Faculty of Economics and Business Administration
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STRATEGY MAKING AND ENTREPRENEURIAL ORIENTATION:

Relationship Possibilities and Potentials

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Rely on your own efforts
for your own progress and happiness.
Be not easily discouraged.
Persevere in the pursuit
of your legitimate ambition.

(excerpt from 'Civics & Ethics Code'
by Pres. Manuel Quezon,
19 August 1939, Philippines)

Acknowledgments

I had a strong sense of purpose to go for my PhD. Though the road might not be gentle, but defeat would be unacceptable until my journey is complete. But I spoke too soon. My PhD started like a blank canvas. As the artist I was utterly lost, how to begin and what to do, in short a total neophyte. Time was running yet I was all dreamy and flustered finding a subject that would suit my art best. It didn't take me long yet that was not the end of it. From start till the finish, the process of creation was fraught with varied images, soft and harsh, stylized and distorted. Like an art that is made, it didn't come out of nothing. My PhD was influenced by time, places, events, and cultures, yet the people were the ones that made the difference. For this I am utterly grateful to several artists who have put the colors and shape to fill the blank space on my canvas. As I mount my work and display with humility, I'd like to annotate the people who have helped me all along toward this grand day of exhibition.

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As I gaze at the full blown framed finished canvas of my art PhD, I feel a great sense of honor and pride. Honor as the art became more meaningful because of the people who contributed to its creation and pride as the artist has truly graduated and an expert herself. The art may have started as an abstract which is an art in itself yet it ended with an exhibit full of diversity and harmony. As one canvas is finished, I start with a new canvass. If before I was wary, but now no more. I take courage from the song 'go the distance' which has been the guiding theme of my art exhibit all along. When I was in the university, I dreamed of achieving my doctorate degree at a distant place. God granted the desire of my heart more than I can imagine and I feel truly blessed. Pastor Gabby with his prophetic gesture claimed in 2003 that all these things would come to pass as it does right now.

Mula sa puso ♥ ang aking pasasalamat sa inyong lahat!

Richel Lamadrid
16th of March, 2009
Ghent, Belgium

SAMENVATTING[1]

Dit doctoraat stelt een onderzoek in naar de invloed van 'strategie-ontwikkelingsmodellen' *(Strategy making modes)* op de verschillende dimensies van 'ondernemersgerichtheid' *(entrepreneurial orientation*) bij een aantal top-middelgrote bedrijven in de Filipijnen. Beide domeinen zijn essentieel geworden bij het in staat stellen van de ondernemingen om zich aan te passen en op het klimaat in te spelen en zodoende te overleven, ondanks onstabiliteit en onzekerheid. In dit verband spitsen wij ons toe op een theorie van meervoudige strategie-ontwikkelingsmodellen die toelaat het voorkomen van een multidimensionele ondernemersgerichtheid beter te voorspellen. Deze benadering ligt in de lijn van onderzoek in strategisch management dat uitgaat van de superioriteit van veelvoudige strategie-ontwikkelingsmodellen en de mogelijkheid dat sommigen hiervan gelijktijdig door een bepaalde onderneming kunnen worden gebruikt. Verscheidene empirische studies hebben aangetoond dat het perspectief van één enkel ontwikkelingsmodel onvoldoende is. Als gevolg hiervan komen we bij een aantal configuraties van strategie-ontwikkelingsmodellen en ondernemersgerichtheid.

In hoofdstuk 3, bespreken we de literatuur over de theoretische koppeling van strategie-ontwikkelingsmodellen en ondernemersgerichtheid. Empirische studies hebben niet slechts een handvol, doch een beperkte reeks factoren geanalyseerd waarbij strategie-ontwikkelingsmodellen de ondernemersgerichtheid beïnvloeden. Wij hebben, van onze kant, een kader voorgesteld, volgens de 5 P's (Plan, positie, perspectief, praktijk, en patroon). In de bestaande literatuur komen wel afzonderlijke studies over elk van die P's voor, maar een omvattende studie ontbreekt. Inzake ondernemersgerichtheid is dit proefschrift de klassieke contouren ervan (innovatiegerichtheid, vooruitziendheid, bereidheid tot het nemen van risico's) te buiten gegaan, door er nog twee bij te nemen (competitieve agressiviteit en zelfstandigheid). Weinig onderzoekers hebben de 5 dimensies in kwestie bestudeerd.

Zoals in hoofdstuk 4 werd voorgesteld, hebben top managers een vragenlijst beantwoord waarin de 5 P's van strategie-ontwikkeling samen met de ondernemersgerichtheid worden belicht. De gegevens werden aangebracht door een heterogene groep van 169 top-middelgrote ondernemingen uit 17 gemeenten in de Filipijnse hoofdstad Manila.

In hoofdstuk 5 komen we tot de identificatie van meervoudige strategie-ontwikkelingsmodellen die toelaten de variaties in hun toegevoegd machtseffect op de multidimensionele ondernemersgerichtheid te verklaren en te voorspellen, afhankelijk van matigende varianten zoals de grootte en de ouderdom van de onderneming. De onderzoeksresultaten tonen aan dat het niet volstaat eenvoudig strategieën te hebben, met het oog op het versterken van de ondernemersgerichtheid. Bedrijven dienen zich te

[1] *With thanks to Mr. Wilfried Vanhoutte and Prof. Dr. Xavier Gellynck for the translation.*

herbronnen door middel van meervoudige strategie-ontwikkelingsmodellen, die zijn afgestemd op de omstandigheden en uitdagingen van de ondernemersgerichtheid.

Aangezien het empirische werk voor deze studie in de Filipijnen is gebeurd, stellen we in hoofdstuk 6 logischerwijs een descriptieve en inferentiële analyse voor van de huidige praktijk van strategie-onwikkelingsmodellen en ondernemersgerichtheid onder het doelpubliek van dat land. Wij identificeren ook profiel-afhankelijke patronen van strategie-ontwikkelingsmodellen en ondernemersgerichtheid. Bij de strategie-ontwikkelingsmodellen vonden we dat positie primair wordt toegepast, wat betekent dat de betreffende bedrijven wachten op signalen van de markt vooraleer ze strategieën gaan ontwikkelen. Op het vlak van ondernemersgerichtheid daarentegen, werd innovatiegerichtheid het minst vertoond, terwijl de bedrijven uitgerekend prat gaan op hun praktijk van autonomie. Ondernemingen die hoogstens tien jaar operationeel zijn vertonen plan en perspectief. Corporaties blijken ook uitgesproken competitieve agressiviteit te vertonen. Dit gegeven verleent ons begrip van de betreffende bedrijven en is verder nuttig bij het nemen van beslissingen en het opstellen van richtlijnen. Dit onderzoek biedt niet alleen een hoeveelheid kennis over strategie-ontwikkelingsmodellen en ondernemersgerichtheid aan, maar probeert bovendien ook de kloof te dichten in het toegepaste economische wetenschappelijke onderzoek in Zuid-Oost Azië, in het bijzonder in de Filipijnen.

Executive Summary

This doctoral research examines the influence of strategy making (SM) modes on the dimensions of entrepreneurial orientation (EO) by the top medium-sized business firms in the Philippines. Both areas have become essential to enable firms to adapt and to exploit the environment despite instability and uncertainty to survive and remain viable. In this light, we focus on a theory of multiple SM that is far better to predict the exhibition of a multidimensional EO. This approach is consistent with strategic management research that argues for the superiority of multiple SM and the possibility that some modes can be used at the same time by a firm. Several empirical studies found that a single SM perspective is not enough. As a result, we arrive at a number of SM-EO configurations.

In chapter 3, we review the literature that stressed the coupling of SM and EO in theory. But the empirical research has analyzed not just a few but a limited set of SM antecedents on EO. In response, we advance the SM framework along 5Ps (plan, position, perspective, ploy, and pattern). Empirical studies exist on different SM modes but not yet within the purview of these 5Ps. The extant literature has segregated studies about each of these 5Ps in line with EO but not an integrative study. In view of EO, the thesis has gone beyond the usual dimensions of EO (innovativeness, proactiveness, risk taking) to include the additional two (competitive aggressiveness, autonomy). Few researchers have studied the 5 considered dimensions of EO.

As discussed in chapter 4, top management respondents answered a survey questionnaire which presents simultaneously the 5Ps of SM together with the EO construct. The data are drawn from a cross sectional population of 169 top medium sized business firms from the 17 cities and municipalities of Metropolitan Manila Philippines.

In chapter 5, we identify multiple SM modes that predict and explain the variations on their additive power effects on the multidimensional EO subject to moderating variables of firm size and firm age. The results of our study proved that multiple SM modes are far better to enable the exhibition of a multidimensional EO. Results reveal that simply having strategies are not enough towards enhancing EO. Firms must seek to rewire themselves into multiple SM modes that are aligned with the conditions and challenges of EO.

Since the empirical setting for this study was done in the Philippines, consequently, in chapter 6, we present a descriptive and inferential analysis of the current level of practice of SM and EO of the target population from this country. Also, we identify patterns of SM and EO based on their profile. In SM, we found that position is primarily applied, which means that these firms depend on the signals from market to develop strategies. Whereas on EO, innovativeness is found to be least exhibited but these same firms take pride in the practice of autonomy. Firms which have been operating 10 years or less significantly exhibit plan with perspective SM. Corporations are also found to significantly exhibit competitive aggressiveness. This information provides an understanding of these firms and is further useful for decision and policy making. Moreover, this research not only submits a body of knowledge on SM and EO but also fills in the business research gap in South East Asia particularly in the Philippines.

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Part I

Chapter 1

General Introduction

1. Introduction

Strategic management and entrepreneurship both focus on how firms adapt to environmental change and exploit profitable opportunities from uncertainties and discontinuities (Shane & Venkataraman, 2000; Hitt et al., 2001; Ireland et al., 2001; Zahra & Dess, 2001) to survive. In fact, Meyer and Heppard (2000) asserted that strategic management and entrepreneurship are inseparable (in Ireland et al., 2001). Zahra and Dess (2001) stressed the opportunities that abound for integrating and synthesizing the best of strategic management and entrepreneurship. Strategic entrepreneurship (Hitt et al., 2001; Ireland et al., 2001) which merges strategic management and entrepreneurship is an essential formula for a good business.

An effective strategic management (advantage seeking) augurs well toward an entrepreneurial mindset (opportunity seeking) to caution against uncertainty. An opportunistic behavior which is more of an entrepreneurship domain can relentlessly

drive a company to either win or fail (Singh, 2001). Stevenson and Jarillo (1990) defined entrepreneurship as 'a process where opportunities are pursued without regard to the resources currently being controlled'. From here, strategic management tempers such unrestrained behavior through analyses of opportunity cost and coming to terms with risk and uncertainty (Zahra & Dess, 2001). Zahra and Dess (2001) spoke of real strategizing that invest incrementally and delay a full investment commitment until more information is solicited.

Having these ideas in mind and considering that strategic management and entrepreneurship may encompass a number of subjects for each; this doctoral research examines the influence of strategy making modes on the dimensions of entrepreneurial orientation by the top medium-sized business firms. Firms can sustain their business by plotting a strategy making that pays off on their entrepreneurial orientation. Strategy making (SM) modes in this research refers to: plan, position, perspective, ploy, and pattern; while entrepreneurial orientation (EO) dimensions constitute innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy.

Primarily, the purpose of this study is to situate the enactment of the 5 dimensions of EO within the context of SM modes along 5Ps subject to the moderating variables of firm size and firm age. This assessment is done to discover a number of SM-EO configurations. The SM modes in the context of SM-EO configuration are theorized to be a multiple or combination (mixed) of modes that are far better to predict the exhibition of EO. The relative importance of each SM variable as it is added to the configuration is theorized to positively and significantly enhance the exhibition of a particular EO dimension as compared to when only a single SM mode is considered.

The study is motivated by several critical observations: 1) only few empirical studies focused on the relationship between SM modes and EO, 2) these existing empirical studies examined a limited set of SM antecedents primarily on SM as plan in relation

with EO, 3) integrative SM model on EO seems absent, and 4) incidence of dearth of empirical studies on the 5 considered EO dimensions.

The empirical setting for this study was done on the top medium-sized business firms in Metropolitan Manila, Philippines. Consequently, a context specific descriptive and inferential analysis on SM and EO together with some categorical variables is explored.

Following are discussions on the objectives (section 2), questions (section 3), methodology (section 4), and outline (section 5) of the entire research.

2. Research Objectives

This study arrives at a number of research objectives drawn from an analysis of the extant literature:

The first and primary objective is to identify multiple SM modes that enable the exhibition of each of the considered 5 dimensions of EO, thereby identify a number of SM-EO configurations. This approach is responsive to the theoretical and empirical strategic management research that argues for the superiority of SM combinations (Prahalad & Bettis, 1986; Hart, 1992; Hart & Banbury, 1994; Atuahene-Gima & Ko, 2001; Hughes & Morgan, 2007; Balabanis & Spyropoulou, 2007; Stokes, 2008). Literature review (Sandberg, 1992; Meyer & Heppard, 2000; Lee & Peterson, 2000; Hitt et al., 2001; Ireland et al., 2001) stressed the coupling of SM and EO in theory. But the empirical research (Segev, 1989; Dess et al., 1997; Barringer & Bluedorn, 1999; Entrialgo et al., 2000; Kemelgor, 2002; Beverland & Lockshin, 2004; Covin et al., 2006; Das & Joshi, 2006) have explored not just a few but a limited set of SM antecedents on EO. This research advances a new research track which is to explicate findings through an integrative study of SM along 5Ps and their relations with EO. Most empirical research (e.g. Burgelman, 1983; Berry, 1998; Andersen, 2000; 2004; refer to numerous e.g. from Hutzschenreuter & Kleindienst, 2006) on SM would study

just one or two amongst these 5Ps in conjunction with other variables. Theoretical and empirical studies on the framework of SM along 5Ps and EO seem lacking. One finds instead, segregated studies (Barringer & Bluedorn, 1999; Entrialgo et al., 2000; Kemelgor, 2002; Covin et al., 2006; Das & Joshi, 2006) about each of these 5 modes in connection with EO. The goal is to affirm the theorized connections through empirical research and at the same time to explore a much broader antecedent on EO. The results are expected to be valuable for the enrichment of the current body of knowledge.

Second, is to empirically test the theoretical construct on the 5Ps of SM conceived by Mintzberg (1987a). The SM along the 5Ps (plan, position, perspective, ploy, pattern) are the major determining variables applied in this study. Empirical studies (Dess et al., 1997; Balabanis & Spyropoulou, 2007) exist thus far of different SM modes but not yet within the purview of these 5Ps. There has also been exhaustion on the theoretical discussion (Mintzberg, 1987a; Hax & Majluf, 1991; Hart, 1992; Hart & Banbury, 1994; Mintzberg et al., 1998; Barbuto, 2002; Mintzberg et al., 2003). But the empirical application has explored a few but not all of these 5Ps into one research project. This thesis presents simultaneously the 5Ps of SM modes through a survey questionnaire.

Third, in view of EO, initial composition of EO was only three: innovativeness, proactiveness, and risk taking (Miller, 1983), but Lumpkin and Dess (1996) recommended two more: competitive aggressiveness and autonomy. We shift from the usual research path of studying the original EO dimensions (e.g. Covin & Slevin, 1989; Lumpkin & Dess, 1996; Knight, 1997; Wiklund, 1998; Li et al., 2008), by considering all the 5 EO dimensions. We concur with Lumpkin and Dess (1996; 2001) on the potential contribution of the two new variables to the whole aspect of EO. However, despite the conceptions of these additional variables in 1996, Hughes and Morgan (2007) cited that few researchers since then have really looked into the matter. Hence our research addresses the scant literature. All these 5 EO dimensions are tested against the backdrop of SM. Despite the deterrence to examine a wide array of variables, the research has avoided parsimony. The results in terms of the exhaustive study of all the

5 dimensions of EO are expected to be meaningful to the further elevation of research along these subjects.

Fourth, is to explore the multidimensionality of the EO construct, and aggregate them into one conceptual model. Literature (Stetz et al., 2000; Kreiser et al., 2002; Richard et al., 2004), has advised to study the dimensions of EO separately, as it is found that they do not covary but unique from each other. Hence, the theoretical and conceptual discussion of this treatise is geared toward a multidimensional EO. The dimensionality of EO is a key research concern as reflected in the hypotheses that were developed.

Fifth, in behalf of the Philippine case scenario, this paper seeks to present a descriptive and inferential analysis of the current level of practice of SM and EO of top medium-sized business firms in the country, and to identify patterns of SM and EO that are exhibited by business firms according to their profile. The UPS Asia Business Monitor 2007 survey which covered 1,200 SMEs in 12 Asia-Pacific countries found that Philippines does not figure much in popularity as compared to its Asian neighbors (De Leon, 2007). This survey which covered Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand and the Philippines, rated the SMEs in the Philippines as the least competitive in the region (De Leon, 2007). In the light of this research, we offer valuable information on the state of practice on SM and EO by the top medium sized business firms in the Philippines, expecting that this information may underpin strengths and weaknesses that may be of use for decisions and policy making of the firm and the country as well. The objective is to build and underscore SM and EO ideas that would prove advantageous towards the survival and maintenance of the business enterprise.

Finally, sixth, is to augment the lack of scientific literature on business management in the Philippines. Philippines as the domain area for empirical research has turned out to be a strategic niche. Research in the Philippines have been nil and almost the same information void exists in South East Asia (Haley & Tan, 1996) in which the

Philippines is a part of. Importantly, the study makes accessible a scientific research based insight on the SM and EO in the Philippine context. In summary, this research not only reports information on SM and EO but also fills in the business research gap in South East Asia particularly the hollow found in the Philippines.

3. Research Questions

The major research problem is to thresh out multiple SM modes that significantly abet the manifestation of each distinct dimension of EO. The challenge is to identify the SM combinations that can further explain and predict the variations on the additive effects of these modes on each dimension of EO. The end in view of the above discourse is to come-up with an SM-EO configuration for each of the dimensions of EO. Moderating variables on firm size and firm age are also explored to assess the influence on SM-EO configurations. Hence, the primary research question in this study is:

1) What multiple SM modes enable the exhibition of each dimension of EO when moderated by firm size and firm age?

Explanation necessarily follows with regard to the unique contribution of each independent SM mode in the final equation. So both the incremental effect that an independent variable brings to the analysis and the magnitude of the weight that reflects a variable's relative explanatory importance controlling for other independents in the equation are examined. The following are the secondary questions developed as an offshoot of question one when hierarchical moderated multiple regression is applied on the data:

2) Given a SM-EO configuration, what is the estimate of the predictive power effect of each of the significant SM modes as it is added to the analysis?

3) What is the estimate of the relative predictive power of each significant SM mode, controlling for all other independent variables in the equation for a given model?

Further, this research also examines the mean differences using independent-samples T test, on the level of exhibition of SM modes and EO dimensions based on the profile of top medium sized business firms in the Philippines. This assesses the presence or absence of significant differences amongst categorical groups. Therefore the research question in this case is:

4) Are there any significant differences in the level of exhibition of the SM modes and EO dimensions when the companies are classified according to: firm size (number of employees), firm age (years of operation), legal forms of business, ownership structure, local ownership and business category?

Basic data analyses through frequency count and mean analyses are also in place to provide a description on the current profile of the top medium-sized business firms in the Philippines. This idea is captured by the following research question:

5) What is the vital statistics of the top medium-sized business firms in the Philippines in line with a) a number of categorical variables: firm size (number of employees), firm age (years of operations), legal forms of business, ownership structure, local ownership, and business category, and b) level of exhibition of SM and EO?

4. Research Methodology

The choice of methodology processes is crafted consistent with the goals of this research.

One, medium-sized business firms are the domain of the study because they may predictably represent the presence of the 5 SM modes which is a requirement of the study. This study is contingent on the size of the business enterprise. It is essential that the 5Ps are practiced to a certain extent to assess which amongst these 5Ps enables the exhibition of multidimensional EO. Medium-sized firms are neither too small nor too large to exhibit either of the 5Ps. For instance, the strategy planning mode may exist for some as they may put their systems in place. Moreover, the strategy pattern mode (aka entrepreneurial) which is basically emergent in nature (Covin et al., 2006), may be found amongst these companies. Large established companies cannot be considered as majority of their population, if not all, lean towards strategy planning mode (Hart & Banbury, 1994, 256; Mintzberg & Lampel, 1999). Micro and small enterprises are too volatile and amorphous to be doing so much of strategy pattern (Mintzberg, 1973; see Robinson, 1982; Wiklund, 1999; Luo et al., 2005; Covin et al., 2006) but not much on strategy planning and strategy perspective modes. The data were collected from a wide range of business sectors to increase the generalizability of the findings.

Two, the data gathering was implemented in the 17 cities and municipalities of Metro Manila, the capital of the Philippines. The immensity of the geographical area implies that cost and time spent for data gathering would be enormous. But the research has no alternative since it is the most appropriate venue to locate medium-sized business firms which were the target respondents. Medium sized firms are mainly found in the National Capital Region or Metro Manila, and this set-up has been in existence for the past 10 years (BSMED Council, 2006, 5). The fact that the major researcher is a local resident facilitated the data gathering process. Therefore access to information is within reach and leveling of expectations in line with the difficulties in data gathering was minimized to a certain extent because of the researcher's insider's understanding of the territory.

Three, a topic on SM requires that only the top management who partake in the process be taken as respondents. Top management is the key decision makers and thus sets the

strategic orientation of the organization (Miller, 1983; Hoffman & Hegarty, 1993; Lumpkin & Dess, 1996; Kreiser et al., 2002; Auh & Menguc, 2005). The level of difficulty is high when the top management cooperation is requested. Although top management is the measurement of analysis, the unit of analysis is the firm (e.g. Covin & Slevin, 1991; Berry, 1998; Davidson & Wiklund, 2001; Andersen 2004; Green et al., 2008).

Four, the sampling frame was drawn from a published document on the top 7,000 corporations (PBPP Inc., 2006) coming from a cross-sectional business firms. Out of these 7,000 corporations, only the medium sized firms (based on asset size) and are located at the capital of the Philippines (Metro Manila) defines the target population. Since the sampling frame on the top 7,000 corporations is systematically ordered from 1 (biggest) to n^{th} (smallest), in which it follows that the culled list of the target respondents have the same arrangement, hence we applied systematic sampling to cut across the population (Malhotra, 2004).

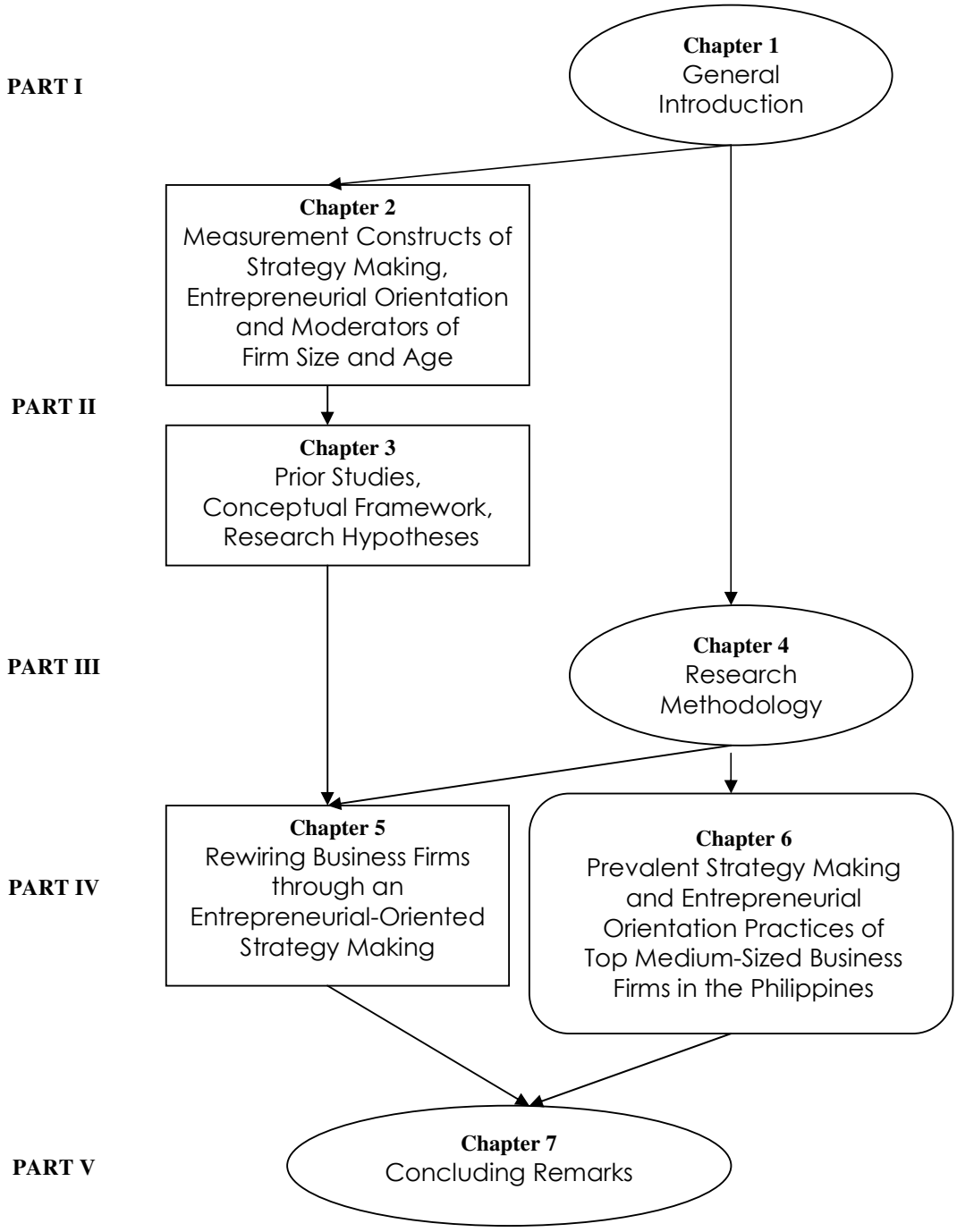
Five, a drop-off survey data gathering method was chosen instead of mailing. This method was costly considering the transportation cost and time involved in getting to the respondents owing to the enormity of the research area. But with reference to the Philippine context, this avenue is a justifiable decision. In the Philippines, directly administering the questionnaire to the respondents is considered socially responsible (Mercado, 1983) because Filipinos prefer face-to-face contact to avoid suspicion. Moreover, there is also the presence of ineffective archival and postal system.

And lastly, six, since field enumerators were assigned to different target locations, this information became handy in applying a one-way analysis of variance to check the presence of significant difference across groups of enumerators regarding the quality of the data retrieved, especially when a pattern of positive responses was observed during the data analyses.

5. Research Outline

This paper is structured as follows: First, in *Part I*, we cover chapter 1 that presents a general overview of the key ideas of this research (objectives, questions, methodology). Next, in *Part II*, we define in chapter 2 the choice of the factors considered for this research. In chapter 3, we explore the literature review that establishes the theoretical relationship between SM and EO. Then, we develop the hypotheses tabled for empirical testing. In Part *III*, we record in chapter 4 the conduct of the research methodology. As a result, in *Part IV*, we analyze the empirical findings which provide answers to our research questions. We address the research questions 1-3 in chapter 5 on SM-EO configurations, and we discuss the country context findings for research questions 4-5 in chapter 6. Finally, in *Part V*, we conclude in chapter 7 with recapitulation of important findings guided by the research problems, conclusions, limitations, implications and recommendations for future research. Following is the outline for quick comprehension (Figure 1.1):

Figure 1.1: Research Outline



Part II

Chapter 2

Measurement Constructs of Strategy Making and Entrepreneurial Orientation, and Moderators of Firm Size and Age

1. Strategy Making and Entrepreneurial Orientation: Introduction

Schendel and Hofer (1979) described strategic management as a process that deals with the entrepreneurial work (e.g. entrepreneurial orientation) of the organization (in Sandberg, 1992). Evidently, entrepreneurial orientation is a corollary concept that drew its history from strategic management literature (Lumpkin & Dess, 1996; Covin et al., 2006). Both areas have become essential to enable firms to adapt and exploit the environment despite instability and uncertainty (Hitt et al., 2001; Ireland et al., 2001; Venkataraman and Sarasvathy, 2001) to survive and remain viable. They are often complementary; the research findings of one would have a domino impact on the other (Ireland et al., 2003). Hence, we find a growing literature on the integration of strategic management and entrepreneurship (Sandberg, 1992). Researchers (Hitt et al., 2001) even combined strategic management and entrepreneurship, and gave birth to the concept of strategic entrepreneurship. Strategic entrepreneurship involves taking entrepreneurial actions with strategic perspectives (Hitt et al., 2001; Ireland et al.,

2001). This brings to mind a new concept of strategic management (Sanchez & Heene, 2004, 4) that defines an organization's goals for value creation and distribution and designs the way the organization will be composed, structured, and coordinated in pursuing those goals. In this light, the key words value creation which projects entrepreneurial orientation is engendered through an organization's strategic management.

Assessing the presence and extent of an organization's entrepreneurial orientation (EO) may be explained by the dominant types of strategy making (SM) that companies' exhibit. According to Lumpkin and Dess (1996) there are SM modes that underlie nearly all entrepreneurial processes. These can take the form of modes that can be characterized and identified across organizations (Hart, 1992). The strategic management literature through the years has considered varying schools of SM (refer to Tables 2.2, 2.3, 2.4). Thus, a firm's SM may be viewed as encompassing the entire range of organizational activities (Lumpkin & Dess, 1996). In view of our research, we analyze the pioneering work of Mintzberg (1987a) on SM modes which refer to plan, position, perspective, ploy and pattern. Likewise, in view of EO, we examine not only the three (innovativeness, proactiveness, risk taking) original dimensions by Miller (1983) but also the additional two (competitive aggressiveness, autonomy) by Lumpkin and Dess (1996). We also explore the potential of moderating variables of firm size and firm age, expecting that the SM-EO relationship may have significant variations when exposed to these variables. The choice of these moderating variables is consistent with several studies (Atuahene-Gima et al., 2006; Covin et al., 2006; Dess et al., 2007; Hughes & Morgan, 2007; Perks & Hughes, 2008) that have the same orientation as this research.

In this chapter, we define the two major research constructs and their parameters, as well as the moderating variables. We present the measurement constructs of the 5 modes of SM (section 2), 5 dimensions of EO (section 3), and moderating variables of

firm size and firm age (section 4). Then we end with discussions and conclusions (section 5).

2. Modes of Strategy Making (SM)

This treatise studies the SM modes conceptualized along the 5Ps "schools of thought" by Henry Mintzberg (1987a). The rest of the Ps of strategy draw the conceptualization from Mintzberg (1987a) (refer to Table 2.1 below) except for pattern.

Table 2.1 Definitions of the 5Ps of Strategy Making Modes

Plan	Position	Perspective	Ploy	Pattern
Strategy making may surface through explicit systematic procedures	Strategy making is driven by keeping ahead of the competitors	Strategy making is influenced by specific meanings attached to particular practices	Strategy making is a process of negotiation influenced by force of all sorts	Strategy making is consistency of actions influenced by the chief executive

The pattern as used in this research goes beyond "consistency of actions" based on patterns from the past (Mintzberg, 1987a). The definition of pattern has been qualified to account for the emphasis ascribed to the role of the leader behind this school by several scholars (Mintzberg & Waters, 1985; Hax & Majluf, 1988, 105; Stokes, 2008), which means that the consistency of actions has the CEO as the driving force. It happens that the concept of pattern has evolved through time from the way it was originally written by Mintzberg (1987a). We build upon this development and position the concept to avoid misconception.

Mintzberg and Waters (1985, 260) have imputed the concept of pattern as embedded with entrepreneurial SM. These authors claimed that the force for pattern or consistency in action is individual vision coupled with the ability to impose that vision on the organization through his or her personal control of its actions (Mintzberg &

Waters, 1985, 260). In addition, Mintzberg (1987a) specially claimed that patterns came from human actions, whether or not intended or may appear without preconception and are emergent in nature. Particularly, Stokes (2008, 259) defined pattern as emerging and strongly influenced by champions or leaders. Thus, the interplay of the foregoing prescribes how pattern SM is applied in our research. We claim that pattern SM falls similar with the characteristics of entrepreneurial SM that is touted by numerous scholars (Mintzberg, 1973; Mintzberg & Waters, 1985; Lumpkin & Dess, 1996; Dess et al., 1997; Mintzberg et al., 1998; Mintzberg & Lampel, 1999).

There is merit in studying the 5Ps of SM modes as these 5 cut across the SM processes that can be found in an organization. These 5Ps were initially discussed by Mintzberg (1987a) and alluded to by Hax and Majluf (1991, chapter 1) as definitions of strategy. These working definitions provided the impetus to transform these 5Ps into modes of SM which are now utilized in this research. As cited by Hax and Majluf (1988, 103; 1991, 6), strategy separated from SM is academic at best. These same authors see the inseparability of the concept of strategy and the process of making it. For example, Mintzberg et al. (1998, 15) see plan in the planning school, position in the positioning school, and ploy in the power school. Essentially, this research track is also similar with a number of researchers (Hart, 1992, see Table 2.2 & 2.3; Barbuto, 2002), who tapped the 5Ps as strategy formation in their research. In other words, we recognize that the 5Ps may have started as conceptualizations of strategy but now have evolved as SM processes. On the basis of these developments, we argue that the 5Ps largely capture the SM practices of a company as these are thoroughly explicated in the conceptualization of strategy by Hax and Majluf (1991), although at the same time, we also acknowledge the danger of viewing the 5Ps as an umbrella concept of SM.

Table 2.2 Selected Strategy Making Models

Allison (1971)	Mintzberg (1973)	Chaffee (1985)	Nonaka (1988)
- Rational	- Entrepreneurial	- Linear	- Deductive
- Organizational	- Planning	- Adaptive	- Compressive
- Bureaucratic	- Adaptive	- Interpretive	- Inductive
Ansoff (1987)	Bourgeois and Brodwin (1984)	Grandori (1984)	**Mintzberg (1987a)**
- Systematic	- Commander	- Optimizing	**- Plan**
- Ad Hoc	- Change	- Satisficing	**- Position**
- Reactive	- Cultural	- Incremental	**- Perspective**
- Organic	- Collaborative	- Cybernetic	**- Ploy**
	- Crescive	- Random	**- Pattern**
	Mintzberg and Waters (1985)		
	- Entrepreneurial	- Process	
	- Planned	- Consensus	
	- Ideological	- Unconnected	
	- Umbrella	- Imposed	

(Hart, 1992)

However, the choice of SM framework is also consistent with the definition provided for by Balabanis and Spyropoulou (2007, 45) on strategy development mode (SDM) which is "the activities and the cognitive, social, organizational and political processes through which strategies are intentionally or unintentionally formed. Before this, and as a point in fact, Hax and Majluf (1991, 7), explained that the process school of research views strategy as the result of three different processes contributing to strategy formation which are the cognitive, social and organizational and political processes. Accordingly, this definition is developed so as to capture the deliberate and emergent qualities of SM (Balabanis & Spyropoulou, 2007, 45), as well as all the organizational activities and processes that firms employ such as planning, culture, cognitive processes of decision makers, social and organizational and political processes (46). Following this SDM definition, we propose to study the 5Ps of SM framework as it embodies all of these and more. The positioning school present in 5Ps was not classified and discussed by Balabanis and Spyropoulou (2007) in comparison with other SM models. This excluded the 10 schools by Mintzberg and Lampel (1999; also by Mintzberg et al.,

1998). We veered from studying these 10 as some of these schools remain conceptual and problematic as empirical validations are yet to be explored (Balabanis & Spyropoulou, 2007).

Balabanis and Spyropoulou (2007) made comparisons of the more current SM typologies as shown in Table 2.4. But prior to this, Hart (1992) as reported in Table 2.3 mapped a number of SM models in the field until 1992 (Balabanis & Spyropoulou, 2007), into 5 modes of SM processes. The 5Ps of SM by Mintzberg (1987a) were part of this exercise. We offer no debate regarding the classification of planning, positioning and perspective. Accordingly the rational mode by Hart (1992) which speaks of analytical strategy driven by formal structure and planning systems is aligned with the way we see planning and positioning in our study. Likewise the symbolic mode of Hart (1992) captures the operative definition of perspective in this research which basically pertains to culture. But we take a different stance as regards to the classification of ploy and pattern. On our part, and as operationalized in our research, we see ploy mode as better aligned with transactive and we classify pattern in the command mode. Transactive as defined by Hart is procedural in nature where strategy is driven by internal process and mutual adjustment in which organizational actors' factor in a company's SM process. This is also what we meant for ploy. Pattern on the other hand is classified along command mode because we operationalize it as strategy driven by a top leader who commands and everybody follows.

Table 2.3 Mapping the Typologies on the Integrative Framework

Citation	Command	Symbolic	Rational	Transactive	Generative
Allison (1971)			Rational	Organizational; Bureaucratic	
Nutt (1981, 1984)	Normative		Bureaucratic	Behavioral; Group Adaptive	
Mintzberg (1973, 1978)	Entrepreneurial		Planning	Adaptive	
Chaffee (1985)		Interpretive	Linear	Adaptive	
Mintzberg (1987a)		Perspective	Plan; Position; Ploy	Pattern	
Bourgeois & Brodwin (1984)	Commander	Cultural	Change; Collaborative		Crescive
Nonaka (1988)		Compressive	Deductive		Inductive
Ansoff (1987)			Systematic	Ad hoc reactive	Organic
Grandori (1984)		Cybernetic	Optimizing	Satisficing; Incremental	Random
Shrivastava & Grant (1985)	Managerial autocracy		Systematic bureaucracy	Adaptive planning	Political expediency
Mintzberg & Waters (1985)	Entrepreneurial	Ideological; Umbrella	Planned	Process; Consensus	Unconnected; Imposed

(Hart, 1992)

Now, with reference to Table 2.4, we tried to classify the 5Ps of SM (1st column) along the divisions of SM modes done by Balabanis and Spyropoulou (2007, 2-6 columns). The planning mode goes along the same mode as that of Miller's rationality, Hart's rational, Mintzberg and Lampel's planning, and Bailey et al.'s planning. These SM modes share similar orientation on SM process. This process is characterized by a formal planning procedure where an assessment of the environment's opportunities and threats are paired off with the strengths and weaknesses of a firm. It comes up with key result goals to be achieved and delineates the people and resources responsible and the accountability that follows.

Table 2.4	**Modes of Strategy Making**				
Mintzberg (1987a)	Miller (1987)	Hart (1992)	Dess, Lumpkin & Covin (1997)	Mintzberg & Lampel (1999)	Bailey, Johnson & Daniels (2000)
Planning	Rationality	Rational		Design Planning	Planning
Positioning				Positioning Environmental	Enforced choice
Ploy	Interaction	Transactive	Participative Adaptive	Power Learning	Political Incremental
Perspective		Symbolic		Cultural	Cultural
Pattern		Command	Simplistic		Command
	Assertive	Generative	Entrepreneurial	Entrepreneurial Cognitive Configurational	

(Balabanis & Spyropoulou, 2007, 47)

Next, we find positioning mode alongside the positioning of Mintzberg and Lampel (1999). Basically, we concur with the comparison of SM (development) modes by Balabanis and Spyroupulou (2007) except that positioning (Mintzberg & Lampel, 1999) is lost in the alignment and discussion.

Ploy is consistent with Miller's interaction, Hart's transactive, Dess et al.'s participative and adaptive, Mintzberg and Lampel's power and learning, and Bailey et al.'s political and incremental. We classify ploy not only from a power, politics, transactive or even participative points of view but also from an incremental or generative learning. The nature of ploy is beset with adjustments and changes along the way because it is rich with the involvement of organizational actors in the strategic decision making process which dictates a generative learning and or incremental SM process. The politics that occurs in and around the SM process defines the outcome.

Perspective is aligned with Hart's symbolic, Mintzberg and Lampel's cultural and Bailey et al.'s cultural. All these modes point to the frame of reference in terms of

symbols, rituals, values and norms that underpin and influence the manifestation of developed strategies. Mission and vision are also the common ideas underlying these modes.

Finally pattern as operationalized in our research, is tagged consistent with Miller's assertive, Hart's command and generative, Dess et al.'s entrepreneurial, Mintzberg and Lampel's entrepreneurial, and Bailey et al.'s command mode. The central theme commonly held by these varying labels is the dominant role that a certain individual or a team plays in SM. The resulting strategy is equivalent to the identity of whoever holds the highest form of authority in the firm.

In the light of the above, we review the literature and provide an elaborate discussion on the construct measurement of each of the 5Ps of SM in order of presentation: plan, position, perspective, ploy, and pattern.

2.1 Strategy Making as a Plan

Strategy making as a plan sees strategy formation as a process of conception. Plan represents some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation (Mintzberg, 1987a). Strategy embodies how leaders establish direction for organizations based on predetermined courses of action (Mintzberg, 1987a). Hence, planning is an attempt to make and integrate a whole set of decisions and to articulate them formally before executing them. This is done through a sequential analytical process that basically characterizes the planning mode (Andersen, 2000). In this regard, Boyd and Reuning-Elliott (1998) in their interest to come up with a consistent operationalization of planning surveyed the literature and empirically tested the following planning indicators: mission statement, trend analysis, competitor analysis, long-term goals, annual goals, short-term action plans, and ongoing evaluation. This strategic planning model (Boyd & Reuning-Elliott, 1998) has been tested for its concurrent validity and reliability.

The planning mode typically refers to a formal strategic plan used to gain the involvement and commitment of those principal stakeholders affected by the plan (Veliyath & Shortell, 1993; Hax & Majluf, 1984; Glaister & Falshaw, 1999). Strict accountability (Hax & Majluf, 1984), regular progress reviews, and open dialogue rather than restricted discussions are the components of the planning procedures. Essentially, the procedure is populated by decision makers, not the observers (Glaister & Falshaw, 1999).

