternatives for the strategy formulation rather than identification of the internal strengths or weaknesses of organizations and the examination of threats and opportunities for them.

Key words: strategy, entrepreneurship, corporate entrepreneurship, strategic entrepreneurship.

INTRODUCTION

The trend of economy development in the developed states indicates that economy has been subject to entrepreneurship. In other words, entrepreneurs play a pivotal role in the development through identifying the assets of the states for the exploitation purpose. The evidence has demonstrated that the industrial development of states such as US, Japan and Germany, has been as a result of entrepreneurship. Nowadays, this phenomenon is considered as a profession and should be expanded like other professions (Khanka, 2003). Moreover, its level of prominence is to the extent that some of theorists have called the current age as the entrepreneurship age. From their point of views, entrepreneurs conduct a revolution which brings about economic innovation and evolution around the world (Bygrave, 1994). Regarding the incremental value of corporate entrepreneurship, the environment inspections should increase, because environmental studies facilitate different facets of risk taking and activism in entrepreneurship behaviors. Put another way, the environmental examinations reduce risk assessment of a venturesome entrepreneurship behavior and consequently put the organization at stake. The environmental examinations with the purpose of formulating strategy for organizations might be considered as a way for preserving the competitive situation by entrepreneurs.

Entrepreneurship can be assessed for each type and level of organization. Entrepreneurship includes a learning process and implicates the ability to solve and learn from the problems and difficulties (Deakins and Free, 1998, Kotha, 2010). Entrepreneurship takes three forms of corporate entrepreneurship, intra-corporate entrepreneurship and independent entrepreneurship. Various definitions have been presented for corporate entrepreneurship. Jing and yang has defined the corporate entrepreneurship as a process for development of products or the new markets. The corporate entrepreneurship embraces all the attempts for increasing the number of competitive privileges of an organization via innovativeness, meaningful modifications and balancing the competition in industry. In order to assess the extent of competitiveness in organizations, the aspects of risk taking capability of organization, the creativity in the organization, diligence of staff should be considered (Ferreira, 2002). Coordinately, for appraisal of corporate entrepreneurship different factors could be suggested. The scholars have proposed diverse models including Cornwall and Perlman's corporate entrepreneurship model, Koratco's model of persuading corporate entrepreneurship, Fry's corporate entrepreneurship model, Xavier and Mendoza's 4E model. Each model emphasizes different dimensions, however, all of them have consensus upon three factors of organizational creativity, proactiveness and innovation. For instance the components of risk taking, practice-based innovativeness and proactiveness in Miller and Frizen (1982) and Khandwalla's (1977) models serve to conceptualization and assessment of entrepreneurship.

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Dimitratos and his colleagues (2004) in their study have found risk taking, proactiveness and innovation as the components of corporate entrepreneurship. The recent studies, beside above three components, have taken the aggressive competitiveness into account. A large number of researchers have recognized entrepreneurship as amalgamate of the concepts of innovation, risk taking and aggressive competitiveness and persistence (Aktan and Bulut, 2008: 69).

Strategy implicates setting long-term objectives for an organization and choosing a set of actions and allocating necessary sources for accomplishing the established objectives (Chandler, 1962). All the organizations, from the commencement of their activity adopt a strategy. Even though the strategy revolves around daily actions or belongs to an entrepreneur or was controlled unofficially, a proper strategy formulation can be of sizable effect on the development and prosperity of the organization (David, 2003, Agarwal, Rajshree, Audretsch, David and Sarkar, 2010). Put differently, strategy presents the principal objectives, policies and a chain of organizational actions in the framework of a coherent set (Quinn, 1999). Disparate models have been proposed for strategy formulation in organizations (e.g. models of Rubin (1988) and Nutt (1984)) in recent years. It should be mentioned that the current of modeling have moved from simplicity and bi-dimensionality toward multi-dimensionality, complicity and more practicality. Although they vary from each other, all the models put emphasis on the internal and the external dimensions of institutions. Therefore, the focus of the models has been on strong and weak points, external opportunities and threats for an organization. However, it can be learnt from the models that all of them could be of help for putting the organization in a perfect position regarding competitive situation of market by taking the variables of the environment into account.

