

**A summary of a doctoral thesis written under the scientific guidance of
prof. zw. dr hab. Wojciech Dyduch.**

**Title: STAKEHOLDER ORIENTATION, ENTREPRENEURSHIP
AND FIRM PERFORMANCE**

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Scientific considerations in the discipline of management and research findings to date in the world and in Poland indicate that the revival of entrepreneurship, the creation of value based on innovation, and therefore high firm performance is mainly made based on the analysis of internal and functional areas of organization¹. However, it turns out that the corporate entrepreneurship development, an increase in the level of innovation, creation and value appropriation and consequently firm performance will be considered otherwise from the point of view of its various stakeholder groups.

The benefits of stakeholder inclusion in organizational decision making were highlighted by many researchers² and as is apparent from the analysis carried out so far, it influences organizational performance³. The subject literature leaves the question unresolved, whether organizations that are under greater stakeholders' pressure are more effective in relation to the companies that are less stakeholder oriented⁴. It is worth to consider, the extent to which stakeholder orientation affects the effectiveness of the

¹ e.g. H.H., Stevenson J.C. Jarillo, (1990). *A paradigm of entrepreneurship: Entrepreneurial management*. "Strategic Management Journal", 11, 17-27, T. E., Brown, P. Davidsson i J. Wiklund, (2001). *An operationalization of Stevenson's conceptualization of Entrepreneurship as opportunity based firm behavior*. "Strategic Management Journal", 22, 953-968, G. T., Lumpkin, G. G. Dess, (1996). *Clarifying the entrepreneurial orientation construct and linking it to performance*. "Academy of Management Review", 21(1), 135-172, W. Dyduch (2008). *Pomiar przedsiębiorczości organizacyjnej*. Katowice: Wydawnictwo Akademii Ekonomicznej w Katowicach.

² B. Taylor (1971). *The future development of corporate strategy*. "Journal of Business Policy", 2(2)s. 22-38, W. Dill (1975), *Public participation in corporate planning: Strategic management in a kibitzer's world*, "Long Range Planning", 8(1) s. 57-63., I. Mitroff, J. Emshoff (1979). *On strategic assumption-making*. "Academy of Management Review" (4) s.1-12, W.H. Newman. (1979). *Commentary*. [W:] *Strategic Management: A New View of Business Policy and Planning*, D.E., Schendel, C.W. Hofer (red.) Little, Brown: Boston, MA, s. 44-47, B. Taylor, J. Sparkes (1977). *Corporate Strategy and Planning*. Heinemann: London, UK.

³ M.S. De Luque, NT Washburn, DA Waldman. (2008). *Unrequited profit: how stakeholder and economic values relate to subordinates' perceptions of leadership and firm performance*. "Administrative Science Quarterly" 53, s. 626-654, P. C. Godfrey, (2005). *The relationship between corporate philanthropy and shareholder wealth*. "Academy of Management Review", 30 (4), 777-798, J.S. Harrison, R.,E., Freeman (1999). *Stakeholders, social responsibility, and performance: empirical evidence and theoretical perspectives*. "Academy of Management Journal" (42) s. 479-485, A.J Hillman, G.D Keim,. (2001) *Shareholder value, stakeholder management, and social issues: What's the bottom line?*, "Strategic Management Journal", Vol. 22 (2) s.125-139, R.S Sisodia, DB Wolfe, JN Sheth.(2007). *Firms of Endearment*. Prentice Hall: Upper Saddle River, J.P. Walsh (2005), *Taking stock of stakeholder management*. "Academy of Management Review", 30: 426-438.