Analytical tools and methodologies help managers' at all hierarchical levels to reach a better quality of strategic outputs (Hax & Majluf, 1991). This analytical tool may come in the form of a TOWS matrix or a SWOT (strengths, weaknesses, opportunities, threats) which is a component of any planning agenda, and is apparently part of the dialogue of Zahra and Dess (2001). In this process, the internal situation of the organization is matched to the external situation of the environment. Next is to articulate each of the steps in the SWOT with checklist and techniques, and then couple it with statements of objectives at the onset and seal it with budgets and operating plans at the final stage (Mintzberg et al., 1998). The result is a complete specification of corporate, business, and functional strategies (Hax & Majluf, 1984; 1991) - a well-defined organizational-wide effort achieved through a deliberate process. Planning coincides with Chandler's definition of strategy which is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals (Mintzberg & Waters, 1982; see also Hax & Majluf, 1984). These efforts are presented and captured on paper and/or computer.

Substantially, the systematic, comprehensive and formal analysis is used in the belief that it can provide an understanding of the environment sufficient to influence it (Mintzberg, 1973; Veliyath & Shortell, 1993).

2.2 Strategy Making as Position

The position SM mode sees strategy formation as an analytical process. It places the business within the context of its industry, and looks at how the organization can improve its strategic positioning within that industry. The market structure leads to selection of generic strategic positions (Mintzberg et al., 1998). In other words, strategy equals generic positions selected through formalized analysis of industry situations. Hence, it is populated by analysts. The positioning school offers a basis for strategic content, which is Porter's (1980) model of competitive advantage.

Positioning means the position of the organization with regard to its external environment. The strong focus on external environment, especially market structure is believed to drive deliberate positional strategies (Mintzberg et al., 1998). Thus, position defines the organization externally (Mintzberg, 1987a). This means that positional strategies become the mediating force between organization and environment, likewise between internal and external context. These positions, whatever they are, might be perfectly adequate expressions of the firm's strategy (Pearson, 1990).

As position, strategy encourages companies to find their positions and protect these in order to meet competition or avoid it. The essence of strategy formulation is coping with competition. A true leadership position means having a significant and well-defined advantage over all competitors (Hax & Majluf, 1984). It is the goal to find a position in the industry where the company can best defend itself against the forces (threat of new entrants, bargaining power of customers and suppliers, threat of substitute products or services, and jockeying among current competitors) or can influence them in its favor (Porter, 1980; 1991). The ultimate business strategy in Porter's view should be based on the market structure in which the firm operates (in Mintzberg et al., 1998, 100).

The most obvious example of positioning as a strategy is the market niche the organization occupies. A niche is a place that is occupied in order to shelter from and avoid competition. Competition avoidance is the most potent aim of strategy as position. The organization's boundaries with its various environments are so managed as to reduce competition. Mintzberg (1987a) mentioned strategy as essentially a descriptive idea that includes an organization's choice of niche and its primary decision rules… for coping with that niche. For instance, a firm might be the technological leader, the lowest cost producer or dominant in some particular product market niche. For Porter, who gave the impetus for positioning school to flourish in the 1980's (in Mintzberg & Lampel, 1999), strategy represents a consistent array or configuration of activities, aiming at creating a specific form of competitive advantage for which there exist fundamental types: cost, differentiation (Hax & Majluf, 1984), and focus (Spanos et al., 2004). These generic strategies are referred to as the basic building blocks that are used for attacking, defending, and maneuvering in the light of competition (Mintzberg et al., 1998). These business level generic strategies of Porter (1980) heightened the interest of researchers, not just from the strategy field (Das & Joshi, 2006) but also from others.

Cost leadership necessitates that an organization should engage in the following: access to raw materials, adopt a strategy of aggressive construction of efficient-scale facilities, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas such as research and development, service, sales force and advertising (Segev, 1989). In effect, the organization can leverage its resources in terms of reinvesting in new equipment and modern facilities to achieve cost leadership. Thus it follows that cost leadership aims to have a high relative market share.

Differentiation refers to a product (goods or services) that is seen in the market as unique in terms of design or brand image, technology, features, customer service, and dealer network. In so doing, differentiation bears well for brand loyalty by customers, lower sensitivity to price, increased margins and entry barriers (Segev, 1989). Either

cost leadership or differentiation must be tapped by a firm to gain competitive advantage (Hax & Majluf, 1984).

Focus is applied to both in terms of cost-focus and differentiation focus. Cost focus takes a particular consumer group, a segment of a product line or a geographic market. In this way, the firm can target more effectively and efficiently than its competitors who attack more broadly. Differentiation focus on the other hand is simply limiting to a product (goods or service) to enable the firm to develop a brand or design image.

2.3 Strategy Making as Perspective

The perspective SM sees strategy formation as a collective process. Perspective is a social process rooted in culture. In actuality, "culture" is the currently popular word now to refer to perspective (Mintzberg, 1987a, 31). Perspective SM sees strategy formation as a process of social interaction, based on the beliefs and understandings shared by the members of the organization (Mintzberg et al., 1998, 267). A critical point in this SM is that the perspective is shared. It is based on common interest and integration (Mintzberg et al., 1998; Mintzberg & Lampel, 1999). Culture knits an organization into an integrated entity, which in turn creates a collective cognition that becomes an organization's mind (Mintzberg et al., 1998).

Perspective relies on a strong organizational culture defined by a firm's vision, basic philosophy and values. Culture refers to the corporate personality or ideology as perceived collectively by organization members (Pearson, 1990). Expounding on this, Kilmann, Sexton and Serpa (1985) defined corporate culture as the shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit a group of people together (in Kemelgor, 2002). It is passed on from one generation of employees to the next prescribing the fitting behavior within the organization (Covin & Slevin, 1991), and defines how a firm conducts its business (Barney, 1986). Culture as the foundation of the perspective SM consists of tangible and intangible resources. It

can be strategic, and if exploited by the company, will offer the greatest sustained benefits in the face of competition.

It is generally acknowledged that strategic decisions are influenced by the beliefs, value structures, and management's philosophies of the strategists (Covin & Slevin, 1991). Those within the firm see the outside world through their own conditioned perspective and this influences everything they do and permeates their strategy even though they may be unaware of this (Macmillan & Tampoe, 2000). Thus, the perspective SM looks at strategies as abstractions which exist only in the minds of interested parties. Those who pursue them, are influenced by that pursuit or care to observe others doing so (Minzberg, 1987a).

Culture can be gleaned through the meanings attached to more tangible aspects of organizations. It includes strategies (Rowlinson, 1995). Strategy may reflect an organization's culture. Weick (1985) suggests 'culture' and 'strategy' are interchangeable because both provide 'coherence and meaning in organizations (in Rowlinson, 1995). Although Schein (1985) distinguishes strategy from culture and sees the possibility of culture, which operates at a deeper level (in Rowlinson, 1995). Culture in this sense is entrenched in a company's operations that may facilitate or frustrate strategies.

2.4 Strategy Making as a Ploy

Strategy as a ploy (also known as power- Mintzberg & Lampel, 1999) sees strategy formation as a process of negotiation. As ploy, strategy takes us into the realm of direct competition, where threats and various other maneuvers are employed to gain advantage (Mintzberg, 1987a). Processual analyses of strategy have tended to concentrate on the "organizational level" and have not dwelt on the political rationalities of individual players in the strategy game. Existing theories of the firm fall short with reference to intra and extra organizational relationships which are considered to be concerns inherent

to a firm's operations (Kuhn, 2008). The ploy mode rests on the politics of strategic decisions, executive bargaining and negotiation, and the role of coalitions in strategic management (Hax & Majluf, 1991). It is recognized that in strategy field, the issue of power should be given due consideration (Heracleous & De Voge, 1998). Power relations do not just surround firms but also infuse them (Mintzberg et al., 1998). Thus, there is a need to recognize the politics of an organization before selecting a course of action. It is better to think through the responses that might be expected from internal interest groups if a specific strategic move is being contemplated. A well formulated strategy can be destroyed by reluctant executives acting on behalf of unconvinced interest groups (MacMillan, 1978). The ploy mode represents political process among decision makers with conflicting goals (Dess, et al., 1997), but it may also include cooperative arrangements (Mintzberg et al., 1998). Networks, collective strategy, joint ventures and other strategic alliances are also concepts that the ploy/power SM school has introduced in the field of strategic management (Mintzberg et al., 1998).

The ploy mode is concerned with the intra organizational as well as inter organizational alliances that shape the nature of an organization's strategy (MacMillan, 1978). Micro power refers to the people in the organization that have to compete with resources thereby scuttle for their respective strategies. In so doing, micro power sees the development of strategies within the organization as essentially political- a process involving bargaining, persuasion, and confrontation among actors who divide the power (Mintzberg et al., 1998; Mintzberg & Lampel, 1999). The micro aspects of SM in organizations always occur within the broader structure of power, discourse and inequality in the world (Watson, 2003). In addition, macro power perceives the organization as an entity that uses its power over others and among its partners in alliances, joint ventures and other network relationships to negotiate "collective" strategies in its interest. Therefore, ploy mode focuses on self-interest and fragmentation, (Mintzberg & Lampel, 1999) where various actors pursue their own agenda (Mintzberg et al., 1998).

According to Mintzberg (1973) the distinguishing characteristics of the ploy mode are the following:

1) Clear goals do not exist. The ploy SM reflects a division of power among members of a complex coalition. The organization is caught in a complex web of political forces. Unions, managers, owners, lobby groups, government agencies, and so on, each with their own needs, seek to influence decisions. There is no one central source of power, no one simple goal. The goal system of the organization is characterized by bargaining among these groups, with each winning some issues and losing others. Hence, the organization attends to a whole array of goals sequentially, ignoring the inconsistencies among them. The organization cannot make decisions to 'maximize" any one goal such as profit or growth; rather it must seek solutions to its problems that are good enough, that satisfy the constraints.
2) The ploy SM process is characterized by the "reactive" solution to existing problems rather than the proactive search for new opportunities. The lack of clear goals would preclude a proactive approach. The ploy mode deals more confidently with what is wrong than with what in the future may or may not be right. It seeks conditions of certainty whenever possible; otherwise it seeks to reduce existing uncertainties. It establishes cartels to ensure markets, negotiates long-term purchasing arrangements to stabilize sources of supply, and so on.
3) Decisions are made in incremental, serial steps. The strategy-maker focuses first on what is familiar, considering the convenient alternatives and the ones that differ only slightly from the status quo. It is typically a never-ending process of successive steps in which continual nibbling is a substitute for a good bite. Decisions are disjointed. Strategy making is fragmented but at least the strategy maker remains flexible.

The strategy-maker consciously seeks to avoid uncertainty, sometimes solving pressing problems instead of developing long-run strategies; at other times "negotiating" with the environment (for example, establishing cartels). Furthermore because the organization

is controlled by a coalition of disparate interest, the strategy-maker must make his decisions so as to reduce conflicts. He does this by attending to conflicting goals sequentially, ignoring the inconsistencies. For instance, the business firm is likely to resolve conflicting pressures to smooth production' and 'satisfy customers' by first doing one and then the other.

To top it all, the ploy mode postulates organizations as coalitions of individuals each of whom brings their own personal objectives and cognitive biases to the organization. By viewing organizations as coalitions of participants with disparate demands, the ploy mode develops a notion of goal formation in firms that was based on an internal process of bargaining among coalition members (Cyert & March, 1963 in Mintzberg, 1973). Ploy as a SM mode is considered to be dynamic as it involves the interplay of social actors not simply ideas (Mintzberg, 1973). The politics that dominates the ploy mode which obliges people to fight for their preferred ideas encourages the expression of variety of ideas to be expressed and heard (Mintzberg et al., 1998). Ploy places a premium on understanding, managing and influencing overall relationships within which the strategy process takes place.

2.5 Strategy Making as Pattern

As mentioned before, pattern as a label for a SM is applied in our research in a broader view. We extend the concept to mean more than consistency of actions or as patterns from the past. We define pattern as the consistency of actions which has the CEO as the driving force. We arrived at such conceptualization guided by a number of literature citations (Mintzberg & Waters, 1985, 260; Hax & Majluf, 1988, 105; Stokes, 2008).

Strategy as pattern sees strategy formation as a visionary process; hence vision plays a critical role (Mintzberg et al., 1998). The vision of one great leader summarizes the idea of this SM mode. This leader could be a hired manager, an owner or founder, and the organization could be a large corporation (Sandberg, 1992). It is in the leader's

mind that company strategies are formed and put into action; there is no charted plan of action (Mintzberg et al., 1998). Authority is exclusively associated with an individual which means the organization's goals are simply the extension of the goals of this individual (Mintzberg et al., 1998). The process of strategy formation is held in a black box where only the leader has the key. The organization moves in response to whatever or wherever the leader wants (Mintzberg et al., 1998). The organization has to rely on one or two unusually gifted individuals to decide what to do, while the rest enthusiastically follow (Mintzberg et al., 1998). Pattern mode stresses the most innate of mental states and processes- intuition, judgment, wisdom, experience and insight (Mintzberg et al., 1998).

Indeed, some organizations are led and handled by the single-minded entrepreneurial capability of this one person who walks confidently into an uncertain future (Mintzberg, 1973). There is no charted plan of organization, 'typically one finds instead that strategy is guided by the entrepreneur's own vision of direction for his organization- his personalized plan of attack'. Power rests with one man capable of committing the organization to bold courses of action (Mintzberg, 1973; Mintzberg, et al., 1998).

It is worth noting that a major characteristic of the pattern mode is the leader's intimate knowledge of the business (Mintzberg et al., 1998). It is intuition that directs the leader- intuition based on wisdom. It is a detailed, ingrained, personalized knowledge of the world (Mintzberg et al., 1998). Study shows how effective such knowledge can be when it is concentrated in one individual who a) is fully in charge (having no need to convince others with different views and different levels of knowledge, neither subordinates below nor superiors at some distant headquarters b) retains a strong, long term commitment to his organization (knowing that, barring a natural disaster it is he who will be there in the long run); and c) possesses the vision and ability to switch from narrow focus to broad perspective (Mintzberg, 1973). The strong leader cum entrepreneur can provide so clear and complete a vision of direction, yet also allows the flexibility to elaborate and rework that vision (Mintzberg & Waters, 1982).

It must also be noted that while the chief executive may be tangibly assessed as a 'man or woman' of vision, the vision will often not be articulated, but rather detected through the style and the pattern of entrepreneurial steps taken. This is a showcase of an emergent strategy. Patterns may somehow be detected, but opportunism and 'muddling through' with success are the hard and fast rules for the organization (Eden & Ackermann, 1998).

Hence, the pattern mode detours from precise designs, plans, and oppositions to strategies of vague visions or broad perspectives (Mintzberg & Lampel, 1999). According to Mintzberg (1987a), patterns may appear without preconception, developed in the absence of intentions, or despite them. There is generally little planning, time horizons are short, and the focus is upon operating matters rather than master plans. Strategies are not explicitly or formally elaborated but reside as the implicit and often vague vision of the leaders (Miller, 1983).

The development in the use of the concept of pattern to one of entrepreneurial SM mode (Mintzberg & Waters, 1985; Mintzberg et al., 1998), suggests, based on our understanding, that they are one and the same. The entrepreneurial SM described by Dess et al. (1997) which is characterized by experimentation, innovativeness, risk taking, proactive assertiveness, opportunity-seeking and decisive action catalyzed by a strong leader parallels that of Mintzberg et al. (1998). From here, one can gain insight that pattern mode necessarily involves a lot of actions. Strategy making is dominated by the active search for new opportunities (Mintzberg et al., 1998). The organization focuses on opportunities; problems are secondary. The orientation is always active rather than passive. It is characterized by dramatic leaps forward in the face of uncertainty (Mintzberg 1973; Mintzberg et al., 1998). The chief executive seeks out and thrives in conditions of uncertainty, where his organization can make dramatic gains (Mintzberg et al., 1998). In so doing, growth is the dominant goal (Mintzberg, 1973) of the entrepreneurial/pattern mode. In short, the pattern/ entrepreneurial SM

highlights three critical aspects of SM 1) its proactive nature 2) role of personalized leadership, and 3) strategic vision (Mintzberg et al., 1998).

3. Dimensions of Entrepreneurial Orientation (EO)

Miller (1983) is considered the front liner in developing an understanding of EO. He referred to an entrepreneurial firm as one that 'engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch' (771). It is from this description of an entrepreneurial firm that the basis for the dimensions of EO is formed. Ever since, several researchers based their theory of EO on Miller's (1983) original conceptualization (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Knight, 1997; Wiklund, 1998). Eventually, Lumpkin and Dess (1996) have developed an EO definition which concerns 'the methods, practices and decision making styles managers' use (136). Entrepreneurial orientation is considered to include five (5) dimensions as presented in Table 2.5: innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy. The first three are conceptualized by Miller (1983), and the last two are from Lumpkin and Dess (1996). We support the proposal of Lumpkin and Dess (1996) that these 5 are salient dimensions of EO. The key dimensions that characterize an EO, described from the words of Lumpkin and Dess (1996, 137) include a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities.

Table 2.5	**Dimensions of Entrepreneurial Orientation**
Innovativeness	A willingness to introduce newness and novelty through experimentation and creative processes aimed at developing new products and services, as well as new processes.
Proactiveness	A forward-looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities in anticipation of future demand.
Risk taking	Making decision and taking action without certain knowledge of probable outcomes; some undertakings may also involve making substantial resource commitments in the process of venturing forward.
Competitive Aggressiveness	An intense effort to outperform industry rivals. It is characterized by a combative posture or an aggressive response aimed at improving position or overcoming a threat in a competitive marketplace.
Autonomy	Independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion.

(Dess & Lumpkin 2005, 148)

A critical point of argument about EO is whether the dimensions covary or unique from each other. Prior research on entrepreneurship (e.g. Miller 1983; Covin et al., 1989) suggests that EO is a unidimensional construct. However, Lumpkin and Dess (1996) argue that the dimensions of EO can vary independently of each other. Hence, we adopt this argument for our paper. We apply a multidimensional EO version which is consistent with numerous research (Lumpkin & Dess, 1996; 2001; Lyon et al., 2000; Stetz et al., 2000; Kreiser et al., 2002; Richard et al., 2004; Covin et al., 2006; Hughes & Morgan, 2007). Stam and Elfring (2008) based on an empirical study, attested that their use of an aggregated EO may have masked the unique interaction of individual EO with other variables. The study of Stetz et al. (2000) found that the individual dimensions of EO (proactiveness, risk taking) were more robust predictors of firm growth than a summated unidimensional EO construct. In addition, Kreiser et al. (2002), from a methodological point of view, proved that the three subdimensions of EO (innovativeness, proactiveness and risk taking) vary from each other. These three dimensions of EO are found to have significant independent variance. Richard et al.

(2004) also found that innovativeness and risk taking had different relationships with firm performance in their study of cultural diversity and firm performance.

The decision favoring a multidimensional approach provided a strong support for how the dimensions of EO are treated in this research. By taking this perspective, two objectives are met: 1) a solid support is laid down in incorporating these multidimensional EO within an EO model, and 2) thereafter teasing these EO model in a one-dimensional way as shown by the hypotheses that are developed found in the next chapter 3. Following is a comprehensive exposition of each dimension of EO.

3.1 Innovativeness

Innovativeness refers to a willingness to support creativity and experimentation in introducing new products/services, and novelty technological leadership and R&D in developing new processes (Lumpkin & Dess, 1996; Dess & Lumpkin, 2005). It departs from established practices and technologies (Lumpkin & Dess, 1996). Essentially, innovativeness is critical to EO as it opens new venture opportunities (Lumpkin & Dess, 1996). Knight (1997, 214) also defined innovativeness as the 'pursuit of creative or novel solutions to challenges confronting the firm. It includes the development or enhancement of products and services, as well as administrative techniques and technologies for performing organizational functions.'

Innovativeness is concerned with the process of the adoption of innovation. Innovation is not the same as innovativeness. According to the editorial board of Innovation Journal (retrieved 12/04/2006), innovation is the result of innovativeness, of being innovative. Innovativeness is a process; innovation is the result of that process. Innovation comes in many different forms (Dess & Lumpkin, 2005) - technological innovativeness consists primarily of research and engineering efforts aimed at developing new products and processes. Product-market innovativeness includes market research, product design and innovations in advertising and promotion.

Administrative innovativeness refers to novelty in management systems, control techniques, and organizational structure.

Schumpeter (1934) is one of the leaders who emphasized the role of innovation in the entrepreneurial process (Aloulou & Fayolle, 2005), which impacts on the importance of innovativeness as a prior requirement. He referred to innovation as the very heart of entrepreneurship. Most authors agreed that all types of entrepreneurship are based on innovation (Drucker, 1985; Stopford & Baden-Fuller, 1994; Lumpkin & Dess, 1996; McGrath & Macmillan, 2000) that require changes in the pattern of resource deployment and the creation of new capabilities to add new possibilities for positioning in new markets (Stopford & Baden-Fuller, 1994). Hamel (2000 in Hitt et al., 2001) concluded that the most important component of a firm's strategy is innovation. He substantiated this by arguing that the success of Silicon Valley is brought about by the power of innovation and not by the onset of e-commerce.

In economies falling short of international competitive standards, calls are made to develop a collective vision that places greater weight on innovation. As a matter of fact, Hoffman and Hegarty (1993) supported that innovation represents strategic change, and should become part of a firm's strategy and therefore top management's responsibility. In large corporations and entrepreneurial ventures, innovation is the foundation on which strategies should be built and wealth can be created (Hitt et al., 2001; Ireland et al., 2001), albeit truly novel or radical innovations may come more frequently from smaller, entrepreneurial ventures than from large companies.

3.2 Proactiveness

Proactiveness refers to how firms relate to market opportunities by seizing initiative in the marketplace (Lumpkin & Dess, 1996; 2001). Concretely, proactiveness is used to refer to firms that is the fastest to innovate and the prime mover in the introduction of new products and services (Lumpkin & Dess, 1996). In other words, proactiveness is

concretely done through the introduction of new products or technological capabilities ahead of the competition which may or may not be related to the present line of operations, and/or continuously seeking out new products/brands or service offerings, and even timely removal of operations that are already declining (Venkatraman, 1989). This reflects a firm's inertia for exploiting emerging opportunities, experimenting with change, and mobilizing first-mover actions. Proactiveness enables the firm to shape the nature and direction of competition to its advantage. Proactiveness therefore, is a driver for competitive advantage because of its onward and forward pursuit of new products and new markets (Morgan & Strong, 2003).

Proactiveness is especially effective at creating competitive advantages because it puts competitors in the position of having to respond to successful initiatives (Morgan & Strong, 2003; Dess & Lumpkin, 2005). The benefit gained by firms that are the first to enter new markets, establish brand identity, implement administrative techniques, or adopt new operating technologies in an industry is called first mover advantage (Lieberman & Montgomery, 1988). In other words, proactiveness refers to a posture of anticipating and acting on future wants and needs in the marketplace thereby creating a first mover advantage vis-à-vis competitors (Lumpkin & Dess, 1996; 2001). With such a forward-looking perspective, proactive firms capitalize on emerging opportunities. Proactive firms act opportunistically in order to shape and influence the environment thereby setting trends and even creating demands (Lumpkin & Dess, 1996). Here is where proactiveness largely differs from competitive aggressiveness. Proactiveness has more to do with meeting demand, whereas competitive aggressiveness is about competing for demand (Lumpkin & Dess, 1996).

Proactiveness works well for firms in dynamic environments or in growth stage industries where conditions are rapidly changing and opportunities for advancement are numerous (Lumpkin & Dess, 2001).

3.3 Risk taking

Risk taking means a tendency to take bold actions such as venturing into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes, and/or borrowing heavily (Lumpkin & Dess, 2001). Three types of risk that organizations and their executives face are business risk, financial risk, and personal risk (Dess & Lumpkin, 2005). Business risk taking involves venturing into the unknown without knowing the probability of success. This is the risk associated with entering untested markets or committing to unproven technologies. Financial risk taking requires that a company borrows heavily or commit a large portion of its resources in order to grow. Risk is used in this context to refer to the risk/return tradeoff that is common in financial analysis. Personal risk taking refers to the risk that an executive assumes in taking a stand in favor of a strategic course of action. Executives who take such risks stand to influence the course of their whole company and their decisions can also have significant implications for their careers (Dess & Lumpkin, 2005).

The riskiness trait can be described as the possible losses or gains that are derived from an action. Risk taking is associated with a willingness to commit large amounts of resources to projects where the costs of failure may be high (Miller & Friesen, 1978). It also refers to manager's preferences for bold versus cautious acts to achieve firm objectives (Miller, 1983; Lumpkin & Dess, 1996). Venkatraman (1989) worded the same idea by asking managers the extent to which they followed tried and true paths or tended to support only projects in which the expected returns were certain. Risk taking also implies committing to projects where the outcomes are unknown (Venkatraman, 1989; Richard et al., 2004) and also agreeing to projects with blanket approval (Venkatraman, 1989). It largely reflects the organization's willingness to break away from the tried-and-true adventure into the unknown. Because of such high level of risk, it is perhaps understandable from the study of Brockhaus (1980) that entrepreneurs are not different from managers in engaging in calculated business-related risks. Risk-

oriented firms are purported to combine the entrepreneurial skills of constructive risk taking with opportunistic venture seeking (Baird & Thomas, 1985).

Nonetheless, in the theory of opportunity based entrepreneurship (Venkatraman, 1989), the main point of risk taking as a dimension of EO is that it is considered as one of the major attributes of entrepreneurship. It is expected therefore, from an opportunity seeking perspective that a possibility of success and a vulnerability to failure co-exist (Zhan Jun, 2006). It is by engendering a flexible spirit of creativity and traditional rule breaking can riskiness provide the firm with potential improvements in business performance (Morgan & Strong, 2003).

3.4 Competitive Aggressiveness

Competitive aggressiveness refers to how firms react to competitive trends and demands that already exist in the marketplace (Lumpkin & Dess, 2001). Empathically, it refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry and improve position with the goal to outperform industry rivals (Lumpkin & Dess, 1996, 148). It is aligned with the distinct idea of 'beating competitors to the punch', suggested by Miller's (1983) definition of an entrepreneurial firm. Thus, it is characterized by a strong offensive posture directed at overcoming competitors and may also be quite reactive as when a firm defends its market position or aggressively enters a market that a rival has identified (Lumpkin & Dess, 1996, 149). This is accomplished by setting ambitious market share goals and taking bold steps to achieve them such as cutting prices and even setting prices below competition and seeking market share by sacrificing cash flow and profitability (Venkatraman, 1989), or by spending aggressively compared to competitors on marketing, product service and quality, or manufacturing capacity (MacMillan & Day, 1987 in Lumpkin & Dess, 1996, 149). In short, this EO dimension reflects defensive behavior (Venkatraman, 1989) to preserve a firm.

The aggressiveness trait of strategic orientation is primarily concerned with developing and exploiting resources more rapidly than competitors. A strong competitively aggressive stance in gaining an offensive competitive edge gives a firm the ability to be a decisive player in a field of rivals. It drives the firm to act forcefully to secure or improve its position. This involves being adaptive to competitors' challenges. Porter (1985 in Lumpkin & Dess, 1996, 149) for instance recommended three approaches for aggressively pursuing existing firms: 1) doing things differently, that is reconfiguration; 2) changing the context, that is redefining the product or service and its market channels or scope; and 3) outspending the industry leader.

Covin and Covin (1990), identified based on literature, a number of manifestations of competitive aggressiveness: Porter's offensive strategies for achieving and maintaining competitive advantage; MacMillan's discussion of the roles of preemptive strategies and competitive initiative; Kotler and Sing's description of prevalent types of marketing warfare tactics; Rothschild's use of surprise; and Lambkin's investigation of the relationships among order of entry into a market, competitive strategy variables, and firm performance.

Covin and Covin (1990) also aligned Lieberman and Montgomery identification of the various means through which pioneering or 'first-mover' firms typically achieve competitive advantage along competitive aggressiveness. But for the purpose of this research, 'first mover' is deemed to be part of proactiveness for the primary reason that "first mover" is considered to be a response to opportunities, not threats (Lumpkin & Dess, 1996; 2001). This classification of 'first mover' is done in the light of the debate in the academic world that proactiveness and competitive aggressiveness are synonymous with each other (Lumpkin & Dess, 1996). The empirical study of Lumpkin and Dess (2001) on these two dimensions of EO proved that these two are perceived by the executive respondents as two separate factors. Proactiveness is a response to opportunities whereas competitive aggressiveness is a response to threats.

3.5 Autonomy

Autonomy is defined as independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion (Lumpkin & Dess, 1996; Dess & Lumpkin, 2005). It is the freedom granted to individuals and teams who can exercise their creativity and champion promising ideas for entrepreneurship to happen (Lumpkin & Dess, 1996). Autonomy is characterized by firm's actions that refer to 1) using 'skunkworks' to encourage independent thought; and 2) reorganizing work units to stimulate entrepreneurial initiatives (Dess & Lumpkin, 2005).

Autonomous actions enable the firms to react faster to changing conditions and learn from new experiences (Andersen, 2000). In general, it means the ability and will to be self-directed in the pursuit of opportunities (Lumpkin & Dess, 1996). In an organizational context, it refers to action free from organizational constrains (Lumpkin & Dess, 1996). Entrepreneurship requires strong decision to carry forward specific actions (Dess & Lumpkin, 2005). Autonomy refers to the intensity and head-to-head posturing that new entrants often need to compete with existing rivals. However, creating autonomous work units and encouraging independent action may have pitfalls that can jeopardize their effectiveness. These pitfalls for instance are seen when autonomous teams may lack coordination and sustained support from upper management (Dess & Lumpkin, 2005).

Lee and Peterson (2000) specially referred to autonomy as a crucial element of EO because it is the driver of entrepreneurial spirit. A proposition set by Stevenson and Jarillo (1990) stated that the level of entrepreneurship within the firm (e.g. the pursuit of opportunities) is critically dependent on the attitude of individuals below the ranks of top management. In addition, they proposed that the entrepreneurial behavior exhibited by a firm will be positively correlated with its efforts to put individuals in a position to detect opportunities. Gaw and Liu (2004) emphasized that encouraging innovation and

establishing autonomous business units allow companies to develop products and services in a broad market giving them competitive advantage.

4. Moderating Variables:Firm Size and Firm Age

The moderating variables considered for this research are: 1) firm size (number of employees), and 2) firm age (years of operations). Firm size in terms of the number of employees is classified into two: 1) small (equal or less than 99 employees), and 2) large (equal or greater than 100 employees). The SME industry classification that is applied in the Philippines (BSMED Council, 2006) provides the basis for the classification (refer to Table 2.6). The number is slightly lower than the prescribed norm by European Commission (http://www.lib.strath.ac.uk/busweb/guides/ smedefine.htm) which is a headcount of less than 50 for small and higher than this number refers to medium and large.

Table 2.6 Small and Medium Enterprise (SME) Definitions

Size of Enterprise	Number of Employees	Assets
Micro	1-9	Less than PhP1.5 Million (<24,590€)
Small	10-99	PhP1.5 million to PhP15 million (24,590-245,900€)
Medium	100-199	More than PhP 15 Million up to PhP 100 Million (>245,900-1,639,340€)
Large	200 and above	More than PhP 100 Million (>1,639,340€)

Magna Carta of Small Enterprises (RA 6977, as amended by RA 8289)
Source: (BSMED Council, 2006)
PhP 61.00 = 1€ as of 5 March 2009

Firm age in terms of years of operations is divided into two: 1) young (equal and or less than 10 years in operations), and 2) old (11 years and above). This is similar with the empirical study of Runyan et al. (2008) which made the same two-group split.

5. Discussions and Conclusions

The introductory part established the connection between SM and EO. Then, we set the scope for the composition of the two major constructs of SM and EO. We built the concept of SM around Mintzberg's (1987a) pioneering efforts on 5Ps with qualification made on pattern to defer to developments in literature. As for EO, we pursued the complete 5 dimensions (innovativeness, proactiveness, risk taking, competitive aggressiveness, autonomy) considered to date which are espoused by Lumpkin and Dess (1996). Then we incorporated the moderating variables of firm size and firm age in the research framework.

We presented elaborate theoretical exposition of all the variables understudy. These definitions of terms are the basis for the development of questionnaire (discussed in chapter 4) for use in empirical research. In particular, the SM scale is drawn from literature review, but the EO scale is taken from a number of studies (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Lumpkin & Dess, 2001; Dess & Lumpkin, 2005) but aligned with the discussion presented here.

With these clear set of references, the next chapter concludes with a conceptual framework and research hypotheses.

CHAPTER 3

Conceptual Framework and Research Hypotheses

1. Introduction

This research depends on a theory that there are combinations of strategy making (SM) modes (Mintzberg, 1987a; Miller, 1996) that may influence the exhibition of each of the dimensions of entrepreneurial orientation (EO). This research track is consistent with extant literatures (Prahalad & Bettis, 1986; Hart, 1992; Hart & Banbury, 1994; Bailey et al., 2000; Atuahene-Gima & Ko, 2001) that espouse the finer quality of SM combinations. This argument is also in line with the earlier suggestions of a number of scholars (Mintzberg, 1973; Hart, 1992) of the possibility that some modes can be used at the same time by a firm. Substantively, several empirical studies (Hart & Banbury, 1994; Hughes & Morgan, 2007; Balabanis & Spyropoulou, 2007; Stokes, 2008) found that single SM perspective is not enough. Hence, this research responds to such call.

The challenge is to identify multiple SM modes or combinations of SM that are far better to predict and to explain the variations on the additive power effects of these SM modes on the exhibition of EO. The outcome can tilt toward the attribute of one school

of SM over the other (Mintzberg & Lampel, 1999). In this light, this research embarks on empirically testing the 5Ps of strategy as a SM framework to advance a new model of antecedents to the 5 dimensions of EO.

The 5Ps started as a normative model of strategy that is valid for all firms (Hax & Majluf, 1988), and we apply them in the current research as SM modes. Consequently, we aim to develop an operationalization of these SM modes for use in empirical research. Theoretical discussions (Mintzberg, 1987a; Hax & Majluf, 1991; Hart, 1992; Mintzberg et al., 1998; Barbuto, 2002; Mintzberg et al., 2003) abound regarding the whole 5Ps of SM framework but empirical tests are yet unexplored. Separate studies of individual 5Ps in line with EO are the norm. When taken singly as strategy formation, for instance that of planning (e.g. Burgelman, 1983; Berry, 1998; Andersen, 2000; 2004; refer to numerous e.g. from Hutzschenreuter & Kleindienst, 2006) or even positioning (e.g. Segev, 1989; Entrialgo et al., 2000; Beverland & Lockshin, 2004) or that of perspective (e.g. Rowlinson, 1995; Kemelgor, 2002), or likewise pattern (e.g. Dess, et al., 1997; Wiklund, 1998; Crossan & Bedrow, 2003) or of ploy (e.g. Amason, 1996), we find a rich empirical literature. Conclusively, the existing literature did not help show any integrative empirical study of the SM along 5 Ps more so when seen in relation with EO. An empirical study is done by Hart and Banbury (1994) on multiple SM processes but not based on the 5Ps. We aim to address this situation and see whether these 5Ps hold up as strategy formations and on top of this, integrate them into a single framework when exploring correlations with EO. In this way, we offer a collective SM framework to build EO.

Recently, strategic management studies on SM processes crowd around planning (Baker et al., 1993; Brews & Hunt, 1999; Boyne, 2001; Glaister et al., 2008), planned versus emergent or incremental (Slevin & Covin, 1997) and related these variables within the context of environment, organizational structures and several on performance outcomes (refer to Hutzschenreuter & Kleindienst, 2006). In line with EO, enormous studies (e.g. Hughes et al., 2007; Bulut & Yilmaz, 2008; Runyan et al., 2008) were done in relation

to performance. The bias it seems is to focus on performance measures of either the correlation with strategy orientation or EO or a three-group combination of these variables (e.g. Hughes & Morgan, 2007). Understandably, performance measures primarily contribute to the practical implication of the empirical study, hence, the proliferation of research interest. But for this current study, we offer to focus on the effects of SM combination's relationship on EO.

In view of EO which is defined as a process construct and concerns the methods and practices and decision making styles managers' use to act entrepreneurially (Lumpkin & Dess, 1996); it has evolved from simply having three (innovativeness, proactiveness, risk taking by Miller, 1983) to an additional two dimensions (competitive aggressiveness, autonomy by Lumpkin & Dess, 1996). Seemingly, the latter two (particularly competitive aggressiveness) have not caught the attention of researchers as reflected in the dearth of extant literature pertaining thereto. Many studies (e.g. Covin & Slevin, 1989; Lumpkin & Dess, 1996; Knight, 1997; Wiklund, 1998; Li et al., 2008; Scbindebutte et al., 2008; Elliott & Boshoff, 2007; Stam & Elfring, 2008; Moreno & Casillas, 2008; Green et al., 2008; Jantunen, et al., 2008; Perks & Hughes, 2008; Runyan et al., 2008; etc.) have been mostly focused on the original three EO dimensions and few (e.g. Chang et al., 2007; Zhang, 2007; Styles & Genua, 2008; Bulut & Yilmaz, 2008) on the additional two. Precisely, Hughes and Morgan (2007, 651) expressed that indeed only few studies were made on Lumpkin and Dess' (1996) 5 dimensions of EO. Reason of parsimony may provide an explanation on this situation. Majority of researchers readily adopt Miller's EO framework (Hughes & Morgan, 2007) as the issue on the components of EO, based on our assessment, is not a sensitive subject. Either three or five dimensions of EO, we say, are acceptable depending on the research's objectives in mind. But on our part, we concur with the proposal of Lumpkin and Dess (1996) regarding EO as having 5 salient dimensions. Indeed, similar with that of Lumpkin and Dess (1996), we agree that proactiveness as a response to opportunities in the market place is different from competitive aggressiveness which is a response to threats. Also autonomy takes into account the presence of actors which provides a

value adding contribution in viewing the EO framework holistically. Thus, we argue that all 5 dimensions are equally valuable and may possibly create a unique correlation with SM modes. Supportively, Dess et al. (1997) suggested to further study on the research findings of Burgelman (1983) regarding autonomy. Hence, we pose the challenge of studying all the 5 EO dimensions, and correspondingly we respond to such.

Barringer and Bluedorn (1999) stressed that there are just few empirical studies on the relationship between a firm's SM practices and EO. Since then a slow growth in empirical research (Entrialgo et al., 2000; Kemelgor, 2002; Covin et al., 2006; Das & Joshi, 2006) have explored the conditions under which SM affects EO. And even then, prior studies also (Barringer & Bluedorn, 1999; Entrailgo et al., 2000; Lee & Peterson, 2000; Kemelgor, 2002; Covin et al., 2006; Das & Joshi, 2006) have focused on antecedents of EO along limited set of strategic management models. Consequently, our study attempts to address these gaps by exploring not only a much broader antecedent to EO but also an integrated set of antecedents within the context of SM. By incorporating a number of SM modes, we provide a comprehensive venue for studying SM antecedents on EO. We expect potential possibilities of new scientific discoveries that may result from this endeavor. Overall, the prime motivation is to see if indeed there would be significant interactions within group classification of the SM along 5Ps and further, to see significant correlations as well, within SM modes along 5Ps and in between the complete 5 dimensions of EO. Aside from this, much is still to be done in the field of strategy research, that is, in order to increase understanding of the rich reality of SM which requires a certain amount of human cognition (Mintzberg, 1978). Another one is to further clarify and validate studies that had been conducted (Chakravarthy & Doz, 1992). Trying to discover new knowledge on SM along the Ps as they are intertwined with EO dimensions that are extended to two more variables poses a challenge.

Further, we also explore the potential influence of firm size and firm age as moderating variables to the SM-EO configurations. Like in many other contexts, firm size and age

are the moderating or control variables that are often used in business research studies (e.g. Covin et al., 2006; Hughes & Morgan, 2007; Lau et al., 2008; Runyan et al., 2008; etc.), because these are the most commonly relevant company related factors (Luo et al., 2005) and determine much a firm's needs (Hughes & Morgan, 2007). Essentially, these referenced business studies have also the same mold of orientation as this research.

In summary, this treatise aims to achieve and consequently contribute in a number of respects 1) to test the 5Ps of SM as a framework for studying antecedents of EO, thereby enriching the literature not only along this context but also the whole SM-EO literature, 2) to test an integrative SM model and assess the combination thereof that enable the exhibition of each of the EO dimensions, hence offering a broad set of antecedent SM factors to study EO 3) to enrich the usual research track of studying EO by extending to two more dimensions, and study the link to SM, thereby augmenting the lack of literature on the considered 5 EO dimensions.

In this chapter, we delve into prior studies to ground the conceptual framework in section 2. Also, we contextualize the choice of the moderating variables firm size and firm age within the SM-EO framework. In section 3, we review theoretical and current field study research in order to provide a steady platform for the subsequent development of hypotheses. Then in section 4, we end with discussions and conclusions.

2. Prior Studies and Conceptual Framework

We attempt to study multiple SM modes that enable the exhibition of each of the EO dimensions. We are encouraged by several studies (Prahalad & Bettis, 1986; Hart, 1992; Hart & Banbury, 1994; Atuahene-Gima & Ko, 2001; Hughes & Morgan, 2007; Balabanis & Spyropoulou, 2007; Stokes, 2008) both theoretical and empirical that espouse the advantage of SM combinations. Particularly, the available empirical studies (Hughes & Morgan, 2007; Stokes, 2008) on the basis of their results found that single

SM perspective is not enough. Apparently this conclusion is not derived from the conceptual framework of these studies. Hence, we did not uncover much empirical study that tried to pursue our research trajectory except for Hart and Banbury (1994). The similarity extends only as far as using a multiple SM process but the constructs and methods are different from our research. As regards to Balabanis and Spyropoulou (2007, 45), they have explored the idea of putting the SM process altogether into a single concept. They refer to this as strategy development modes (SDM), defined as "the activities and the cognitive, social/organizational and political processes through which strategies are intentionally or unintentionally formed". This one concept which fits all may have served their purpose when studying SDM to different environmental conditions but this is possibly not true in our case. On our part, we treat the SM modes as distinct from each other.