Despite environment is an indispensable part of strategy and is considered as threats and opportunities in strategy designing, organizations and industrial firms don't devote the same amount of attention to the environmental examination in the strategy formulation. Lots of organizations give priority to the inspection of the industrial, national and international environment. On the contrary, some of the institutions lean toward interior affairs rather than external ones (Ebrahimpour, Khalili and Habibian, 2011). Thus, giving priority to internal or external affairs was chosen as the second variable for achieving strategic situations and strategy formulation model i.e. prioritization of internal or external affairs in the environmental examination provides a matrix for outlining strategic situations.

There are some problems in general or in particular in the organizations of Iran, especially in those industrial firms which are pioneers of strategic programming and new managerial methods. These problems are presented in the following: 1) Most of the strategies formulated in the private and governmental organizations of Iran have been based on David's model. This model, by examining the intra or extra –organizational points, carries out a strategic analysis and ignores entrepreneurship as an independent variable. This act results in vague definition of entrepreneurship level in organizations and finally designing organizational strategy without considering entrepreneurship component. 2) The prioritization of internal or external affairs in environmental examination is another effective component in the strategy designing. This factor along with other corporate entrepreneurship components makes up a matrix that provides organizations with strategic situations and strategy development models. 3) Turning a blind eye to components of entrepreneurship and the difference in giving priority to internal or external affairs in the environmental examination as well as strategic designing and programming leads to formulation of ineffective strategies, non-achievement of goals and failure of missions.

With respect to requirements of an organization for employing new and solid ways in strategy formulation, the status of corporate entrepreneurship in industrial organizations, the necessity of prioritization of internal or external affairs in the environmental examination at the same time and the difficulty of organizations is faced in describing the strategic situations and strategy formulation and the essentiality of prioritization of internal or external affairs in the environmental examination, also due to lack of theoretical framework for entrepreneurship-oriented strategy formulation in industrial community of Iran, the present study aimed at proposing a desirable model for bridging this gap.

The present article intends to address the following questions. What is the entrepreneurship level in industrial firms? What is the status of the industrial firms in Iran in respect of giving priority to internal or external affairs in the environmental examination? Is there any significant correlation between entrepreneurship level and the extent of giving heed to the environment with strategic situations? What is the desirable model for strategy formulation regarding corporate entrepreneurship and attending to environment in industrial firms?

Theoretical Frameworks:

Entrepreneurship:

Entrepreneurship" is a term derived from a French word, i.e., *entreprendre* with the meaning of undertaking some work. This phrase has a long record in business. The most well-known definition of the word is to create value by innovation (Cool, 1946; Cooper, 1946; Draker, 1985; Schumpeter, 1951). Miller (1983) defines entrepreneurship by using phrases such as risk taking and basic innovativeness in production. Peterson and Berger (1971) believe that entrepreneurship activities encourage the firms to develop a new business for raising

the profitability. Furthermore, Burgelman (1999) claims that entrepreneurial activities promote firms' achievements by facilitating the innovative production and process (Zahra, *et al.*, 1999).

Numerous definitions for entrepreneurship have been proposed; Caffman and Dant have proposed three levels for entrepreneurship's definition: 1) the definitions which are based on characteristics, 2) the definitions which are based on entrepreneur's role in economical process and 3) the definitions which are based on entrepreneurs' behaviors or acts (Verheul *et al.*, 2005). Entrepreneurship involves risky innovativeness from which individuals escape (Kilgour, 1992). Entrepreneurship is an undetermined, disorganized and accordingly unpredictable process. Therefore, our main problem in training entrepreneurship is its uncommonness (Tabatabayi, 2007). Entrepreneurship involves a learning process that includes having the ability to cope with the problems and learning from them (Deakins and Freel, 1998). By summing up the proposed definitions, David Johnson defines entrepreneurship as follows:

- It is an innovative act through which something, not existing before, is created.
- It is an innovation based on understanding and finding an opportunity from an indistinct environment.
- It creates an opportunity by using available sources or the search of new ones.
- Because of novelty of the risky ventures, its value added estimation is a difficult task.
- It leads to creating value in an individual, a group, or a society.
- It involves destructive innovative activities.

Consequently, entrepreneurship is a concept that has been developed from a small enterprise to the large and complicated organizations and governmental systems. To sum up, entrepreneurship comprises creating opportunities and making use of them, risk-taking actions, innovative act, outlooks about the future and setting value (Jahangiri and Mobaraki, 2009). Entrepreneurship is considered as a multilateral process that is applied in various organizations. Inasmuch as, nowadays, the term of entrepreneurship is used in the private sector, it should not be viewed merely from the profit making perspective (Zampetakis and Moustakis, 2010).