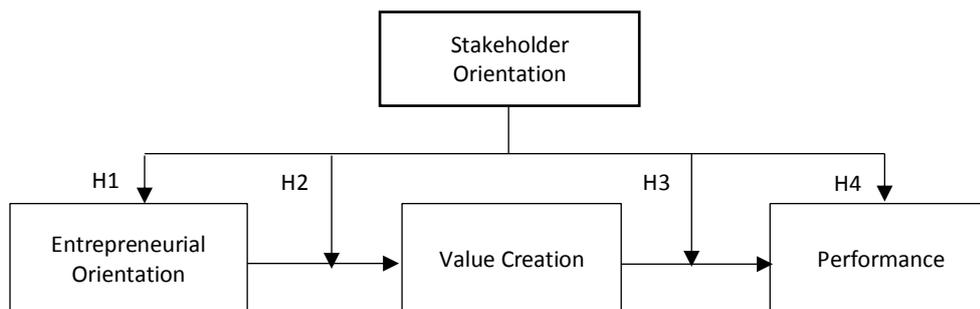
⁴ G. Kassinis, V. Nikos (2006): *Stakeholder pressures and environmental performance*. "Academy of Management", Vol. 49: 145-159.

organization and what moderates this relationship and whether there is a relationship between stakeholder orientation and organizational entrepreneurship⁵, value creation and capturing and firm performance.

The stakeholder concept appeared in the literature in response to the criticism of the separation of social responsibility from the business⁶ as a corporate strategy and a counterweight to the corporate social responsibility, which is to ensure the stability of business. Although the concept of social responsibility is based on the contemporary paradigm called *triple bottom line*, according to which, the company goals are defined on the interrelated areas: economic, social and environmental⁷, it does not cover the issue of value creation and commercialization of exchange between the organization and stakeholders that defines a boundary between the two concepts⁸. Moreover, the researchers claim that the existing empirical testing of stakeholder concept, slightly influences practice and the attempts to operationalize the construct deviate from its original objectives⁹.

Despite the apparently high popularity of issues relating to both the concept of stakeholders and corporate entrepreneurship in the subject literature, there is lack of studies integrating both of the constructs with regard to the firm performance.

Pitcure 1 The research model.



⁵ D.Tipurić, D.Bakotić i M. Lovričević (2013), *Multiple Stakeholder Orientation and Corporate Entrepreneurship: An Empirical Examination*, Proceedings of the 9th European Conference on Management Leadership and Governance, Alpen Adria Universitat Klagenfurt Austria, 14-15, s.290-298.

⁶ Freeman, R. E., (1984), *Strategic management: A stakeholder approach*. Boston: Pitman Publishing.

⁷ J. Elkington (1997), *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, Oxford: Capstone Publishing.

⁸ R. E. Freeman, J.S. Harrison, A.C. Wicks, B.L. Parmar, S. De Colle (2010). "Stakeholder Theory: The State of the Art". Cambridge: Cambridge University Press.

⁹ E.W. Mainardes, H. Alves, M. Raposo, (2011), *Stakeholders theory: issues to resolve*, "Management Decisions", Vol. 49 (2), s. 226-252.

The whole discussion in the dissertation and the structure of the work is subordinated to the identified research model that identifies entrepreneurial orientation as an independent variable, performance as the dependent variable and the orientation of stakeholders as a moderator of this relationship.

Based on the proposed research model the following hypotheses were formulated:

H1: There is a positive relationship between stakeholder orientation and organizational entrepreneurship.

H2: Stakeholder orientation moderates the relationship between the level of entrepreneurship and efficient value creation.

H3: Stakeholder orientation moderates the relationship between the value created in the organization and its retention and performance.

H4: There is a positive relationship between the stakeholder orientation and the performance (measured objectively and subjectively, financially and non-financially).

The main research goal was to identify and explain the relations between the stakeholder orientation, organizational entrepreneurship, value creation and firm performance. In complement to the main goal, the detailed objectives are: (1) Identification and characterization of the company stakeholders, (2) the conceptualization of characteristics stakeholder oriented firm, (3) the identification of value creation processes in stakeholder oriented firms, (4) the analysis of relationship between the stakeholder orientation and entrepreneurial value creation and performance, (5) the selected entrepreneurship and performance measurement from the perspective of identified stakeholders.