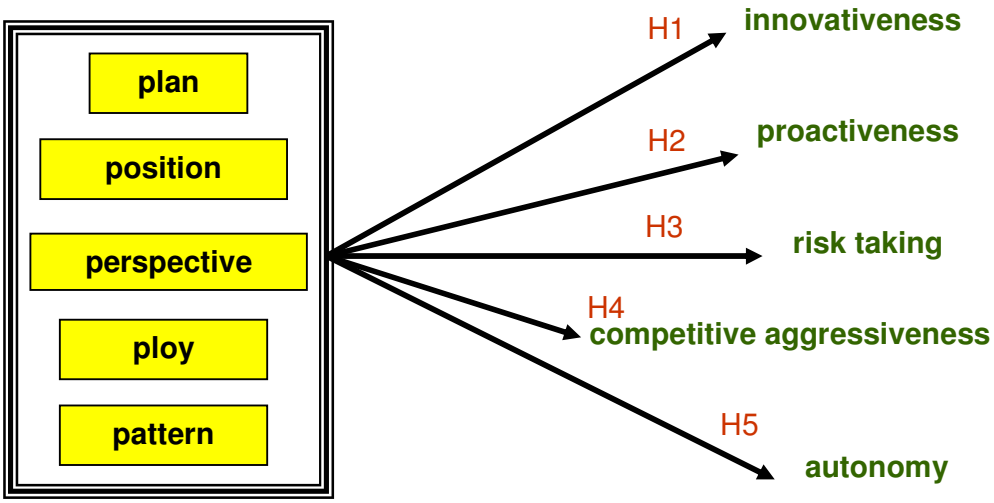
Researchers study the concept of SM in different ways with varying applications. At times, SM is referred to as a formulation or process, consisting of different steps (Mintzberg, 1973), or taken as strategic exchanges (Watson, 2003). At other times, SM is seen as a formation, like when it is conceived in the strategist's mind (Mintzberg, 1973) or evolved as part of the learning and or negotiation (Samra-Fredericks, 2003). Or it may be on content, based on a competitor assessment vis-à-vis the resource capabilities of a company (Porter, 1980; Barney, 1991). The tension lies on whether these "schools" are fundamentally different processes of SM or different parts of the same process (Mintzberg et al., 1998). This research dwells on all the varying ways that SM is approached and at the same time perceiving them as representing different parts. We believe that the principle underlying the SM modes being studied is individually different, albeit, complementing in practice. We examine distinct SM modes in this research to form a combination and link with multidimensional EO subject to some moderating variables such as firm size and firm age. Graphic presentation of the association of these two major concepts (SM and EO) is shown in Figure 3.1 below. This research seeks to answer the following series of questions:

What multiple SM modes enable the exhibition of each dimension of EO when moderated by firm size and firm age?

Given a SM-EO configuration, what is the estimate of the predictive power effect of each of the significant SM modes as it is added to the analysis?

What is the estimate of the relative predictive power of each significant SM mode, controlling for all other independent variables in the equation for a given model?

Figure 3.1: Conceptual Framework



Attempting to clearly understand the relationship between an integrative framework of SM to each dimension of EO stems largely from the fact that the extant literature is replete with simple bivariate correlations. As cited before, the literature showcases a bivariate but not a multivariate correlation between SM modes and the EO dimensions. At times, we also come across studies that link an SM mode (e.g. planning) to unidimensional or otherwise one-dimensional EO. This is the limitation and the potential at the same time of our research framework. Limitation of the current

literature prescribes the window of opportunity to examine an integrative SM framework in relation with each of the EO dimensions. Limitation requires that we refer the grounding of our hypotheses on the prior bivariate correlation studies between each of the SM modes and each of the EO dimensions. Potential, as has been cited before, provides the impetus to pursue an integrative study of SM combinations to each EO dimension. So far, no empirical study has been conducted on an integrative SM framework vis-à-vis each of the dimensions of EO.

Despite the difficulty of a multivariate treatment, we expect that the premise of a SM combination that may enable the exhibition of each of the 5 considered dimensions of EO is rife with possibilities. Hence, we embark to do this. We have to cut loose from the strict application of studies on SM and EO, and scrutinize the nuance of each SM mode on how the respective characteristics will facilitate enactment of each EO dimension. Following is the discussion of prior studies on bivariate correlations (sections 2.1-2.5) and the rationale for the use of moderating variables of firm size and firm age (section 2.6). In the next section 3, we extrapolate these bivariate correlations to develop a multivariate relationship between SM modes and each of the EO dimensions.

2.1 Planning and Multidimensional Entrepreneurial Orientation

Researchers and practitioners (Quinn, 1985; Mintzberg, 1994; Vaghefi & Huellmantel, 1998) alike attack the concept of strategic plan being too bureaucratic and staff oriented, setting short-term incremental goals and, focusing only on extant markets. Planning mode, with all its more intricate processes e.g. budgets, controls, etc., has been found to hamper an organization instead of liberating it. The process, being too formal does not lend itself to flexibility which is being called forth by the current situation (Mintzberg & Waters, 1985). It is too rigid a structure that is slow to respond to the emergence of opportunities. Hence, planning may render the organization helpless and falling behind in the light of competition.

However, planning appears to be highly pervasive in firms (Berry, 1998; Glaister & Falshaw, 1999; Grant, 2003). To these firms, somehow, the planning school seems to pay off (Powell, 1992; Peel & Bridge, 1998; see White, 1998; see Cohen, 2001) especially when seen in relation to performance (refer to list of studies in Hutzschenreuter & Kleindienst, 2006, 697). For instance, Miller (1983) learned that environment heterogeneity, dynamism, and hostility were found to be positively associated with a firm's entrepreneurial posture and innovation. But regardless of environment, what is worth noting is the fact that this relationship was drawn from a variety of firms to include firms with high planning orientations (Dess et al., 1997).

The foregoing discussions showcase the long-running debate on the merits of strategic planning (Hutzschenreuter & Kleindienst, 2006). However, even if the strategic planning field has made some considerable positive advances (Hutzschenreuter & Kleindienst, 2006), the arguments point that planning is still hard to be flexed with reference to EO. The study of Covin et al. (2006) on 110 manufacturing firms concluded that emergent approach as compared to planned strategy formation appears to enable entrepreneurial firms to capture the best of their innovativeness, risk taking, and proactiveness. These three dimensions of EO warrant unpredictability which would prove contrary to the principles of planned strategy formation. Furthermore, Quinn (1985) claimed, based on his research that few, if any, major innovation results from highly structured planning systems. Major innovations are best managed as incrementally goal oriented, interactive learning processes (Quinn, 1985). Accordingly, some more studies (Barringer & Bluedorn, 1999; Entrialgo et al., 2000) found that planning should be flexible to be an important correlate of EO (operationalized based on the Covin & Slevin 1989 measurement scale). Concurring on these, Kemelgor (2002) found the same result in his study in both the Netherlands and USA. However, Grant (2003) showed from his study of the oil majors that albeit the planning systems fostered adaptation and responsiveness, still it showed limited innovation. In contrast, the scanning analysis found in planning agenda is found to significantly correlate with EO (Barringer & Bluedorn, 1999; Entrialgo et al., 2000; Kemelgor, 2002).

In the case of autonomy, Burgelman (1983) found that autonomous strategic behavior does not fit in the existing categories used in the strategic planning of the firm; it falls outside of its current concept of strategy. But Andersen (2000; 2004) found instead that decentralized strategic emergence, where relatively autonomous managers are empowered to take initiatives, exists in tandem with strategic planning. Studies (Barringer & Bluedorn, 1999; Entrialgo et al., 2000; Kemelgor, 2002) corroborating to this effect cite that the locus of planning which is the depth of employees' involvement in strategic planning process (Barringer & Bluedorn, 1999, 425) is a correlate to EO.

In conclusion, planning wise, the literature (Mintzberg & Waters, 1985; Mintzberg et al., 1998; Vaghefi & Huellmantel, 1998) has arrived at a confirmation of expected home truths. A number of studies (Quinn, 1985; Covin et al., 2006) have validated that plan SM mode may not figure much in a company's EO, yet is still visible to a considerable degree because of its wide practice. When the connection exists, it is seen to be weak. As the literature suggests, the connection is seen to be strong, only under conditions of deliberate opportunism and/or strategic EO. The planning SM does not lend itself towards an entrepreneurially oriented behavior. The danger, ultimately, is that the planning mode forces out the entrepreneurial capabilities and activities of the organization; procedure tends to become rigid, so that (Mintzberg & Waters, 1982) SM becomes more extrapolation than invention. Planning mode is the least flexible of the SM modes (Mintzberg, 1973). However, a bit of caution must mediate these negative pronouncements. Gruber (2007) expressed trouble over this debate. He said that planning directly relates to the process of firm creation and opportunity exploitation and this view is largely referred from Shane and Venkataraman (2000). Therefore it seems a coherent theory on the virtue of planning in relation with EO is yet to exist. But based on the several studies expounded before, we see the direction to head more towards the inadequacy of strategy planning on some dimensions of EO (read on in section 3).

2.2 Position and Multidimensional Entrepreneurial Orientation

Positioning looks at how the business is placed within the context of its industry, thereby assessing how the business can improve its strategic positioning within that industry. As a result, strategies are made, which for Porter, represents fundamental types: low cost, differentiation, and focus (Spanos et al., 2004). The study of Segev (1989) found that differentiation and cost positioning strategies are both oriented toward proactiveness and risk strategies which may only differ in the extent of inclination. Whereas differentiation is high in proactiveness and risk, cost strategies are low in proactiveness and risk. Cost is found to have low proactiveness and risk because this strategy prescribes a firm to be a low key player in the production of unique products. Cost leadership suggests an internal orientation in which the firm concentrates on efficiency and cost control in order to undercut competitors. And one way to minimize cost is by marketing standardized products. In effect, usage of resources along experimentation, risk taking, and innovation activities can be harmful to the pursuit of a cost leadership strategy. On the other hand, differentiation offers a product (goods or services) that is perceived to be unique industry-wide (Das & Joshi, 2006). The environment should be seen as something that the firm must actively shape thereby requiring proactiveness and risk taking at the same time. Proactiveness involves the introduction of new products or technological capabilities ahead of the competition, and/or continuously seeking out new products or service offerings, which makes these acts at the same time highly risky considering that the probability of success is basically unknown.

Similarly, the study on a sample of 233 Spanish SMEs of Entrialgo et al. (2000) showed that firms which are competing using differentiation strategy develop greater degree of EO as compared to firms using cost leadership. They qualified differentiation in terms of innovation based differentiation. Innovation based differentiation is congruent to the context of EO given the apparent similarity of objectives and means in terms of product development, applications of new technologies and design quality. The study of Das

and Joshi (2006) found that differentiation strategy has a direct relationship with firm process innovativeness. They claimed that innovativeness is consistent with differentiation oriented strategies when they made their study on service firms. When service firms utilize differentiation strategy in terms of introducing new services, customizing a standard service, providing faster customer service, making the intangible tangible to create brand identification, these necessitate a firm to engage in innovativeness (Das & Joshi, 2006).

On the other hand, the study regarding cost leadership of Dess et al. (1997) arrived at a contrasting result. Dess et al. (1997) dwelt on the two generic strategies identified by Porter- cost leadership and differentiation. They used the generic positioning strategies as moderating variables between entrepreneurial SM and performance. Considering that the entrepreneurial SM possesses the elements of EO (discussed in section 2.5), it is likely that this study can be aligned with the research question at hand. First, their study found that cost leadership and entrepreneurial behavior are correlated. Accordingly, this means that even when competing on the basis of cost, it may be advisable to proactively monitor the environment, take some risks and innovate. Further, perhaps entrepreneurial processes serve as a means of encouraging the use of state-of-the-art process technologies that further lower costs and enhance quality. These technologies may take the form of 'core-process redesign, business process improvement, and reengineering'. Such activities can be innovative, proactive, and serve to dramatically enhance a firm's cost position relative to its competitors. Both cost leadership and entrepreneurial behaviors are bases on which competitive advantage is sought. The study suggested that the pursuit of a cost leadership strategy is not inimical to entrepreneurial oriented behavior. When both are leveraged, they may contribute to multiple layers of advantage for an organization.

Like Segev (1989) and Entrialgo et al. (2000), the outcome of Dess et al.'s (1997) study found that differentiation and entrepreneurial postures are congruent to each other. Covin and Slevin (1991) found that differentiation tactics like high price and high

product quality were most pronounced among the entrepreneurial firms (Dess et al., 1997).

To conclude, positioning whether in terms of differentiation and or cost leadership, with reference to the aforementioned studies, is examined to have a positive correlation with a firm's EO on innovativeness, proactiveness, and risk taking. In particular, regardless whether differentiation is high risk and cost is low risk, the bottom line is that both are prone towards risk taking. Substantively, Lumpkin and Dess (1996, 164) concluded that perhaps entrepreneurial orientations are not necessarily inconsistent with cost leadership strategies.

Supportively, a general application of positioning SM mode was applied through a longitudinal case study by Beverland and Lockshin (2004). They identified how a firm can build a sustainable niche through commitment to positioning based values (e.g. brand values) and constant market action. They found that these approaches allow firms to engage in proactive action.

In view of positioning mode and competitive aggressiveness, we suspect a strong relationship between them. Considering that positioning mode thrives on competition avoidance, organizations may do well to recourse to a competitively aggressive stance. Critically, Covin and Covin (1990) identified Porter's offensive strategies for achieving and maintaining competitive advantage as a diverse strategic and tactical manifestation of competitive aggressiveness.

Therefore, it makes sense that a positioning based SM which touts around understanding market structure, developing products on company's industry position and keeping abreast of competitors are basic parameters for an EO to flourish. The tenets of EO are built on actions that engage in product market innovation, undertake somewhat risky ventures, and are first to come up with proactive innovations, beating competitors to the punch (Miller, 1983, 771). Supportively, the study of Tzokas et al.

(2001) demonstrated that marketing and EO are synergistic constructs. However, no empirical study has been found on the relationship between position SM and autonomy.

Ultimately, the relevance of the above studies is measured in terms of how the positioning mode as a whole (both differentiation and cost leadership strategies) impacts on the dimensions of EO. Positioning means the position of the organization with regard to its external environment. It is this perspective that defines the parameters and at the same time the orientations of this research endeavor. This orientation is based on Mintzberg's (1987a) treatment of positioning as a distinct school of thought of SM.

2.3 Perspective and Multidimensional Entrepreneurial Orientation

The perspective SM sees strategy formation as a collective process. Culture is the shared meaning that a group of people create over time. It is based on the beliefs and understandings shared by the members of the enterprise. It focuses our attention on the reflections and actions of the collectivity- how intentions diffuse through a group of people to become shared as norms and values (Mintzberg, 1987a). Thereby, the strategy that is developed is a reflection of the corporate culture of the organization.

Perspective SM is synonymous with culture (Mintzberg, 1987b, 31). Culture in organizations is usually approached through concepts such as 'symbol, language, ideology, belief, ritual and myth (Pettigrew 1979, 580) which are difficult to trace through historical data (in Schein, 1985). Mintzberg and Lampel (1999) claimed a thin stream of literature along this field. There has been little interaction between business history and the concept of culture from organization studies (Rowlinson & Hassard, 1993 in Rowlinson, 1995). An attempt was done by Rowlinson (1995) with Cadbury divisionalization and merger in the 1960's. He monitored the connection of strategy structure and culture and found out that though the challenge to the Cadbury's culture could be presented as an 'emergent strategy', the continual affirmation by executives of their commitment to the culture suggests that this was not the case. Culture, was clearly

seen to have a major impact on the entrepreneurial ability, capability and orientation of a company (Peters & Waterman, 1982).

Culture defines what the organization is internally. Culture explains how people in the organization perceive the organization, and consequently determines how they behave (Pearson, 1990). An organization's ability to develop and maintain an entrepreneurial posture is contingent upon that organization's culture (Covin & Slevin, 1991). Culture is a key determinant of and the first step in fostering entrepreneurial activity within an organization (Covin & Slevin, 1991). Lee and Peterson (2000) theoretically discussed from a country viewpoint, the culture's tendency to engender the 5 dimensions of EO. Clearly, the culture of an organization can strongly affect entrepreneurial posture. Organizational culture is potentially an important factor that may influence the direction, nature and effect of entrepreneurial activities (Zahra, 1993). In fact, Cornwall and Perlman (1990) suggested that organizational culture is a key determinant of EO (in Chadwick et al., retrieved 2/5/06). Other researchers (Covin & Slevin, 1989, 1991; Pearce et al., 1997), in recognizing organizational culture's potential influence on EO, called for an examination of the relationship between organizational culture and EO (Chadwick et al., retrieved 2/5/06).

In a related sense, Andrews (1980) argued that top management's values and philosophies are major determinants of competitive strategy choices (in Covin & Slevin, 1991). Accordingly, top management's values and philosophies are essential variables in the proposed model of firm-level entrepreneurship. The choice of an entrepreneurial posture can be a heavily value laden decision reflecting top management's beliefs of how a firm should be managed (Covin & Slevin, 1991). It is virtually impossible to separate top management's values from a firm's strategic choices (Andrews, 1980). The decision to adopt an entrepreneurial posture must be considered a strategic choice (Khandwalla, 1987 in Covin & Slevin, 1991).

Therefore, in line with this, recognizing the critical role that culture plays in determining entrepreneurial behavior, several well known scholars have called for future research addressing the impact of national culture on firm-level entrepreneurship (Zahra et al., 1999 in Kreiser et al., 2002; Kemelgor, 2002). According to Killman, Sexton and Serpa (1985), corporate cultures are an extension of the embedded societal norms and values (in Kemelgor, 2002). The study of Kreiser et al. (2002) suggested that national cultural values exert direct influence on the rates of organizational risk taking and proactive firm behavior exhibited in a particular culture. The rationale for this relationship according to Kreiser et al. (2002) is that if national culture affects the way that individuals behave within the organization and individual behavior affects the strategic orientation displayed by these organizations (Miller, 1983; Lumpkin & Dess, 1996), then it stands to reason that national culture may play a significant role in determining the overall level of a firm's EO.

Research has demonstrated that a firm's innovative capacity is affected by cultural norms (Kanter, 1982 in Covin & Slevin, 1991). Likewise, the level of competitive proactiveness exhibited by a firm will be in part culturally determined (Miller & Friesen, 1984). Not surprisingly, common cultural attributes are often identified with entrepreneurial firms (Cornwall & Perlman, 1990 in Covin & Slevin, 1991). Potentially, culture offers a way of combining concentration and consistency with the flexibility essential to effective strategy (Pearson, 1990). Stevenson and Jarillo (1990) pointed the need for an 'entrepreneurial culture' within the firm. Kemelgor (2002) echoed the same thought. As proposed by Antoncic (2003) risk-oriented organizational culture will have a positive impact on attitudes toward risk taking. Although, the case study of Hope-Hailey (2001) illustrated the depth of change that is required in order to shift a culture built on short-term results towards a culture that emphasizes risk, creativity and uncertainty.

On the other hand, a traditional culture at times limits the risk taking capabilities of a company (Rowlinson, 1995). Culture can encourage or discourage business-related risk

taking (Burgelman & Sayles, 1986 in Covin & Slevin, 1991). The rationale is that the dominant culture in established organizations is centered on rules that stifle innovation (Kanter, 1983; Mezias & Glynn, 1993). Strong cultures may lead to core rigidities and retard innovation and risk taking (Hamel & Prahalad, 1996 in Dess & Lumpkin, 2005).

Thus, gleaning from the previous discussions, it is a given that perspective SM mode is expected to vary with the culture type emphasized within the firm, however this specific research though, addresses perspective SM in terms of its characteristics along culture - vision and mission, values, norms, knowledge, etc., on whether these are aligned with the practice of EO. Thereby addressing how perspective SM (as defined by Mintzberg, 1987a) in its entirety influences the EO of business firms.

The article of Barney (1986) looks at culture as a source of sustained competitive advantage. Barney (1986) stressed that companies with strong financial performance are guided by strong core set of values that define how they carry their business. This strong core set of values is represented by a culture that must be rare, imperfectly imitable and valuable to create sustained economic performance (Barney, 1986). Thus, we underpin our theory of the relationship between perspective and EO borrowing heavily from Barney's resource based view. We argue that the dominance of a perspective aka culture oriented SM when present in firms, is more likely to enable the exhibition of EO, assuming that the firms are engaged in a positive culture that endeavors goal achievement. Hart and Banbury (1994) suggest that a perspective (symbolic as used by Hart & Banbury, 1994) SM may add to long term growth prospects of an organization due to its strong commitment to shared mission and vision.

2.4 Ploy and Multidimensional Entrepreneurial Orientation

Strategy is clearly tied to the social process of strategy negotiation. The balancing act between putting the well-being of the group as the primary consideration on the one hand and disorganized competing behavior on the other is an integral part of SM.

Conflict and consensus co-exist but the implication is that the process of negotiating action is central to organizational behavior and so central to SM - a process of negotiation influenced by power of all sorts (Eden & Ackermann, 1998). Concretely, it was in the study of Samra-Fredericks (2003) that portrayed how the everyday human exchange of a particular strategist shaped the attention of others and began to lay the building blocks for shaping future possibilities. This strategist in reference was shown to possess greater political advantage.

Schoenberger showed how the power interests and identities of the strategic managers of certain large American corporations led to the development of particular managerial cultures and corporate identities (in Watson, 2003). These, she argued, frame the kinds of knowledge that can be produced and utilized by the firm in the creation and implementation of competitive strategies (in Watson, 2003). In this connection, strategy-makers' own demands are taken into account by strategy-makers when they are dealing with the resource demands of all of the other parties with which the enterprise exchanges.

However, the ploy SM mode which is better known as power nowadays has not grown much in literature (Mintzberg et al., 1998), although developments can be seen as regards to joint ventures and alliances. Mintzberg and Lampel (1999) corroborated the existence of a thin literature along this field. Particularly, group processes in strategic decisions, is an issue that has been neglected in entrepreneurship research (Sandberg, 1992). Much has been said and studied on a single leader/ entrepreneur but not much on teams particularly management teams that typically work out strategic decisions in a firm. Decision making as a topic per se is well researched, but not in connection with entrepreneurship. As suggested by Sandberg (1992), the most promising theoretical applications to entrepreneurship involve the handling of conflict in the decision process. The study of Wagner et al. (1984) reported an association between heterogeneity and increased group conflict and decreased interpersonal communication (in Smith et al., 1994). This has been substantiated by the study of Knight et al. (1999), which found

that top team heterogeneity reduces important group processes, such as agreement-seeking behaviors that in effect reduces strategic consensus. Also the study of Amason (1996), found that conflict does appear to improve decision quality but at the same time appears to disrupt group effort.

Top management usually defers a decision until substantive and political uncertainties are resolved (Burgelman, 1994 in Floyd & Lane, 2000). Having leadership divided among several partners of a small firm can paralyze action when there are dissenting views. The partners may veto one another's proposals so that no entrepreneurial programs can be implemented (Miller, 1983). Having a heterogeneous top management team for example, is prone to vigorous and comprehensive debate on various courses of action. The reason is that they are coming from diverse cognitive and experiential backgrounds (Simons et al., 2000). In effect, this diversity could result in slow decisions that would impair the firm's ability to launch actions after all. This has been affirmed in the study of Hambrick et al. (1996). Also, the empirical study of Auh and Menguc (2005) showed that top management team's diversity has a negative effect on EO (three original dimensions). The negative impact is more likely felt when the firm secures more information processing and sharing activities. Accordingly, it is when the firm pursues EO that top management teams differences hurt the most. More importantly, as operationalized in earlier discussions, Mintzberg (1973) described ploy mode as providing "reactive" solution to existing problems rather than the proactive search for new opportunities. This is in connection with unspecified goals that would hinder proactiveness.

Otherwise, the study of Hambrick et al. (1996) on 32 major airlines also found that heterogeneity was positively related to action propensity (basic tendency to undertake competitive initiatives) and the magnitude of competitive actions. Further, Ferrier's study (2001) suggested that competitive aggressiveness is influenced by a top management team's ability to scan and interpret signals from the competitive environment. Heterogeneous top teams are better equipped to carry out complex

sequence of competitive moves than homogenous top teams. The rich exchange of ideas that happens during negotiation aids in strategizing for competitive aggressiveness. Lumpkin and Dess (1996) refer to competitive aggressiveness as suggesting reactiveness which is a response to competitors in which these responses are discussed, to our understanding, at the negotiation table. Heterogeneous teams are also seen to possess decision creativity (Hambrick et al., 1996) because of the rich diversity of ideas that are available for the taking.

2.5 Pattern and Multidimensional Entrepreneurial Orientation

Undoubtedly, individual-level behavior on the part of the entrepreneur can affect an organization's actions and in many cases the two will be synonymous. Sexton and Bowman-Upton (1987, 82 in Covin & Slevin, 1991) argued that growth is not a natural phenomenon which occurs in and of itself; it is a social phenomenon which is under the control of the owner of the firm. Porter has found that there's a striking relationship between really good strategies and really strong leaders (Hammonds, 2001). Leaders can largely influence their firm's ability to create sustainable income stream. Guth and Ginsberg asserted that 'entrepreneurial behavior in organizations is critically dependent on the characteristics, values/beliefs, and visions of their strategic leaders (in Antoncic, 2003) and more likely would reflect on the style and content of the organization's SM (Kisfalvi, 2002).

Lafuente and Salas (1989) added that entrepreneurial intentions, the desires of the individual entrepreneur, lead to entrepreneurial outcomes (in Jenkins & Johnson, 1997). In the study of Crossan and Bedrow (2003), every person interviewed attributed entrepreneurial-style intuitive insights to one key individual.

Hence, we argue, based on the foregoing premise, that pattern (aka entrepreneurial SM) has an edge over the other SM modes in terms of its theorized predictive power effect on EO particularly on innovativeness and proactiveness. Pattern SM mode is the exact

thesis to plot an entrepreneurial orientated inclination. The pattern mode, also known as entrepreneurial SM, is described by Dess et al. (1997) as characterized by experimentation, innovativeness, risk taking, proactive assertiveness, opportunity-seeking and decisive action catalyzed by a strong leader. There is a certain level of embeddedness of some dimensions of EO (if not all) that can be found in the pattern mode. Mintzberg (1973) saw risk taking and decisive action (bold action or proactiveness as used in Mintzberg et al., 1998) catalyzed by a strong leader as elements of his entrepreneurial mode. Moreover, Wiklund (1998) defined EO, as "the CEO's strategic orientation reflecting the willingness of a firm to engage in entrepreneurial behavior". Essentially, the definition of EO by Wiklund (1998) highlights the CEO's major role which is basically the determining factor in the pattern mode. Hence, it follows that there is indeed a compelling reason to state that EO and pattern mode are related with each other. This implication is not surprising since Wiklund (1998) developed the definition of EO based on his study on small firm growth and performance. Pattern mode usually thrives in a small firm single-handedly manned by the owner entrepreneur (Aloulou & Fayolle, 2005).

Along this line of argument, Miller asserted that an entrepreneurial firm 'engages in product-market innovation, undertakes somewhat risky ventures and is first to come up with 'proactive' innovations, beating competitors to the punch'; suggesting the dimensions of innovativeness, risk taking and proactiveness, respectively (Dess & Lumpkin, 2005). Complementarily, many researchers (Miller & Friesen, 1984; Covin & Slevin, 1989; Lumpkin & Dess, 1996) stressed that firms often adopt an entrepreneurial posture in their SM processes as a means to achieve competitive advantage through proactive strategic repositioning and product/market revitalization efforts. In line with this, from an economic perspective, Schumpeter (1934) cited that the concept of the entrepreneur has been regarded as the catalyst for growth through the process of innovation and enterprise (in Jenkins & Johnson, 1997). Further, the study of Brockhaus (1980) found that entrepreneurs as well as managers have risk taking propensity.

2.6 Moderating Variables: Firm Size and Firm Age

Dess et al. (1997) suggested that a firm's size may affect the complexity and style of SM process. Large firms may be more inclined to strategy planning process (Hart & Banbury, 1994; Mintzberg & Lampel, 1999). And when companies grow larger they exhibit more perspective (symbolic) and or ploy (participative) SM (Hart & Banbury, 1994). In contrast, small firms may engage more in emergent strategic decision making as embodied in pattern SM where a single leader entrepreneur provides the decision for the whole firm (Mintzberg, 1973; see Robinson, 1982; Covin et al., 2006).

In terms of EO, older firms are less sensitive to EO because of the inertia of bureaucracy and hence young firms are more likely to assert themselves and break from the norms and be more innovative (Lou et al., 2005). Small firms are also claimed to employ more entrepreneurial oriented behavior particularly on innovativeness (Lumpkin & Dess, 1996; Lou et al., 2005) and risk taking (Lumpkin & Dess, 1996). However, younger and smaller firms may be constrained in pursuing profitable opportunities because of their limited resource bases (Stam & Elfring, 2008). The EO construct requires certain amount of investment. Firm size as defined based on number of employees by Atuahene-Gima et al. (2006) is a useful indicator for the availability of resources that can be used by a firm and the number of external ties and level of legitimacy given to a firm. Small firms normally experience resource constraints unlike large firms which cope with corporate life cycle changes because of a wider array of available resources (Wolff & Pett, 2006). Wiklund and Shepherd (2005) suggested that entrepreneurial strategies require considerable financial resources to be successful yet their empirical study found that EO has the strongest effect on performance in stable environments with less access to capital. However, their study is context specific based on interaction between EO, performance, environment and capital.

Given that SM and EO are both engaged in exploring profitable opportunities (Shane and Venkataraman, 2000) which require huge resource consumption (Wiklund, 1999),

we argue that old and big firms may more likely moderate the relationship between SM and EO as compared to small and young firms.

3. Research Hypotheses

Surmising from the foregoing section, we arrive at an understanding that the extant literature is not explicit when arriving at our goal. After all that is said, armed with the theoretical and conceptual knowledge and understanding of the distinctions and relationships of each of the SM modes to each of the EO dimensions, threads of commonality were culled from the earlier discussions (section 2) in order to develop the hypotheses. Taking care that our multivariate correlations are fairly grounded, the hypotheses represent the synthesis and arguments for and against the bivariate explorations presented prior to this. We theorized that a multiple SM or SM combinations are far superior to enable the exhibition of each of the dimensions of EO; hence it is in this light that we map out a number of SM-EO configurations exposed to moderating variables of firm size and firm age. We review the essential points undertaken in the previous section (2) and the measurement constructs expounded in chapter 2.

3.1 Multiple Strategy Making Modes and Innovativeness

Innovativeness as defined by Lumpkin and Dess (1996, 142) reflects a tendency to engage in and support new ideas, novelty, experimentation and creative process that may result in new products, services, or technological processes. Innovativeness owns up to opportunistic or revolutionary behavior that shift from existing technologies or practices and explore beyond the current state of the art (Lumpkin & Dess, 1996). Reflecting on this, we perceive the presence of a pattern SM mode to appropriately enhance innovativeness. Argenti (1980 in Leavy, 1996) debated that nothing could compete 'with the entrepreneur' in terms of innovative capability. Pattern SM which rests on a single leader who walks confidently into an uncertain future provides the

drive to enact innovativeness. This person possesses the entrepreneurial experience and gut feel to put his head where it should be, that is to pursue innovative and creative ideas. However, given a strong leader, it must establish an anchor in the pursuit of innovativeness. Positioning SM that rings around market and or industry structure when crafting strategy, is a critical element towards innovativeness. The feedback from the competitive environment provides a firm ground to kick off a paradigm shift from tried and tested products and venture into new ones. Positioning SM assures strategies that can be defended against competitors. The ability to develop strategies as a function of the position of the products in the market serves as a solid base to appraise success rate of innovative actions.

Hence, based on the prior premises, we theorize that positioning which facilitates assessment of the competitive industry coupled by pattern which has a strong leader that can act on time driven opportunity may turn out to be dominant SM combinations that are likely to demonstrate linkage with innovativeness. We also see ploy complementing the SM equation on innovativeness. Brainstorming, deliberation, and negotiation that occur in ploy SM may trigger creativity and novelty ideas to come out (Hambrick et al., 1996). The diverse idea especially of a heterogeneous group creates discoveries for new creation. Further, we propose that the underlying presence of perspective (aka culture) SM in firms, forms the frame of reference which predisposes firms to act in particular ways. The resource based competency that culture brings to a SM process engenders innovativeness. Kuhn (2008) referred to versions of resource based view (RBV) that underscores a strong and integrated culture which organizational members identifies with and create competencies that sharpens communication, coordination and learning.

However, in the light of planning, we assess that planning is not configured along innovativeness. Evidences in literature (Quinn, 1985; Barringer & Bluedorn, 1999; Entrialgo et al., 2000; Covin et al., 2006) prescribe emergence and or incrementalism in dealing with innovativeness. The tendency to adhere to a drawn out plan with elaborate

details and resource accountabilities may blind top managers in responding to new opportunities.

Hypothesis 1

A multiple strategy making modes of position, pattern, ploy, and perspective enable the exhibition of innovativeness.

3.2 Multiple Strategy Making Modes and Proactiveness

More than a response to opportunities, clearly Dess and Lumpkin (2005, 148) referred to proactiveness as a "forward looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities in anticipation of future demand". Based on this definition, the role of the strategic leader is underscored. Penrose (1959 in Lumpkin & Dess, 1996) believe in the capacity of entrepreneurial managers to possess the vision and imagination to pursue opportunistic expansion. The CEO can railroad oppositions and act on the opportunities at once before it gets lost. Wally and Baum (1994) found that a centralized firm which depends on a single individual possessing cognitive ability, use of intuition, tolerance for risk, and propensity to act, execute speedier strategic decision. Proactiveness is characterized by being the quickest to innovate and offer new products. This is done through seizing initiatives and acting opportunistically (Lumpkin & Dess, 1996) through a decisive leader that can act boldly and flexibly.

Moreover, we also see that position SM critically supports pattern SM as influential on the exhibition of proactiveness in firms. The role of the environment is important since no firm can operate independently from its market context (Perks & Hughes, 2008) especially in response to proactiveness. Positioning drives a firm to focus on dynamic advantage creating capability by targeting market positioning strategies in the light of competition. External market information that are wired into the firm, presents a foothold for pursuing new products, risking investment and meeting the competitors

head on. Proactiveness has a strong external orientation (Wang, 2008). Proactiveness looks out to the environment to create first mover advantage much ahead of the competition. Perks and Hughes (2008) recognized that environmental context shapes entrepreneurial strategies. However, we find that the element of seizing the moment of opportunity contained in proactiveness is contrary to the essence of formal planning (Barringer & Bluedorn, 1999; Entrialgo et al., 2000; Kemelgor, 2002; Covin et al., 2006). Proactiveness warrants flexibility to act in response to changing environmental conditions. As regards to ploy, the bargaining, negotiating and collaborating requires time, that opportunities to be proactive are lost along the way. Ploy forestalls the enactment of proactiveness because of the diverse goals of people involved in negotiation. Perspective wise, literature (Mintzberg et al., 1998) underscores its focus on the strengths and weaknesses of a firm more than opportunities and threats which more likely discourage change. Culture leans more on heavily laden values that are entrenched on a deeper level in the cognition of strategists which suggest thorough and careful perceptual understanding rather than spontaneous action in response to market opportunities.

Hypothesis 2

A multiple strategy making modes of pattern and position enable the exhibition of proactiveness.

3.3 Multiple Strategy Making Modes and Risk-taking

Risk taking is described as the possible losses or gains that are derived from an action. Risk taking is associated with a willingness to commit large amounts of resources to projects where the costs of failure may be high (Miller & Friesen, 1978). We find, contrary to the study of Covin et al. (2006), that risk taking which is the tendency to act despite the unknown is facilitated by planning SM. The environmental scanning which is a device in planning provides the impetus for information acquisition and dissemination that facilitate understanding of the unknown. Knowing the unknown is a

necessary tool to manifest risk taking. Literature review (McMullen & Shepherd, 2006) states that firms become risk averse when they cannot see the whole picture. The scanning device present in planning aids the strategists to engage in risk taking. Planning facilitates risk taking by reducing uncertainty.

Further, position complements planning. As cited on earlier, positioning looks at how the business is placed within the context of its industry, thereby assessing how the business can improve its strategic positioning within that industry. The information (e.g. level of risk present) that is derived from the understanding of the external environment provides an input to assess risk-taking propensity. Also, positioning concrete strategies of differentiation (e.g. high price and high product quality) and cost leadership presume that firms take risks.

We also find ploy to be part of the configuration on risk-taking. We believe that when a group collaborate and negotiate, the more that they are predisposed to engage in risk taking as compared to when a single individual does it alone. The strength of a number of individuals precludes the hesitancy to face head on the new ventures especially if the possibility of repercussion is huge. Miller and Freisen (1978) define risk taking as the degree to make large and risky resource commitments with reasonable chance of costly failures. At least through ploy the responsibility for the action is divided amongst a number of people not simply concentrated on one or a few. In this vein, the words of Lumpkin and Dess (1996) summarize our proposal, that is, " aversion to a specific new venture opportunity may be overcome by careful study and investigation, and at the level of the firm risks are taken that would not be taken by a single individual" like when the CEO alone does it (pattern SM). Pattern/entrepreneurial SM as evidenced in the literature (Dess et al., 1997) is found to relate positively with EO. It is even conceptualized by Mintzberg (1973) as characterized by search for new opportunities and dramatic leaps forward in the face of uncertainty. However, we argue otherwise. When the cost of failure and repercussion is high, safety in numbers define whether to act or not. The edge between being risk averse or risk taker is defined by the number of

decision makers involved in the process. In the light of perspective SM, we offer the same argument as discussed in the earlier section (3.2) on proactiveness.

Hypothesis 3

> A multiple strategy making modes of plan, position, and ploy enable the exhibition of risk taking.

3.4 Multiple Strategy Making Modes and Competitive Aggressiveness

Competitive aggressiveness refers to a firm's propensity to directly and intensely challenge industry rivals (Lumpkin & Dess, 1996). It looks outside of the firm to respond to threats that already exist in the market. It has a strong external orientation toward competition (Wang, 2008) which exactly is the thought behind a positioning based SM. Competitive aggressiveness requires a deep understanding of the complexity of contemporary markets and company's position in this environment that can be defended against competitors

As regards to ploy, theory wise, ploy takes us into the realm of direct competition where maneuvers for or against the competitors are employed to gain competitive advantage. Ploy grants substantial contribution to position by providing social networks for strategic decision making and survival. Finding web of relationships (ex. with friends, government) is a necessary information source to practice action driven decision making. As suggested by Mintzberg (1973), ploy is reactive. Reactiveness suggests a response to competitors which involves being adaptive to competitors challenges (Lumpkin & Dess, 1996, 147). We believe that the idea of competitive aggressiveness which is a response to threats necessitates agenda that need to be tabled for discussion by stakeholders. Competitive aggressiveness requires adopting unconventional undo the competitors' tactics (e.g. cutting prices and sacrificing profits) to challenge industry rivals (Lumpkin & Dess, 1996). Therefore, position and ploy when coalesced provides a sturdy foundation for competitive aggressiveness to move forward.

Also, it is important to point the fact that we did not find much body of empirical research that exists regarding competitive aggressiveness. Thus the construct of competitive aggressiveness is preliminary explored.

Hypothesis 4

A multiple strategy making modes of position and ploy enable the exhibition of competitive aggressiveness.

3.5 Multiple Strategy Making Modes and Autonomy

Autonomy secures the voices of the people at the bottom of the firm to have a say in decision making. Hax and Majluf (1994) referred to gaining the involvement and commitment of the principal stakeholders affected by the plan as a characteristic of the planning process. A device in planning which is the bottom to top and vice versa approach, where inputs in the planning process is also derived from the bottom and processed and decided by the top management speaks of autonomy. Strategy making occurs from the ideas generated by employees that are submitted to top management. Through this, a venue for entrepreneurial autonomous actions are considered and heard. Substantively, we agree with numerous authors (cited above-Andersen, Barringer & Bluedorn; Entrialgo et al.; Kemelgor) that the locus of planning is consistent with autonomy. Planning and perspective SM as operationalized in our research both indicate the contribution of organizational stakeholders (e.g. employees) in the SM process. In addition, with regard to autonomy, Burgelman (1983) found in his study that the 'motor for corporate entrepreneurship resides in the autonomous strategic initiative of individuals at the operational levels in the organization (Dess et al., 1997). Burgelman (1983) pointed that corporate entrepreneurship would seem to depend both on the capabilities of operational level participants to exploit entrepreneurial opportunities and on the perception of the corporate management that there is a need for entrepreneurship at the particular moment in its development.

Hence, we expect that plan and perspective may manifest as the multiple SM modes that enable the exhibition of autonomy. Apparently, pattern SM does not complement autonomy. Independent action of an individual or team to carry out goals to completion does not complement the assertive nature of a pattern SM mode where the sole leader decides and the goals of the firm is simply the expression of a single individual. This idea is also consistent with the empirical study of Shrivastava and Grant (1985, 107), that found that single person decision process are unlikely to promote the participative, planned or systematic decision process. Also since autonomy has a strong internal orientation, we find that position SM is on the opposite pole from the principle of autonomy. Positioning SM has an external orientation and this same reasoning also applies to ploy SM.

Hypothesis 5

> A multiple strategy making modes of plan and perspective enable the exhibition of autonomy.

4. Discussions and Conclusions

The introduction set the rationale for the research orientation which we grounded through literature review. Illustrative references that guided the present research efforts were reported. Successively, we showcased a conceptual model on the research problem. Then, we investigated a bivariate relationship between SM and EO as ground work for the development of hypotheses. No empirical study has been done so far, along a synthesized topic on SM practices and EO. This alone proved a challenge to pursue this research endeavor in order to advance a comprehensive and integrated antecedent to EO. But we admit that as only bivariate correlation is available in the extant literature on the relationship between SM and EO, the process of transition to a multivariate correlation expressed in the hypotheses developed for this research, may possibly carry weaknesses and may have lacked strong arguments. Critical nuances of identifying multiple SM modes that enable exhibition of each of the EO dimensions

may have been missed. Nevertheless, to the extent possible, considerations of the salient characteristics of EO dimensions were plotted vis-à-vis the features of each SM mode that were expressed in a number of multivariate hypotheses. The development of multivariate hypotheses based on the understanding of the literature review was done to validate claims of the superiority of a multiple SM model.