Corporate Entrepreneurship

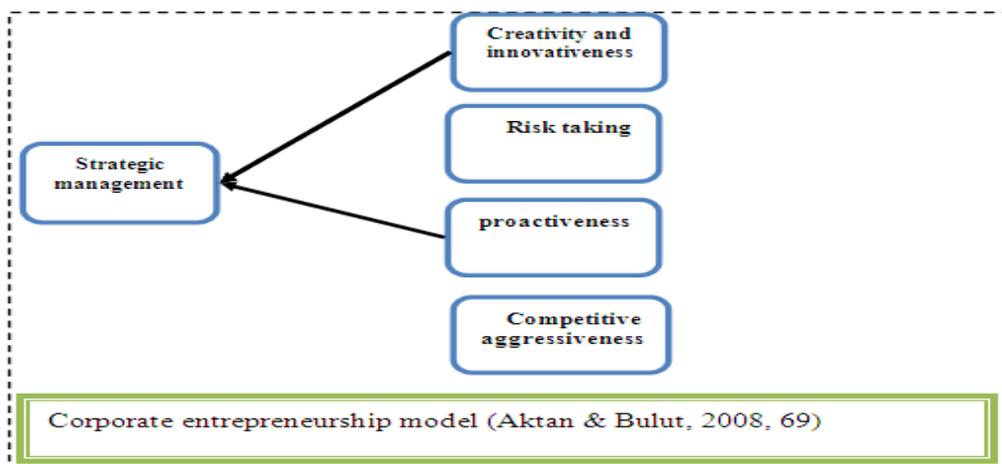
Stiff competition among firms and organizations, decrease of the traditional managements' efficiency in this field and fast growth of small firms led the organizations to attach a specific significance to innovation, because they found innovation as the only way to survive in the competition field. Therefore, they attempted to maintain the creative entrepreneurs who offer new products and services in the organization and let them put their ideas into practice. Pinchot named these people corporate entrepreneurs. In 1985, by combination of the terms "entrepreneurship", "corporate" and "intra" coined the "intrapreneurship" term (Golipoor *et al.*, 2008). Contemporary research in the field of entrepreneurship refers to the study of an economist called Joseph Schumpeter (1883-1950). In his writings, Schumpeter argues that the main contributors of the economic growth are entrepreneurs who present new products, new production techniques and other innovations that facilitate the economic activity. Schumpeter defines entrepreneurship as a "creative destruction" process in which the entrepreneurs continuously replace the available products and ways of production with the new ones. Schumpeter (1936, 1950) took this process into consideration because innovations improve the processes or product's profitability, allows the customers to make more profit and generally, increases the economic activities. Although Schumpeter's works focuses mainly on the individual entrepreneurs' activities, in many fields, entrepreneurship is conceptualized as a firm-level phenomenon, since the entrepreneurial activities are the consequences of individuals or groups' interactions in various levels within the firm. The major assumption, which is the basis of corporate entrepreneurship notion, is that corporate entrepreneurship is a behavioral subject and all firms are located along a continuum that "highly conservative" is its one extreme and "highly entrepreneurial" is its other extreme. The entrepreneurial firms are risk taking, innovative and proactive. On the opposite side, the conservative firms are risk-averse, less innovative and passive or reactive. The position of a firm on this continuum depends on its entrepreneurial intensity. In today's fast-paced economy, most of the large organizations have lost their entrepreneurial spirit for continuing their activities. As these organizations grow fast, they may lose their flexibility and innovativeness due to size and success. As a result, organizations are recommended to employ corporate entrepreneurship for survival of these dynamic industrial environments (Echols and Neck, 1998). The entrepreneurial organizations by having substantial and gradual innovations as the strategic importance for competitiveness of the organization and tactical importance for its process have high commitments (Herbert and Brazeal, 2000). It should be mentioned that, corporate entrepreneurship principles are not limited to the profit-making organizations and private sector per se and the same processes can be employed in non-profit or nongovernmental organizations (Cronwall and Perlman, 1990).