The majority of existing literature focused on the stakeholder concept, omits the operationalization of stakeholder orientation construct. In most scientific publications focused on stakeholder concept, stakeholder orientation is not defined in a straightforward manner and there is no generally accepted psychometric scale to measure the stakeholder orientation

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¹⁰ Yau, O. H. M., Chow, R. P. M., Sin, L. Y. M., Tse, A. C. B., Luk, C. L. and Lee, J. S. Y. (2007), *Developing a Scale for Stakeholder Orientation*, "European Journal of Marketing", Vol. 41, No. 11/12, pp. 1306–27, Duesing, R. J., White, M.A. (2013): Building Understanding and Knowledge: A Case Study in Stakeholder Orientation, "Journal of Managerial Issues". Vol. 25 Issue 4, p401-415., Mitchell, Ronald K., Harry J. Van Buren III, Michelle Greenwood and R. Edward Freeman (2015). *Stakeholder Inclusion and Accounting for Stakeholders*, "Journal of Management Studies" 52:7, 851-877.

The basis of the research was identified cognitive gap, concerning the lack of comprehensive and uniform concept and operationalization of the stakeholder orientation in discipline of management science. Based on the theoretical foundation, starting from the analysis of the theory of corporate governance, agency theory, stewardship, through the concepts of strategic management (resource dependence, dynamic and relational capabilities, and finally the concept of corporate social responsibility), the work attempts to capture the rules that shape the behavior of organizations toward stakeholders.

The practical aim is to provide guidance for business owners and senior management on the appropriate stakeholder orientation in order to boost the level of corporate entrepreneurship, value creation and consequently increasing firm performance.

A dissertation consists of four chapters, introduction and summary. The results of empirical research, study limitations and future research recommendations are presented in the summary.

In order to verify the hypothesis the research study has been conducted through direct method of questionnaire interview. The study used a tool to measure the entrepreneurial orientation and performance scale, based on the operationalization well-known in the literature, enriched with stakeholder orientation scale and value creation designed specifically for this purpose. Each variable was subjected to the statistical tests. For the verification of the empirical model analysis, only those factors that have been identified by factor analysis, have been taken into account, and were again verified. Estimations were performed using the statistical methods available in the software SPSS and Statistica. The calculations covered: the analysis of reliability, factor analysis, correlation coefficients, standard rotation method Varimax, and hierarchical regression analysis.

In the objective area the research concerned the relationship between stakeholder orientation, entrepreneurship, value creation and performance. In the subjective area it was related to management board and high level executives of companies. The spatial extent of the study was of nationwide character and the time span of the secondary research was the period since the beginning of stakeholder concept considerations up to 2015, while primary research was conducted in 2015.

The empirical study identified significant relations between subject constructs and empirical elements of stakeholder orientation, common for organizations in Poland. In addition to customer orientation and employee orientation, the study allowed to identify new constituents - policy of equality, transparency and supporting social attitudes, strategic stakeholder orientation and social communication within firm environment. The variables describing the construct of entrepreneurial orientation were also found in other configurations than the ones that occurred in theory establishment. In addition to innovativeness and competitive aggressiveness, the study allowed to identify new empirical constituents – changes based on radical and risky innovations and proactiveness based on the freedom of maneuver. For the measurement of value – value creation based on customer partnership and cooperation were included.

Implications for the business practice, recommendations, new insights into management theory and limitations were discussed in the dissertation summary. Concluding, the presented dissertation in an exemplificatory way indicates the rules shaping the behavior toward organizational stakeholders by combining the knowledge of many areas. It explains the attitude of the organization towards stakeholders in the context of corporate entrepreneurship, provides the identification and the exploration of connections between important constructs, that resulted in creating new knowledge and contribution to the understanding of organizational phenomena. From the perspective of application, this doctoral thesis provides managers with knowledge of the appropriate level of orientation on the various groups of stakeholders to make the right decisions in economic life. By enticing to draw attention to the significant issues of stakeholder orientation, in an objective and extended way than established patterns and ways of verifying the status quo (reporting systems), it calls for rethink on how and to what extent companies should pay attention to the stakeholders. Furthermore, it encourages not to lose the sight of the strategic stakeholder orientation in the process of entrepreneurship.

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