Hypotheses were threshed out on an integrative interaction of within group classification of SM modes and their combined influence on each of the dimensions of EO. Thereby, the end results are a number of SM-EO configurations. Further, we explored the possibility of firm size and age as moderating influencers of the relationship of multiple SM modes to EO.

In conclusion, this research started off with an exploration of the 5Ps schools of thoughts for strategy and ended with a mixture of SM approaches theorized to far better enable the exhibition of multidimensional EO as compared to when only a single SM is considered. Mintzberg (1987a) started with the 5Ps for strategy and ended up with a discussion of the interrelatedness of the Ps. Likewise, the main results of this study purport to arrive at the same conclusion or to prove otherwise. We are challenged by the idea of a link between multiple SM modes and each of the dimensions of EO to be proven as tenable models pending application of empirical research. We await the results discussed in chapter 5 immediately following the essay on methodological process in the next chapter 4.

Part III

Chapter 4

Research Methodology

1. Introduction

The overriding purpose of this study is to examine the relationship between the independent strategy making (SM) variables and the dependent entrepreneurial orientation (EO) measures. In line with this goal, the domain of the study for empirical research is the top medium-sized business firms. The empirical study as evidenced from the Philippines, a Southeast Asian country, would realize the major conceptual concerns of this paper.

The idea to conduct the empirical research in the Philippines (Figure 4.1, Figure 4.2) was explored considering that the major researcher is a resident of this country. More importantly, we do not only aim to test the theory on the SM combinations linkage to EO but also to make a difference. A vast dearth on scientific business research currently exists in the Philippines and the Southeast Asia at large. Hence, we aim to make up for the shortage through this research. This is to provide to researchers and practitioners additional scientific research based valued information about business on

the Philippines particularly the practice of SM and EO of top medium-sized business firms.

In this chapter, we discuss the research methodology process which includes: research design formulation (section 2), data collection and preparation (section 3); scale evaluation (section 4), and data analyses tools (section 5). We end with discussions and conclusions (section 6). In scale evaluation, we address the major theoretical underpinnings of research which are the validity and reliability of measures. Also, based on what we have experienced in this research, the situation called for some discussion on ethics in data gathering. The empirical results are tabled for discussion in chapters 5 and 6 immediately following after this chapter.

2. Research Design Formulation

2.1 Scope of empirical research

The focal location for the field data gathering is the Metro Manila or the National Capital Region (NCR) (Figure 4.3) which houses the capital of the Philippines- Manila. The choice of the survey area is the most appropriate venue to study the business industry particularly the medium-sized business firms. While micro and small enterprises are distributed more evenly across many regions in the Philippines, medium and large enterprises are mainly in the National Capital Region or Metro Manila. This set-up has been in existence for the past 10 years (BSMED Council, 2006, 5). Moreover, Metro Manila is the economic center of the Philippines, aside from its being the political, social, and cultural hub as well. It is where the vibrant business centers are located like Makati for instance which is the financial capital of the country. It is stated that 97% of the total GDP in the Philippines is controlled by 15% of the population, the majority of which is found in Metro Manila. (http://en.wikipedia.org/wiki/Metro_Manila#economy)

Fig. 4.1 Philippines in World Map

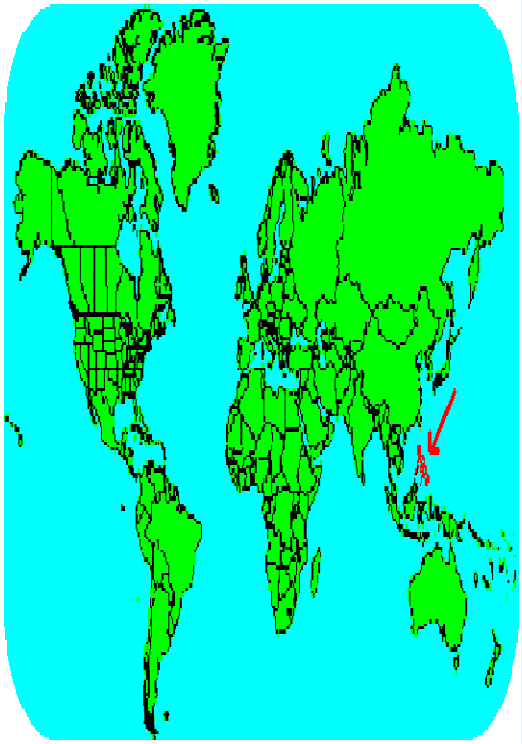


Fig. 4.2 Map of the Philippines

(Source:www.kids-online.net/world/philippines.html & www.sph.undikayoc.edu/.../world/philippines.html)

The residential population is 11,099,800 (2007 estimate) in an area of only 636 square kilometers; making it the 19th world's most populous and the largest in Southeast Asia (http://en.wikipedia.org/wiki/Metro_Manila). The influx of people at daytime adds number to the already ballooned area. Metro Manila is one of the three defined metropolitan areas in the Philippines, the others being Metro Cebu and Metro Davao.

In 2005, according to PricewaterhouseCoopers, Metro Manila is ranked as the 42nd richest urban agglomeration in the world with a GDP of $108 billion. This city is expected to climb to the 30th spot by 2020 with a GDP of $257 billion and an annual growth rate of 5.9%.

The cities and municipalities within Metro Manila or National Capital Region (Figure 4.3) are grouped into the four districts (http://en.wikipedia.org/wiki/Metro_Manila) as follows:

1st District	:	City of Manila
2nd District	:	Mandaluyong City, Marikina City, Pasig City, Quezon City, San Juan
3rd District	:	Caloocan City, Malabon City, Navotas, Valenzuela City
4th District	:	Las Pinas City, Makati City, Muntinlupa City, Paranaque City, Pasay City, Pateros, Taguig City

Fig. 4.3: Map of Metro Manila

(Source: http://commons.wikimedia.org/wiki/Image:Metro_manila...)

Obviously, one can assess that the geography of the target area is extraordinarily big; hence accessibility was a problem which must be reckoned with as part of the research's level of difficulty.

2.2 Target population

We collected the data from a heterogeneous set of firms that engage in manufacturing, transport storage and communication, hotel and restaurants, health and social work, fishing, financial intermediation, electricity, gas and water supply, education, construction, hunting and forestry, agriculture, and community social and service activities, wholesale and retail trade, repair of motor vehicles and persona. They were from a cross-sectional population based in Metro Manila, Philippines. Heterogeneity was prescribed by this research not only to increase the generalizability of the findings (Lumpkin & Dess, 2001), but also to consider the variation of the modes of SM. It was more likely that each of the modes would be represented as it may cut across a wide array of industry sectors in the population. We expect that the more configurations that exist, the better the analysis will be.

Company wise, medium-size fulfills the requirement of the SM modes along 5Ps. These companies are more likely to exhibit either of the 5Ps. There should be an expectation of the presence of the 5Ps in the population understudy since the problem of this research is to identify multiple SM modes that may enable the exhibition of multidimensional EO. For instance, strategy planning mode may exist for some as they may put their systems in place. Moreover, strategy pattern (aka entrepreneurial) mode which is basically emergent in nature (Covin et al., 2006), may be found amongst these companies. Whereas micro and small enterprises are more identified with exhibiting pattern SM, (Mintzberg, 1973; see Robinson, 1982; Wiklund, 1999; Luo et al., 2005; Covin et al., 2006) large enterprises on the other hand may lean much on planning SM (Mintzberg & Lampel, 1999). Although from the perspective of EO, Knight (1997) cited that it is applicable to any firm, regardless of its size and type. Particularly, Quinn

(1985) quoted, that effective management of innovation seems much the same, regardless of national boundaries or scale of operations.

Medium enterprises shall be defined as any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship or corporation whose total asset size ranging from Php (Philippine peso) 15,000,001- Php 100,000,000 (245,900-1,639,340€), inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated (PBPP Inc., 2006). In the Philippines, medium-sized business firms are further classified in terms of the number of employees with micro enterprises having 1-9, small enterprises with 10-99 and medium with 100-199 employees. This classification is defined under Small and Medium Enterprise Development (SMED) Philippine Council Resolution No. 01 Series of 2003 dated 16 January 2003 (refer to Chapter 2, Table 2.6). However, for the purpose of this research, we only utilize the asset size as the basis of defining medium-sized business firms for the available sampling frame only contained asset size information. However, after data collection when we asked the respondents for information about their number of employees, we use the data for this as part of the profiling of respondents.

We acknowledge that the classification of SMEs used in the Philippines might not strictly conform to the commonly held idea of how SMEs are classified. But according to Fleser and Man (2006), the worldwide view of the definition of SMEs is also subject to variability. They cited an example of the Institute of Technology of Georgia Atlanta that has made an analysis in 75 countries, and as a result has drawn a synoptic table containing 50 definitions of small and medium size companies which is eventually adopted by World Bank. Moreover, the University of Strathclyde published a treatise (http//www.lib.strath.ac.uk/busweb/guides/smedefine.htm) of SME definitions and concluded that there is no single definition for a SME either nationally or internationally. Nevertheless, we use the definition of SMEs set by European Commission and USA (source: http//www.lib.strath.ac.uk/busweb/guides/

smedefine.htm) for the alignment of the SME definition that we apply for our research for the purpose of generalizability.

The definition of SMEs provided for in the Philippines's case complies with the one of EU with some minor qualifications. EU defines a medium-sized enterprise to have a headcount of less than 250 in which the Philippines defines it as having 200 or less. Thus, the limitation set for number of employees is slightly lower than the guideline set by the European Commission. In terms of the asset value, we believe that the difference is brought about by the relative economic condition that is found in the respective countries.

Now, in the Philippine scenario, as shown from the Figure 4.5, the employment share by size of establishments of medium-sized business firms is obviously the smallest though it has beaten large enterprises by 1% when it comes to the enterprises share by size of establishments (Figure 4.4). The number (in %) of medium-sized companies (Figure 4.4) comparable to micro and small (and just slightly bigger than large), is quite negligible yet it figures in SME population. For instance in 1998, in manufacturing sector alone, medium-sized combined with large firms contribute 669,338 (unit: million pesos) in terms of value added (BSMED Council, 2006, 5). According to Berry and Rodriguez (2001), medium-size is the 'seed-bed' for large firms, which means it is the incubation area before becoming a large company someday.

Fig. 4.4 **Enterprises Share by Size of Establishments**

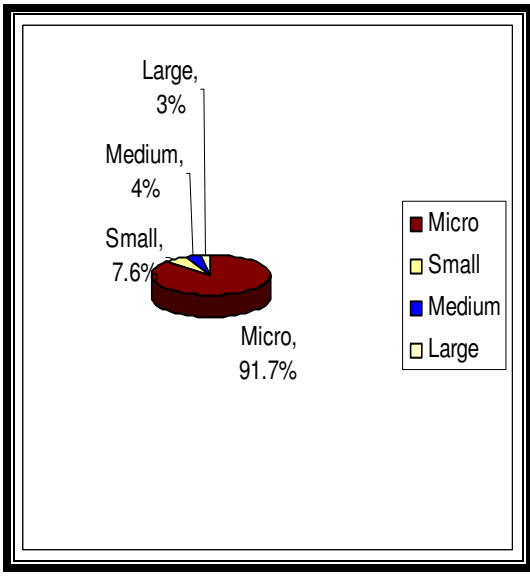
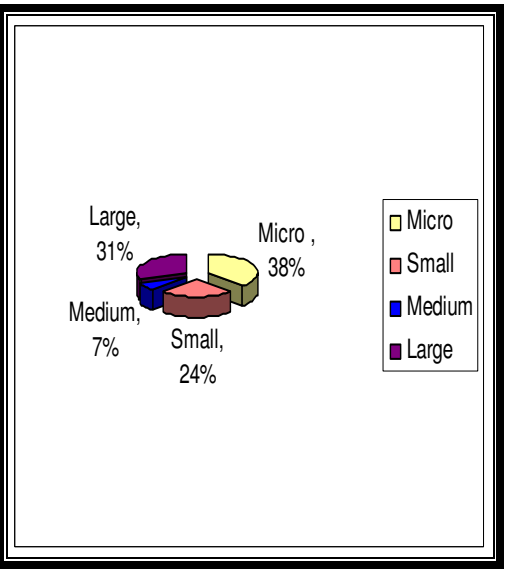


Fig. 4.5 **Employment Share by Size of Establishments**



(Source: BSMED, 2006, drawn from 2001 data)

In line with target respondents, as in any topic that pertains to strategies (e.g. Berry, 1998; Andersen, 2004; Green et al., 2008) automatically the sampling unit of analysis is the firm while the sampling unit of measurement is the respondent who belongs to the top management. A firm level unit of analysis is also consistent with the study of Covin and Slevin (1991) who argued for a conceptual model of entrepreneurship as firm behavior. Davidsson and Wiklund (2001) attested to the growing dominance of firm level analysis in entrepreneurship research.

To identify the one and only CEO rather than multiple CEOs was far easier in medium-sized companies than large ones. Although regardless of the company size, the cooperation of the CEO might prove to be equally difficult. The choice to use the single respondent approach is based on both the size of the firms as well as the respondent's familiarity with the research topic and the information sought. More specifically, in the case of SMEs the views of a single respondent may, in fact, reflect those of the firm (Lyon et al., 2000; Avlonitis & Salavou, 2007). Essentially, the research topic on SM

requires that only the top management who partake in the process be taken as respondents. Top management team is the key decision makers and thus sets the strategic orientation of the organization (Miller, 1983; Hoffman & Hegarty, 1993; Lumpkin & Dess, 1996; Kreiser et al., 2002; Auh & Menguc, 2005).

2.3 Sampling Frame and Techniques

We obtained the sampling frame from a database published annually by Philippine Business Profiles and Perspectives Incorporated (2006) which is entitled, 'Top 7,000 Corporations Business Profiles 05-06 edition, A Very Resilient Philippine Economy'. According to Icamina (2007), this published document is the best source of secondary information on competitors in the Philippines. Prior to the usage of this, we initiated an attempt to secure a list of the target population from four government agencies that may possess such – Securities and Exchange Commission (SEC), Department of Trade and Industry National Capital Region (DTI-NCR), Bureau of Small and Medium Enterprises and the National Statistics Office and its attached agency National Statistics Development Board. These are the major four government agencies that are repository of information on business. The information gathered was partial. And even if it is, in the case of National Statistics Office, it is untouchable in the guise of confidentiality. The lack of databases on local businesses presents a serious problem in line with research endeavor (Santiago, 2001). This is a grave absence of information in the Philippines (Haley & Tan, 1996) that may probably explain why the turnout of published scientific research on business management is almost close to zero.

From this sampling frame, we identify our target population. The target population are only those that belong to medium-sized business firms defined in terms of their asset size (245,900-1,639,340€) and with business locations found in Metro Manila during the time of the survey. This is a good method to account for any possible sampling frame error. In this way, the researchers can almost be free from being misled about the actual population being investigated.

2.4 Sampling process and sampling size

As mentioned before, we conducted a multi-stage sampling (Figure 4.6). First, companies with asset size of 245,900-1,639,340€ were identified from the sampling frame of top 7,000 Philippine corporations (PBPP Inc., 2006) which numbered a total of 1, 849. Second, those companies located outside (e.g. Laguna, Bulacan, Batangas) of the National Capital Region or Metro Manila were deleted arriving at a total of 1,487. Third, those which did not have available addresses found in the published document were subsequently excluded. After these steps were done, the final tally was 1,380 companies.

The initial working sample was guided by Slovin's formula (Pagoso et al., 1992, 18) found below, where:

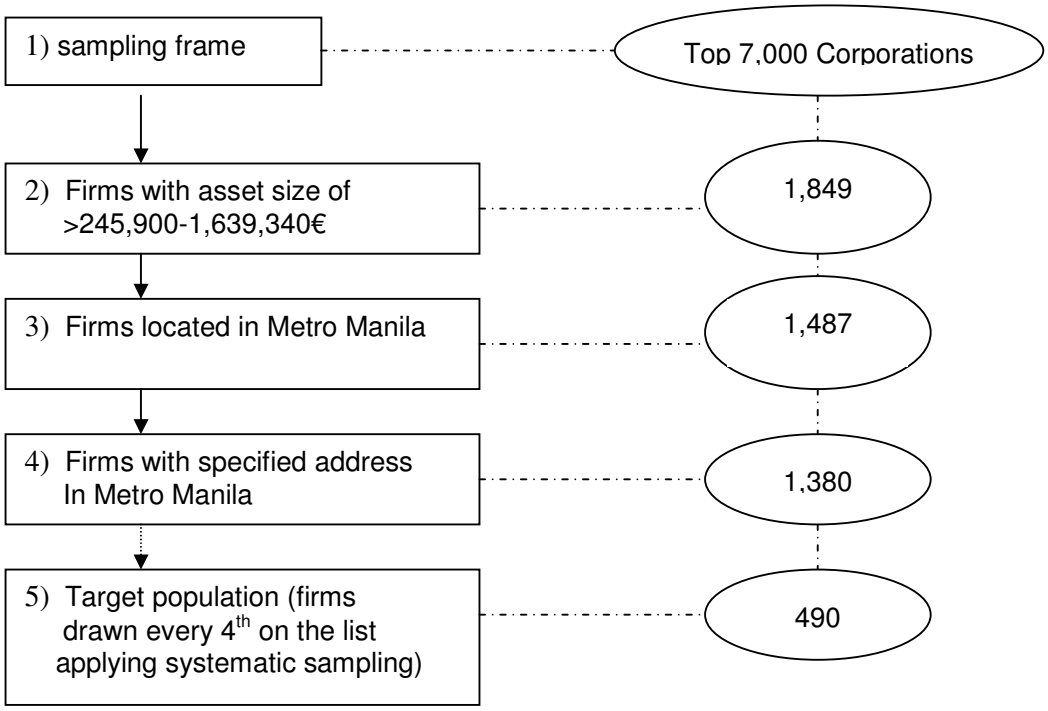
$$n = \frac{N}{1 + Ne^2}$$

n = number of samples
N = total population (7,000)
e = .05 (margin of error)

This formula gives the degree of accuracy of the sampling technique. It gives an idea as to how many samples have to be studied taking into consideration the error. From the top 7,000 corporations the formula yielded a sample size of 380 companies. Then this number 380 was used to divide the medium-sized business population of 1,380 which yielded 3.6 rounded off to 4. This means, every fourth on the list is qualified to be part of the sample respondents. We randomly started at number 2 company on the list, and then every other fourth company formed part of the final list for a total of 490 companies as the target population.

This process is referred to as systematic sampling where the sample is chosen by selecting a random starting point and then picking every ith element in succession (Malhotra, 1999, 339). Systematic sampling assumes that the population is ordered in some respect (Malhotra, 1999, 339) which is the case with the sampling frame that is used for this research. Systematic sampling is appropriate since the companies are ranked from the first highest ranked company to 7000th least company. Systematic sampling may increase the representativeness of the population since the firms are arranged in increasing order based on the characteristic that is related to the current research (Malhotra, 1999, 339). The sample frame (top 7,000 corporations) is arranged based on the asset value (PPBI Inc., 2006). The impact is that the respondents would cut across the whole range of medium-sized companies based on asset size.

Figure 4.6: Sampling Process



2.5 Questionnaire

2.5.1 Formulation

We made a questionnaire consisting of two blocks (Appendix 3). The first block addressed the SM modes and the second block referred to the dimensions of EO. We developed the first block based on rigorous perusal of related literatures (refer to chapter 2). This block consisted of multi-item scale which includes several sets of items designed to measure different aspects of a multidimensional construct. For this research, SM is a multidimensional construct that includes five modes. Hence, a scale designed to measure SM contained items measuring each of these dimensions. Consequently, the major task in line with the first block was to measure the reliability and validity of the instrument (refer to section 4.1).

The same multi-item construct was applied on the second block which pertained to EO dimension. The second block on EO came from Covin and Slevin (1989) and Dess and Lumpkin (2005) (Table 4.1). The questions that came from Covin and Slevin (1989) were based on previous scale development by Khandwalla (1977) and Miller and Friesen (1982). Specifically, the operationalization of innovativeness and risk taking were both adopted from Covin and Slevin's (1989) measurement scale but nevertheless we underwent a process of validation through literature review (refer to chapter 2). But the original scale on proactiveness by Covin and Slevin (1989) was qualified to take note of recent study done by Lumpkin and Dess (2001). Lumpkin and Dess in 2001 pursued the idea of delineating proactiveness from competitive aggressiveness through empirical testing and found a difference. Competitive aggressiveness was adopted from the study of Lumpkin and Dess (1996; 2001; Dess & Lumpkin, 2005). Autonomy was developed based on literature review but generally adapted from the study of Dess and Lumpkin (2005).

Table 4.1 Sources of Entrepreneurial Orientation Construct		
Construct	Source	Operational Measures of Constructs (Appendix 3)
Innovativeness	Covin & Slevin, 1989	All the 3 indicators
Proactiveness	Covin & Slevin, 1989	Number 1 and 2 indicators
	Dess & Lumpkin, 2005	Number 3 and 4 indicators
Risk taking	Covin & Slevin, 1989	All the 3 indicators
Competitive Aggressiveness	Lumpkin & Dess, 2001 (original proactiveness indicator from Covin & Slevin, 1989)	Number 1 indicator
	Dess & Lumpkin, 2005	Number 2 indicator
	Lumpkin & Dess, 1996	Number 3 indicator
	Dess & Lumpkin, 2005	Number 4 indicator
Autonomy	Dess & Lumpkin, 2005	All the 3 indicators

Therefore, a structured questionnaire through a Likert scale specifying the set of response alternatives and the response format was created. A Likert scale requires the respondents to indicate the level of exhibition of their respective companies when it comes to the series of statements about SM and EO. The questionnaire has a constant or equal interval scale between values. A balanced scale was used which has equal number of favorable and unfavorable categories. And an odd number of categories was utilized which generally designates the middle scale position as neutral or impartial.

The scale categories for Block I: SM modes have verbal descriptions. Every scale category is labeled to reduce scale ambiguity. Although providing a verbal description for each category (Malhotra, 2004, 263) may not improve the accuracy or reliability of the data. Each scale item has seven response categories ranging from one to seven, with 1 being the lowest and 7 as the highest. For instance, a respondent that always exhibits a particular indicator of SM mode would have an answer of 7. With reference to Malhotra (2004), 1-7 scale was used because the greater the number of scale categories, the finer the discrimination among stimulus objects that is possible. Since the respondents are believed to be knowledgeable about the tasks on the questionnaire then finer categories are appropriate to use. Besides, the use of a 7-point scale is also

consistent with a number of studies (Hart & Banbury, 1994; Slevin & Covin, 1997; Covin & Slevin, 1998; Green et al., 2008) on SM process. The adapted Block II instrument carries this numerical scale as well (from 1 as having a conservative EO, and moving towards 7 as exhibiting liberal EO) consistent with studies (Covin & Slevin, 1989; Slevin & Covin, 1997; Covin & Slevin, 1998; Lumpkin & Dess, 2001; Covin et al., 2006) where the content of the current questionnaire came from. For the questions regarding innovativeness in particular (Appendix 3 Block II), the recall time is set to three years which is consistent with several studies (Lumpkin & Dess, 2001; Atuahene-Gima et al., 2006).

The presentation for Block I changed from the pre testing to the final testing. Unlike the pre-testing where Block I was disarranged and presented as a series of jumbled statements reflecting the various SM modes from 1 to 33, the final questionnaire was clustered into the five SM modes. The nametags that would identify each of the modes were deleted so the respondents wouldn't in any way be influenced by them. The rationale behind this is that during pre testing some respondents found the nametags overwhelming and outrightly judged the study irrelevant to their situation without reading the specific content.

Therefore the final format for Block I was a series of statements clustered along five subdivisions indicated by letters A to E to refer to each of the five SM modes. Block II was presented as a whole stretch of statements in line with all the five dimensions of EO without subdivisions and nametags. Each of the statement indicators of both Blocks I and II were numbered chronologically for easy data encoding after the retrieval. The questionnaire is in English since Philippines is a country where English is an official language (Smolicz & Nical, 1997).

Finally, though these things may not influence the quality of the information derived from the survey, effort was expended to make sure that the questionnaire possessed a professional appearance. Since the target respondents were the top management of the

company, there was an expectation that their preference is discriminating. The letterhead of the introduction (Appendix 1) attached to the questionnaire was in colored form and the rest of the questionnaire was presented in a good quality paper.

Also, in order to increase the confidence of the respondents as regards to the legitimacy of the survey, a letter of endorsement was solicited from a high ranking government official Executive Director Adelaida Inton of the Department of Trade and Industry Philippines. This endorsement letter was attached to the questionnaire (Appendix 2).

2.5.2 Pre-testing

We implemented a pre-test to assess the clarity, complexity and the face validity of the measures. In effect, revisions were made that improved the total look and content of the final questionnaire in terms of readability, wording and rearrangements. The pre-test was conducted in Baguio City, Philippines.

A total of 33 respondents for the pre-test came from various sectors- manufacturing, academe, hotels. The respondents in the pretest were similar to those who were included in the actual survey in terms of background characteristics and familiarity with the topic. They were the top notch executives in their respective companies, the proper respondents for a topic such as strategic management.

The questionnaire's internal consistency reliability was computed for each of the dimension and the results were reliable. Also the reliability of the whole instrument got a computed Cronbach's Alpha coefficient of .89. This is greater than the threshold of .70 to .80 (Nunnally, 1978; Cortina, 1993; Malhotra, 2004, 268; Garson, 2008b, 3). Hence, the instrument is said to be reliable. The Cronbach's Alpha coefficient of reliability is used to determine the internal consistency of the instrument. Reliability has to do with the quality of measurement as shown by the consistency and repeatability of the measures. Data reliability must ensure that the data would be sufficiently complete

and error free to be convincing for its purpose and context. Reliability of the instrument is essential for replicability of research.

Prior to the pre-testing, considering that one of the researchers is connected with a local university in Baguio City, Philippines, there was an easy access to request the help of a number of academicians whose field are in management to assess the construct validity of the instrument. After the pre-testing, further consultation with academicians and practitioners (teachers and students of business management) was again solicited.

2.6 Survey: Drop-off self administered questionnaire

The research utilized a cross-sectional design through a survey. It employed descriptive research in the form of a survey to quantify the salience of SM modes and the dimensions of EO. Survey is one of the basic methods of obtaining quantitative primary data in descriptive research. Survey is a method always used in entrepreneurial research (Ireland et al., 2005). This method requires some procedure for standardizing the data-collection process so that the data obtained are internally consistent and can be analyzed in uniform and coherent manner. Regardless of different enumerators, a standardized questionnaire or form will ensure comparability of the data, increase speed and accuracy of recording and facilitate data processing. Survey is a scientifically reliable instrument for measuring the constructs. Through a survey, objective information is collected that can eventually guide actions to the recipients of the research study.

This research's survey involved the use of a structured questionnaire that was self-administered and was designed to elicit information. A drop-off survey data gathering method was chosen instead of mailing. This means that the questionnaire was personally delivered to target respondents. Mailing was explored during the pre-test but not a single mail returned. This data gathering method had the same result with the research in China of Atuahene-Gima et al. (2006). They referred to the inadequacy of

emerging economies (e.g. Philippines, China etc.) to possess a reliable archival data and adequate postal systems which make on-site data collection the key to the right respondents and to better response rates. Therefore, this study is being done in the Philippines where the data gathering is not as easy as the ones found in developed countries where data system is efficient, available and accessible.

This drop-off self-administered questionnaire was considered too costly considering the target area of research. But this was a strategic decision with reference to the Philippine context. In the Philippines, directly presenting the questionnaire to the respondents is considered socially responsible because Filipinos prefer face-to-face contact to avoid suspicion. Educator Norma Ricafort recommended researchers to be sensitive and honest with an informant and not to use Western "briefness and control" (Mercado, 1983). She cited that a more informal method should be developed which would treat Filipino as a person and not an object (Mercado, 1983). She further put emphasis on respect and believability on the part of the researchers (Mercado, 1983). The social relationship between the researcher and the respondent motivates the respondent to trust the source and to get down straight to answering the questionnaire. This is the most effective and efficient way to reach the respondents. Also, this way offers the best sample control to confirm the sampling units to be targeted, whether the questionnaire is answered and who answered it.

3. Data Collection and Preparation

3.1 Fieldwork

3.1.1 Training

As foreseen in the research budget, enumerators were hired to do the fieldwork. The enumerators' task is to contact the respondents, request them to answer the survey and retrieve the questionnaires afterwards.

The selection of field enumerators was based on a number of factors:

1) They must be educated because the understanding of the questionnaire requires analytical ability. Thus, the recruits were from a diversified group of teachers, certified public accountant, Christian preachers, sales agents, marketing graduate, and college students.
2) They must be within the researcher's network so that the element of trust is satisfied. This is important in order to assure that the quality of information is reliable, accurate, and valid.
3) They must be residents of Metropolitan Manila to enable them to navigate the torturous addresses and streets (owing to the non-existent map).
4) They must possess good interpersonal and communication skills as they would be dealing with heads of companies.

The personal contact was done either through an appointed date at a certain establishment or a visit at their respective residents or places of work. The training was implemented either one on one or with a group depending on the circumstance. They were all requested to read the questionnaire thoroughly to get a complete idea of what the research was about. Then a free-wheeling question and answer discussion followed to assess complete comprehension of the questionnaire. They were informed that the questionnaire must be accomplished by no less than the president or anybody from vice-presidents and up (per recommendation by the president) and the reason for such. They were further advised to utilize their good communication and interpersonal skills as they would have to pass through red tapes (security guards, executive secretaries and the like) before they could be allowed to seek audience with the top management. They were also encouraged to exert patience and be results-oriented.

The numbers of recruits assigned per area of responsibility were the following:

1) Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM area (4 data gatherers)
2) Manila (1 data gatherer)

3) Pasay, Paranaque, Las Pinas (4 data gatherers)
4) Mandaluyong, Ortigas, Pasig (4 data gatherers)
5) Makati (3 data gatherers)
6) Quezon City (1 data gatherer)

3.1.2 Supervision

The returns were checked upon receipt for consistency and validity of respondents' answers. Further, an effort was exerted to control the research process by telephone or if no phone is available then by a visit. The returns were randomly checked to know if indeed a survey was implemented. Double checking for authenticity of the data was conducted on those field enumerators who were recruited as down lines of the major recruits. As a result, an irregularity was found. A number of questionnaires were fabricated so that the recruits get paid without doing the assigned work. The data they turned in were discarded.

3.1.3 Data retrieval

To improve the non response rate, follow up or callbacks at different times were done after the initial contact. Sometimes, despite these efforts it was still of no avail (Ruane, 2007). Adelaida Inton of DTI Philippines, drawing from research experience, cited the lack of patience of Filipino respondents when answering questionnaires (personal communication, February 27, 2007; see Ruane, 2007).

The following are points of difficulties encountered during the fieldwork exercise.

1) Upon telephone call, some companies declined to provide directions to their locations. The field enumerators had so much difficulty in looking for the company addresses.
2) Though some addresses were found, these were useless as some company buildings were destroyed by fire, or there was a new location (in some cases,

efforts were exhausted to procure their new addresses), and some companies shutdown.

3) Some addresses were non-existent. The street names were changed, numberings of buildings/residential were not chronological, and some buildings had postings of both old and new numbers-adding to confusion.
4) Most companies didn't allow the field people to get inside their premises without prior appointments. However when appointments were requested the guards/personnel in charge refused to do so. This was perhaps due to low level of trust. Field enumerators necessarily applied different persuasive techniques to the point of begging just to be allowed inside and have audience with the president.
5) Some companies asked that the questionnaire be left and would be ready for pick-up the next visit but even after a number of visits, the questionnaires would still not be ready.
6) Rude people (security guards, executive secretaries) who tried to block the passage to the respondents were part of the research's level of difficulty.
7) After nth attempts, you would hear comments like- "It's too confidential., I don't want our company to be part of your study., Please try another company." They simply wouldn't cooperate.
8) Some company presidents were out of the country.
9) Some questionnaires were misplaced. These needed to be replaced.
10) There were a lot of coming back because of the following reasons—company top officer was not available, refusal to answer, closed companies, transferred to province, addresses not found, and changed addresses.
11) There were two recruits that backed out because they found the respondents too snobbish and difficult to handle.
12) Some respondents were unable to respond because they think the questions are sensitive or personal.
13) Likert scale is easy to construct and administer and respondents readily understood how to use this but it took longer for respondents to complete because respondents read each statement and this required patience. According to Executive Director

Adelaida Inton (Department of Trade & Industry Philippines), based on their experience on survey research in the Philippines, patience in answering questionnaire is something that Filipino respondents do not necessarily have.

3.2 Data Preparation

From an insider's understanding, a Filipino respondent is wary of those who might be prying in on their company's so called 'secrets' (Ruane, 2007, 7). This assumption was proven true by the numerous refusals of a number of respondents to fill-up the questionnaire despite the assurance of confidentiality. They said that the information being requested cannot be divulged. Consequently, the response rate was low. In spite of the almost 490 questionnaires that were floated, only 148 came back, a response rate of 30%. But this number is acceptable especially when the topic involves SM that deals with top management. When the firm is the unit of analysis, the expected return is low. Strategy making studies are beset with small sample problems (Mazen et al., 1987).

As data were being tabulated, there was a noticeable pattern of answers observed in some respondents. These respondents showed extreme positive scores on their answers. To validate the observation, an ANOVA test was done on the field enumerators categorized in terms of their respective target areas. We ran two ANOVA tests with post hoc analysis using Tukey. Although the Scheffe test may suffice our purpose, yet we used the Tukey test because it was more powerful than Scheffe (LaPier & Kinney, 1999). Tukey is as a post hoc comparison method used when the researcher is interested in evaluating the significance of all possible difference between pairs of group means (LaPier & Kinney, 1999).

For the 1st ANOVA test (Appendix 4), we utilized the 148 original respondents to assess the mean differences of the quality of the questionnaires retrieved by field enumerators based on their respective areas of responsibility. The results turned out to be significant for both SM (Appendix 4.1) and EO (Appendix 4.2). Then post hoc through Tukey test

for both SM (Appendix 4.1.1) and EO (Appendix 4.2.1) was applied to assess which group was significant. One area (Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM) turned out to be significantly different from the other areas in terms of the data retrieved which numbered 39 questionnaires. These 39 were excluded from 148, which left a total of 109. The 109 was used for the analysis of the 2nd ran of ANOVA test (Appendix 5). Results showed no significant differences this time both for SM (Appendix 5.1) and EO (Appendix 5.2). This finding was also substantiated by the Tukey test applied for post hoc comparison for SM (Appendix 5.1.1) and EO (Appendix 5.2.1) which showed a homogeneous data set.

Therefore, the initial intended plan for data gathering would have been from February to April 2007 only but a second batch of data gathering ensued from August until September of 2007 to beef up the total number of respondents. We saw the need to float more questionnaires to replace the ones discarded which numbered 39. A number of sample respondents were again taken from 1,380. Using systematic sampling, we drew every other 4th on the list and starting with a random number of 1 this time.

The second batch of data gathering garnered a total of 65 new cases. Incomplete questionnaires were removed for a new total of 60. This 60 was added to 109 for a sum total of 169. As cited, this number was acceptable in consideration of the difficulty of targeting top management as respondents (see e.g. Wooldridge & Floyd, 1990; Andersen, 2000, 2004; Avlonitis & Salavou, 2007; Green et al., 2008).

The situation gave way to a testing of non-response bias (Armstrong & Overton, 1977) of the 1st and 2nd batch. The use of independent-samples T test as applied to the principal factors of firm size and firm age did not yield significant differences (Appendix 6).

4. Scale Evaluation

Since the measurement scale for all the major constructs was a multi-item, we evaluated them for accuracy and validity. For construct validity, an exploratory factor analysis was used. Factor analysis ensured that the questions asked relate to the construct intended to be measured. Whereas reliability of the two major constructs (SM and EO) was explored through calculating Cronbach alpha values (that indicate the homogeneity of the whole scale and individual subscale) and item-total correlations for each item. Item-total correlation is the Pearsonian correlation of the item with the total of scores on all other items (Garson, 2008b, 4). A low item-total correlation means the item is little correlated. Prior discussion cited the threshold values for Cronbach alpha, however for item-to-total correlations the range should be from .30 and .60 (Garson, 2008b, 4). Higher values indicate that items are well correlated with the total test score.

4.1 Strategy Making Modes

4.1.1 Construct Validity

The principal components analysis with varimax rotation was applied for the construct on SM to investigate whether items in the questionnaire correctly measured each of the Ps of SM. Kaiser-Meyer-Olkin (KMO) should be .50 or higher to proceed with factor analysis (Malhotra, 2004, 561). Results showed that the KMO measures of sampling adequacy was valued at .94 and the Bartlett's test of sphericity was significant at $p<.000$. The cumulative total variance of the result explained 75%.

The 33 items were subjected for extraction. Results as reported in Table 3.3, showed that practically all items of intended constructs loaded on separate components, affirming their hypothesized theoretical differences, except plan and perspective which loaded on only one component. Actually, the result (suppressing absolute values ≤ 5.5) was clean enough and was devoid of any factor that loaded into a different component

for which it was not intended. It is generally recognized that loading should at least be .60 (Field, 2005) but in order not to throw any original factor, a decision was done to lower the threshold a bit to ≤.5. Although the impact would not be great as there was only one factor that loaded less than .60 (value .56, refer to Table 4.2). The inclusion of this factor would still contribute to the construct validity of component one which is Plan with Perspective.

As mentioned, the original factors loaded into intended components except plan and perspective which loaded into only one component. The statistical procedure indicated that two variables (plan and perspective) were merged into one factor. In other words, from the original 5Ps of SM, a four-factor solution resulted. However straightforward interpretation in factor analysis was restricted and there was a prevalence of model error in applied work using factor analysis (MacCallum et al., 2001). It could be that the variation in the theoretical and statistical approach was found to be due to the limited number of samples utilized in this study and the characteristics of the sample itself.

Despite this reasoning, the final judgment ruled to favor the factor analysis result, considering that statistical justification may indeed reflect that empirically plan and perspective exist as one factor. Therefore, FROM HERE ON, SM modes were now plotted along 4Ps, with plan and perspective joined into one. Subsequent application for descriptive and inferential statistics that will ensue afterwards will make use of the four factor solution. But it must be emphasized that there was not much significant change that occurred regarding the original content construction of the SM modes for they remained as such, the only qualification made was that plan and perspective were combined together into one mode now referred to as Plan with Perspective (for want of a better terminology and for easy referral to its content).

Table 4.2 Strategy Making Modes: Factor Analysis Results

Indicators	Plan with Perspective	Position	Ploy	Pattern
Perspective-clear & consistent values	.78			
Perspective- shared values	.75			
Perspective- vision & mission	.75			
Plan- allocate & accountable	.71			
Plan- fit of external & external	.71			
Plan - SWOT	.70			
Perspective- conceptual feeling	.70			
Perspective- culture of org	.70			
Plan- systematic procedures	.67			
Plan- formal procedure	.64			
Plan- involve & commit	.61			
Plan- link long range with short	.60			
Perspective- collective & cooperative	.59			
Perspective- perceive issues	.56		.52	
Pattern- place mark in all initiatives		.89		
Pattern- acquisition of knowledge		.88		
Pattern- perception of CEO		.88		
Pattern- prime provide by CEO		.87		
Pattern- view of future		.87		
Pattern- unconscious formed		.86		
Pattern- identifiable patterns		.80		
Position- defend strategies			.82	
Position- function of position			.78	
Position- extensive analyses of market			.75	
Position- co's position in market			.70	
Position- market structure			.69	
Position- cost leadership/ differentiation			.66	
Position- industry position			.65	
Ploy- bargaining				.82
Ploy- influence players				.77
Ploy- negotiations & compromises				.75
Ploy- internal & external network				.73
Ploy- micro & macro power				.69

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization

4.1.2 Construct Reliability

The overall Cronbach alpha value for SM was .97. An item-total correlation was discussed for each of the SM modes. Consistent with the four factor solution from the factor analysis result, the Cronbach alpha of each subscale of SM, Table 4.3 revealed values of .90 or more. Second, item-to-total correlations equaled or surpassed .70, except one position item (.69). All these cited values showed very satisfactory evidences of the reliability of the instrument.