During the last decade, theoretical and empirical researches have indicated that entrepreneurship as a process occurs in various sites and situations and it should not be viewed from only economic-profit perspective. Individual entrepreneurship in organizations' context includes the actions of "key actors" at every level for creating value in the organization. Generally, entrepreneurial behavior in organizations is regarded as a tool for organizations' growth and profitability, strategic innovation, organizational and customer-oriented changes (Zampetakis *et al.*, 2009). According to Zahra *et al.*, (2000), studies on corporate entrepreneurship have possessed an increasing growth. The rise of intense competition among the domestic and global markets has

revealed the crucial role of entrepreneurship in actualization and maintenance of competitive privilege development in the firms. Furthermore, researchers believe that the primary objective of the corporate entrepreneurship is creation of dynamism, competitive structure and culture (Ergun *et al.*, 2004). The corporate entrepreneurship may be considered as a system which enables individuals to employ the creative processes that offer them opportunity to apply or invent the technologies that can be purposeful and planned in terms of the innovative activities' level (Echols and Neck, 1998). The corporate entrepreneurship is a process that creates products and services or innovative processes by establishing the entrepreneurial culture in an organization (Fry, 1993). As a part of successful organizations, the corporate entrepreneurship is associated with the large organizations' growth. Additionally, it is viewed as a good predictor of the small firms' progress in hostile environments. Entrepreneurship involves uncommon events and recognition of entrepreneurial firms. The characteristics of corporate entrepreneurship are new-business-venturing, innovativeness of products/services, innovation in the process, self-renewal, risk taking, proactiveness and competitive privileges (Antoncic and Hisrich, 2004).

Components of Corporate Entrepreneurship:

Miller and Frizen (1982) and Kandwalla (1977) made use of risk taking, proactiveness and innovation for the purpose of conceptualization and entrepreneurship measurement. Dimitratos and his colleagues (2004) in their study suggest the above mentioned items as components of corporate entrepreneurship. In the most of other research studies (Covin and Covin 1990; Covin and Slevin 1991; Lumpkin and Dess 1996; Birkinshaw 1999; Covin and Miles 1999; Pittaway 2001; Dess, Ireland, Zahra, Floyd, Janney and Lane 2003) corporate entrepreneurship has been introduced as concept embracing proactiveness, risk taking, innovation and competitive aggressiveness (Aktan and Bulut, 2008). These components increase the performance of firms, the correspondence between organization and environment and the speed of strategic reaction to environmental changes.



Innovativeness:

Entrepreneurship accompanies venturesome innovation while people are escaping from its risk. Innovativeness is the third step of technology development process: 1. invention, mental event and idea. 2. Development, i.e. putting the idea into practice 3. Innovation. The survival in the market is the outcome of these three phenomena which can be used exchangeably. An entrepreneur is a person who takes all the three steps simultaneously, whereas a successful entrepreneur is the one who does the third stage to gain the title of entrepreneur (Kilgour, 1992). Innovativeness is an environmental requirement in the field of entrepreneurship which refers to the capability of a corporation for creation of a new product and successful launch of it to the market (Avlonitis and Salavou, 2007). Ireland and his colleagues (2001) believe that striving for innovativeness brings about a lasting value which is part of the entrepreneurs' nature (Ergün *et al.*, 2004:260). Lately, as the firms have made their effort to focus on survival, profitability, expansion and the development of new fields, the prominence of developing innovative products has been emphasized. The concept of innovative products has attracted the attention of some experts and researchers (Avlonitis and Salavou, 2007; 567). Deshpande *et al.*, (1993) consider innovativeness as one of the essential competitive instruments for achieving success and long-term survival of firms (Santos-Vijande and Alvarez-Gonzalez, 2007; 515). The increase of attention to innovativeness can be a key factor in the success of enduring competitive privilege of a firm. Amabile (1996) defines innovativeness, from organizational perspective, as putting creative ideas into action in the organizations (Rhee *et al.*, 2010:65).

Nobel *et al.*, (2002) describe innovativeness as a main way for gaining competitive privilege. It is often considered as the firms' pivotal strategy for achieving long-term objectives.

Roerich (2004) claims that there is no consensus upon the sense of innovativeness. This concept is defined as "creation of novelty", "admission of a behavior or belief which is novel for the organization" "Showing the corporate capability for being developed" "offering novel products or services or commercializing to a great extent and ahead of rivals".

A number of the researchers (Kleinschmidt and Cooper, 1991; Olsen and Sallis 2006; Olson, Walker and Ruekert, 1995) describe innovativeness as degree of novelty that is in connection with corporate and outside world. Although introducing a novel service is necessary, it is not sufficient for starting innovation. The innovative product or service should outrival the competitors in the market (Tajeddini, 2010).

Innovativeness is regarded as one of the prerequisites of success and survival of the firm (Rhee J. *et al.*, 2010) and is classified into two types of gradual and radical innovativeness in economy and business. The gradual innovations are the outcome of a continuously improving process. Put differently, innovativeness could improve and develop the knowledge and the process. Radical innovations are a completely new phenomenon which can be obtained through investigation and development in the industrial, investigative laboratories (Sagafi *et al.* 2010:21). Nonaka and Yamanouchi (1989) mentions that the organizations innovate in order to keep pace with technology and market's ebb and flow and even rebuild themselves (Santos-Vijande and Alvarez-Gonzalez, 2007).

Zaltman *et al.*, (1973) claim that innovativeness is corporate culture which persuades the staff for innovativeness and gaining an organizational perception of developing new products or processes (Santos-Vijande and Alvarez-Gonzalez, 2007).

Risk Taking:

Contilon one of the authors that has used the term entrepreneurship, almost in all of his published works since 1775, have declared that risk taking capability of the entrepreneurs is the major factor for making a distinguish between entrepreneurs and workers. Since then, risk taking was taken as one of the entrepreneurship's component into consideration (Entrialgo *et al.*, 2000; 427). Corporate studies undertaken by Brockhaus (1980) and Shapira (1995) explain risk taking as an indispensable part of entrepreneurship which drives organizations toward success. The risk encompasses financial risk (including commitment to a massive amount of capital or loan) and personal risk (Memili *et al.*, 2010; 202). Zahra (1993) indicates that risk taking is the arrangements of firm for supporting innovative projects, even when these actions are taken in an uncertain environment. Generally speaking, risk taking capability refers to those activities that increase the capability of an organization in identifying or exploiting market opportunities in order to surpass their competitors (Ergün *et al.*, 2004; 260). Shalley and Gilson (2004) believes that risk taking capability develops creativity in organizations (Das S.R and Joshi M.P, 2007). A risk taking corporate is likely willing to have promotion and behave in a way that results in reinforcement and ultimately in development of novel products and services by the use of the innovative techniques (Das and Joshi, 2007; 649). March and Shapira (1987) claims that risk can be managed and controlled through risk engineering and risk management. Approving March and Shapira's remarks, Des and Lumpkin (2005) expresses that the managers can examine and evaluate risk factors, put another way, they should reduce uncertainty and employ helpful techniques for risk management. Therefore, managers can improve risk instead of admitting a significant level of risk (Memili E *et al.*, 2010:202). Kalanton *et al.*, (2003) conclude that in an unpredictable situation, there is a positive relationship between corporate risk taking and developing new products (Das and Joshi, 2007).

Proactiveness:

The third characteristic of entrepreneurial performance is to know how to be proactive in the action ahead of competitors and gathering information on the market opportunities. While innovative acts pronounce executive phase, proactiveness dimension emphasizes the grasp of market opportunities for invoking innovation. Kirzner (1973), more than other researchers, insists upon the significance of such a perception. Assuming that, there is insufficient knowledge for entering the market, he indicates that there are always opportunities to earn unknown profit; therefore, the entrepreneur's task is to seize these commercial opportunities before others (Yamada, 2004). Proactiveness implicates outrivaling through predicting and taking advantage of new opportunities and markets (Walter *et al.*, 2006). It is associated with the modern view that firms are actively after predicting opportunities for development and introduction of new products in order to get proactiveness advantages and establish environment leadership (Hughes and Morgan, 2007; 652, Chang *et al.*, 2007). As Lumpkin and Des (2001) put, proactiveness is the leadership in the environment by holding market opportunities initiatively. Miles, Paul and Wilhite (2003) consider proactiveness as adopting competitive privileges in the available markets. Proactiveness shows that the firm is looking for market opportunities by means of innovations, products, services, technology and techniques management in industry with the purpose of affecting the environment (Ergün *et al.*, 2004; 260).

Increasing the organization's perception of the market signals and having knowledge about customer needs (either overt or covert) are two main privileges that proactiveness puts emphasis. The studies undertaken have revealed that active corporations, with a high performance, respond to market signals appropriately and tend to seize the new opportunities (Hughes and Morgan, 2007: 653). From Covin and Slevin's (1990) point of view, an active and proactive organization is a leader than a follower and shows more willingness to market changes and trends through specific learning and experience. Active organizations possess a better position in respect of using market share by active prediction of and preparation for market changes (Walter *et al.*, 2006: 549).