Table 4.3 Strategy Making Modes

Internal Consistency of Constructs

Construct		*Items and corresponding item-to-total correlations*		α
Plan with Perspective	1.	We develop strategies that have fully detailed systematic procedures.	.80	.96
	2.	We gain the involvement and commitment of the principal stakeholders affected by the plan.	.73	
	3.	We make strategies that achieve a good fit (or alignment) between the external opportunities and internal competencies of an organization.	.83	
	4.	We make sure that the strategy determines the allocation of the resources and accountability.	.77	
	5.	We use SWOT (strengths, weaknesses, opportunities, threats) analysis as a major component in strategy making.	.70	
	6.	We make strategies that link long-range plans with both mid-range and operational plans.	.77	
	7.	We conduct strategy making as a formal procedure occurring in a regular cycle aimed at the complete specification of corporate, business, and functional strategies.	.82	
	8.	We make strategies based on the shared values, standards, and knowledge of an organization.	.85	
	9.	We develop strategies on the basis of the culture of the organization.	.83	
	10.	We create strategies that affect how we perceive issues as well as how we view our firm's competitive landscape based on our cognitive framework as organizational members.	.80	
	11.	We are guided by vision and mission statements during the strategy process.	.75	
	12.	We make strategies that are governed by a clear and consistent set of values emanating from the company.	.83	
	13.	We make strategies based on a conceptual feeling for the direction in which the organization has to move.	.81	
	14.	We develop strategies collectively and cooperatively.	.75	
Position	15.	We develop strategies based on the market structure in which our firm operates.	.69	.93
	16.	We utilize cost leadership and/or differentiation strategies in our strategy making.	.70	
	17.	We consider the industry to which a company is situated as the most important factor in strategy making.	.75	
	18.	We craft strategies that collectively define our company's position in the market, develop them consistent with our set of goals and functional policies, and then implement them.	.75	
	19.	We conduct extensive analyses about the market and the industry for our use in strategy making.	.78	
	20.	We position our strategies in the marketplace making sure these can be defended against existing and future competitors.	.84	
	21.	We develop strategies as a function of the position of the organization's products in the market.	.86	
Ploy	22.	We develop strategies based on internal bargaining among coalition members who have special demands.	.85	.94
	23.	We manage the process of strategy making by influencing the players in and out of the organization who have different interests.	.84	
	24.	We emphasize the development of an internal and an external network in strategy making.	.82	
	25.	We see that strategy making is a process of negotiations and compromises between individuals (in conflict) and groups inside and outside of our organization.	.84	
	26.	We end up with strategic decisions made as a result of micro (internal to the company) and macro (external) power relations.	.80	
Pattern	27.	We see strategy making as primarily provided by the president/chief executive.	.89	.96
	28.	We see strategy as largely unconsciously formed, and come out of the experience and intuition of the president/chief executive.	.85	
	29.	We make strategies that exhibit some identifiable patterns overtime which are reflections of the priorities of the strategist leader.	.85	
	30.	We envision strategy as a view on the future of a company, which is in the thought of the president/chief executive.	.88	
	31.	We are guided by the fact that strategy making is a process of acquisition of knowledge that happens in the head of the strategist leader.	.84	
	32.	We see strategy making as the president/chief executive placing his mark in virtually every major initiative.	.88	
	33.	We adopt strategies based on the perception of the president/chief executive about the organization and its environment which is transferred to the rest of the organization.	.87	

4.2 Dimensions of Entrepreneurial Orientation

4.2.1 Construct Validity

The instrument for EO was adopted from prior studies, hence has proven their construct validity. The measurement scale (innovativeness, proactiveness and risk taking) developed by Covin and Slevin (1989) has been tapped in many research (Barringer & Bluedorn, 1999; Wiklund & Shepherd, 2003; Aloulou & Fayolle, 2005, etc.) therefore has exhibited high levels of reliability and validity. Also the study of Kreiser et al. (2002) has proven the cross-cultural validity of this scale. Similarly, Lumpkin and Dess (2001) empirically tested the constructs on proactiveness and competitive aggressiveness. Hence, based on the foregoing, we decided not to subject the EO scale to construct validity and besides for this research, we used the multidimensional EO scale from a one-dimensional orientation (e.g. regression analysis in chapter 5).

4.2.2 Construct Reliability

The Cronbach alpha for the total EO construct is .96. An item-total correlation is discussed for each of the EO dimensions. As reported in Table 4.4, the Cronbach alpha values for each of the EO dimensions are .80 or more. Further, item-to-total correlations surpassed .60. A disparity in reliability values exists between SM and EO instruments with EO having lower values than SM. Yet, the fact remains that EO values are still far better than the threshold values.

Table 4.4 Entrepreneurial Orientation Dimensions: Internal Consistency of Constructs

Construct	*Items and corresponding item-to-total correlations*		α
Innovativeness	1. No new lines …. Very many new lines of products and services.	.68	.80
	2. Changes in product or service lines have been mostly of a minor nature…. Have usually been quite dramatic.	.67	
	3. In general, top managers in my firm favor a strong emphasis on the tried and true products and services …. A strong emphasis on R&D, technological leadership, and innovations.	.61	
Proactiveness	4. In dealing with the industry, my firm is very seldom to introduce new products/services…. Is very often the first business to introduce new products/services, administrative techniques, etc.	.69	.85
	5. In dealing with the industry, my firm typically responds to actions which competitors initiate…. Typically initiates action to which competitors then respond.	.69	
	6. In dealing with the industry, my firm maintains a consistent market/product definition….Continuously monitor trends and identify future needs of customers and/or anticipate future demand conditions.	.71	
	7. In dealing with the industry, my firm takes a "follow the leader" approach in introducing new products or ideas…. Strives to be a "first mover" to capture the benefits of an industry pioneer.	.70	
Risk taking	8. In general, the top managers of my firm Have a strong proclivity for low-risk projects (with normal and certain rates of return)…. High-risk projects (with chances of very high returns).	.73	.85
	9. In general, the top managers of my firm believe that, owing to the nature of the environment, it is best to explore it gradually via careful, incremental behavior…. Bold, wide-ranging acts are necessary to achieve the firm's objectives.	.78	
	10. When confronted with decision-making situations involving uncertainty, my firm typically adopts a cautious "wait-and-see" posture in order to minimize the probability of making costly decisions…. Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.	.66	
Competitive Aggressiveness	11. In dealing with competitors, my firm typically seeks to avoid competitive clashes, preferring a "live and let live" posture…. Typically adopts a very competitive "undo-the-competitors" posture.	.83	.88
	12. In dealing with competitors, my firm blends with the industry stakeholders on whatever actions will be initiated…. Establishes competitive position and vigorously exploit opportunities to achieve profitability.	.83	
	13. In dealing with competitors, my firm makes no special effort to take business from the competition…. Is very aggressive and intensely competitive.	.72	
	14. In dealing with competitors, my firm exhibits a low-key profile to actions, which can lead to erosion of firm reputation and retaliation by competitors….Utilizes market strategies (ex. entering markets with drastically lower prices or copying the business practices or techniques of successful competitors or make preannouncements of new products or technologies).	.62	
Autonomy	15. In my firm, top leaders have a casual attitude concerning entrepreneurial behavior….. Top leaders support programs and incentives that foster a climate of entrepreneurship.	.75	.87
	16. In my firm, initiatives that are not successful are penalized….. Creative thinking and brainstorming about venture ideas are encouraged.	.73	
	17. In my firm, maintenance of the usual structural divisions and workgroups is the norm…. Necessary structural changes such as small, autonomous groups to stimulate new ideas are implemented.	.73	

5. Data Analyses Tools

Following are the statistical tools that were applied to analyze the data.

5.1 Frequency (Percentages and Mean Scores)

Basic data analyses are discussed in chapter 6. First, frequency distribution expressed in percentage was used to obtain a count of the number of responses associated with the profile of respondents. This was to provide a description of the vital statistics of the top medium-sized business firms in the Philippines. Further, descriptive statistics based on mean was applied to assess the central tendency of the responses in terms of the level of exhibition of each of the SM modes and the unidimensional and multidimensional EO.

5.2 T-test of Mean Differences

Tests of mean differences discussed in chapter 6 utilized independent-samples t-test for a two-group assessment for all categorical variables. When statistical tests of mean differences were applied, at least two assumptions were complied, that: 1) the distribution of the dependent measure within each population subgroup follows the normal distribution (normality), and; 2) its variation is the same within each population subgroup (homogeneity of variance) (SPSS Inc., 2004). These are the two concerns that were examined by the data.

5.3 Multiple Regression

The main focus of this research is to examine the association between SM and EO which is explained in the next chapter 5. Regression analysis is a powerful and flexible procedure for analyzing associative relationships (Malhotra, 2004). Also, primarily, since prediction is the word that defines the objective of this research, therefore, regression is a good tool of analysis. Multiple regression represents a direct extension of simple regression. Simple regression, which looks into a relationship between single

metric dependent variable and single metric independent variable does not suffice alone, because a simultaneous relationship between independent measures and a single dependent measure is sought for. Instead of a single predictor variable, multiple regression allows for more than one independent variable ($Y= a+b1*X1+b2*X2+b3*X3+….+\varepsilon$) in the prediction equation (SPSS Inc, 2004, 11-9). Multiple regression can establish that a set of independent variables explains a proportion of variance in a dependent variable at a significant level (through a significance test of R^2), and can establish the relative predictive importance of the independent variables (by comparing beta weights) (Garson, 2008a, 1). In other words, the objective of multiple regression analysis is to use the several independent variables whose values are known to predict the single dependent value (Hair et al., 2003, 265).

Specifically, stepwise (hierarchical) multiple regression was the method used. The stepwise multiple regression provides a method of selecting, from a set of independent variables, those that in some limited sense produce the best equation. Stepwise regression is a good filtering device to select promising predictors and in building the best predictive model (SPSS Inc., 2004, 11-18). That is to measure the incremental change of an additional predictor variable to the variate. But prior to this, enter method was employed to identify significant variables for inclusion in stepwise regression. Also, the contention whether to showcase simply the r-square or the adjusted r-square is not an issue in this research considering that there are only four predictor variables (plan with perspective, position, ploy, pattern) which are quite manageable and would not likely inflate the r-square when additional variables are added to the equation. Nevertheless for greater accuracy, the adjusted r-square is the one referred to in the discussion. Further, with regard to population requirement, the sample of 151 meets the guideline (Hair et al., 2003, 236) for the minimum ratio of observations to independent variables (5:1) with an actual ratio of 30:1. The 151 sample was left for analysis from 169, when outliers based on standardized residuals were removed.

Predictions in any of the dependent techniques are not perfect, and rarely a situation is found in which they are. However, attempt should still be done to ensure that any prediction errors if existing are kept to a minimum. Therefore, testing the data for compliance with the statistical assumptions underlying the multivariate techniques now deals with the foundation upon which the regression technique makes statistical inferences and results (Neter et al., 1996, 236). These assumptions are 1) linearity of the phenomenon measured 2) normality 3) homoscedasticity, and independence of observation. Since the data is not serial, the last assumption on independence of observation (Janssens et al., 2008) is no longer to be tested. However the first three assumptions were checked by each of the five regression equation models. Reliance on graphical analyses (residual plots, normal probability plots, partial regression plots were mostly used to ascertain assumptions for the variate (Hair et al., 2003, 208; Neter et al., 1996, 238). Graphical displays is a very powerful tool to project the bivariate and multivariate qualities of the data in a visual format for ease of analysis (Hair et al., 2003, 97).

The first major assumption that we examined was linearity of the phenomenon measured. The concept of correlation is based on a linear relationship, thus making it a critical issue in regression analysis. The linearity of the relationship between dependent and independent variables represents the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 2003, 205). Although, minor departures from linearity will not substantially affect the interpretation of the regression output (Garson, 2008a, 18), but efforts were still done to conform to such. The test of linearity relied on visual inspection of scatterplot matrix. Next assumption tested was normality. Although regression analysis has been shown to be quite robust even when the normality assumption is violated (Hair et al., 2003, 236), tests were still done to this effect in order to conform to the assumption of regression. Multivariate normality however, is difficult to test (Hair et al., 2003, 80). But the aid of a normal probability plot, which compares the cumulative distribution of actual data values with the cumulative distribution of a normal distribution, helps in the diagnostic test (Hair et

al., 2003, 81). The normal distribution forms a straight diagonal line, and the plotted data values are compared with the diagonal. If a distribution is normal, the line representing the actual data distribution closely follows the diagonal (Hair et al., 2003, 81). Non-normal residuals show up when the observations in the tails of the distribution are far from a straight line (Neter et al., 1996, 107). Normality is further validated through Kolmogorov-Smirnov test. Lastly, is the test of homoscedasticity which refers to the constant variance of the error term, which assumes that the dependent variable should exhibit equal levels of variance across the range of predictor variables. The variance of the dependent variable being explained should not be concentrated in only a limited range of the independent values (Hair et al., 2003, 83). The tests for homoscedasticity in multiple regression is best accomplished through graphical analysis, particularly an analysis of residuals (Hair et al., 2003, 94). However, just in case moderate violations of homoscedasticity exist, it will create just a minor impact on regression estimates (Fox, 2005 in Garson, 2008a).

Analysis to ensure the research is meeting the basic assumptions of regression analysis involves two steps (Hair et al., 2003, 236): 1) testing the individual dependent and independent variables, and assessment of individual variables, and 2) testing the overall relationships after model estimation. Once all these assumptions for individual variables are deemed adequate for the data, the model building process proceeds to the estimation of the regression model and the assessment of the overall model fit. After the estimation of the regression model, the data were assessed for the presence of multicollinearity. Afterwards, examinations in meeting the assumptions of regression analysis were made.

Multicollinearity is a big concern in multiple regression. The impact of multicollinearity is to reduce a single independent variable's predictive power by the extent to which it is associated with the other independent variables (Hair et al., 2003, 186). Hence, when violation of multicollinearity occurs, there is instability of b and beta coefficients, the more the standard error of the regression coefficients (Garson,

2008a, 14). Analysis of multicollinearity was done through tolerance and variance inflation factor (VIF). Tolerance measures the proportion of variation in each independent variable that is unique, that is, not shared with the other predictors (SPSS Inc., 2004). While VIF is simply the reciprocal of tolerance. As a rule of thumb the tolerance value should be ≥ 0.20 (the higher the better) and likewise the VIF should NOT be ≥ 4 (the lower the better) (Garson, 2008a, 14). Hair et al. (2003, 230) even lowered the requirement to a tolerance of .10 and a VIF of 10.

6. Discussions and Conclusions

The research methodology adds to the quality of research. It is essential that careful thinking of the research methods used most appropriate for the data must be considered. We addressed this concern. We documented and monitored the methodology process that transpired.

The choice of target respondents which are the medium-sized business firms not micro, small or even large was figured based on the requirement of the research problem. Chances must exist that either of the 5Ps of the modes of SM must be exhibited in medium-sized companies. Based on this requirement, the 17 cities and municipalities of Metropolitan Manila, Philippines became the setting for this research because medium-sized are preponderantly found in this area. This implied that considerable cost, time and effort were spent because of the vast target area. The top management who are the strategy makers of these business firms is the measurement of analysis but the unit of analysis is the business firm.

Utilizing a sampling frame in which companies were ranked from 1 (topmost) to 7,000th (least) corporation, prescribed the basis for the systematic sampling that was applied. Business firm respondents were chosen on the basis of asset size. Results showed a cross sectional sample of respondents. This characteristic of the sample is

assumed to have a positive impact on the generalizability of the findings to a wider group.

As regards to the questionnaire, it was composed of two blocks representing each of the two major constructs: SM and EO. The first block on SM was a first attempt to operationalize the 5Ps of SM based on literature review. Conversely, the second block on EO was taken from prior studies.

After exploring the mailing of questionnaires during the pre-test in which not a single mail came back even with a return-stamped envelope attached, the only recourse then was to do the pre and post test data collection through a drop-off self administered questionnaire. This means that the survey questionnaire was personally delivered to the target respondents and the respondents themselves answered the questions. In the course of data gathering, hired enumerators were trained before they were sent to the field. When target respondents were checked at random, some enumerators were found to have submitted fabricated filled-up questionnaires. Hard lessons were learned in this score in view of ethics in research.

The first batch of data gathering occurred from February to April 2007. To improve the non response rate, follow up or callbacks at different times were done after the initial contact. But sometimes, despite these efforts it was still of no avail. Consequently, the response rate was low. In spite of the 490 questionnaires that were floated, only 148 came back, a response rate of 30%. But this number is acceptable especially when the topic involves SM which deals with top management. When the firm is the unit of analysis, the expected return is low. Strategy making studies are beset with small sample problems.

While the data were being cleaned, positive pattern of responses was observed. Since the enumerators were grouped according to respective areas of responsibilities (divided based on cities and municipalities), Anova F-test was seen to be appropriate to assess

significant differences in line with the quality of retrieved data. Results showed one group turned out differently, which meant 39 completed questionnaires coming from this group were subsequently discarded. To beef up this current number, a second batch of data gathering occurred from August-September 2007 garnering 65 new cases. Overall the new sum was 174 which after cleaning of the data for incomplete questionnaires, the final total closed at 169.

Measurement validation was made through review of literature, pre-test, experts' recommendations, and exploratory factor analysis. Likewise, the reliability of the instrument was also assured through Cronbach alpha and item-total correlation values. In the light of the exploratory factor analysis that was conducted, major developments came out that affected the subsequent treatment of the data. The first major research construct on SM extracted a four-factor solution with plan and perspective coming together as one component, the rest remained the same. On behalf of EO, the original construct used for this research was maintained following the prior studies that dealt thoroughly with its validity. Further on, statistical tools that would be applied for the data were also presented in view of the research's objectives.

Above all, an important realization out of the research methodology experience is the knowledge that sourcing information from the Philippine business industry is a very difficult and strenuous process. It requires a huge amount of patience and perseverance in order to penetrate the hard line refusals of most of the respondents. It seemed that Filipino top management respondents acting in behalf of their companies are suspicious and are not open to share their companies' information to the public. The idea of research and its benefits are not yet appreciated.

Part IV

Chapter 5

Rewiring Top Medium-Sized Business Firms through an Entrepreneurial-Oriented Strategy Making

Abstract

This research advances on the 5Ps of strategy making (Mintzberg, 1987a) framework to examine the link with the entrepreneurial orientation dimensions that were extended to two more variables. Literature review stressed the coupling of strategy making (SM) and entrepreneurial orientation (EO) in theory but the empirical research has explored not only a few but also a limited set of SM antecedents on EO. Drawing on 151 top medium-sized business firms, multiple SM modes (as compared to a single mode) that are far better to enable the exhibition of multidimensional EO are explored. In view of EO, prior studies dealt so much on the original three dimensions (Miller, 1983) which are innovativeness, proactiveness, risk taking but little on the additional two, which are competitive aggressiveness and autonomy (Lumpkin & Dess, 1996). Results reveal that simply having strategies are not enough towards enhancing EO, in the end, firms must seek to rewire themselves into multiple SM modes that are aligned with the conditions and challenges of EO.

Chapter 5

1. Introduction

Entrepreneurial orientation forms the edge in the competition that organizations now find (Chang et al., 2007; Green et al., 2008). But this alone is not enough (Walter et al., 2006; Green et al., 2008). A focus on strategic orientation is also needed (Green et al., 2008). In this vein, strategy making can be tapped to exploit and explore opportunities through an entrepreneurial orientation. McGrath and Macmillan (2000) debated that strategic managers must adopt an entrepreneurial orientation mindset to be able to sense opportunities, mobilize resources, and act to exploit opportunities (in Hitt et al., 2001). A firm's strategic management practices are believed to facilitate entrepreneurial orientated endeavor (Zahra, 1991; Sandberg, 1992; Meyer & Heppard, 2000; Hitt et al., 2001; Ireland et al., 2001; Kemelgor, 2002; Ireland et al., 2003; Aloulou & Fayolle, 2005).

Covin et al. (2006) based on their study acknowledged that a focus on strategy making may be a useful first step in the pursuit of entrepreneurial orientation effectiveness.

This contention is consistent with claims of scholars (Zahra, 1991; Covin & Slevin, 1991; Lumpkin & Dess, 1996; Zahra & Dess, 2001; Luo et al., 2005) that industry, strategy, environmental, structural and or managerial factors influence how an entrepreneurial orientation can be configured. For instance, Covin and Slevin (1991) specifically worded that the primary direction of influence should be from organizational culture to entrepreneurial orientation as the former provides the context within which the latter may or may not emerge. Therefore, these prior pronouncements provide solid evidences why the proposed direction is from strategy making to entrepreneurial orientation and not the other way around; besides entrepreneurial orientation is commonly studied as antecedent to performance (Covin et al., 2006).

This research links the 5Ps of strategy making (SM) and the 5 dimensions of entrepreneurial orientation (EO). The crucial question that needs answer is, "What multiple SM modes enable the exhibition of each of the dimensions of EO when exposed to moderating variables of firm size and firm age? This research purports to ground the answer to such dilemma largely from a strategic management point of view. The consideration lays in the impact of a combination of some particular SM modes that are far better (Prahalad & Bettis, 1986; Hart, 1992; Hart & Banbury, 1994; Atuahene-Gima & Ko, 2001; Hughes & Morgan, 2007; Balabanis & Spyropoulou, 2007; Stokes, 2008) to predict the exhibition of each of the 5 dimensions of EO as compared to when only a single mode is applied.

Varying modes of SM (see Hart, 1992; Balabanis & Spyropoulou, 2007) had been developed and studied, but for this research in particular, the focus is on the 5Ps of SM that were originally conceptualized by Henry Mintzberg (1987a). Clearly one of the main goals of this research is to advance the 5Ps as an integrative SM framework in the light of EO. This is also to address the current empirical studies (Segev, 1989; Dess et al., 1997; Barringer & Bluedorn, 1999; Entrialgo et al., 2000; Kemelgor, 2002; Beverland & Lockshin, 2004; Covin et al., 2006; Das & Joshi, 2006) that explored not only a few but limited set of antecedents on EO. In behalf of EO, most scholarly works

capture three dimensions only: innovativeness, proactiveness and risk taking (Hughes & Morgan, 2007). This research extends the topic on EO by incorporating two more additional dimensions of EO: competitive aggressiveness and autonomy.

In view of this, 151 top medium-sized business firms in the Philippines were empirically tested to identify a number of SM-EO configurations. We take a multidimensional EO that is angled from a one-dimensional approach following the application of multivariate multiple regression analysis. This means that multidimensional EO is utilized one by one vis-à-vis a combination of SM modes. Working out these regression equation models, signifies an essential achievement of the entire research process. Essentially the bulk of the efforts of this research are geared toward this end.

This chapter follows after the discussion on the theories and concepts of SM and EO (chapter 2) and the hypotheses that were developed for this research (chapter 3). Despite the detailed discussion done in chapter 4 on methodology process that connects to the current chapter, we find it a necessity to discuss a concise overview of the methods (section 2) to refresh and to set the setting for the empirical data analyses that eventually follows (section 3). With emphasis on robustness checks regarding the assumptions in multiple regressions, we report the data analyses regression findings for the 5 SM-EO configuration models which incorporated the moderating variables of firm size and firm age. In connection, we impart the summary of findings (section 4). Then, we explicate the findings by analysis (section 5). Finally, conclusions seal the whole chapter (sections 6).

2. Methods

The data were collected from a cross sectional top medium-sized business firms defined in terms of value asset size ranging from Php (Philippine peso) 15,000,001-Php 100,000,000 (>245,900-1,639,340€ at Php61.00/1€ as of 5 March 2009) from the 17

cities and municipalities of Metropolitan Manila, Philippines. We obtained the sampling frame from a database published annually by Philippine Business Profiles and Perspectives Incorporated (PBPP Inc., 2006) which is entitled, 'Top 7,000 Corporations Business Profiles 05-06 edition, A Very Resilient Philippine Economy'. From this sampling frame, which is considered the best source of secondary information on competitors (Icamina, 2007), we drew the target population through systematic sampling.

A self-administered structured questionnaire was personally delivered to target respondents from February to September 2007. Of the 490 questionnaires floated, only 148 were retrieved giving a response rate of 30%. While analyzing the data, a noticeable pattern of positive responses was observed. ANOVA test was applied on the retrieved data by the field enumerators divided amongst six different areas in Metro Manila. Significant difference was found that led to the exclusion of 39 cases, which left only 109 for analyses. An ANOVA was again ran on 109 that yielded no significant difference. Then we conducted a 2nd batch of data gathering to beef up the current number that solicited an additional 60 cleaned data for a new total of 169. This number is acceptable especially when the topic involves SM that deals with top management (see e.g. Wooldridge & Floyd, 1990; Andersen, 2000, 2004; Avlonitis & Salavou, 2007; Green et al., 2008). When the firm is the unit of analysis, the expected return is low. Strategy making studies are beset with small sample problems (Mazen et al., 1987).

Non-response bias using T-test indicated no significant difference between the 1st (109) and 2nd (60) batch of respondents (Appendix 6). From 169, outliers were removed based on standardized residuals to conform to the requirements of multiple regression such as normality and homoscedasticity which rendered a new total of 151 ready for analysis.

Since the measurement scale for all the major constructs was a multi-item (Appendix 3), we evaluated them for accuracy and validity. The reliability based on the overall

Cronbach alpha values for SM and EO are .97 and .95 respectively. Substantively, an item-total correlation was also explored which yielded positively. Then, we measured only the construct validity for SM modes using exploratory factor analysis, since the EO construct has proven its validity based on prior studies (Covin & Slevin, 1989; Barringer & Bluedorn, 1999; Lumpkin & Dess, 2001; Kreiser et al., 2002; Wiklund & Shepherd, 2003; Aloulou & Fayolle, 2005, etc.) therefore has exhibited high levels of reliability and validity. Aside from this basis, we used the multidimensional EO construct from a one-dimensional angle; hence collinearity was not an issue.

As regards to SM modes, a four factor solution (instead of the expected five) was extracted when factor analysis was done. This resulted into the merging of plan and perspective into one component, now referred to as one variable named plan with perspective. One could conclude then, the possibility of the embeddedness of these two. Perspective SM could possibly take place within the planning agenda. Deshpande and Parasuman (1986) pronounced that beliefs and values (perspective) are taken for granted, but in reality have a profound effect on the way strategic planning is done. These same authors further stressed that 'corporate culture must be considered as a full-pledged component of the strategic planning equation' (37). The idea of perspective as that of plan is significantly considered by a number of management preachers, (see Mintzberg, 1987a, 17) and echoed by Mintzberg (1987a) himself. To them, 'perspective is the framework which guides those choices that determine the nature and direction of an organization' (17). Hence, theory underpins and reality substantiates such linkage. This means that plan and perspective co-exist in explaining the dependent variables. However, the rest of the SM modes as well as the EO dimensions kept their original stature.

To realize the research's objectives, a multivariate multiple regression analysis (Jansenns et al., 2008) using 1) enter 2) stepwise methods were applied on 151 medium-sized business firms to identify SM modes that predict changes on the EO together with the moderating variables. The second method which was the hierarchical (stepwise)

multiple regression was used in accordance with a number of studies (Covin & Slevin, 1998; Covin et al., 2006; Stam & Elfring, 2008) that employed the same method and which had similar research orientation. Hierarchical moderated regression allowed for comparison between alternative models with and without moderating effects, where the moderating variables only affects when they were found significant over the main effects of independent variables to the dependent variables (Stam & Elfring, 2008). Effects of firm size and age were first entered in order to control for potentially confounding effects (Covin & Slevin, 1998; Covin et al., 2006). In so doing, these partialed out size and age effects from the relationship in question and permitted a more accurate assessment (Covin & Slevin, 1998; Covin et al., 2006), of the power of the independent measures of SM to predict each of the dimensions of EO. Both firm size and firm age were represented by dummy variables 0 and 1. Dummy variables used for firm size were: 0 for ≥ 100 employees for 1 for ≤ 99 employees; whereas for firm age were: 0 for ≥ 11 years, and 1 for ≤ 10 years.

The data analyses examined two successive steps: First, to comply with multiple regression requirement, graphical tests found in Appendix 7 on linearity, normality, and homoscedasticity based on the simple linear regression analyses were examined between the individual SM modes and multidimensional EO. This was done to assess the individual contribution of each of the independent variables to the variate and its predictions to set a strong foundation for the conduct of multiple regression analyses. As depicted in Appendix 7, the scatter plots of the individual variables did not indicate any apparent nonlinear relationships between the dependent and the independent variables. There was no visible trace of any curvilinear effect. Although, the examination of the histogram on innovativeness (Appendix 7.1) and proactiveness (Appendix 7.2), showed some slight departures from normality for plan with perspective and position, but these were by no means pathological. They were relatively minor and should not present any serious problems in the course of the data analyses. Further, when the test of standardized residuals was made, only minimal violations were apparent hence no corrective actions were necessary. This means that

homoscedasticity was captured by the data. Visual examinations of all the plots proved that all the three assumptions were met. No violation was committed by the data. Overall, outcomes did not yield any major departures from expected values.

Second, the test of multiple linear regression to assess the relationship between each of the dimensions of EO and all of the SM modes was discussed for final analysis. Multiple linear regression tests whether the two major constructs had correlations; if the changes in the SM modes led to changes in the dimensions of EO. Using multiple linear regression attested to the main objective of maximizing the overall predictive power of the independent variables.

The research was primarily interested in achieving maximum prediction data analysis for each of the dimensions of EO when paired off with the entire Ps of SM which was qualified based on the findings from the factor analysis. As said before, the exploratory factor analysis that was conducted resulted into the merging of plan and perspective into one component, now referred to as one variable named plan with perspective.

3. Findings

Following are the regression equation models that examined the 5 hypotheses developed (see chapter 3) regarding the influence of multiple SM modes to each of the EO dimensions (in order of presentation from sections 3.1-3.5: innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy). We embed the moderating variables of firm size and firm age in each of the 5 developed hypotheses.

3.1 Regression Equation Model 1: Multiple Strategy Making Modes on Innovativeness

This research examines the first hypothesis that was constructed in line with the theorized relationship between SM and EO. If rejection occurs, then the search for the variables that lead to the exhibition of innovativeness are revealed nonetheless.

> 'A multiple strategy making modes of position, pattern, ploy, and perspective enable the exhibition of innovativeness subject to moderating variables of firm size and firm age'.

Table 5.1 shows the test on the influence of the combination of all the SM modes together with moderating variables to the level of exhibition of innovativeness as a dimension of EO. Results yielded only plan with perspective and position as both figuring in on the regression variate.

Table 5.1 Regression Models Explaining the Determinants of INNOVATIVENESS

	Model 1			***Model 2***		
Variables	Coefficient	Std.Error	t-stat	Coefficient	Std.Error	t-stat
Firm Size	.14	.19	.77	-	-	-
Firm Age	-.26	.21	-1.25	-	-	-
Plan with Perspective	.54***	.16	3.44	.53 ***	.11	4.72
Position	.37 **	.13	2.62	.37 ***	.12	3.26
Ploy	.00	.09	.00	-	-	-
Pattern	.04	.07	.60	-	-	-
Constant	-.09	.45	-.19	.01	.40	.03
R^2	.50			R^2	.50	
Adjusted R^2	.48			Adjusted R^2	.49	

N- 151
**** p < 0.01 **p < 0.05; unstandardized regression coefficients*

The regression result in Table 5.1, Model 1 shows that the variables PLAN with PERSPECTIVE and POSITION are positive and significant determinants of INNOVATIVENESS. Both variables are highly significant determinants of innovativeness (at 1%, 5% level respectively). It means that as the Plan with Perspective

of the company increases, the level of innovativeness also increases, all things being the same. The same is true for the variable Position. The other variables: ploy, pattern, firm size, and firm age were found to be insignificant determinants of the variable innovativeness. Table 5.1, Model 2 takes only the two significant determinants from the first model. The results are naturally consistent with Model 1, having plan with perspective and position as positive and significant determinants of the level of innovativeness, both at the 1% level of significance.

Moreover, in the model summary Table 5.2, the two variables, plan with perspective and position, explained about 49% of the total variation in the variable innovativeness. Plan with perspective alone had an adjusted r-square of .46. The increment of position which is 3% was deemed to be substantial. The standard error has dropped from .96 to .93, which is an improvement.

Table 5.2 Model Summary: Dependent Variable- INNOVATIVENESS

Model	R	R^2	Adjusted R^2	Std. Error of Estimate	Change Statistics				
					R^2 Change	F Change	df1	df2	Sig. F Change
1	.68[a]	.46	.46	.96	.46	127.37	1	149	.000
2	.71[b]	.50	.49	.93	.04	10.62	1	148	.001

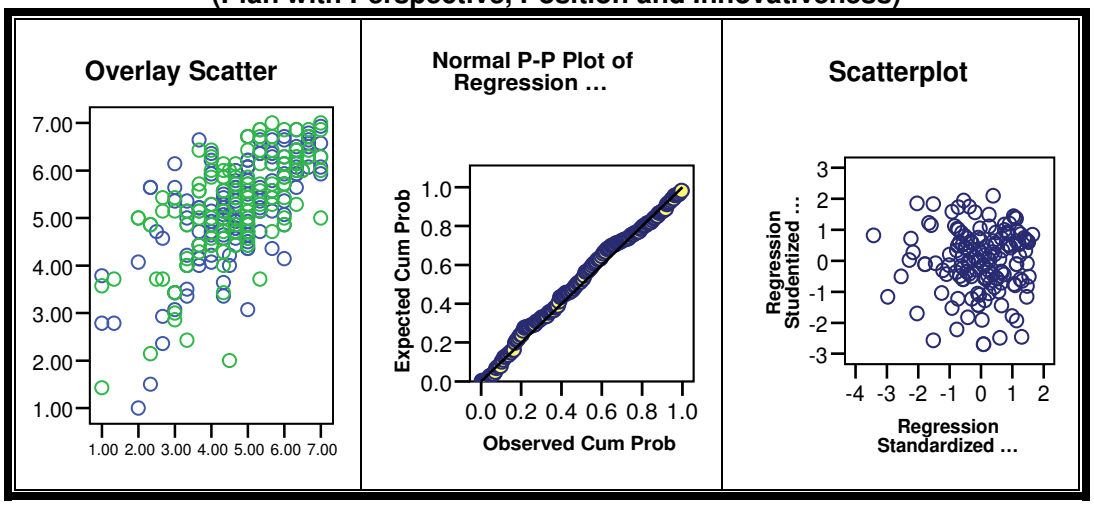
a. Predictors: (Constant), plan with perspective
b. Predictors: (Constant), plan with perspective, position

The multicollinearity among the variables in this multiple regression model is manageable. The tolerance factor of .39 and VIF value of 2.57 are acceptable (TF: ≥ 0.20 (the higher the better); VIF should NOT be ≥ 4 (the lower the better).

In evaluating the variate for the assumptions of multiple regression analysis, results reveal as shown in Figure 5.1, that the variate has complied with all the assumptions of regression. The bivariate profiling of relationships (overlay scatter) between each of the SM modes and innovativeness do not exhibit any nonlinear pattern, thus ensuring that the overall equation is linear. Also, the visual examination of the normal probability

plot yields a positive structure. There is no evidence to suggest that the linear model is inappropriate. The straight line relationship looks alright. The next assumption on homoscedasticity also does not pose a problem. The rightmost plot in Figure 5.1 shows no pattern of increasing or decreasing residuals.

Figure 5.1 Overlay Scatter Plot, Normal Probability Plot and Standardized Residual Plot of the Overall Variate (Plan with Perspective, Position and Innovativeness)



Thus, the regression equation found as shown in Table 5.1 is,

$$\hat{innovative\ ness} = 01 + .53\,planpespective + .37\,position \quad .$$

Such regression model is determined to be significant by the analysis-of-variance approach. This model implies that for every unit of increase in the level of exhibition of plan with perspective and position, there is an increase in the level of exhibition of innovativeness by .53, .37 respectively, fixing all the other variables constant. This means that the magnitude of a variable's beta weights reflects its relative explanatory importance controlling for other independents in the equation, which in this case plan

with perspective takes the helm over position as the major influencer on the exhibition of innovativeness.

Essentially, this result proves contrary to expectation. This means that the hypothesis was affirmed but with a major degree of qualification. Hypothesis cites a negative association of planning mode to innovativeness. But surprisingly, planning with perspective is found to have a profound effect on innovativeness based on its beta coefficient of .53. Plan (with perspective) also figured heavily in its predictive power effect on innovativeness more than position. Also, it is true that position was found to be a good predictor of the exhibition of innovativeness but unfortunately pattern and ploy were not included in the variate.

3.2 Regression Equation Model 2: Multiple Strategy Making Modes on Proactiveness

This section tests the hypothesis that –

> 'A multiple strategy making modes of pattern and position enable the exhibition of proactiveness subject to moderating variables of firm size and firm age'.

Table 5.3 exhibits that positioning and planning with perspective mode resulted to high levels of exhibition of proactiveness. The regression results in Table 5.3, Model 1 show that variables POSITION and PLAN with PERSPECTIVE are positive and significant determinants of PROACTIVENESS. The results in Table 5.3, Model 2 display that position is significant at the 1% level while plan with perspective is significant at the 5% level. Thus, as the position and plan with perspective of the company increases, the level of proactiveness also increases, all things being the same.

Table 5.3	**Regression Models Explaining the Determinants of PROACTIVENESS**					
	Model 1			***Model 2***		
Variables	Coefficient	Std.Error	t-stat	Coefficient	Std.Error	t-stat
Firm Size	.02	.18	.11	-	-	-
Firm Age	-.30	.19	-1.54	-	-	-
Plan with Perspective	.39***	.15	2.66	.22 **	.11	2.11
Position	.46***	.12	3.74	.58 ***	.11	5.35
Ploy	.02	.09	.20	-	-	-
Pattern	-.04	.07	-.21	-	-	-
Constant	.65	.43	1.52	.84 **	.38	2.21
R^2	.50			R^2	.47	
Adjusted R^2	.48			Adjusted R^2	.46	

N- 151
**** p < 0.01 **p < 0.05; unstandardized regression coefficients*

Subsequently, with reference to Table 5.4, the model summary provides fit measures for each stage in the stepwise regression. Both position and plan with perspective, explained about 46% of the total variation in the variable proactiveness. In Table 5.4 Model 1, position alone accounted for 45% of the variation in proactiveness. Table 5.4 Model 2 added plan with perspective which only increased the r-square by 1%, so plan with perspective only contributed 1% to the variate; hardly significant but nonetheless an improvement.

Table 5.4	**Model Summary: Dependent variable PROACTIVENESS**								
						Change Statistics			
Model	R	R^2	Adjusted R^2	Std. Error of Estimate	R^2 Change	F Change	df1	df2	Sig. F Change
1	.67[a]	.45	.45	.88	.45	122.77	1	149	.000
2	.68[b]	.47	.46	.87	.02	4.46	1	148	.036

a. Predictors: (Constant), position
b. Predictors: (Constant), position, plan with perspective

Test of multicollinearity by means of tolerance and variance inflation factors yielded the values of .39 and 2.57 respectively which are within the cut-off threshold; hence, the data conformed to the expectation. Moreover, the evaluation of the assumptions of regression found in Appendix 8.1 turned out to be all right.

Winding up, in line with the result of the multiple linear regression procedure in Table 5.3, the regression equation found which is significant by analysis-of-variance test is,

$$\hat{proactiveness} = .84 + .58\,position + .22\,planpespective .$$

The coefficients of the variable that entered into the model are all positive. This implies that the variables that entered into the model namely position and plan with perspective have significantly positive effects on the level of exhibition of proactiveness as a dimension of EO. In particular, for every unit of increase in the level of exhibition of position and plan with perspective, there is an increase in the level of exhibition of proactiveness by .58 ($p<.01$) and .22 ($p<.05$) respectively, fixing the other variable constant. Essentially, position takes precedence over plan with perspective in terms of its explanatory importance on proactiveness.

This regression equation model expectedly validated the hypothesis that the dominance of the positioning mode results to an increase of exhibition of proactiveness, and further, that pattern did not surface in the equation on proactiveness, instead plan with perspective turned out as complementing position.

3.3 Regression Equation Model 3: Multiple Strategy Making Modes on Risk taking

This section tests the hypothesis that –

> 'A multiple strategy making modes of plan, position, and ploy enable the exhibition of risk taking subject to moderating variables of firm size and firm age'.

The regression results in Table 5.5 show that the variables POSITION, PLAN with PERSPECTIVE and FIRM AGE are positive and significant determinants of RISK

TAKING (at 5%, 10%, 5% respectively). It means that as the position of the company increases, the level of risk taking also increases, all things being constant. The same is true for the variable plan with perspective and years of operations. The other variables, ploy, pattern and firm size are found to be insufficient to justify inclusion in the model for risk taking.

Table 5.5 Regression Models Explaining the Determinants of RISK TAKING

	Model 1			***Model 2***		
Variables	Coefficient	Std.Error	t-stat	Coefficient	Std.Error	t-stat
Firm Size	-.01	.20	-.06	-	-	-
Firm Age	-.48**	.22	-2.23	-.47**	.21	-2.27
Plan with Perspective	.32*	.16	1.97	.32***	.12	2.71
Position	.29**	.13	2.15	.34***	.12	2.80
Ploy	.02	.10	.19			
Pattern	.10	.08	1.30			
Constant	1.11**	.47	2.34	1.40***	.43	3.29
R^2	.36			R^2	.33	
Adjusted R^2	.33			Adjusted R^2	.32	

N- 146

**** p < 0.01 **p < 0.05 *p <0.10; unstandardized regression coefficients*

The second model takes only the three significant determinants from the first model and the results are shown in Table 5.5, Model 2. Just like in Table 5.5, Model 1, position, plan with perspective and firm age are positive and significant determinants of the level of risk taking, at the 1%, 1% and 5% levels of significance respectively.

Table 5.6 Model Summary: Dependent variable RISK TAKING

					Change Statistics				
Model	R	R^2	Adjusted R^2	Std. Error of Estimate	R^2 Change	F Change	df1	df2	Sig. F Change
1	.53[a]	.28	.28	1.01	.28	56.40	1	144	.000
2	.56[b]	.31	.30	.99	.03	5.80	1	143	.017
3	.58	.33	.32	.98	.02	5.16	1	142	.025

a. Predictors: (Constant), position

b. Predictors: (Constant), position, plan with perspective

c. Predictors: (Constant), position, plan with perspective, years of operations

Moreover, from Table 5.6, the three variables, position, plan with perspective, and firm age explain about 32% of the total variation in the variable risk taking. Position alone contributes 28% in the variation of risk taking, so the additional predictor plan with perspective added 2%; subsequently firm age in terms of years of operations contributes an added value of 2%.

In the light of multicollinearity issue, the formal test based on tolerance at .33 and variance inflation factor at 3 yielded sound results. Homoscedasticity based on the standardized partial regression and the normal probability plots have found no problem with the variate as shown in Appendix 8.2.

Therefore, considering the result of the multiple linear regression procedure in Table 5.5, the regression equation found is,

$$\hat{risk-taking} = 1.40 + .34\,position + .32\,planperspective - .47\,firm\_age .$$

Such regression model is determined to be significant by analysis-of variance approach. The coefficients of the variables that entered into the model are all positive. This implies that the variables that entered into the model namely position and plan with perspective have significantly positive contribution to the level of exhibition of risk taking as a dimension of EO. The beta coefficients in Table 5.5, Model 2 indicates that position is more strongly related to risk taking than plan with perspective, although the values are almost close to each other. In particular, for every unit of increase in the level of exhibition of position and plan with perspective, there is an increase in the level of exhibition of risk taking by .34 and .32, respectively, fixing the other variables constant.

Firm age figured in the equation with a negative sign. Since the reference group 0 pertains to the $\geq$ 11 years, whereas 1 for $\leq$ 10 years, this means that those which are

operating 10 years or below are less of a risk taker as compared to those which are operating for 11 years and above (taking position and plan with perspective as constant). In other words, the longer the firm is operating, like when they have passed the 10-year mark, the more of a risk-taker they are.

Wrapping up, the result supported the hypothesis that plan (with perspective) and position turn out as having a predictive power impact on risk taking but the advent of ploy unfortunately is not apparent in the final variate.