Competitive Aggressiveness:

Competitive aggressiveness is the indicator of intensity of an organization's attempts for excelling at performance and debilitating industry rivalry (Hughes and Morgan, 2007; Lumpkin and Dess, 2001, Falbe *et al.*, 1998) which can be a way of intentional act against reactional act. Those firms that are extremely aggressive, suppose their competitors as their enemies that should be defeated (Hughes and Morgan, 2007; Lumpkin and Dess, 2001, Falbe *et al.*, 1998). Competitive aggressiveness indicates the intensity of competition that an organization has chosen for surpassing the rivals and aggressiveness can be generated by tapping different sources for carrying out a direct attack on competitors for the purpose of depressing their market, debilitating their competitive strengths, or creating privileges via continuous aggressive tactics (Hughes and Morgan, 2007). The firms, that are decisive for attaining market share, adopt competitive aggressiveness techniques, by implementing marketing strategies such as competition for lower price, promotion, confrontation with channels of distribution or simulation of competitors' acts and products (Aktan and Bulut, 2008). Competitive aggressiveness, aiming at improving the market conditions, shows direct and strong inclination for challenging the rivals.

Proactiveness is a response to opportunities, whereas competitive aggressiveness is a reaction to threats. To provide an example, if the firm strives for a gaining a privileged position, achievement will be fulfilled (proactiveness) or if the firm holds the position, attempt will be made for maintaining this position (Competitive aggressiveness) (Chang *et al.*, 2007).

Definition of Strategy:

Strategy is definable at least from two perspectives; 1. What the organization intends to do, 2. What the organization does finally, whether they were the desired acts or not. From the first perspective, strategy is a comprehensive plan for defining and achieving an organization's objectives and performing its own mission, with the underlying theory that the strategy should be formulated in the framework of a process. From the second perspective, strategy is the pattern of the organization's reactions to its environment over time, with the assumption that the strategy is developed through insight and inspiration (Cordnaeich *et al.*, 2010). Several definitions have been proposed for strategy; Quinn (1994) defines strategy as a pattern or a plan that integrates the objectives, policies and action sequences of an organization into a cohesive whole. If the strategy is well formulated, it can be useful in allocation of an organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, predicted environmental changes and intelligent rivals' contingent moves. Chandler (1962) identifies strategy as the determination of an organization's major and long-term goals, selection of actions and allocation of the required resources for achieving the goals. Pearce and Robinson found strategy as the large-scale and future-oriented plans for interaction with the competitive environment to optimize achievement of an organization's objectives, in other words, a game plan that although does not detail all of the future needs associated with people, finances, or materials, it provides a framework for decision making. Additionally, it guides the organization on how to compete with whom, when, where and for what (Nayebzade, 2010). Pascal (2006) believes that strategy is an inseparable part of an organization. It is determining the route from a point to another. Although organizations may be certain about their travel's starting point, they definitely could not be certain about arriving to the intended destination, because everything is changing and the final destination also may be changed from a point to another. Therefore, the strategic managers should continuously change their firm's strategy to reach the new destination (Sagfi *et al.*, 2010). David (2001) argues that every organization determines some long-term objectives for fulfilling its mission and strategies are tools that organizations can employ to reach their long-term objectives (Nayebzadeh, 2010). Strategy includes a number of high-level activities which finally should be determined by the management system. A strategy may be described through a collection of detailed intentions and innovations (Kaplan and Norton, 2001). An organization's strategy describes how to create value for shareholders, customers and citizens (Kaplan and Norton, 2004).

Strategy Formulation Approaches:

Prescriptive Approach:

Prescriptive approach assumes the future environmental conditions as the linear extension and does not consider the paradigm change or the rules resulted from this change. This approach is applicable in the

environments in which changes are less and slower. Consequently, the product of this approach's processes is rarely a creative strategy. Moreover, these approaches mainly rely on the selection of the most appropriate strategy pattern that connects the organization's internal factors to its environmental factors.

Descriptive Approach:

Against the prescriptive approach, in descriptive approach, it is assumed that because of fast, non-linear and unpredictable changes of the environment, we could not act based on prescriptive approach and insight is viewed as the basis of any strategy formulation in this approach. In fact, the underlying assumption is that, for developing a strategy, it not necessary to apply the step-to-step models or processes. Even in some occasions, the strategies to change the existing paradigms are required-that in prescriptive approach the appearance of such strategy seems impossible.

Integrated Approach:

Integrated approach looks at strategy formulation as a process of transition and integration. In fact, this approach allows the approaches to be combined. In integrative approach, prescriptive and descriptive approaches can perform their own specific roles in the process of strategy formulation. This approach possesses two aspects: the first aspect deals with describing the organization and its environment and the second aspect concerns analysis in which, subjective judgments and insight have effective roles (Cordnaeich *et al.*, 2010).

Strategic Entrepreneurship :

Ireland *et al.*, (2009) proposed a corporate entrepreneurship strategy model in which they examined corporate entrepreneurship strategy i.e. the recognition of individual entrepreneurship of the organization members on one hand and environmental conditions effective in entrepreneurship on the other hand. The elements of this strategy were: strategic entrepreneurial vision of top managers about the organization's future, corporate architecture encouraging entrepreneurial processes and behaviors and entrepreneurial processing, containing the entrepreneurial behaviors. In this study, the entrepreneurship strategy's consequences involved positive outcomes resulted from entrepreneurial acts, development of competitive capacities and achievement of the superior strategic positions. The researchers of this study claimed that the corporate entrepreneurship strategy model had higher abilities than the previous models. A research with the title of "Strategic analysis of entrepreneurship status in the state's universities and presentation of strategies for removing barriers and developing university entrepreneurship, using SWOT model" have been conducted. In this study, using SWOT model, as one of the crucial tools of strategic management, it was attempted to analyze the universities' internal strengths and weaknesses, as well as, environmental opportunities or threats on the way of university entrepreneurship development. Field survey and library methodology were adopted in this study. According to David's model and by considering the universities' entrepreneurship level in Iran, strategies in four groups of SO, ST, WO, WT were proposed. Furthermore, the study provided suggestions to use a pattern in David's model regarding the level of entrepreneurship. (Feiz, 2008). Barringer and Blueborn (1999), investigated the relationship between corporate entrepreneurship intensity (based on the indicators of opportunity recognition, organizational flexibility and an organization's ability to measure, encourage and reward innovative and risk-taking behavior as corporate entrepreneurship) and five specific strategic management practices (scanning intensity, planning flexibility, planning horizon, locus of planning and control attributes) and the results of the study revealed a positive relationship between corporate entrepreneurship and strategic management in organizations.

Additionally, Entrialgo *et al.*, (2000), applying the dimensions pointed out by Barringer (1995, 1999) and adding competitive strategy variable to strategic management and corporate entrepreneurship, examined 233 small and medium-sized firms and found positive relationship between strategic managements dimensions and corporate entrepreneurship.

Conceptual Model of The Study:

A substantial body of research studies has been conducted on entrepreneurship and strategy separately; however, the majority of them have either focused only on the relationship between entrepreneurship and strategic management / the existing models of strategy formulation, or they have investigated various existing strategic situations according to different size of corporate entrepreneurship intensity in firms. Although development of models appropriate for corporate entrepreneurship is appeared to be of requirement, previous researches in this field have rarely taken it into consideration. Therefore, in the current study, using an integrative approach, three independent but related fields of study have been combined to each other and a new model in this field was proposed by employing an exploratory methodology. Furthermore, this study provides off the new idea of examining the relationship between corporate entrepreneurship and prioritization of internal or external environments.

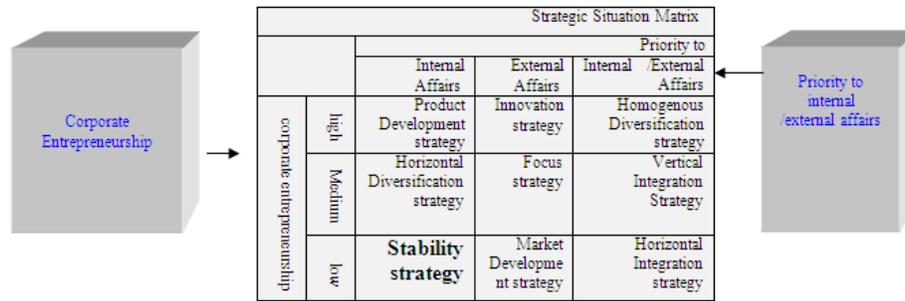


Fig. 2: Conceptual model.