3.4 Regression Equation Model 4: Multiple Strategy Making Modes on Competitive Aggressiveness

The objective of this research is to confirm the hypothesis that –

> 'A multiple strategy making modes of position and ploy enable the exhibition of competitive aggressiveness subject to moderating variables of firm size and firm age'.

The regression results in Table 5.7 which demonstrates that the variables POSITION and PATTERN are positive and significant determinants of COMPETITIVE AGGRESSIVENESS, with position being significant at the 1% level and pattern significant at the 5% level (using model 1). It means that as the position of the company increases, the level of competitive aggressiveness also increases, all things being the same. The same is true for the variable pattern. The other variables, plan with perspective, ploy, firm size and firm age are found to be insignificant determinants of the variable competitive aggressiveness.

Table 5.7 Regression Models Explaining the Determinants of COMPETITIVE AGGRESSIVENESS

	Model 1			Model 2		
Variables	Coefficient	Std.Error	t-stat	Coefficient	Std.Error	t-stat
Firm Size	.06	.19	.33	-	-	-
Firm Age	-.21	.21	-.99	-	-	-
Plan with Perspective	.27*	.16	1.70	-	-	-
Position	.39***	.13	2.98	.56 ***	.08	7.16
Ploy	-0.02	.09	-.16	-	-	-
Pattern	.15**	.07	2.12	.19***	.06	2.98
Constant	.70	.46	1.53	.94 **	.41	2.31
R^2	.41			R^2	.40	
Adjusted R^2	.39			Adjusted R^2	.39	

N- 137
**** p < 0.01 **p < 0.05 *p <0.10; unstandardized regression coefficients*

The second model takes only the two significant determinants from the first model and the results are shown in Table 5.7, Model 2. Just like in Table 5.7, Model 1, position and pattern are positive and significant determinants of the level of competitive aggressiveness, this time both at the 1% level of significance. Table 5.8 displays the model summary.

Table 5.8 Model Summary: Dependent variable- COMPETITIVE AGGRESSIVENESS

					Change Statistics				
Model	R	R^2	Adjusted R^2	Std. Error of Estimate	R^2 Change	F Change	df1	df2	Sig. F Change
1	.60[a]	.36	.36	.93	.36	84.22	1	147	.000
2	.63[b]	.40	.39	.91	.04	8.89	1	146	.003

a. Predictors: (Constant), position
b. Predictors: (Constant), position, pattern

The two variables which are position and pattern, explain about 39% of the total variation in the variable competitive aggressiveness. Position alone had an r-square of .36, so the additional predictor of pattern added only an additional 3% which is an improvement to the variate but a modest improvement. The standard error has dropped from .93 to .91: again an improvement, but not especially large.

The collinearity diagnostic is found to be positive with a high tolerance value of .81 (>.20). Likewise it follows that the variance inflation factor should be low which is 1.24 (<4). In terms of the analyses of the assumptions for the overall variate, the results were very optimistic. The graphs found in Appendix 8.3 fulfilled the assumptions of multiple regression. Thus, the overall variate is good.

Subsequently, considering the result of the multiple linear regression procedure as indicated in Table 5.7, Model 2, the regression equation found is

$$\hat{competitiveaggressiveness} = .94 + .56\,position + .19\,pattern .$$

Such regression model is determined to be significant by ANOVA approach. The coefficients of the variables that entered into the model are all positive. This implies that the variables that entered into the model namely position, and pattern have significantly positive effects on the level of exhibition of competitive aggressiveness as a dimension of EO. In particular, for every unit of increase in the level of exhibition of position, and pattern, there is an increase in the level of exhibition of competitive aggressiveness by .56, and .19, respectively, fixing all the other variables constant. Position largely explains the increase of exhibition of competitive aggressiveness more than pattern by a large margin.

In closing, consistent with hypothesis 4, position has come out strongly in the regression equation as regards to competitive aggressiveness. But pattern which was not foreseen during hypothesis development replaced ploy in the final variate. Position and pattern having regression coefficients of .56 and .19 respectively, propose a new partnership in terms of their combined impact on the exhibition of competitive aggressiveness.

3.5 Regression Equation Model 5: Multiple Strategy Making Modes on Autonomy

This part tests the hypothesis that –

> 'A multiple strategy making modes of plan and perspective enable the exhibition of autonomy subject to the moderating variables of firm size and firm age'.

As shown by Table 5.9, PLAN with PERSPECTIVE SM mode significantly influences the level of exhibition of AUTONOMY, at a level of significance of 1% (using Table 5.9 Model 1). The other variables, position, ploy, pattern, firm size and firm age were found to be insignificant determinants of the variable autonomy.

Table 5.9 Regression Models Explaining the Determinants of AUTONOMY

	Model 1			*Model 2*		
Variables	Coefficient	Std.Error	t-stat	Coefficient	Std.Error	t-stat
Firm Size	-.00	.18	-.02	-	-	-
Firm Age	.01	.20	.03	-	-	-
Plan with Perspective	.71***	.15	4.62	.69 ***	.07	10.13
Position	-.00	.13	-.01	-	-	-
Ploy	.07	.09	.80	-	-	-
Pattern	-.05	.07	-.68	-	-	-
Constant	1.39 ***	.45	3.13	1.59 ***	.36	4.42
R^2	.44			R^2	.41	
Adjusted R^2	.42			Adjusted R^2	.41	

N- 137
**** p < 0.01 **p < 0.05 *p <0.10; unstandardized regression coefficients*

The second model takes the only one significant determinant from the first model and the results are shown in Table 5.9, Model 2. Just like in Table 5.9, Model 1, plan with perspective is the only SM mode that is a positive and significant determinant of autonomy (1%). Following is Table 5.10, the model summary which is highly significant at p<.01 (F test).

Table 5.10 Model Summary: Dependent variable: AUTONOMY

Model	R	R^2	Adjusted R^2	Std. Error of Estimate	Change Statistics R^2 Change	F Change	df1	df2	Sig. F Change
1	.64[a]	.41	.41	.89	.41	102.602	1	147	.000

a. Predictors: (Constant), plan with perspective

The variable plan with perspective explains about 41% of the total variation in the variable autonomy. Of course, the closer the adjusted r-square is to 1, the better the fit (SPSS Inc. 2004, 11-7). In here, 41% is far from perfect prediction but still substantial.

Collinearity test was no longer needed as plan with perspective was the only variable that figured on the final variate. Moreover, diagnosing the assumptions for the overall variate based on the graphics found in Appendix 8.4 was very constructive. The variate met the assumptions of linearity, normality and homocedasticity.

Ergo, considering the result of the multiple linear regression procedure which is significant by ANOVA approach, Table 5.9, Model 2 demonstrates the regression equation which is,

$$\hat{autonomy} = 1.59 + .69\, planperspective .$$

This regression equation has a positive slope and the correlation coefficient is also positive. This implies that, the higher the level of exhibition of plan with perspective, the higher the level of exhibition of autonomy. Thus, there is a significantly positive effect of plan with perspective SM on autonomy. The positive slope also means that there is an increase (by the value of the slope) to the level of exhibition of autonomy per unit increase in the level of exhibition of plan with perspective. In particular, for every unit of increase in the level of exhibition of plan with perspective, there is an increase in the level of exhibition of autonomy by .69.

Winding up, the result affirms the hypothesis that plan and perspective contribute to the exhibition of autonomy.

3.6 Summary of Findings

Results show different regression equation variates that figure on each of the multidimensional EO. Data were cleaned of outliers. Results were robust for all the models when they were exposed to several regression diagnostics to assess whether modeling assumptions were justified. Multicollinearity was not a problem having tolerance (.33-.81) and VIF (1.24-3) factors within limits. Each regression model possesses statistically significant F-test scores. This means good explanatory power is assured. Following is Table 5.11 for the summary of the results of the multiple regression analyses.

Table 5.11 Summary of Findings of the Multiple Regression Analyses

Dependent variable*: Innovativeness*					
Variables	b	S.E.	t-stat	R^2	Adjusted R^2
Plan with Perspective	.53 ***	.11	4.72	.50	.49
Position	.37 ***	.12	3.26		
Dependent variable: *Proactiveness*					
Position	.58 ***	.11	5.35	.47	.46
Plan with Perspective	.22 **	.11	2.11		
Dependent variable: *Risk taking*					
Firm Age	-.47**	.21	-2.27	.33	.32
Position	.34 ***	.12	2.80		
Plan with Perspective	.32 ***	.12	2.7		
Dependent variable: *Competitive aggressiveness*					
Position	.56 ***	.08	7.16	.40	.39
Pattern	.19 ***	.06	2.98		
Dependent variable: *Autonomy*					
Plan with Perspective	.69 ***	.07	10.13	.41	.41

(n=151)
****p < 0.01 **p < 0.05; unstandardized regression coefficients*

As expected, the results significantly supported hypotheses 1 through 5 with variations. Hypothesis 1 is supported but with a major structural change, with position supporting plan with perspective in the regression equation on innovativeness, in which the latter

SM mode came out strongly in the equation. Hypothesis 2 is corroborated, that positioning based SM is influential on proactiveness, but pattern was replaced by plan with perspective. Hypothesis 3 is affirmed that position mode would influence risk taking but plan with perspective qualified the hypothesized variate moderated by firm age. Hypothesis 4 is validated that positioning would figure on competitive aggressiveness, but accompanied by pattern mode instead of ploy. Lastly, Hypothesis 5 is substantiated with plan with perspective as the combined SM modes facilitating the exhibition of autonomy. The following is the summary of the regression equation models 1-5 as a result of the interactions of two major constructs: SM modes and the multidimensional EO.

$$\hat{innovative\ ness} = .01 + .53\,planpespective + .37\,position$$

$$\hat{proactiveness} = .84 + .58\,position + .22\,planperspective$$

$$\hat{risk-taking} = 1.40 + .34\,position + .32\,planperspective - .47\,firm\_age$$

$$\hat{competitive aggressiveness} = .94 + .56\,position + .19\,pattern$$

$$\hat{autonomy} = 1.59 + .69\,planperspective$$

All these above SM-EO variates have positive slopes and the adjusted correlation coefficients are also meritorious (R^2 of .49, .46, .32, .39, and .41 respectively). These indicate that the SM variables that entered into the models have significantly positive effects on the level of exhibition of EO. In particular, models 1 and 2 on innovativeness and proactiveness are found to have higher degree of associations as given by their comparatively higher correlation coefficients than the rest of the models.

4. Discussions

The primary research question is to settle the issue on, "What multiple SM modes enable the exhibition of each dimension of EO when moderated by firm size and firm age?" Secondary research questions ensue as an effect of this first question which are: "Given a SM-EO configuration, what is the estimate of the predictive power effect of each of the significant SM modes as it is added to the analysis?, and What is the estimate of the relative predictive power of each significant SM mode, controlling for all other independent variables in the equation for a given model?" In this regard, the empirical results generally responded with optimistic and more importantly intelligible answers.

4.1 Multiple Strategy Making Modes and Innovativeness

Result shows that the variables PLAN with PERSPECTIVE and POSITION are positive and significant determinants of innovativeness. This model had the highest degree of association as given by their comparably higher correlation coefficients than the rest of the SM-EO models. As it is, planning generally is seen as inflexible and does not bode well toward innovativeness, hence the negative theorized relation. However, it seems that the finding proved otherwise. Planning with perspective is seen as a rational approach towards the exhibition of innovativeness. The possibility of planning mode to transform itself through strategic opportunism more likely has occurred in this research. For instance, General Electric did a turnaround from a strategic plan that was internally oriented- focused on problem solving, cost-cutting and efficiency to a marketing philosophy (Vaghefi & Huellmantel, 1998).

Planning with perspective covers the making and integrating of a whole set of decisions and articulating them formally before executing them. This route is an effective venue to table the idea of innovativeness for discussion. Andersen (2004) conformed that participation present in planning may however have a positive association to

innovativeness. He further said that this idea is 'consistent with Hart and Banbury's (1994) results showing positive relationship between mixed modes and product development and other qualitative outcome variables'.

Planning SM is perceived to be the best way to institutionalize the entrepreneurial activity within the firm (Ansoff, 1965, 1987 in Leavy, 1996). It would be through strategic planning that the brilliant and intuitive planners' minds are formed (Steiner, 1979 in Leavy, 1996) and literally pencil pushed. Howell and Higgins (1990) cited that much of the literature on innovation emphasizes the theme of rational, functional planned innovation. For instance, Bradley et al. (2006) propose the need for an information technology plan to address the complexity in an organization otherwise the firm is confronted with an incompatible array of hardware, software and data. They issued the importance of information architecture or at least information needs assessment of some type. The scanning analysis found in planning SM aids in identification of new venture creation (products etc.). Successful innovation is seen as the outcome of an organized, purposeful, and systematic process (Drucker, 1985); innovation occurs by design and as a result of an organization's rules and procedures. In their study of high technology organizations, Jelinek and Schoonhoven (1990) found that innovation was an integral part of on-going operations (in Mezias & Glynn, 1993).

Alongside with planning with perspective, positioning comes to fold when examining the external environment for opportunities. In this respect, positioning comes to prominence alongside planning with perspective especially during the SWOT process (or 5 Forces Analysis), where inputs on external environment factors in. Ergo, the SM constructs of plan with perspective and position go hand and hand to pave the way for novel ideas, creativity and experimentation to be explored and realized. Innovativeness in this context looks inward to planning for operationalization, stability, security and direction and outwards for positioning for sound and radical value adding ideas that are competitive. Planning with perspective reins the opportunistic behavior of positioning SM. Organizations risk failure if they innovate without constraint.

4.2 Multiple Strategy Making Modes and Proactiveness

POSITION and PLAN with PERSPECTIVE worked together in influencing the exhibition of proactiveness. The disparity between position and plan with perspective is quite substantial with regard to the contribution both in terms of the increment to the model and the relative explanatory importance controlling for other independents in the model. This shows that indeed position largely explains the exhibition of proactiveness with a very minimal showmanship of planning with perspective. Although plan with perspective takes a back seat to give way for position to preside, both complement each other to push the enactment of proactiveness. This is intelligible as position SM looks out on the external posture of the company to keep ahead of the competition. Proactiveness on the one hand refers to how firms relate to market opportunities by seizing initiative in the marketplace (Lumpkin & Dess, 1996, 2001). In this vein, position SM carries the same principle; hence, it is no wonder that the result is logical.

Positioning focuses strongly on external environment for which proactiveness thrives in. Planning with perspective on its part provides some measure of guideline alongside positioning to bring to fore positive increases on the exhibition of proactiveness. Hughes and Morgan (2007) stressed that proactiveness can be improved through environmental scanning in which planning SM is heavily laden with. Market signal detection and discriminating between opportunities and threats is a means by which a firm can solicit information to aid in market opportunity recognition (Hughes & Morgan, 2007). Besides Lumpkin and Dess (1996, 148) echoed the work of Venkatraman's STROBE formulation by which they emphasized the scanning aspect of proactiveness. The environmental scanning grants information acquisition that aids in opportunity seeking behavior. Teng (2007) postulated that managerial perception of the competitive environment is a key driver to action propensity. Planning aids in intelligent management of the market.

Particularly, Berry (1998) recognized in his study of small high technology companies that strategic planning plays a role in terms of proactively assessing new market opportunities and guiding and controlling the firm's R&D effort especially in the later growth stages of the company. In this context, Berry cited that companies without strategic planning were led by entrepreneurs who had solely technical skills. The companies' survival was put at risk by these entrepreneurs' lack of strategic awareness.

4.3 Multiple Strategy Making Modes and Risk taking

POSITION and PLAN with PERSPECTIVE have an effect on risk taking. This model is statistically significant but the level of association (32%) is quite modest compared to other models. However, it remains that 32% figures in behalf of position and plan with perspective moderated by firm age provide explanatory power in the total variation of risk taking. Positioning, by virtue of its developing strategies that can be defended against competition, is complemented by planning with perspective. Risk taking involves either gain or worse a loss, hence planning with perspective is necessary to caution against unwanted possibilities that could happen to a business. Since risk taking involves taking bold actions such as venturing into unknown business transactions, it would be best to have planning with perspective as a cautionary tool against unforeseen circumstances. According to Sapienza et al. (2005), greater confidence in the use of information may help decision makers to overcome the fear of failure and reluctance to venture into the unknown. Sapienza et al. (2005) suggest that EO requires a learning-by-doing whereby an attention to collect and assimilate information is a critical requirement of EO. But Barringer and Bluedorn (1999) based on their result warned that managers should be wary of a false sense of security provided by environmental scanning. It must be kept in mind that scanning reduces uncertainly but elimination is not full. Planning can keep technological and market threats under control.

In behalf of firm age, results show that the longer the firm is operating, like when they have passed the 10-year mark, the more of a risk-taker they are (taking position and plan

with perspective as constant). Old firms possess the institutional support and organizational formalization required to pursue a risk taking behavior. They have bigger resources to venture into the unknown despite the possibility of failure.

4.4 Multiple Strategy Making Modes and Competitive Aggressiveness

POSITION and PATTERN in tandem justified the enactment of competitive aggressiveness. Position largely explained the increase of exhibition of competitive aggressiveness more than pattern by a large margin. Positioning has taken the lead over pattern to have a more meaningful contribution to the exhibition of competitive aggressiveness. Competitive aggressiveness that refers to how firms react to competitive trends and demands that already exist in the marketplace, and that also refers to the intensity of a firm's efforts to outperform industry rivals, reveals the presence of positioning which makes it a prerequisite for the said EO dimension to be exhibited. Positioning places the business within the context of the industry which provides a broad outlook in seizing up the competition.

Although it must be emphasized as well that position and pattern both partake in the extensive interplay with the environment and require the assumption of risk and uncertainty. An EO requires a deep understanding of the complexity of contemporary markets and company's position in this environment that can be defended against competitors. This is coupled with a decisive leader who can act boldly and flexibly. The study of Li et al. (2005) affirmed that firms benefit from pattern mode, in this case referred to as entrepreneurial SM depends on what they perceive from the environment and what they are able to do. Pattern mode thrives in the context of positioning based perspective where opportunities in the environment take precedence when crafting strategies. The juxtaposition of position and pattern augurs well on competitive aggressiveness because this EO dimension refers to head to head posturing with industry rivals and responding to threats existing in the environment (position) where a decisive leader (pattern) can implement action and time driven decision making. When

the competition for customers and resources is intense, decision coming from a strong leader is more likely to benefit competitive aggressiveness.

4.5 Multiple Strategy Making Modes and Autonomy

PLAN with PERSPECTIVE described much the exhibition of autonomy. The two variables (plan and perspective), which were initially hypothesized to be theoretically distinct from each other became one, following the result of factor analysis, by reason of which a decision was made to merge these two variables to be referred to as plan with perspective.

Remarkably, autonomy is highly congruent with plan with perspective. Perspective is a social process rooted in culture which assumingly provides the environment for autonomy to flourish and on the one hand, plan helps concretized the exhibition of autonomy by offering a venue for voices to be heard particularly during the operational planning process. Results of Andersen's (2000) study supported this idea that strategic planning exists in tandem with autonomous actions, where managers make responsive decisions that enhance performance under changing environment.

The tenet of planning with perspective revolves around preference for the involvement of people. The Philippines as the setting for this research reflects this idea. Most companies in the Philippines respect the contribution of people on how the business is managed (Mendoza, 2001). Current research results substantiate this idea. Findings show a consistency of very frequent answers to a number of indicators in the questionnaire that talk about collective cooperation and accountability.

5. Conclusions

By setting on this empirical research, we verify the suggestions from extant literatures on the merit of pursuing multiple SM modes as compared to a single one. We advance

the 5Ps as a SM framework to test this idea. We connect the construct of the multiple 5Ps of SM modes to EO. These two major constructs are commonly associated with each other (Zahra, 1991; Sandberg, 1992; Meyer & Heppard, 2000; Hitt et al., 2001; Ireland et al., 2001; Kemelgor, 2002; Ireland et al., 2003; Aloulou & Fayolle, 2005). Results prove that multiple SM modes are far better to enable the exhibition of a multidimensional EO.

Results show that position and plan with perspective are complementary SM modes toward the enactment of innovativeness, proactiveness and risk taking. Essentially, this finding is aligned with the study of Beverland and Lockshin (2004) who prescribed that positioning values, which are diffused into an organizational culture must temper entrepreneurial process. Supportively, Sashittal and Jassawalla (2001) emphasized the role of formal marketing plans that provides strategic standards that will protect firms from drifting from crisis to crisis. In this sense, planning with perspective is necessary to caution against unwanted possibilities that can happen to a business. Position SM on its part offers the market orientedness and industry awareness that can alter the competitive landscape necessary for the opportunity seeking nature of EO. As Berry (1998) in his study of small high-technology companies found, only if a company is market driven can it survive, and further added that companies with strategic plan in the long run survive because of strategic awareness. Berry (1998) stressed that marketing activity is critical to entrepreneurial success and marketing success requires commitment to stability and careful planning.

Generally, positioning has taken the lead from other SM modes aside from planning with perspective for a more meaningful contribution to the exhibition of the dimensions of EO except autonomy. Understandably, as positioning rings around the company's location in the industry vis-à-vis the competitors, it is but natural that it leads and precedes on its predictive power effect on proactiveness, risk taking and competitive aggressiveness (let alone its support to plan with perspective in innovativeness). All these dimensions of EO are entangled in coping with the challenges involved in the

market place which is the principal turf of positioning based SM. Positioning reflects a strong EO because of its market driving capability that seeks to create opportunities for the company. Positioning by being analytical situates how a company can improve its strategic positioning in an industry. Positioning takes a critical lead role in making sure that the entrepreneurial orientations that the company exhibits has positioning as its anchor, considering that the focus of this mode is on being ever watchful of its external environment. For instance, proactiveness and competitive aggressiveness having both a strong external orientation (Wang, 2008), find themselves aligned with the tenet of positioning SM.

Next, planning with perspective is very visible in all of the SM-EO configurations except on competitive aggressiveness. Planning with perspective as a result of factor analysis co-exists in explaining the exhibition of innovativeness, proactiveness, risk taking and autonomy. Innovativeness wise for instance, planning with perspective unexpectedly figured out as the major predictor. Together with positioning, they make a tandem towards enhancing innovativeness, also garnering the highest r square (.49) as compared to the rest of the models. Contrary to this result, planning is found wanting for its inflexibility toward change. It is highly programmatic that goal keeping of generated plans must be prioritized above all. Nevertheless, it is likely, that planning in the light of this research has transformed itself to align with industry's developments. As the literature suggests, planning can be dominant if processed through strategic opportunism. On second thought, it is but logical to caution the company against the risks involved in being innovative. Innovativeness calls for novel ideas, creativity and experimentation. Using planning with perspective as well as positioning based SM as a platform for innovativeness to flourish is a rational approach. This model provides a sound anchor in view of innovative EO. Waste of resources occurs if innovation does not succeed. Hence, the cost of failure of innovation may be foreseen within a planning with perspective framework guided by an assessment of industry's situation. It is not sound to undergo innovative breakthrough products when competitors already got a prior claim on it.

Moreover, planning with perspective necessarily figured in autonomy primarily because the tenet of planning with perspective circles around preference for the involvement of people. Given the right environment that planning with perspective has in terms of encouraging collective decision making, through this venue, the practice of autonomy is being facilitated

Notably, pattern mode which is expected to be apparent in some of the regression variates is not supported. Pattern contrary to our expectation has figured instead on competitive aggressiveness, complementing position SM. A number of possible explanations can be argued. For one, empirical wise, the firm respondents are probably faced with a stable environment that precludes a need to depend on a single decision maker to carry out EO. There is no necessity of time in a stable environment that requires speedier decisions which can be facilitated by a strong leader. However, pattern in the context of competitive aggressiveness in particular, acts a strong force to carry out 'undo the competitors' moves'. For instance, the study of Lumpkin and Dess (2001) found that firms in mature or hostile environment favor the kind of combative posturing typical of competitive aggressiveness. Hostile environment is characterized by intense competition for customers and resources that require speedier decision making based on the intuition and capability of a strong leader to carry out bold moves. And this strong leader when implementing competitive aggressiveness is guided by the market forces derived from a positioning SM orientation.

Of great consequence is the realization that ploy mode has been disturbingly absent in all the regression equation models. This finding promises well for EO in the sense that strategic consensus seeking may result in accommodating decisions that define the firm's strategic domain very broadly (Covin et al., 2006, 72). Consequently, it enables the firm to pursue disparate array of entrepreneurial opportunities (Covin et al., 2006, 72). It seems that ploy projects an image of divisiveness that does not augur well on EO. On the other hand, practical wise, as applied to the Philippines, the profile of

company ownership in the Philippines suggests substantial family holdings. But unlike the family owners, of say, Taiwanese companies, the Filipino business (majority of respondents were Filipino owners, only few were Filipino-Chinese) does not subscribe to the guanxi concept. The guanxi network, that is the interlocking nature of Taiwanese business which has been responsible for its rapid advance does not operate actively in the Philippines except among the Filipino Chinese community (Mendoza, 2001).

Finally, only in the SM-EO model on risk-taking that a moderating variable such as firm age becomes visible. As expected, the result shows that firms which are in business 11 years and above are more of a risk taker within the framework of this SM-EO Model. Susceptibility to failure is high when risk is involved, so the more that a company is growing in years, the more that is endowed with resources (capital or otherwise) needed to spin off risk-taking. If the venture fails, the big resource endowment and the legitimacy of operation can survive the crisis. Young firms on the other hand, may be more susceptible to the reality of exploiting opportunities because of their resource constraints (Stam & Elfring, 2008).

To conclude, results reveal that simply having strategies are not enough towards enhancing EO. Firms must seek to rewire themselves into multiple SM modes that are aligned with the conditions and challenges of EO.

Chapter 6

Prevalent Strategy Making and Entrepreneurial Orientation Practices of Top Medium-Sized Business Firms in the Philippines

Abstract

Globalization has made developing countries scrambling to have a stake in its present and future. To date, for many developed economies however, the concept has already become a by-word. But for the Philippines, it seems globalization continues to be elusive and still hounds the present, and prospects for the future is still way off its mark. In view of this, we explore prevalent strategy making and entrepreneurial orientation practices that may shed light in understanding the top medium sized business sector in the Philippines. Strategy making (advantage seeking) that is attuned to an entrepreneurial oriented mindset (opportunity seeking) are two areas that have become essential to enable firms to adapt and exploit the environment despite instability and uncertainty. Implications for the Philippine business industry are discussed.

Chapter 6

1. Introduction

Corporate entrepreneurship has been widely touted by executives and researchers alike as an effective means for revitalizing companies and improving their financial performance (Zahra & Covin, 1995). Several empirical studies (Miller & Friesen, 1983; Zahra, 1991; Zahra & Covin, 1995; Wiklund, 1999; Swierczek & Ha, 2003; Moreno & Casillas, 2008) point to the positive impact of entrepreneurial endeavor on companies' performance. The development of an entrepreneurial economy can help emerging economies achieve important economic development and growth objectives (Busenitz et al., 2000; West et al., 2008)

Corporate entrepreneurship is usually measured through enactment of entrepreneurial orientation. In other words, corporate entrepreneurship is stimulated through entrepreneurial orientation (Dess & Lumpkin, 2005) infusion in business activities. Entrepreneurial orientation supports opportunity recognition and exploitation in expansion to new markets (Jantunen et al., 2008). Entrepreneurial orientation (EO) is

analyzed through 5 multidimensions which are innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy (Lumpkin & Dess, 1996).

However, the development of corporate entrepreneurship is commonly linked with strategic management in theory and practice (Zahra, 1991; Sandberg, 1992; Meyer & Heppard, 2000; Hitt et al., 2001; Ireland et al., 2001; Kemelgor, 2002; Ireland et al., 2003; Aloulou & Fayolle, 2005). Both provide competitive advantage for the growth and development of firms. Zahra and Dess (2001) acknowledged that entrepreneurship may answer performance advantage concern but it is not sufficient alone. It is true that many entrepreneurial activities lead to the formation of new ventures and wealth creation yet many have failed as well (Zahra & Dess, 2001; Singh, 2001). Focusing so much on opportunities without regard to environmental forces (e.g. strategizing through SWOT or 5 Forces Analysis, etc.) may open companies to risk of irreversible commitments (Zahra & Dess, 2001). Richard et al. (2004) cited that EO is grounded in the strategic choice perspective and concerns the "intentions and actions of key players functioning in a dynamic generative environment". Therefore, the integration of these two constructs is believed to magnify richer opportunities for the benefit of the business firms (Zahra & Dess, 2001). Strategic management (e.g. strategy making) and entrepreneurship (e.g. EO) are claimed important to be analyzed with each other (Zahra, 1991; Sandberg, 1992; Meyer & Heppard, 2000; Hitt et al., 2001; Ireland et al., 2001; Kemelgor, 2002; Ireland et al., 2003; Aloulou & Fayolle, 2005). Strategic management in the context of this research is studied along the framework of the 5Ps of strategy making (SM) modes (Mintzberg, 1987a) which are plan, position, perspective, ploy, and pattern.

Drawing on the above context, this research examines the top medium-sized business firms located in Metro Manila, Philippines along the constructs of SM and EO. This empirical research is a valuable source of information about the top Philippine medium-sized business firms along SM and EO. The objective is to build on such ideas that may provide possibilities and potentials for survival and growth of the Philippine business

enterprise in the light of competition. In effect, this research offers information that may be helpful for policy making and application for corporate and public consumption to achieve economic development.

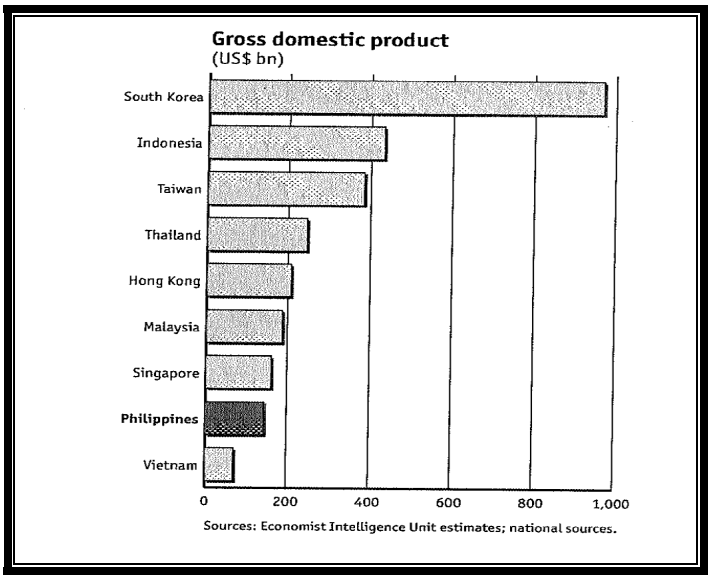
In this chapter, we present the Philippine context and the conceptual framework in section 2. Section 3 delves into the methods applied for this study. Next section 4 shows the findings on 4.1) the descriptive analysis of the profile of the top medium-sized business firms located in Metro Manila, Philippines, 4.2) their level of exhibition on SM and EO, and 4.3) the presence of significant differences in the level of exhibition of SM modes and EO dimensions when the business firms are categorized based on their profile. Section 5 reports a summary of the findings. Section 6 ends with discussion and conclusions.

2. The Philippine Context and Conceptual Framework

Ahead of the Asian economic pack of giants is Japan and slowly China and India are gaining grounds as they make their presence felt worldwide in this economic wave of development. South Korea and Singapore are by themselves carving their names in the world economy. In fact these countries including Indonesia, Malaysia and Thailand boast of more than one globally competitive locally owned company (The Economist, 2008), and Philippines as the exception. While all these Asian counterparts are gaining a foothold in economic arena, Philippines has continued to struggle in the race toward economic supremacy. Philippines has been tagged as the laggard in the region by their Asian counterparts (De Leon, 2007; Berry & Rodriguez, 2001). Concretely, productivity of small and medium-sized business enterprises in the Philippines is left behind when compared with large enterprises in the Philippines more so with that of SMEs in other Asian countries (BSMED Council, 2006, 13). This state is attributable to a number of factors like the inability of Philippine SMEs to update to newer products and technology (BSMED Council, 2006, 1).

In the light of the foregoing, given that SM and EO are both concerned with the exploitation of profitable opportunities (Shane & Venkataraman, 2000; Ireland et al., 2003), the Philippine business firms can capitalize on this knowledge for competitive advantage considering the current economic disadvantage (e.g. GDP in Figure 6.1) it currently experiences as compared to its neighboring countries. Engaging in SM and EO offer a leverage to achieve performance goals.

Figure 6.1 Comparative Economic Indicator, 2007



(Economist Intelligence Unit Estimates, 2008)

Strategy making (advantage seeking) that is attuned to an entrepreneurial oriented mindset (opportunity seeking) are two areas that have become essential to enable firms to adapt and exploit the environment despite instability and uncertainty (Hitt et al., 2001; Ireland et al., 2001; Venkataraman and Sarasvathy, 2001) to survive and remain viable. Strategic managers must possess an EO mindset to sense opportunities, mobilize resources, and act to exploit opportunities (Hitt et al., 2001).

Hence, we embark on studying the constructs of SM and EO on the top Philippine medium sized business firms. We offer a preliminary look at the profile of the top medium sized business firms in the Philippines. Then we proceed to examining whether the level of exhibition of the two sets of dependent variables: SM modes and EO dimensions applied by the companies significantly differ when they are grouped according to the categorical variables such as number of employees, years of operation, legal forms of business, ownership structure, local ownership, and business category. We remain consistent with various studies (Covin et al., 2006; Hughes & Morgan, 2007; Lau et al., 2008; Runyan et al., 2008; etc.) that make use of firm size and firm age as essential research variables. Similar with a number of studies (Covin et al., 2006; Hughes & Morgan, 2007; Lau et al., 2008; Runyan et al., 2008; etc.), that made use of the firm size, we expect that the variability of the exhibition of SM and or EO is contingent on the size of the firm. Dess et al. (1997) suggested that a firm's size may affect the complexity and style of SM process. For instance, small enterprises are identified with practicing more of strategy pattern (Mintzberg, 1973; Wiklund, 1999; Luo et al., 2005; Covin et al., 2006) but not much on strategy planning and strategy perspective modes. Likewise, firm size in terms of number of employees according to Atuahene-Gima et al. (2006) is a useful indicator for the availability of resources that can be used by a firm. EO requires certain amount of investment. We believe that the ability of a firm to be entrepreneurially oriented is influenced by the resources open for use. Small firms normally experience resource constraints unlike large firms which cope with corporate life cycle changes because of a wider array of available resources (Wolff & Pett, 2006). In behalf of firm age, older firms are less sensitive to EO because of the inertia of bureaucracy and hence young firms are more likely to assert themselves and break from the norms and be more innovative (Lou et al., 2005). Moreover, the pattern/entrepreneurial SM for instance, is assumed to most commonly appear amongst young firms (Mintzberg & Waters, 1985).

As for the rest of the categorical variables, we explore the possibility of their linkage with the measures of SM and EO. We theorize that the legal form under which the firm

operates can have an impact on the strategic decision making and EO process of a firm. The study of Luo et al. (2005) also considered ownership structure as part of their study. Luo et al. (2005, 279) states that international joint ventures may choose to develop a competitive advantage by concentrating on market-driven entrepreneurial activities to compensate for their lack of political legitimacy in the host country. Ownership structures influence the business orientation of a firm. In terms of local ownership, we expect to find an impact of Filipino owners owing to the distinctiveness of their Filipino culture (Hofstede, 1980) in comparison to other Non-Filipino owners. Chinese owners for instance are known to be more entrepreneurially oriented (Gomez & Hsiao, 2001, 9-15). In the Philippine context, Filipino-Chinese nationals are the least in numbers but are the richest of all. They own vast companies. Almost all the largest and large companies and even SMEs are managed by them. It is a known fact in Asia that Chinese are very good entrepreneurs, more so in the Philippines. Chinese are visibly owning and managing enterprises in wherever part of the country, be a city or countryside. Chinese are trained to put up and own a business; not to be mere employees but employers; hence we assume that they have a preponderance to practice pattern/ entrepreneurial SM. And along business category, we understand that the more a firm engages in diversification the more it is entrepreneurially oriented.

Further, this research marks a relevant contribution in expanding the dearth of scientific research based literature on business management not only in the Philippines but also in South East Asia. Haley and Tan (1996) significantly asserted that indeed South East Asian situation (Philippines included) constitutes an information black hole. Despite the headways that its other Asian counterparts have achieved in research based on the existing journal publications, South East Asia has remained slow to date. Studies in South East Asia on SM and EO are hard to find. There are few (e.g. Swierczek & Jatusripatak, 1994; Yang, 2005; Baughn et al., 2006) on individuals as entrepreneurs but not much on firm (one e.g. Swierczek & Ha, 2003) as a level of analysis in which this paper aspires to study.

Only a few if any scientific information about the Philippine business industry exist. Although some published literature on strategic management and or EO (and the like) are found, but they are mostly in the form of case files and do not portray neither descriptive nor inferential analyses of a certain population understudy. Majority of the scientific publications examines history, politics, economics and medicine, but rarely on business (as evidenced by the 2,552 scientific articles about the Philippines listed as of 10/9/08 in the digital library of University of Gent). Further, internet search (i.e. goggle; scholar.goggle) and thorough efforts were expended to comb top academic business institutions (e.g. AIM, ADMU, La Salle) in the Philippines that are probable to have business research publications. Fortunately there are still a few that can be counted by the fingers and toes but the general outlook is not good. The prime university of the Philippines for instance, has at least managed to publish international articles but only two pertained to management. Locally, there are six articles published in the journal of Philippine Management Review related to strategic management and EO. Internationally, there is one published in International Journal of Entrepreneurship on small-scale business enterprise in the Philippines (see Ruane, 2007). In connection, one does not find numerous studies on SMEs in the Philippines (Ruane, 2007). Particularly, to find research that combine the study of both strategic management and entrepreneurship is almost impossible.

Thus, this paper seeks to contribute in three respects: 1) to present a descriptive analysis of the current level of practice on SM and EO by the top medium-sized business firms in the Philippines, 2) to identify patterns of SM and EO that are exhibited by these business firms according to their profile and 3) most importantly, to offer accessibility on a scientific research based insight on SM and EO in the Philippine context.

3. Methods

The data were collected from 169 top medium-sized business firms located in Metro Manila, Philippines defined in terms of value asset size (Table 6.1) ranging from Php

(Philippine peso) 15,000,001-Php 100,000,000 and cut across various industry sectors in the Philippines which includes manufacturing, transport storage and communication, hotel and restaurants, health and social work, fishing, financial intermediation, electricity, gas and water supply, education, construction, hunting and forestry, agriculture, and community social and service activities, wholesale and retail trade, repair of motor vehicles and persona (PBPP Inc., 2006). The data were solicited from top management who served as respondents in behalf of their firms. After data cleaning, 169 final firm respondents were left for analysis.

Table 6.1 Small and Medium Enterprise (SME) Asset Size Definitions

Size of Enterprise	Assets
Micro	Less than PhP1.5 Million (< 24,590€)
Small	PhP1.5 million to PhP15 million (24,590-245,900€)
Medium	More than PhP 15 Million up to PhP 100 Million (>245,900-1,639,340€)
Large	More than Php 100 Million (>1,639,340€)

Magna Carta of Small Enterprises (RA 6977, as amended by RA 8289)
Source: (BSMED Council, 2006)
PhP 61.00 = 1€ as of 5 March 2009

First, these firm respondents were classified into a number of categorical variables. We present frequency analyses that provide a summary table showing the number and percentage of cases falling into the chosen categorical variables. The firm size in terms of the number of employees is classified into: 1) small (equal or less than 99 employees), and 2) large (equal or greater than 100 employees). Firm age in terms of years of operations is divided into: 1) young (equal and or less than 10 years in operations), and 2) old (11 years and above). This is similar with the empirical study of Runyan et al. (2008) which made the same two-group split.

A legal form of business is sorted into: 1) corporations, and 2) non-corporations (sole proprietorship, partnership, cooperative/ association). Corporation conducts business, realizes net income or loss, pays taxes, and distributes profits to shareholders, as opposed to non-corporations like sole proprietorship which a business that is run by an

individual thereby the owner has all the profits and losses of the business. Another example of a non-corporation is a partnership which refers to a business having two or more owners who both bear personal responsibility for the operations and liabilities of the business. Ownership structure is classed into: 1) local, and 2) non-local. Local firms are those which are homegrown and home based in the Philippines. Non-local firms are composed of multinational and joint venture of local and multinational. Multinationals manage production establishments or delivers services in at least two countries while joint venture is an entity formed between two or more parties to undertake economic activity together but this definition was qualified to specifically refer to a joint venture between a local and a multinational company.

Local ownership is grouped into: 1) Filipino and 2) Non-Filipino (Filipino-Chinese, Chinese, others). Filipinos are of Philippine descent. Non-Filipinos pertain to both Filipino-Chinese that possess Chinese ancestry but raised in the Philippines, and those who do not possess any Filipino or Chinese blood. Business category is arranged into: diversified; and non-diversified. Diversified companies are those which acquire businesses outside the company's current products and markets), while non-diversified are those which concentrate only on current products and markets.

Next, we showcase a descriptive analysis through a measure of central tendency which is the mean to assess the level of exhibition of the 5Ps of SM modes. We combine plan and perspective as a result of the exploratory factor analysis. Similarly, we also examine the level of exhibition of the 5 multidimensional EO. On the bases of these explorations a greener light is flashed on the current practice on SM and EO by top medium-sized business firms in the Philippines. To determine the level of exhibition of the SM modes and the EO dimensions employed by the companies considered in this study, the respondents were given a questionnaire (Appendix 3). They were asked to rate the indicators from 1 to 7, with 1 being the lowest and 7 as the highest. Their ratings were carefully recorded and the averages were computed for interpretation purposes. The mean ratings were interpreted using Table 6.2. These class intervals as

reported in Table 6.2 aids in the interpretation of data as well as in plotting histograms. Class intervals are done by dividing the range of all values into non-overlapping intervals in such a way that every piece of data is contained in some class intervals. Freund et al. (1993) provided a computation on how these classes are derived (Appendix 9).