In the present model, strategies have been defined as follows:

Innovation Strategy:

One of the most stable methods of development is innovation strategy. By innovative products and presenting new or modified products to the market, novel competitive privileges for an organization are created and if this process continues the organization could easily took the responsibility of the market's leadership and stop being in a passive state (Pearce and Robinson, 2006). This strategy type emphasizes high corporate entrepreneurship, as a result, suggests organizations to encourage innovation and constantly look for new products and markets, that is, to prioritize external environment to attract new markets with novel attributes.

Participation and Cooperation strategy:

Cooperation strategy aims at exploiting the synergy resulted from several firms' integration for offering some distinct products cooperatively. The algebraic sum of outcome obtained from this cooperation is more than the total outcome of those firms' activities individually. Moreover, this cooperation reduces competition, hereupon; the amount of risk decreases (Ali Ahmadi, 2009). Organizations with low entrepreneurship have to find ways to create variation in their products. Further, environmental shifts are so much that the organization has to focus on the external environment primarily. As a result, it decides to cooperate with level organizations to use the obtained shared synergy for overcoming its rivals.

Focus Strategy:

Focusing on a specific market segment means delimiting the scope of activity. Delimitation of the activity scope allows the resources to be concentrated and obtains a competitive superiority to the rivals. The purpose of focusing on particular products and services is to satisfy the needs of small groups of consumers. Effective factors in focus strategy include: less variety in products, limited and distinct market, limited geographical area and activity, research and development concentrated on mono-production (David, 2000). Even a firm with low entrepreneurship and in hostile environment can employ this strategy.

Market Development Strategy:

In the case of products' success, adding more geographical areas or entering other market segments such as other layers of consumer in the same market, etc. can raise selling rate. A firm pursuing this strategy, attempts to offer its services and products to new geographical areas. Focusing completely on external environment, the firms are likely to be able to find new markets for their products. These firms are regarded as opportunists, which can make double success by using market development strategy.

Horizontal Diversification Strategy:

Horizontal Diversification Strategy involves adding some new but unrelated products and services to their existing ones and marketing them to their current customers (Pearce and Robinson, 2006).

Vertical Integration Strategy:

Vertical integration strategy is concerned when a firm tries to increase its control by acquiring firms that supply it with input or firms that are customers for its output(Pearce and Robinson, 2006)..

Cost: This strategy aims at excelling in the competition by offering products with the lowest cost. Therefore, the proposed model of Porter is production in massive amount with low prices, which is labled as economy of scale (Mazaheri Rad, 2010).

Product Development Strategy:

In this strategy a substantial modification of firm and its products are required, (i.e., high entrepreneurship). These modified products are presented to current customers through the existing channels, thus, there is no fundamental need for the investigation of external environment and affairs and firm should give priority to taking the internal environment into consideration.

Homogenous Diversification Strategy:

diversification strategy implicates a firm's attempts for adding new but related products and services to its existing ones.

Stability Strategy:

Stability Strategy is concerned with maintenance of the status quo, which is applied in two cases: primarily, when a firm has a perfect condition and no peril in the future seems to threaten it and secondly, when the required equipments and resources for the firm's development are not available or environmental conditions impede its development (Ali Ahmadi, 2009).

Conclusion:

Strategic entrepreneurship is a new paradigm in the field of entrepreneurship, which was under focus of the current study with regard to its role in firms' development. The firms' need of employing new and powerful techniques in strategy formulation led us to investigate corporate entrepreneurship status in industrial firms, as well as whether to give priority to internal or external environments to obtain a stronger model for implementation of industrial firms.

Our proposed strategic entrepreneurship model, combining prioritization of internal and external environments with entrepreneurship status in one matrix, possessed nine strategic options, from which firms can choose a proposed strategy according to their entrepreneurship intensity and prioritization. Selection of a strategy with respect to a firm's situation, in addition to enabling the firm to develop and effectively accomplish its goals, could indicate the direction towards higher situations in the matrix. The proposed nine strategies relative to various situations were: innovativeness, heterogeneous diversification, product development, cooperation or focus, vertical integration or cost, horizontal diversification, market development, horizontal integration and stability. Among the strategies, innovativeness was related to the ideal situation and stability referred to the poor condition of a firm.

Therefore, it is suggested that industrial firms to primarily determine their entrepreneurial situation on three levels of low, medium and high and then select their prioritization in environmental investigation from the options of focusing on inside the organization, focusing on both inside and outside the organization and focusing on outside the organization. Subsequently, by making connection between these two elements in the matrix, they can identify their strategy type and plan to achieve success in current situation, as well as, reaching more desirable situation in the matrix.

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