Table 6.2 Descriptive Equivalents of the Computed Mean Ratings on the Level of Exhibition of the SM Modes and the EO Dimensions

Computed Mean	Description
6.16 – 7.00	Always Exhibited (AE)
5.30 – 6.15	Very Frequently Exhibited (VFE)
4.44 – 5.29	Frequently Exhibited (FE)
3.58 – 4.43	Occasionally Exhibited (OE)
2.72 – 3.57	Rarely Exhibited (RE)
1.86– 2.71	Very rarely Exhibited (VRE)
1.00 – 1.85	Never Even Exhibited (NE)

And in the second part, we apply inferential statistical analyses to the data. We examine whether the level of exhibition of the two sets of dependent variables: SM modes and EO dimensions applied by the top medium-sized business firms significantly differ when they are grouped according to the categorical variables identified above. Since there are only two groups being compared, we decide to adopt the null hypothesis (Ho) for all the categorical variables as our testing procedure, which states that:

> 'There are no significant differences in the level of exhibition of SM modes when the medium-sized business firms are classified according to: firm size (number of employees), firm age (years of operation), legal forms of business, ownership structure, local ownership and business category.'

> 'There are no significant differences in the level of exhibition of EO dimensions when the medium-sized business firms are classified according to: firm size (number of employees), firm age (years of operation), legal forms of business, ownership structure, local ownership and business category.'

We use the independent T-test which is the most commonly used method to evaluate the differences in means between two groups to examine the data for both SM and EO. Tests of mean differences which require assumptions on normality and homogeneity of variance are applied to examine the problems. In effect, the data were subjected to an examination of these important issues. However, t-test is not much influenced by moderate departures from normality (SPSS Inc., 2004). Nevertheless, despite the robustness for violation, we still pursue a formal test. We utilize the Kolmogorov-Smirnov to test the hypothesis that the data are normally distributed, and Shapiro-Wilk test is an alternative if there are less than 50 cases (SPSS Inc., 2004). A low significance value (generally $p<.05$) indicates that the distribution of the data differs significantly from a normal distribution. Likewise, in line with homogeneity of variance, we use the Levene's test to assess the data. Levene's test has the advantage of being sensitive to lack of homogeneity but relatively insensitive to nonnormality (SPSS Inc. 2004). If the significance for the Levene test is high (>.05), we use the results that assume equal variance for both groups, conversely, if it is low, we use the results that do not assume equal variances (SPSS Inc., 2004).

When testing the dependent measures against the profile of the respondents, we first look at significant results when we apply the T-test. After which, we only test the significant variable/s for both normality and homogeneity of variance. However, if the data do not meet neither homogeneity nor normality assumptions, then we accept the T-test results with a caveat in mind that the reported probability levels might not be exactly correct. Subsequently, we conduct post hoc tests. When T-test is significant, there is usually interest in discovering why the groups differ. We refer to a description of groups through mean ratings to explain the results. The post hoc analysis to determine why group differs is simply based on the descriptive mean data since there are only two groups being analyzed.

4. Findings

4.1 Profile of the Medium-Sized Business Firms in the Philippines

Table 6.3 presents the summary of the distribution of the top medium sized business firms according to the categorical variables considered in this research. These data indicated the number and percentage of cases falling into each category of variables.

Table 6.3 Profile of the Top Philippine Medium-Sized Business Firms

Categorical Variables	Group	Frequency	Percentage of Total
1. Firm Size (Number of Employees)	Small (≤ 99)	114	67.5
	Big (≥ 100)	43	25.4
2. Firm Age (Years of Operation)	Young (≤ 10 years)	32	18.9
	Old (≥ 11 years)	131	77.5
3. Legal Forms of Business	Corporations	150	88.8
	Non-Corporations (single proprietorship, partnership, cooperatives)	16	9.5
4. Ownership Structure	Local	131	77.5
	Non-Local (multinational, joint venture- local & multinational)	34	20.1
5. Local Ownership	Filipino	101	59.8
	Non –Filipino (Filipino-Chinese, others)	53	31.4
6. Business Category	Diversified	65	38.5
	Non-diversified	81	47.9
	Total	169	100.0%

With reference to Table 6.3, in terms of firm size, most of these top medium sized business firms have less than one hundred employees; there is 114 out of 169 comprising 67.5% of the total number of firms considered. Only 43 out of 169 have 100 to 199 employees.

Considering the firm age, more than 75% of them, 131 out of 169 or 77.5%, have been operating for 11 years or more already; while 18.9% (32) of them have just been in existence for 10 years or less.

With respect to their legal forms of business, almost ninety percent of them, 150 out of 169 or 88.8%, are registered as corporations; and the rest which is only 16 at 9.5% are non-corporations.

As regards to ownership structure, 131 out of 169 or 77.5% are local companies and 34 or 20.1% are non-locals comprising of multinational and joint venture of local and multinational companies.

Among the locally-owned ones, 101 out of 169 or 59.8% are owned by pure Filipinos; likewise 31.4% (53) are owned by Non-Filipinos.

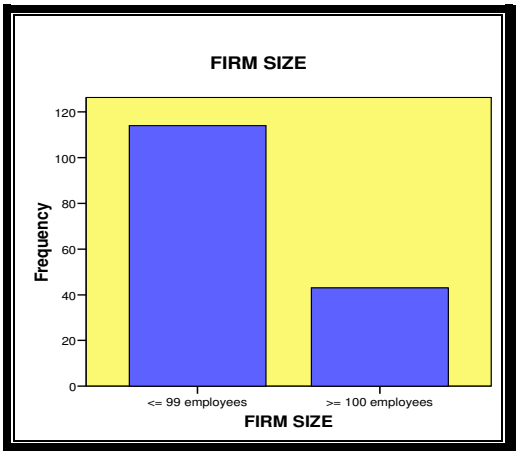
Lastly, in line with business category, 65 out of 169 or 38.5% are diversified and 47.9% (81) are non-diversified.

Following is a graphic representation through figure (bar graphs) 6.2 to 6.7 of these frequency analyses.

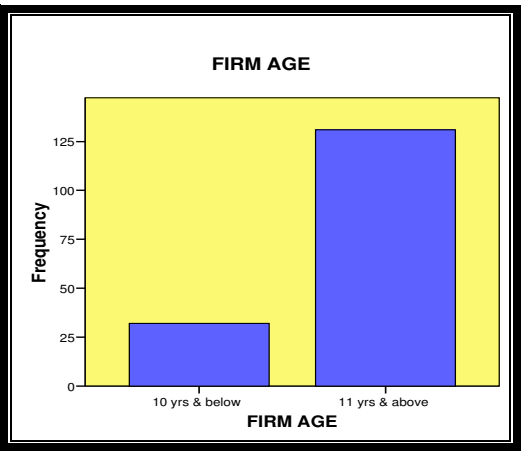
A random perusal of the charts (Figures 6.2-6.7) portrays a quick understanding of the structural features of the top medium-sized business firms in the Philippines. They are mostly having less or equal to 99 employees; are already operating for more than 11 years; are generally corporations in nature; are naturally locally owned meaning rarely owned by foreigners; are largely Filipino owners not really Filipino Chinese and the like, and; are non-diversified, meaning they focus mainly on current products and services. The data note the fact that in spite of the long years of operations, medium-sized business firms are generally non-diversified.

Figures 6.2-6.7 Graphs of Frequency Analyses of Categorical Variables

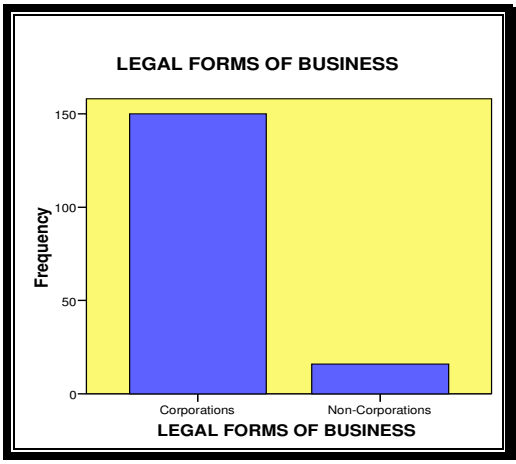
6.2



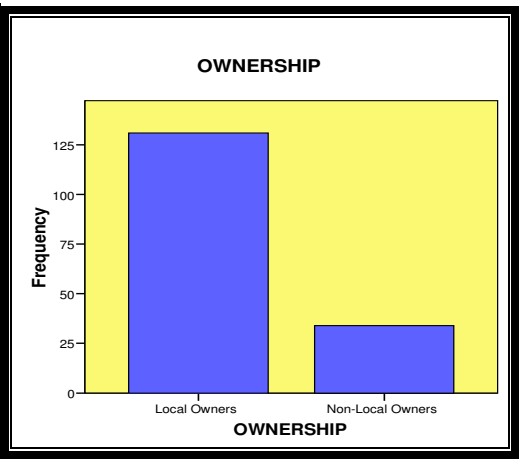
6.3



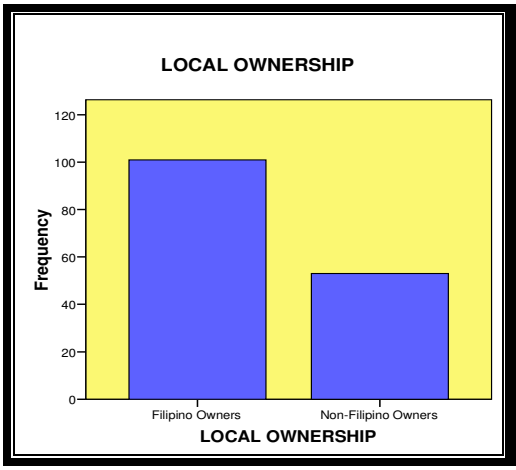
6.4



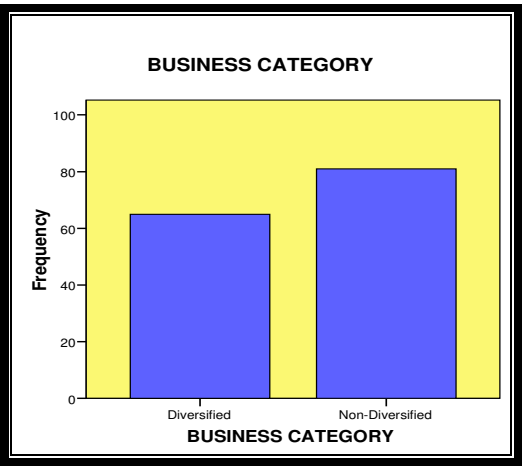
6.5



6.6



6.7



The above figure is consistent with the finding in the study of Ruane (2007) in which most of the 88 micro, small and medium enterprises surveyed in the Philippines, have basically less than 100 employees. Also Ruane (2007) found that 83% of her respondents are into single proprietorship while corporations are only 8% owing possibly to the fact that most were from micro-sized respondents. Conversely, considering that the target respondents of this research were medium-sized business firms defined based on asset size, corporations proliferate as the legal form of business of the majority of the firms. This result also confirms the fact that these business firm respondents more likely belong to corporations since the population is drawn from the sampling frame of Top 7,000 Corporations.

4.2 Basic Data Analyses on the Level of Exhibition of Strategy Making Modes and Entrepreneurial Orientation Dimensions

4.2.1 Level of Exhibition of the Strategy Making Modes

The computed mean ratings for each of the SM variables are presented in Table 6.4 with corresponding descriptive equivalents (refer to Table 6.2).

Strategy making as a Plan with Perspective (Table 6.4, A) shows that two indicators are reported as very frequently exhibited and the rest are frequently exhibited only. The two that stands out as being very frequently exhibited are (1) making sure that the strategy determines the allocation of the resources and accountability, and 2) Develop strategies collectively and cooperatively. This means, that companies put much weight into responsibilities for resources and people when undergoing a planning with perspective process. This provides an idea that companies involved in this study make sure that everyone has a voice when crafting strategies.

Strategy making as POSITION (Table 6.4, B) displays that three out of its seven indicators acquires very frequent exhibition, while the other four are only frequently

exhibited. Companies are more inclined toward 1) developing strategies based on the market structure in which the firm operates, 2) considering the industry to which a company is situated as the most important factor in SM, and 3) crafting strategies that collectively define company's position in the market, developing them consistent with set of goals and functional policies, and then implementing them. By implication, based on these three indicators, companies are fairly consistent in making sure that the basis for their strategies is always aligned with the marketplace. However, even if business firms consider the marketplace, they are moderately inclined (on the basis of only frequent exhibition) toward 1) utilizing cost leadership and/or differentiation strategies in SM, 2) conducting extensive analyses about the market and the industry for use in SM, 3) positioning strategies in the marketplace making sure these can be defended against existing and future competitors, and 4) developing strategies as a function of the position of the organization's products in the market. This means, when the indicators call for specific and concrete strategies in the field of positioning SM, they slightly waver in their intentions.

The result of PLOY (Table 6.4, C), substantiated the results of plan with perspective. Ploy mode for instance, has -- "End up with strategic decisions made as a result of micro (internal to the company) and macro (external) power relations" gets the highest rating amongst all the other indicators. This supports the answer for the plan with perspective mode which also looks at the same consideration. Medium sized business firms considered in this study make sure that they indeed take into account the inputs of stakeholders when developing strategies. It is noteworthy to pinpoint the distinctive contribution of this unique indicator for each of these SM modes.

Lastly, SM as PATTERN (Table 6.4, D) has-- "Envision strategy as a view on the future of a company, which is in the thought of the president/chief executive", as getting a very frequent exhibition. Since the respondents are the top management or specifically the president/CEOs, by this answer, they affirm their perception of their practice, which

is frequently mulling in their mind what is more likely to happen to their company in the future.

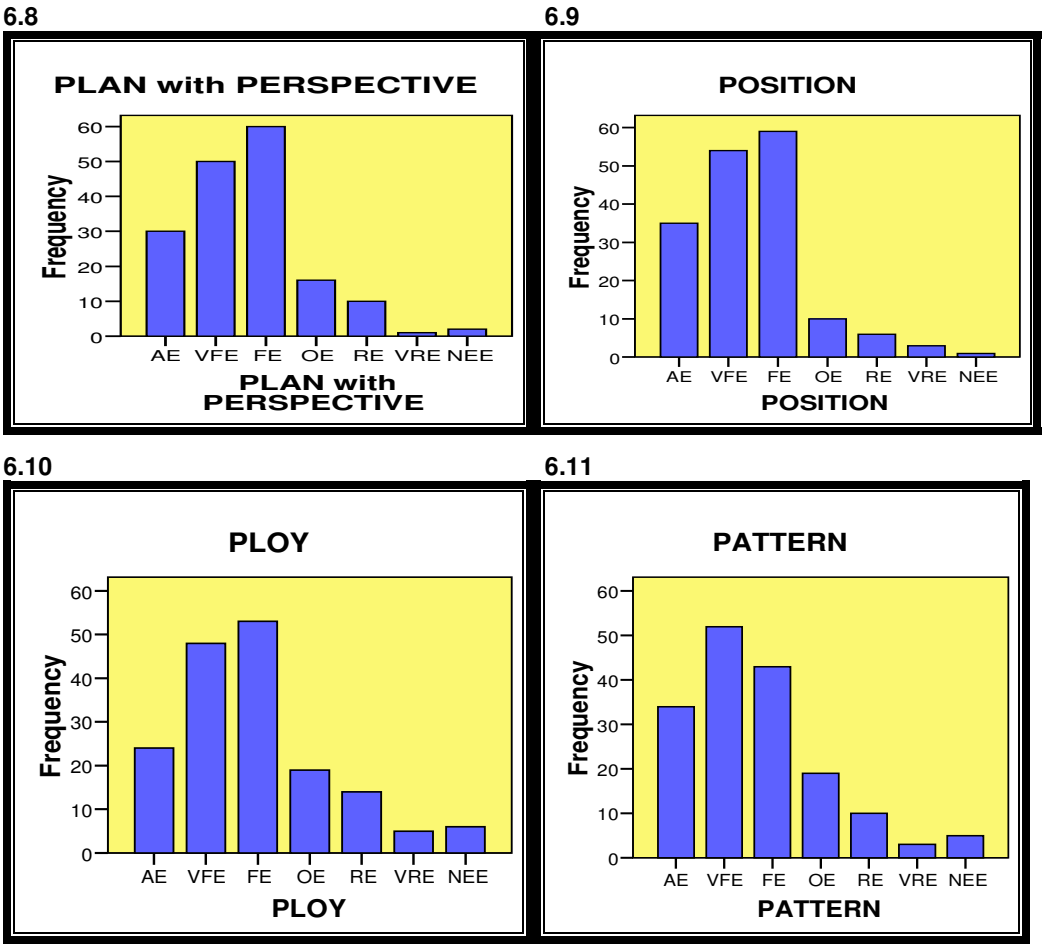
To provide a quick evaluation of the variability of the mean values of the indicators of each of the SM modes, an additional showcase are the line graphs found in Appendix 11. The line graph is done to underscore the indicator that comparably has a higher mean than the rest of the indicators within each SM mode. We report the line graphs of each of the SM modes and the summary of the mean ratings of the SM modes.

A graphical presentation is also shown in Figures 6.8-6.11 of the frequency of respondents' answers corresponding to the indicators of each SM mode labeled by the descriptive equivalents (Table 6.2) of the Likert scale from 1-7. A result regarding the exact frequency count in numbers is found in Appendix 13. These bar graphs provide a visual understanding on the amount of population from the 169 respondents considered in this study based on their choice of answers. These bar graphs show a consistent pattern of answers which gravitates heavily from frequently exhibited to always exhibited. By looking at these graphs (Figures 6.8-6.11), it becomes clear that majority of the answers fell on frequent exhibition

Table 6.4 Level of Exhibition of the Strategy Making Modes

Indicators	*Mean*	*Description*
A. Plan with Perspective	5.21	FE
1. Develop procedures that have fully detailed systematic procedures.	5.14	FE
2. Gain the involvement and commitment of the principal stakeholders affected by the plan	5.28	FE
3. Make strategies that achieve a good fit (or alignment) between the external opportunities and internal competencies of an organization	5.28	FE
4. Make sure that the strategy determines the allocation of the resources and accountability	5.43	VFE
5. Use SWOT (strengths, weaknesses, opportunities, threats) analysis as a major component in strategy making.	5.22	FE
6. Make strategies that link long-range plans with both mid-range and operational plans	5.15	FE
7. Conduct strategy making as a formal procedure occurring in a regular cycle aimed at the complete specification of corporate, business, and functional strategies.	5.12	FE
8. Make strategies based on the shared values, standards, and knowledge of an organization	5.24	FE
9. Develop strategies on the basis of the culture of the organization	5.09	FE
10. Create strategies that affect how we perceive issues as well as how we view our firm's competitive landscape based on cognitive framework as organizational members	5.05	FE
11. Guided by vision and mission statements during the strategy process	5.22	FE
12. Make strategies that are governed by a clear and consistent set of values emanating from the company	5.20	FE
13. Make strategies based on a conceptual feeling for the direction in which the organization has to move	5.12	FE
14. Develop strategies collectively and cooperatively	5.39	VFE
B. Position	5.31	VFE
15. Develop strategies based on the market structure in which the firm operates	5.51	VFE
16. Utilize cost leadership and/or differentiation strategies in strategy making	5.20	FE
17. Consider the industry to which a company is situated as the most important factor in strategy making	5.38	VFE
18. Craft strategies that collectively define company's position in the market, develop them consistent with set of goals and functional policies, and then implement them	5.36	VFE
19. Conduct extensive analyses about the market and the industry for use in strategy making	5.18	FE
20. Position strategies in the marketplace making sure these can be defended against existing and future competitors	5.29	FE
21. Develop strategies as a function of the position of the organization's products in the market	5.29	FE
C. Ploy	4.87	FE
22. Develop strategies based on internal bargaining among coalition members who have special demands	4.78	FE
23. Manage the process of strategy making by influencing the players in and out of the organization who have different interests	4.73	FE
24. Emphasize the development of an internal and an external network in strategy making	4.89	FE
25. See that strategy making is a process of negotiations and compromises between individuals (in conflict) and groups inside and outside of the organization	4.95	FE
26. End up with strategic decisions made as a result of micro (internal to the company) and macro (external) power relations	5.02	FE
D. Pattern	5.17	FE
27. See strategy making as primarily provided by the president/chief executive	5.26	FE
28. See strategy as largely unconsciously formed, and come out of the experience and intuition of the president/chief executive	4.93	FE
29. Make strategies that exhibit some identifiable patterns overtime which are reflections of the priorities of the strategist leader	5.05	FE
30. Envision strategy as a view on the future of a company, which is in the thought of the president/chief executive	5.34	VFE
31. Guided by the fact that strategy making is a process of acquisition of knowledge that happens in the head of the strategist leader	5.18	FE
32. See strategy making as the president/chief executive placing his mark in virtually every major initiative	5.21	FE
33. Adopt strategies based on the perception of the president/chief executive about the organization and its environment which is transferred to the rest of the organization	5.22	FE

Figures 6.8-6.11 Frequency of Responses on Strategy Making Modes



In summary, Table 6.5 shows only one of the four SM modes revealed to have been very frequently exhibited, all the rest of the modes had only frequent exhibition. Arranged according to the magnitude of the mean ratings (Table 6.5), these strategies are position 5.31, plan with perspective 5.21, pattern 5.17, and ploy 4.87. Position has a relatively higher mean response compared to the other three modes. It should be noted in Table 6.4 that there are more than one indicator for position mode that has the answer of very frequently exhibited. However, there is only one indicator for each of the other modes that have the answer of 'very frequently exhibited'. It seems that companies underpin their strategies through a positioning based SM. Before anything else,

industry takes precedence as the most important factor in SM. Companies develop strategies based on the market structure in which the firm operates. Inversely, ploy obtains the lowest mean rating amongst the SM modes. It seems that the politics of strategic decisions, executive bargaining and negotiation, and the role of coalitions in strategic management are not given much consideration.

Table 6.5 Descriptives for Strategy Making Modes

	N	Min	Max	Mean		Std. Dvtn	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Std. Error	Stat	Stat	Std. Error	Stat	Std. Error
Plan_Perspective	169	1.00	6.93	5.21	.08	1.05	-.95	.19	1.58	.37
Position	169	1.43	7.00	5.31	.08	1.04	-.90	.19	1.33	.37
Ploy	169	1.00	7.00	4.87	.10	1.30	-.88	.19	.74	.37
Pattern	169	1.00	7.00	5.17	.10	1.30	-.97	.19	.76	.37
Valid N (listwise)	169									

4.2.2 Level of Exhibition of the Entrepreneurial Orientation Dimensions

This study also determined the level of exhibition of the dimensions of EO. The mean ratings were interpreted using Table 6.2. The computed mean ratings for each indicator for all the EO dimensions are presented in Table 6.6.

As Table 6.6 shows, all the 5 dimensions of EO get a consistent descriptive equivalent of frequent exhibition based on their computed summated mean ratings. This result is very much indicative of the consistent answer of frequent exhibition in all the indicators for each of the dimensions, without any exception. However, going beyond descriptive equivalence and looking at the magnitude of the multidimensional EO mean ratings; autonomy precedes the others with a mean of 5.07, followed by proactiveness 4.99, competitive aggressiveness 4.82, risk taking 4.73, and innovativeness 4.65. These descriptive scores highlight the inclination of Philippine medium-sized business firms toward autonomy in particular.

On proactiveness, risk taking and competitive aggressiveness, all their indicators were reported to have been frequently exhibited by the companies on the average. Whereas on autonomy, details show that all its three indicators have been frequently exhibited but essentially, all these three were rated consistently high.

Table 6.6 Level of Exhibition of the Entrepreneurial Orientation Dimensions

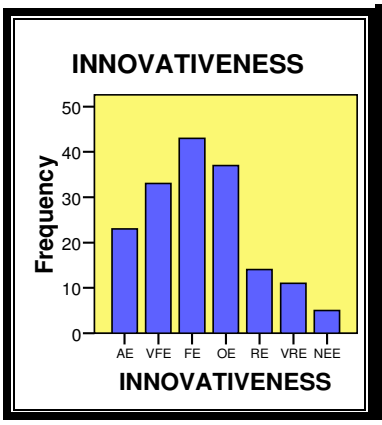
Indicators	***Mean***	***Description***
A. Innovativeness	4.65	FE
1. Marketed new lines of products and services during the current year	4.84	FE
2. Changes in product or service lines have usually been quite dramatic	4.36	OE
3. Strong emphasis on R&D, technological leadership, and innovations by top management	4.76	FE
B. Proactiveness	4.99	FE
4. First to introduce new products/ services, administrative techniques, operating technologies, etc.	4.65	FE
5. Monitoring of trends and identify future needs of customers and/or anticipate future demand conditions	5.00	FE
6. Initiation of action to which competitors then respond	5.23	FE
7. Strive to be a "first mover" to capture the benefits of an industry pioneer	5.12	FE
C. Risk-Taking	4.73	FE
8. Have a strong proclivity for high-risk projects (with chances of very high returns)	4.68	FE
9. Believe that, owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives.	4.78	FE
10. Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.	4.76	FE
D. Competitive Aggressiveness	4.82	FE
11. Typically adopts a very competitive "undo-the-competitors" posture.	4.82	FE
12. Establish competitive position and vigorously exploit opportunities to achieve profitability.	4.91	FE
13. Makes effort to take business from the competition	4.90	FE
14. Utilize market strategies (ex. entering markets with drastically lower prices or copying the business practices or techniques of successful competitors or make preannouncements of new products or technologies).	4.69	FE
E. Autonomy	5.07	FE
15. Top leaders support programs and incentives that foster a climate of entrepreneurship.	5.10	FE
16. Creative thinking and brainstorming about venture ideas are encouraged.	5.12	FE
17. Necessary structural changes such as small, autonomous groups to stimulate new ideas are implemented.	5.07	FE

Also, we present the line graphs of each of the EO dimensions and the summary of the mean ratings of the EO dimensions which is found in Appendix 12. Critically, the line graph on innovativeness is shown to have the lowest mean rating. This means that amongst all the 5 dimensions of EO, innovativeness is the least thing that Philippine medium-sized business firms indulge in. One indicator of innovativeness (Table 6.6) even has garnered the lowest descriptive equivalent of 'often exhibited'. Innovativeness refers to the pursuit of creative or novel solutions to challenges confronting the firm including the development or enhancement of products and services, as well as administrative techniques and technologies for performing organizational functions (Knight, 1997). But more crucially, all these line graphs in Appendix 12 drive home the point that Philippine medium-sized business firms are generally not very predisposed towards EO as given by the dull frequent exhibition of all the dimensions.

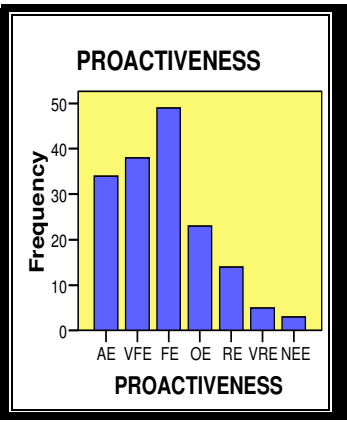
Following is the graphical presentation (Figures 6.12-6.16) of the frequency of respondents' answers corresponding to the indicators of each EO dimension labeled by the descriptive equivalents (Table 6.2) along the Likert scale from 1-7. A result regarding the exact frequency count in numbers is found in Appendix 14. These bar graphs provide a visual understanding on the amount of population from the 169 respondents considered in this study based on their choice of answers. These bar graphs reveal a moderate to low inclination on EO of Philippine top medium sized business firms. Consistently, the majority of the population answered frequent exhibition as shown by the tallest bar for all the dimensions of EO except autonomy.

Figures 6.12-6.16 Frequency of Responses on Entrepreneurial Orientation Dimensions

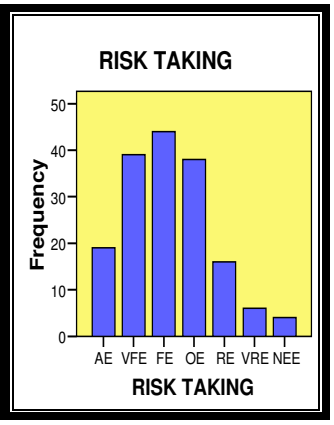
6.12



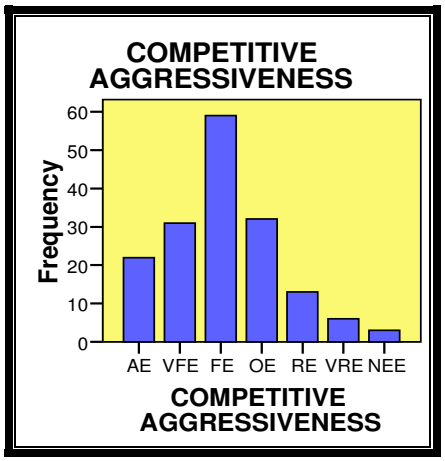
6.13



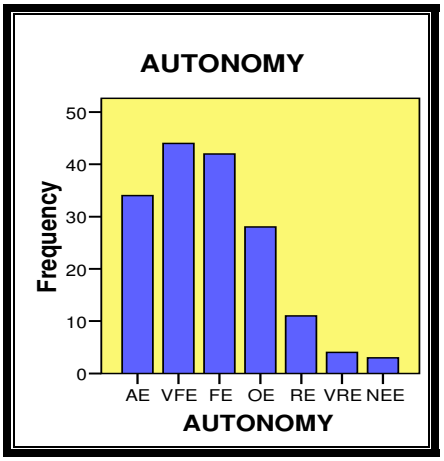
6.14



6.15



6.16



The data reveal a penchant to practice autonomy amongst medium-sized business firms in the Philippines. Looking at Table 6.7, autonomy got the highest mean as compared to the rest of the EO dimensions. Autonomy refers to the independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion (Dess & Lumpkin, 2005). This preference for autonomy is fairly aligned with the very frequent exhibition of other indicators found along SM modes, like in planning with perspective mode-- making sure that the strategy determines the

allocation of the resources and accountability, and developing strategies collectively and cooperatively; and in ploy mode-- ending up with strategic decisions made as a result of micro (internal to the company) and macro (external) power relations" gets the highest rating. From these foregoing, a thread can be sown between the positive predilection of Filipino business enterprises on autonomy and all these very frequent indicators of planning with perspective and ploy modes. Take note also that autonomy has all its indicators having >.5 mean rating while all the rest (i.e. proactiveness) have either >.4 and >.5 combination of mean ratings for each of its indicators. Innovativeness, risk taking and competitive aggressiveness on the other hand, consistently have >.4 mean rating for each of all their indicators.

Table 6.7 Descriptives for Entrepreneurial Orientation Dimensions

	N	Min	Max	Mean		Std. Dvtn	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Std. Error	Stat	Stat	Std. Error	Stat	Std. Error
Innovativeness	166	1.00	7.00	4.65	.10	1.34	-.49	.19	.08	.37
Proactiveness	166	1.00	7.00	5.00	.10	1.24	-.67	.19	.52	.37
Risk_taking	166	1.00	7.00	4.74	.09	1.22	-.41	.19	.42	.37
Comp-Aggre	166	1.00	7.00	4.83	.10	1.23	-.67	.19	.72	.37
Autonomy	166	1.00	7.00	5.10	.10	1.26	-.71	.19	.49	.37
Valid N (listwise)	161									

4.3 Significant Differences on the Level of Exhibition of Strategy Making Modes and Dimensions of Entrepreneurial Orientation on the Profile of the Top Philippine Medium-Sized Firms

4.3.1 Significant Differences on the Level of Exhibition of Strategy Making Modes on the Profile of the Top Philippine Medium-Sized Firms

There were no significant differences found when SM modes were grouped according to: 1) firm size (number of employees) 2) ownership structure 3) local ownership, and 4) category of business. However there was marked significance when SM modes were

grouped according to 1) firm age (years of operations), and 2) legal forms of business. As cited before, we present only the results that are significant.

4.3.1.1 Assessment of the Mean Differences in the PLAN with PERSPECTIVE Strategy Making According to Firm Age

We report the significant result of the T-test assessing the significance of firm age on SM as plan with perspective in Table 6.8.

Table 6.8 T-test for the Dependent Variable PLAN with PERSPECTIVE according to Firm Age

		Levene's Test for Equality of Means		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error of Difference	95% Confidence Interval of Difference	
									Low	Up
Plan with Perspective	Equal variances assumed	4.86	.03	1.7	158	.09	.36	.21	-.06	.79
	Equal variances not assumed			2.3	68.6	.03	.36	.16	.04	.68

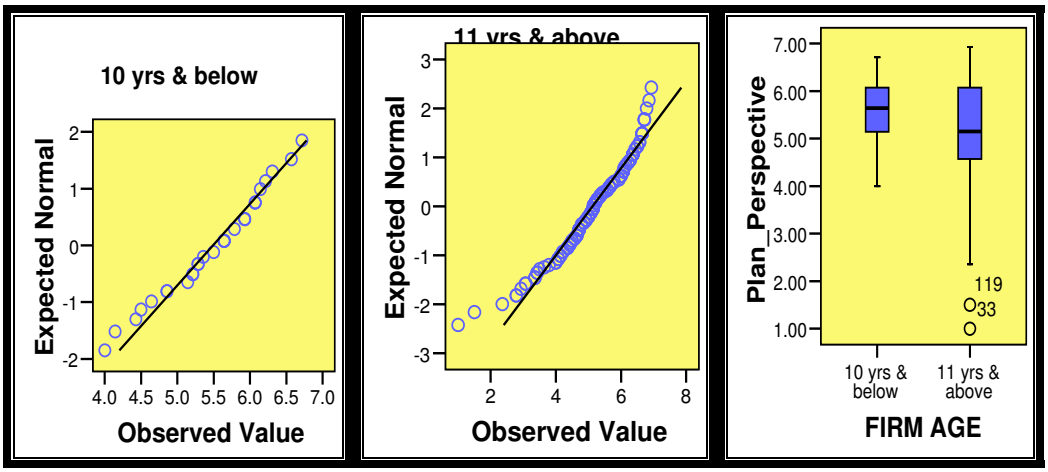
As Table 6.8 shows, we find the Levene's test for equality of variances at $p<.05$, therefore we refer to the significance value that does not assume equal variances. Since the $p <.05$, this signifies then that there is a significant differences in the level of exhibition of PLAN with PERSPECTIVE SM when the firms are classified according to firm age.

Moreover, the test of normality of distribution (Appendix 18.1) based on Kolmogorov-Smirnov satisfies the assumption. Both the population of the two groups showed

significant values greater than p<.05. Graphical display for fast appraisal of the normality of distributions is featured in Plots 6 (17-18).

Figure 6.17 Normality of Distributions of Plan with Perspective on 10 yrs & below
Figure 6.18 Normality of Distributions of Plan with Perspective on 11 yrs & above
Figure 6.19 Box and Whisker Plot of Plan with Perspective on Firm Age

6.17 **6.18** **6.19**



A post hoc is presented in Table 6.9 based on the descriptives. In support, we present the box and whisker plot (6.19) that helps evaluate and intuitively visualize the strength of the relation between the groupings and the dependent variable plan with perspective (SPSS Inc., 2004). Based on the mean ratings contained by Table 6.9, we can attest that firms that are into 10 years of operation have a higher exhibition of planning with perspective SM than the firms which are already operating for more than 11 years.

Table 6.9 Descriptives for Dependent Variable Plan with Perspective According to Firm Age

	Firm Age	N	Mean	Std. Deviation	Std. Error Mean
Plan with Perspective	10 yrs & below	30	5.49	.70	.13
	11 yrs & above	130	5.13	1.12	.10

This result proves contrary to the theoretical assumption. Expectedly, the more a company grows in operation the more it becomes entrenched in a planning SM (Hart & Banbury, 1994; Gibbons & O'Connor, 2005). As a firm puts their system in place the more it tends to conform to formal plans to regulate ideas and to have a guidepost on where the company is and will go together with set of responsibilities, resources and accountabilities. However, results veered from this stream.

Possible explanation could be that the young firms (10 years and below) are more entrepreneurially oriented than old firms. Engagement in EO behavior requires an analysis of the environment which can be aided by a planning with perspective SM. Inclination toward EO requires huge amount of information to pursue an opportunistic seeking behavior. Formalized methods helped young firms learn about their environment and capabilities. Young firms need more a planning with perspective SM orientation in order to survive and maintain their existence in the light of competition both from firms of the same age and older ones. Old firms are less much into planning with perspective as compared to young firms since presumably their systems are in place and their environment has matured that formal planning process is no longer much of a necessity. This argument is also consistent with the result found by Gibbons and O'Connor (2005).

4.3.1.2 Assessment of the Mean Differences in the POSITION Strategy Making According to Legal Forms of Business

Table 6.10 contains the result of the T-test assessing the significance of the differences in the exhibition of positioning SM according to legal forms of business by top medium-sized business firms.

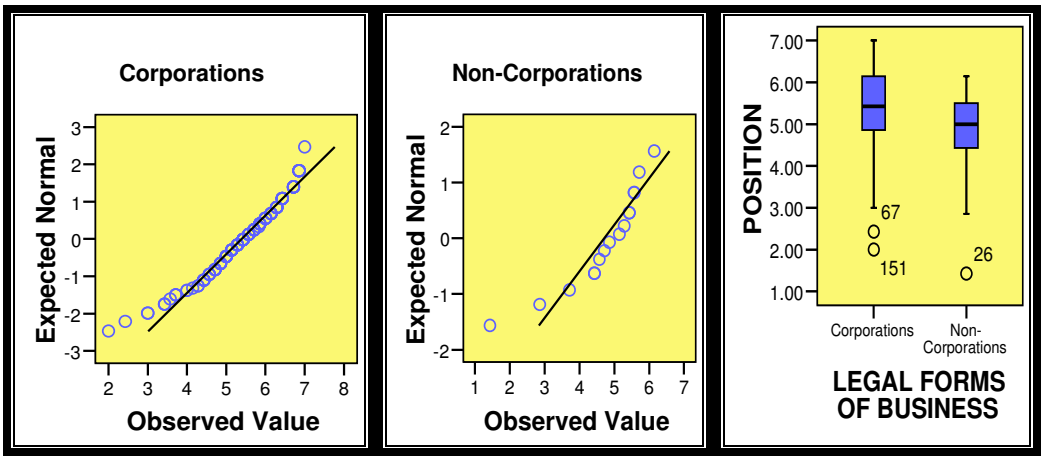
Table 6.10 T-test for the Dependent Variable POSITION according to Legal Forms of Business

		Levene's Test for Equality of Means		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error of Difference	95% Confidence Interval of Difference	
									Low	Up
Position	Equal variances assumed	.32	.57	2.6	161	.01	.69	.26	.17	1.20
	Equal variances not assumed			2.2	17.2	.04	.69	.31	.03	1.34

As Table 6.10 displays, the Levene's test for equality of variances garners a value that is higher than $p<.05$, thus we utilize the significant value for equal variances assumed. The result has a significant value of .009 ($p<.05$). Kolmogorov Smirnov's test of normal distribution (Appendix 18.2, and plots 6-20 to 21) also yielded significant result for both groups.

Figure 6.20 **Normality of Distributions of Position on Corporations**
Figure 6.21 **Normality of Distributions of Position on Non-Corporations**
Figure 6.22 **Box and Whisker Plot of Position on Legal Forms of Business**

6.20 **6.21** **6.22**



We demonstrate a post hoc in Table 6.11 based on the descriptives. We also display the box and whisker plot (6.22). The information reveals that corporations exhibit more the positioning SM than the non-corporations.

Table 6.11 **Descriptives for Dependent Variable POSITION According to Legal Forms of Business**

	Legal Forms of Business	N	Mean	Std. Deviation	Std. Error Mean
Position	Corporations	147	5.39	.96	.08
	Non-Corporations	16	4.71	1.20	.30

Corporation has a higher mean rating of 5.39 having a descriptive equivalent of very frequent exhibition of positioning SM as compared to non-corporations which only has a mean value of 4.71 defined as frequent exhibition (refer to Table 6.2 for descriptive equivalents of the mean rating). Given that corporations are more endowed with greater resource capability as compared to non-corporations, the more they have the capacity to

position their strategies in the marketplace making sure these can be defended against existing and future competitors.

Corporation is a business run by a number of shareholders which means profits and losses are shared by all. This characteristic prescribes the ability of corporations to apply position SM which can bring advantage seeking capability and susceptibility to either gains or losses in a competitive and uncertain environment. Position SM focuses strongly on external environment, especially market structure which prescribes the arena for entrepreneurial maneuvering and opportunistic behavior. The edge that a positioning SM does to a business firm can usher in significant development (e.g. new venture creation).

4.3.2 Significant Differences in the Level of Exhibition of the Entrepreneurial Orientation Dimensions on the Profile of Top Philippine Medium-Sized Firms

No significant differences were found when multidimensional EO were grouped according to: 1) firm size (number of employees) 2) firm age (years of operations 3) ownership structure 4) local ownership, and 5) business category. However there was a marked significance when multidimensional EO on competitive aggressiveness ($p<.05$) was grouped according to legal forms of business. We only expound the result found for competitive aggressiveness from here on.

4.3.2.1 Assessment of the Mean Differences in the COMPETITIVE AGGRESSIVENESS According to Legal Forms of Business

Table 6.12 demonstrates the significant result of the T-test of mean difference assessing the significance of the differences in competitive aggressiveness between two groups categorized along legal forms of business.

Table 6.12 T-test for the Dependent Variable COMPETITIVE AGGRESSIVENESS according to Legal Forms of Business

		Levene's Test for Equality of Means		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error of Difference	95% Confidence Interval of Difference	
									Low	Up
Competitive Aggressiveness	Equal variances assumed	1.1	.30	2.8	156	.01	.84	.30	.24	1.44
	Equal variances not assumed			2.3	17	.04	.84	.37	.06	1.62

It can be seen from Table 6.12 that the Levene's significant statistic for competitive aggressiveness is greater than p<.05 hence we take the assumption that the variances of groups are equal. Consequently, looking at the result of t-test for equality of means, we see that the result is highly significant at p<.05 which means that there is a significant difference in the level of exhibition of competitive aggressiveness when companies are classified according to legal forms of business.

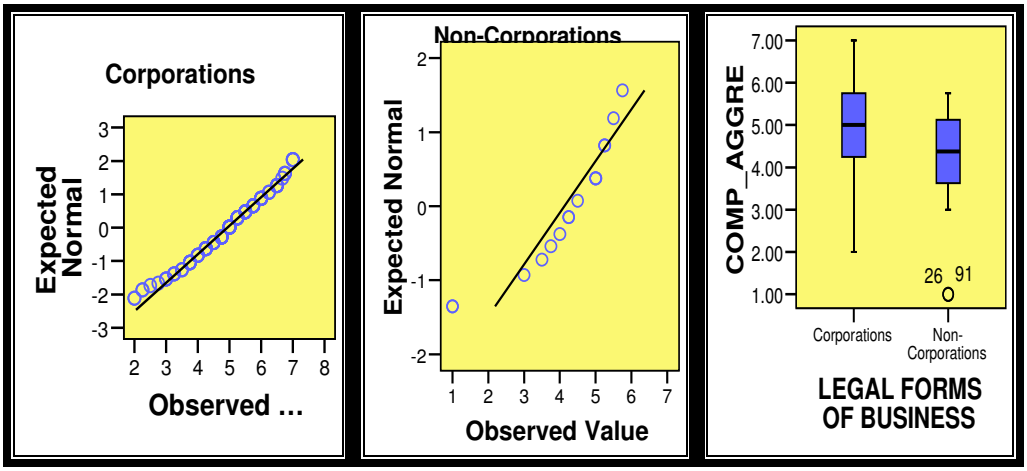
Moreover, the test of normality (Appendix 18.3; plots 5-23 to 24) based on Kolmogorov Smirnov's show that the population of corporation does not possess a normal distribution unlike the non-corporations. However, since the sample was large for this case, small departures would not pose much of a problem.

Figure 6.23 **Normality of Distributions of Competitive Aggressiveness on Corporations**

Figure 6.24 **Normality of Distributions of Competitive Aggressiveness on Non-Corporations**

Figure 6.25 **Box and Whisker Plot of Competitive Aggressiveness on Legal Forms of Business**

6.23 **6.24** **6.25**



Now, Table 6.13 presents the mean ratings of the respondents pertaining to the level of exhibition of competitive aggressiveness according to legal forms of business. Also plot 6.25 of box and whisker provides a visual display of this relationship.

Table 6.13 **Descriptives for Dependent Variable COMPETITIVE AGGRESSIVENESS According to Legal Forms of Business**

	Legal Forms of Business	N	Mean	Std. Deviation	Std. Error Mean
Competitive Aggressiveness	Corporations	142	4.97	1.11	.09
	Non-Corporations	16	4.13	1.43	.36

Evidently from Table 6.13, when referring to competitive aggressiveness, companies which are considered as corporations have the higher level of exhibition than non-corporations. Corporations frequently exhibit competitive aggressiveness as opposed to

non-corporations that only occasionally exhibit competitive aggressiveness (refer to Table 6.2 for descriptive equivalents of mean ratings). This research's result is also aligned with corporations leaning towards the exhibition of positioning SM. Since corporations possess bigger capital sourced from its shareholders as compared to other legal forms of business, it has more leverage to engage in head to head posturing with industry rivals which defines a competitively aggressive posture. Competitive aggressiveness refers to how firms react to competitive trends and demands that already exist in the marketplace (Lumpkin & Dess, 2001). It is characterized by a strong and mean posture to undo the competitors. This is done by resorting to aggressive market strategy tactics like entering markets with drastically lower prices or copying the business practices or techniques of successful competitors or make preannouncements of new products or technologies.

5. Summary of Findings

The basic data analyses grant a necessary enlightenment on the vital statistics of the top medium-sized business firms in the Philippines. They are characterized to have less or equal to 99 employees; are operating for a long time (more than 16 years); are generally corporations; are naturally locally owned and largely manned by Filipino owners, and; are non-diversified.

In behalf of the level of exhibition of the SM modes, results revealed that there is a very frequent exhibition of positioning SM, while the rest of the SM modes are only frequently exhibited. In view of the level of exhibition of the dimensions of EO, results divulged that the practice of autonomy is prioritized and subscribed first as compared to the other EO dimensions. Interestingly, innovativeness is the least that is exhibited by medium-sized business firms in the Philippines.

As regards to the T-test of mean differences on SM modes according to the profile of the respondents, results show that there is a significant difference in the level of

exhibition of Plan with Perspective and Position SM according to firm age and legal forms of business respectively. On firm age, it is found that companies operating for 10 years in below exhibit more plan with perspective SM as compared to those which are already existing for 11 years and more. In terms of legal forms of business, corporations are more predisposed to practice positioning SM as compared to those which are non-corporations. Further, the results also indicate that regardless of the firm size, ownership structure, local ownership, and business category, the companies have the same intensity exhibiting Plan with Perspective, Position and Ploy as SM modes.

Lastly, in behalf of the T-test of mean difference on EO based on the profile of respondents, only competitive aggressiveness is found to be significant in relation with legal forms of business. Corporations are again found to be more competitively aggressive as opposed to the non-corporations. The rest of the EO dimensions are apparently not found to be significant when top medium-sized business firms are categorized based on their profile.

6. Discussions and Conclusions

In this empirical study, we looked at SM and EO to examine the prevalent practices of top Philippine medium sized business firms along these constructs. In so doing, we arrived at a two-fold interpretation of the results: 1) One that impacts on the Philippines as the domain of study in particular, and 2) two that impacts on the applicability of the T-test result not only to the Philippines but to a population in general.

First, essential information churned out of the basic data analyses disclosed that Philippine medium-sized firms which are preponderantly Filipino owned focus more on current products and not much on diversification. A parallel result based on mean rating confirms that these firms are less innovative. The current director of Institute of Small Scale Industries, Professor Ruperto Alonzo (n.d.) from University of the Philippines cited that indeed SMEs are not much into innovative activity (handout from

a seminar). Philippines as a country in general cannot brag of having more than one globally competitive locally owned company (The Economist, 2008). Results definitely point the need to address the moderate level of inclination on innovativeness by the top Philippine medium sized business firms. Underscoring this problem is the pronouncement made by Schumpeter (1934) on the role of innovation in the entrepreneurial process (in Aloulou & Fayolle, 2005), which impacts on the importance of innovativeness as a prior requirement. Schumpeter (1934) referred to innovation as the very heart of entrepreneurship.

In connection however, despite the predisposition of medium-sized business firms toward position SM, it seemed that this inclination cannot be associated with the willingness to be innovative. Common sense leads one into thinking that when a company is into market sensing and seeking SM then it goes that innovativeness may necessarily ride with the concept of position SM. But it seems that this theory is far from reality in the Philippine context. Inspite of the fact that the overall orientation of Philippine top medium sized may be geared toward positioning SM, finer details on responses with regard to the indicators of positioning SM show that when the question calls for specific strategies (e.g. cost leadership or differentiation), the respondents are not decisive or tend to vacillate on their intentions. Although it may also be true that antecedents of innovativeness is subject to a number of influences which may be a combination of a number of factors like environmental, strategic and even company-related.

Nevertheless, given that the Philippine top medium-sized business firms is found to depend on the signals from market to develop strategies, offers a step up point to use this knowledge for competitive advantage. From a dynamic point of view, a focus on industry analysis aids the quest for competitive advantage. Firms that are geared on competing externally realize more returns. External environment is fraught with an array of unlimited opportunities.

Positively, results also found Philippine top medium sized business firms take pride in the practice of autonomy. The practice of autonomy is prioritized and subscribed first as compared to the other EO dimensions. This finding corroborates the claim of Mendoza (2001) of most companies in the Philippines adopting western management styles which are supposedly less autocratic, more participatory and more democratized (Mendoza, 2001). This claim significantly confirmed the study of Acuña and Roman (1994) on selected Filipino work groups which exercise autonomy and accept responsibility. The foregoing affirmed Hofstede's (1980) finding of a collectivist culture in the Philippines. Companies are not led by autocratic leaders but by a collective culture where people have contributions on how the business is being run. In support, findings on prevalent SM practices particularly on plan with perspective and ploy emphasize communality. Therefore, the result of this study offers a constant validation of the apparent exhibition of autonomy in the Philippines. The reliability of this result is once again assured and still poses as a major discovery.

Since autonomy is considered to be a positive EO behavior, Philippine companies must capitalize on this inherent characteristic by encouraging independent action to bring forth a business concept or vision and carrying it through to completion (Lumpkin & Dess, 1996; Dess & Lumpkin, 2005). Autonomy is the freedom granted to individuals and teams who can exercise their creativity and champion promising ideas for entrepreneurship to happen (Lumpkin & Dess, 1996). This predisposition to autonomous action by Philippine business firms can be a source of competitive advantage to leverage companies in achieving corporate entrepreneurship by encouraging autonomous actions that may in turn facilitate innovativeness, proactiveness, risk-taking and competitive aggressiveness. Wang (2008) suggested that innovative firms often adopt cross functional teams to facilitate communications that in turn bring about organization wide consensus of goals and direction. Philippines must create, to an extent possible, an organizational context that supports and helps sustain such posture. This may require aspects of culture and resources that can support entrepreneurial firm behavior.

In summary, it can be affirmed, as evidence from the overall results of this empirical research on EO that Filipino medium-sized business firms are not very entrepreneurially oriented. The descriptive equivalent of the 5 EO dimensions is only frequent exhibition including autonomy. Autonomy garnered the highest mean as compared to the rest. But the fact still remains that the mean is still within the range of frequent exhibition. More than simply stating through opinionated pronouncements, this result provides a verification of the state of EO of top medium-sized business firms. This result affirmed the existing literature that Filipinos apparently are less entrepreneurial and this information demands reflection

On a deeper note, the results demonstrate that even at the level of the firm, entrepreneurial spirit seems lacking. Chiu and Cabanda (2005) suggest a greater need to harness entrepreneurial spirit and sense of competition among the Philippine local companies. Accordingly, they said even at the level of individual Filipinos they generally are less entrepreneurial as compared to Chinese (see Zhang, 2007) and Arabs. Hence we see the need for the public and private sector to draw a concerted effort to encourage entrepreneurialism. Possibilities abound on this score such as provision of capital for business start up making sure that the firm is accountable for the outcome. In behalf of the firm, organizational support for innovativeness must come from the top management knowing that a state of decline of corporate entrepreneurship exists in the light of local and global competition. The Philippines has to realize the importance of corporate EO to the economy. Actions must be done to galvanize the business sector to redouble its efforts, as this finding brings to light a concrete evidence of the lighthearted predisposition toward EO. Although on a brighter note, to date, the Philippine government on its part, is not far behind in providing interventions on this problem, by putting in place projects like the SME Development Plan 2004-2010 (BSMED Council, 2006).

Second, results of T-test show that corporations as compared to non corporations are generally more inclined to exhibit position SM and likewise the same result applies on

competitive aggressiveness. Logically, corporations would be inclined to exhibit position SM and competitive aggressive behavior as they are in a position to keep abreast and even go beyond the competition. They have the capacity in terms of resources to indulge in such trade. Investment capital or availability of resources is an important requirement to compete externally. The legal form under which the firm operates can have an impact on the financial position of the firm. In particular, corporations can engage in competitive aggressiveness because of their stronger capability to respond to threats that already exists in the market place. Along corporations, the losses and gains are shared by the shareholders unlike that of sole proprietorship. However, Wiklund (1999) found in his empirical study that small firms can still engage in EO despite EO's resource consuming orientation.

Next, notably, companies that are operating for 10 years or less are more into plan with perspective SM as compared to those which have been operating beyond 10 years. Literature proves otherwise. However, we argue that in the light of this research, young firms apply more planning with perspective SM as compared to old firms since formal strategy planning facilitates understanding of the external environment and their capabilities. Since old firms are way old in the business, they got an advantage having their systems in place. Old firms are already ahead of the information curve that aids in getting ahead of the competition that they do not have much of a use of plan with perspective as compared to young firms.

As a final thought, in the light of scientific based research process, an important realization is the discovery that generating information in the Philippine business industry is a very difficult and strenuous undertaking. Based on the feedback from the field enumerators, they drew huge amount of patience and perseverance in order to penetrate the hard line refusals of most of the respondents. It seems that Filipino respondents acting in behalf of their companies are suspicious and are not open to share their companies' information to the public. The idea of research and its benefits are not yet appreciated and embraced.

Part V

CHAPTER 7

Recapitulations, Conclusions, Limitations, Implications and Recommendations

1. Introduction

This doctoral dissertation aspires to contribute significantly to the extant literature on strategic management and entrepreneurship particularly on the subjects of strategy making (SM) and entrepreneurial orientation (EO) that were utilized in this research. SM modes were put together: plan with perspective, position, ploy, and pattern and mapped out with the considered 5 dimensions of EO: innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy, to create a story of relational constructs, outcomes, and impacts.

By studying not only SM but also EO, we espouse that if taken together, both can provide multiple layers of advantage to theory and practice. Evidently, literatures (Zahra, 1991; Sandberg, 1992; Meyer & Heppard, 2000; Hitt et al., 2001; Ireland et al., 2001; Zahra & Dess, 2001; Kemelgor, 2002; Ireland et al., 2003; Aloulou & Fayolle, 2005; Covin et al., 2006) see the essence of the linkage between SM and EO constructs.

Some researchers though (Shane & Venkataraman, 2001) would argue for their differentiation. We support Zahra and Dess (2001) on their contention that SM and EO can derive strength from each other. These can provide richer opportunities for future research and at the same time enhance the theoretical field. Practical wise, given that both SM and EO are concerned with exploitation of profitable opportunities, we believe that when both are leveraged, they can offer substantial potentials and benefits for the development and growth of business firms. Strategy making and EO complement each other in enabling firms to pursue and exploit opportunities in the environment to survive and remain viable. Strategy making influences EO by providing certainties in the light of uncertain entrepreneurial outcomes. The EO construct should be viewed as a product of how the firm creates value through SM (e.g. SWOT, 5 Forces Analysis, strategic actors, culture).

Arising out of this brief introduction, we piece together in this chapter the essential information of the entire research on SM and EO to underscore the critical areas and the impacts thereof. The take off starts in section 2 with the main findings and corresponding discussions in line with the research questions outlined in chapter 1. Then conclusions and limitations are explained in sections 3 and 4. Section 5 discusses theoretical, research and practical implications together with recommendations for future research.

2. Findings and Discussions

This section serves as recapitulations and at the same time integration of the major findings in response to the research questions identified in chapter 1. We addressed these research questions in two separate empirical research outputs discussed in chapters 5 and 6. Respectively, we present the same in this section where 2.1 expounds on SM-EO configurations and 2.2 tackles a country specific application of SM and EO.

2.1 Multiple Strategy Making Modes and Multidimensional EO

Through this research, we responded to the proposal from literatures of the superiority of multiple SM over a single SM mode. Hence, we advanced the concept of Mintzberg's 5Ps of SM (1987a) as an integrated framework to study a comprehensive antecedent on EO. We sought to identify multiple SM modes that enable the exhibition of EO. We examined EO from a multidimensional perspective and considered all the 5 EO dimensions, not just the original three. Consequently, we endeavored to discover a number of SM-EO configurations.

In the light of the above, we developed the following connected questions to concretize our research problem.

1) What multiple SM modes enable the exhibition of each dimension of EO when moderated by firm size and firm age?
2) Given a multiple strategy making modes, what is the estimate of the predictive power effect of each of the significant SM modes as it is added to the analysis?
3) What is the estimate of the relative predictive power of each significant SM mode, controlling for all other independent variables in the equation for a given model?

Results show that both plan with perspective and position ensure maximal prediction of the exhibition of innovativeness, proactiveness and risk-taking; likewise position and pattern influence competitive aggressiveness; and finally, plan with perspective affects autonomy. Remarkably, position SM highly contributes to EO exhibition sans autonomy. Also, plan with perspective supports position as very apparent on the enactment of the original EO dimensions. Pattern has only imprinted a marginal significance on EO particularly on competitive aggressiveness alone. While plan with perspective defines autonomy, ploy is absent in the whole equation.

For each of these SM-EO regression model identified, answers to the 2nd and 3rd questions cited above in terms of the strength of the explanatory power on enabling the exhibition of multidimensional EO were thoroughly elaborated in chapter 5. All the SM-EO variates have positive slopes and the adjusted correlation coefficients are also commendable (R^2 of .49, .46, .32, .39, .41). These indicate that the SM variables that entered into the models have significantly positive effects on the level of exhibition of EO. However we underscore the result that the regression variate of plan with perspective plus position SM modes have the highest degree of association with innovativeness as given by their comparably higher correlation coefficients (.49). This means that plan with perspective and position have a higher significant relation to innovativeness as compared to the rest of the SM-EO variates. On the other hand the SM modes of position and plan with perspective and firm age have the lowest degree of association with risk-taking (.32), but still meritorious (for comparison of the R^2 see Jimmieson et al., 2004).

The most important finding of this research is the realization that position and plan with perspective are found to be the major predictors of a multidimensional EO. Remarkably, this means that these SM modes indicate important conjunction. Position SM which can bring advantage seeking capability and at the same time susceptibility to either gains or losses in a competitive and uncertain environment is cautioned by the contribution that planning with perspective SM brings in to the equation. Market driving is a dynamic advantage creating capability but at the same time it can also tilt toward disruptive advantage destroying performance outcome. Hence, planning with perspective provides a sound and rational environment to positioning SM. In tandem, these SM modes are found to significantly contribute to the enactment of EO which are innovativeness, proactiveness and risk-taking. Position SM focuses strongly on external environment, especially market structure which prescribes the arena for entrepreneurial maneuvering. This is coupled with plan with perspective SM which forces firms to think of long term rational decisions within the context of a collective organizational mind.

On top of this scenario, both position and planning with perspective usher information essential to the enactment of EO. Singh (2001) stressed that for an opportunity to exist and be responded to, it must first be identified. By virtue of the environmental scanning that both positioning (e.g. 5 forces analysis) and planning (e.g. SWOT) with perspective provide, opportunity identification which is a prerequisite for an EO to occur, is manifested. Further, the availability of this information also helps firms to take a reasoned look at the future especially when undertaking innovation and risk taking where the costs of failures are high. This study relied on the idea that the scanning intensity and extensiveness that are present in planning as well as in position provide necessary tools to practice opportunistic action which is critical to the pursuit of EO.

Strategy as a plan in particular, maintains a viable fit between the organization's resources and its environmental opportunities (Kotler, 1984). Strategy as a plan can make solidly grounded strategic decisions in the light of turbulence and uncertainty (Kaplan & Beinhocker, 2003). Zahra and Dess (2001) refer to this as real options strategizing. Planning SM can align itself to the needs of an entrepreneurial organization that seeks change, anticipates threats, drives opportunities and searches wide for alternatives. Planning, in this sense, builds new capabilities and augments knowledge of new potential markets and customer behavior (Williamson, 1999). When reinvented as a learning process, strategy as a plan can be a competitive edge toward an entrepreneurially oriented behavior. The planning scenario in the 60s and 70s which are characterized by highly bureaucratized and top down process appears to have undergone transformation in the light of this research, into a device that effectively coordinates and integrates information and people (Hutzschenreuter & Kleindienst, 2006).

This result drives home the point that contrary to several studies (Quinn, 1985; Covin et al., 2006) planning SM process is still an effective device towards EO but we offer a caveat that the planning SM must incorporate critical issues like the type of business, the managerial competence, intensity of competition and the turbulence in the environment. Concretely, the study of Gibbons and O'Connor (2005) provides

evidence to this end. They found that entrepreneurial firms tend to adopt more formal strategic planning approaches, while conservative firms adopt more incremental approaches. Accordingly entrepreneurial firms need to review the bases for which their competitive advantage rests as compared to conservative firms which possess certain degree of acceptance/complacency to their existing situation. Markides (1999) stresses that firms should conform to the requisites of its current environment and at the same time be flexible enough to respond to or even create change in this environment. Hence, strategic planning means looking into or grasping the future and making present decisions with knowledge of their futurity (Hoogstra & Schanz, 2008).

Further the embeddedness of perspective SM into planning SM is rich with solid potential. When specific orientations are entrenched in organizational culture, the intensity and consistency of resultant behaviors are magnified across situations. For instance, the sense of shared values and purpose given by strong subscription to mission and vision facilitate consistent and quick decision in the light of turbulence in the environment (Hart & Banbury, 1994). Grant (1991) has pointed out that given the volatility of the external environment like consistently shifting customer preferences and continually evolving technologies, organizations have to look into internal capabilities for a stable sense of direction (also in Mintzberg et al., 1998). If they had to rely on external conditions to define themselves, they'll be changing definition and direction perpetually (Mintzberg et al., 1998).

Hence, on the basis of all these reasoning, position and plan with perspective both provide a healthy sounding board in the light of action driven and highly speculative nature of EO. The only exception to this general picture is the SM mode combinations that impact on competitive aggressiveness and autonomy. Yet it is also true that the SM model for competitive aggressiveness jells together and the same is true for autonomy. In general, results present theoretically meaningful and comprehensible SM-EO configurations.

Competitive aggressiveness which refers to the threats that already exist in the market place is facilitated by position and pattern SM. Responding to threats (e.g. entering markets with drastically lower prices or copying the business practices or techniques of successful competitors or making preannouncements of new products or technologies) requires a strong leader. This leader can railroad opposition to make actual time driven decisions aided by the knowledge of market and competition accrued from reliance on positioning SM. On the other hand, autonomy is helped by having a planning with perspective SM orientation. Planning with perspective provides the instrument to enact autonomous actions. The principles of plan with perspective revolve around the importance of seeking contributions from people. Plan is operationalized in terms of gaining the involvement and commitment of the principal stakeholders affected by the plan. Likewise perspective SM develops strategies collectively and cooperatively based on shared values.

Moreover, the overall results prove otherwise the suggestion that pattern SM is an appropriate thesis to plot EO. The pattern SM (aka entrepreneurial) is characterized by experimentation, innovativeness, risk taking, proactive assertiveness, opportunity-seeking and decisive action catalyzed by a strong leader (Dess et al., 1997; Mintzberg et al., 1998). From this description, the integration of pattern SM and EO is quite apparent. Both the pattern SM and EO constructs involve an active search for new opportunities. Both are also characterized by dramatic leaps forward in the face of uncertainty. Yet reality dawns, problems must be faced, hence rationality surfaces. Therefore, results show that positioning and plan with perspective have taken the lead over pattern on influencing EO. The rising complexity that organizations now face requires more than the guts and cognitive capability of a single-minded entrepreneurial capability of a person who walks confidently into an uncertain future. The complexity found in an organization necessitates a kind of structure to deflate the unknown and uncertainties (Bradley et al., 2006). Uncertainty prevents action; action is central to entrepreneurial efforts; the hesitance, indecisiveness and procrastination would likely lead to missed opportunities (McMullen & Shepherd, 2006) which are essential to EO.

Scanning (e.g. SWOT) present in planning addresses problem of ignorance which prompts action. Scanning for competitive intelligence is more an entrepreneurial activity rather than a routine activity for managers (Qiu, 2008). Proactive scanning for competitive intelligence enables managers to develop a fuller picture of the superiority or deficiency of their organizations (Qui, 2008). McMullen and Shepherd (2006) suggested that people who have acted entrepreneurially embrace a picture of reality than those who have not acted. These researchers also emphasized the role of values, goals and beliefs that 'rationalize' action. For example, Wang (2008) suggested that firms must develop a vision and communicate it to people at different levels. Shared vision is a crucial element to reap performance benefits from entrepreneurial efforts (Wang, 2008). Further, McMullen and Shepherd (2006) also intimated that a market opportunity must be there for the taking for action to occur. The environmental stimuli found in position SM provide information that catapults entrepreneurs to action (Lau et al., 2008).

In addition, the absence of ploy SM mode in the whole equations poses a defining agendum. Ploy as touted by Mintzberg (1973) provides "reactive" solution to existing problems rather than the proactive search for new opportunities. Ploy mode postulates organizations as coalitions of individuals each of whom brings their own personal objectives and cognitive biases to the organization. Concretely, the study of Stokes (2008) found that highly collaborative SM advocated in tourism literature is not seen as practicable especially in the competitive environment of major event acquisition. Therefore, the foregoing apparently rejects the presence of ploy in the context of EO. Besides Mintzberg et al. (1998), suggest that the strategies that emerge from a ploy/power SM process will not necessarily be optimal rather will reflect the interest of the most powerful group.

Finally, the moderating variable firm age has figured on the SM-EO model on risk taking. Diverging from the extant literatures (Luo et al., 2005; Hughes & Morgan, 2007) which identify risk-taking with young firms, results indicate that given the

constant presence of position and plan with perspective as influencers, the more the exhibition of risk-taking occurs when firms are growing in age. Susceptibility to failure is high when risk is involved, so the more a company is growing in years, the more it is endowed with resources (capital or otherwise) (Stam & Elfring, 2008) needed to spin off risk-taking.

2.2 Strategy Making and Entrepreneurial Orientation in the Philippines

As the empirical setting for this study was done in the Philippines, as reported in chapter 6, we present a descriptive and inferential analysis of the current level of practice of SM and EO of the target population from this country. In this light, the following are the research questions that were investigated.

4) Are there any significant differences in the level of exhibition of the SM modes and EO dimensions when the companies are classified according to: number of employees, years of operation, legal forms of business, ownership structure, local ownership and business category?
5) What is the vital statistics of the top medium-sized enterprises in the Philippines along with a) a number of categorical variables: years of operations, number of employees, legal forms of business, ownership structure, local ownership, and business category, and b) level of exhibition of strategy making and entrepreneurial orientation?

For the 1st question (number 4 above), since all the categorical variables are classified into 2 groups, independent-samples T test was applied to assess the mean differences on the exhibition of SM and EO. Results show significant differences on the practice of 1) plan with perspective based on firm age, 2) position SM and competitive aggressiveness based on legal forms of business. Only two SM modes: plan with perspective ($p<.05$) and position ($p<.05$) are found to be significantly being exhibited by top medium-sized enterprises. In addition, only by firm age and legal forms of business are these two SM

modes demonstrated. In behalf of EO, only competitive aggressiveness ($p<.05$) according to legal forms of business is significantly exhibited.

The result for years of operations in line with plan with perspective requires a thoughtful examination. Results show that companies that are operating for 10 years and below exhibit more a planning with perspective SM orientation as compared to those which are growing in years like the firms existing for 11 years or more. It is possible that young companies considered to be still in their infancy years as compared to the old ones which have their systems in place, are aided by a planning with perspective SM to help them grasp the complexity of the environment and their internal capabilities. The information churned out from a planning with perspective process aids young firms to survive the competition. We argue consistent with several researchers (Luo et al., 2005; Hughes & Morgan, 2007) that young firms are more receptive to EO and more likely to break the norms, which means they are more entrepreneurial. In line with this, Gibbons and O'Connor (2005) found that entrepreneurial firms tend to adopt more formal strategic planning approaches.

Moreover, it is logical that corporations more than non-corporations are more predisposed toward positioning SM. Corporations are more inclined to exhibit position SM as they are in a position to keep abreast and even go beyond the competition. They have the capacity in terms of resources to indulge in such trade. Likewise, corporations are also found to exhibit higher competitive aggressiveness than non-corporations for the same reason given above. Corporations have more leeway to be competitively aggressive by virtue of its being a corporation which for all intents and purposes owns up to more advantages and disadvantages. Corporations are presumed to be for profit entities, and as such they can have unlimited number of years with losses, unlike partnerships that must distribute all profits and losses to their shareholders without regard for any profits retained by the business for cash flow purposes. Understandably therefore, corporations can pursue a battle for and against competitors by being competitively aggressive. By being a corporation, a company has much leverage to do

or die in the light of competition since corporations is a business structure where company is seen as its own legal entity apart from its owners. This means that the personal liability of the owners is limited, and that the corporation can go on indefinitely, unlike the case of a sole proprietor who bears the responsibility of it all. However Wiklund (1999), in his empirical study found that small firms can still engage in EO despite its resource consuming orientation.

As an answer to the 2nd question (number 5 above), we found that top medium-sized enterprises in the Philippines are mostly having less or equal to 99 employees; are already operating for more than 16 years; are generally corporations in nature; are naturally locally owned and rarely owned by foreigners; are largely Filipino owners and not really Filipino Chinese, and; are non-diversified, meaning they focus mainly on current products and services.

The test on the level of exhibition of the SM modes in terms of plan with perspective, position, ploy and pattern revealed that position has a relatively higher mean rating compared to the other four modes. The descriptive equivalent of the mean rating of position is very frequent exhibition, while the rest of SM modes only garnered a frequent exhibition. Position is primarily employed by medium-sized enterprises as a basis of their SM. The responses showed that companies are fairly consistent in making sure that the basis for their strategies is always aligned with the marketplace. Top Philippine medium-sized business firms depend on the signals from market to develop strategies. Awareness of the external environment bodes well for the said business firms as it is a likely source of competitive advantage (Porter, 1980). The external analysis of a firm provides an understanding of the existing threats and opportunities which in turn help create appropriate strategies to exploit the opportunities and defray the threats. However a waiver of intention is observed when the indicators call for specific strategies (e.g. cost leadership and or differentiation) in the field of positioning SM. Porter (1980) for instance emphasized that entrepreneurship should be seen both as the creation of value (e.g. cost leadership or differentiation) and market inclination.

In view of the level of exhibition of the dimensions of EO, results divulged that the practice of autonomy is being encouraged and espoused. Innovativeness is the least that is exhibited by the top medium-sized business firms in the Philippines. This result is also consistent with the information stated above regarding the non-diversified nature of top medium-sized companies. Overall, results showed that top medium sized business firms are not very entrepreneurially oriented. This finding supports a number of pronouncements and survey (De Leon, 2007; Berry & Rodriguez, 2001; The Economist, 2008) that Philippine firms are not so competitive and entrepreneurial.

3. Conclusions

Findings in this study enhance the significance of studying both the constructs of SM and EO. We found evidences to show the complementariness of these constructs based on the examination of a number of SM-EO configurations that were discovered. We provided explanatory possibilities and potentials from connecting SM with EO. The prime objective is to see if indeed there are significant interactions within group classification of the SM modes and further, to see significant correlations as well within SM modes and in between the complete 5 dimensions of EO. The results have proven the persistence and were found to be rational and intelligible.

Results of our study proved that multiple SM modes are far superior to enable the exhibition of each of the dimension of EO. Results also revealed that simply having strategies are not enough towards enhancing EO. In the end, firms must seek to rewire themselves into multiple SM modes that are aligned with the conditions and challenges of EO.

For instance, we found different multiple SM models for proactiveness and competitive aggressiveness. Lumpkin and Dess (2001) found that proactiveness, which is a response to opportunities, usually thrives in dynamic environments or in growth stage industries where conditions are rapidly changing and opportunities for advancement are numerous.

On the other hand, competitive aggressiveness, which is a response to threats, usually benefits from a hostile or mature environment where competition for customers and resources are intense. The position and plan with perspective that correspond to the exhibition of proactiveness are the right antecedents to drive proactiveness in the sense that expansive information provided by these SM modes aid in identifying opportunities much ahead of the competition. Likewise, competitive aggressiveness is much benefited by a positioning and pattern SM for the reason that an industry's competitive advantage coupled by a decisive leader is the right tandem to enact competitive aggressiveness. This drives home the point that multiple SM modes that facilitate exhibition of proactiveness and competitive aggressiveness respectively are so aligned with the conditions that each of this EO requires. The foregoing gave support to our decision to go beyond the three original EO dimensions by incorporating two more. The debate on the distinctiveness of proactiveness and competitive aggressiveness was again validated by the results found in our study. In addition, the value of considering autonomy as part of the EO dimension is also validated by the SM modes found aligned to the conditions for autonomy.

In behalf of the Philippine case scenario, we applied the constructs of SM and EO in understanding the top medium sized business firms. Results offered an enlightened picture on the practice of SM and EO by these business firms. Despite the economic development experienced by many countries, the Philippines is seen to be slow to ride the bandwagon. In the light of these findings, top medium sized business firms in the Philippines must take actions for competitive advantage, particularly on EO. Pursuing EO is expected to engender performance and economic gains.

4. Limitations

The findings of this study must be seen in the light of its limitations.

First, as regards to the questionnaire on SM, since it is an original work in this research, there is a certain degree of doubt that the contents may have lacked some details. Hence, replicating the study would be a valuable suggestion to assess the completeness or lack thereof. Suggestively, despite the vital practical SM-EO configurations' results, it may be a better option to conduct the same study to a different territory, say of an Asian counterpart. It would be interesting to validate the findings and assess comparably whether the results will hold up to scrutiny. It would be more prudent to assess the cross-cultural validity of this research as this has been done amongst the Philippine top medium-sized business industry sector. Particularly, it would be interesting to apply the same SM and EO construct to a number of Asian countries to assess the comparability in terms of differences in orientation along these constructs.

Second, in line with data gathering, common method bias might have occurred considering that there was just a single respondent that represented each company. The analyses could have been inflated. Although in cases involving SMEs, the views of the single respondent may in fact reflect those of the firm (Lyon et al., 2000; Avlonitis & Salavou, 2007). But it would be better to elevate the study to sample multiple respondents from a firm to strengthen construct validity. On the other hand, this might prove to be extra difficult especially in an Asian context where generating information is close to an impossible task and made doubly difficult by having top management as the respondents. However, the application of ANOVA test on the field enumerators based on their retrieved data considerably helped in assuring the quality and significance of the data. Substantively, non response bias tested on the two batches of respondents also provided a solid methodology process.

Third, given the same study, in line with methodology, triangulation may be considered to include not only survey questionnaires, but also interviews of top management and case studies. Its use will give a deeper understanding and more enlightened picture of the situation. Analysis tool pack wise, structural equation modeling can be a viable alternative. It will help to examine the data particularly to apply confirmatory factor

analysis on the survey instrument developed for this research in order to find out which degree the different assumed variables truly measure that certain factor (Janssens, et al., 2008, 281).

Finally, it is suspected that the results may have been context specific. The population of top medium-sized firms in our study may have displayed a strong planning, perspective as well as positioning orientation hence the visibility of these SM modes on the results. Rodriguez (1993) in his survey on strategic planning practices amongst preponderantly Filipino owned business firms found that majority of them indicated that they conducted formal strategic planning process. Thus, given our use of this single sector, caution should be used in generalizing beyond this sector.

5. Implications and Recommendations

The research analysis is envisioned to target a number of implications in terms of theory, research and practice and furthermore to encourage further research.

Theory wise, this research has advanced an integrative SM framework to study EO. Despite the difficulty of studying a multivariate correlation when extant literatures are mostly bivariate, the current study persisted nonetheless. Not only has this study pursued a sophisticated multivariate research trajectory but it also endeavored to examine not just a few but quite a number of variables for each of the two major constructs of SM and EO. We avoided parsimony by exploring 5 variables each for both the constructs of SM and EO. In so doing two objectives are consequently met to fill the gaps in literature. One, the present study attempted to respond to the argument of several researchers on the superiority of multiple SM modes (as compared to a single one) as it relates with some constructs, which is the EO in our research and at the same time to advance an integrated SM framework antecedents to EO which is hardly found in the current literature. The current literature presents not only a few but a limited empirical research on SM antecedents on EO. Hence we aspired to fill this gap through

this study. This research has provided empirical evidences to this effect. Two, this study strategically discovered the absence of scientific business research on the Philippines. Specifically, the secondary objective of a context/country specific research about the Philippines provides a substantial contribution in filling the missing links on business research not only in the Philippines but also in the rest of Southeast Asia. By contributing this study to the current dearth of information particularly on the Philippines, it hopes to elevate the available scientific information to the next level.

The mixed modes on SM have worked well in conjunction with EO. The results on SM-EO configurations are intelligible enough to warrant attention. Some prior studies were also in a way able to substantiate the findings. Hence, the main strengths of this research are the provision of both solid data and insightful analysis that brought to light an understanding of the integration of SM along the 5Ps and the multidimensional EO represented through a number of SM-EO configurations.

Next, hitherto, the extant literature always analyses the original three dimensions of EO (innovativeness, proactiveness, risk taking), but this research endeavored to study the 5 currently considered dimensions of EO. The inclusions of competitive aggressiveness and autonomy to the EO framework proved to be wise. The additional two dimensions contributed much to the theory on SM-EO configurations. Competitive aggressiveness (response to threats) validated Lumpkin and Dess' (2001) study that it is a construct apart from proactiveness (response to opportunities) based on the SM-EO models that turned out differently. Autonomy on its part has also found a distinct SM model.

Furthermore, since plan and perspective merge as one, it would be an interesting possibility to rename plan with perspective with a new concept and refer to such henceforth. The empirical research led to an important development in the course of the methodological process. Critically, this development has made a major influence on the overall findings. A four factor solution (instead of the expected 5) was extracted when factor analysis was applied on SM modes. The operationalization (Appendix 3) of the

concepts of plan and perspective may possibly explain the embeddedness of these two. This result reflects an interaction between theory and practice. It implies that the theoretical discussion on their complementariness is now concretized through empirical test.

In view of research, the SM-EO configurations identified need to be validated through business firm experiences that can show concrete and salient evidences to support or negate the findings. These can be effectively done either through in-depth interviews of top management or case studies.

Embarking on a research that combines both SM and EO is a daunting task in the sense that each is a big topic in its own right. In the light of this research, it has done much in looking into the Ps of SM and the 5 EO dimensions. Here is where the limitation lies and suggestions for future research begin by taking into account other potential effects of other variables. We suggest the possibility of other variables (e.g. environment, organizational structures) on top of the 5 SM modes that may possibly contribute to the exhibition of these EO dimensions mentioned. Advancing on research, future topics may entertain the impact of the SM-EO models on performance measures or strategic renewal attempts to name a few examples. Zahra (1991) holds that antecedents of corporate entrepreneurship (e.g. EO) should be a combination of environmental, strategic and company related variables. Including new elements to the SM-EO model may open up to interesting research opportunities.

Finally for the practical sense, one can imagine possibilities and potentials when these SM-EO models are pursued and consciously implemented in business firms. Especially it would be remarkable to discover the great impact of how the respective SM models can come into fold when a company deals with its EO concerns. The bottom line is for companies to really enrich themselves with much of positioning and planning with perspective based SM, with some touches of pattern contingent on the EO dimension

being pursued. This study has presented a working guideline which provides managers a focused effort on SM approaches where EO can flourish.

We propose that the SM-EO configurations that are discovered in this research are available for use and may be subject to variability in response to changing conditions. We advance the idea that the SM-EO configurations found here may serve as benchmarks to rewire business firms to an entrepreneurial oriented SM. Considering that SM is a senior management responsibility, the task is how these people may consciously direct their efforts towards a multiple SM that enable EO exhibition.

The research provided further enlightenment on the profile of the top medium-sized business firms in the Philippines and their state of practice on SM and EO. Results provide a wake-up call to address the lack of EO of these business firms. In particular, the result affirmed the existing literature (De Leon, 2007; Berry & Rodriguez, 2001) that Filipinos apparently are less innovative and this does not pose a bright future. Innovativeness drives innovation which leads to new product creation, novel ideas, and the like that may in turn result to new venture creation and to growth. Several studies connect the idea of the positive relationship of innovativeness to growth. Mahmood and Singh (2003) mentioned that the critical source of growth in (East) Asia has been productivity growth that came from entrepreneurship, innovation and learning which made adoption of foreign and indigenous technologies possible. Concretely, the study of Antoncic et al. (2007) on Slovenia and Romania demonstrated that technological innovativeness is a viable and direct predictor of growth, profitability and new wealth creation in transition economies. Philippines must create to an extent possible, an organizational context that supports and helps sustain innovativeness. This would require consideration of aspects of culture, policies and resources that can support such entrepreneurial oriented firm behavior. Philippines can draw valuable suggestions on some studies on Asia (Intarakumnerd et al., 2002; Hassink, 2002; Mahmood & Singh, 2003; Furman & Hayes, 2004) to address this issue.

In contrast, finding also has shown the orientation of top Philippine medium sized business towards autonomy. This can be a source of competitive advantage to leverage a company to achieving corporate entrepreneurship by encouraging autonomous action that may facilitate new business concept or vision such as new venture creation. Lee and Peterson (2000) emphasized that independent spirit serves as catalysts in driving entrepreneurial activity which makes the dimension of autonomy a crucial part of EO. Autonomy is the freedom granted to individuals and teams who can exercise their creativity and champion promising ideas for entrepreneurship to happen (Lumpkin & Dess, 1996).

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Appendices

Appendix 1

Cover Letter for the Survey Questionnaire

August 28, 2007

The Manager
_____
_____

Dear **Sir/ Ma'am:**

Mabuhay!

I am a PhD candidate in Ghent University, Belgium ranked as one of the top 100 universities in the world. I am taking up business administration and currently doing my doctoral dissertation on, **"Strategy Making of Businesses That Pays Off: An Entrepreneurial-Oriented Approach."**

Some foreign professors say that the data gathered from a third world country such as ours are dubious to a certain extent. Their informants claim, intended respondents usually let the subordinates answer as they find research irrelevant. Or if they do answer, it is as if they are going through the motions without thinking, simply ticking the boxes.

Please help me prove them wrong! Kindly provide accurate and well-thought of information that will erase doubts as to the validity and reliability of the results.

Rest assured that any information you will divulge is strictly confidential and will be used for the furtherance of quality of life for everyone.

My questionnaire will entail a little loss of your time yet the results will have profound impact on how you do your business. A copy of the result will be given to you to serve as a guidepost in aligning your strategies to a strategy making that will pay off.

Thank you and more power!

Respectfully yours,

(Dra.) Richel L. Lamadrid
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Appendix 2

Endorsement Letter from a Public Figure Attached to the Questionnaire

February 27, 2007

Gentlemen:

Attached is the questionnaire of **Ms. Richel Lamadrid** who is conducting a study on Strategic Management and Entrepreneurial Orientation in relation to her PhD in Ghent University, Belgium.

Kindly find time to answer the questionnaire as this office finds the research objective essential and thus go well in our search to continually improve the business industry.

Please be our partner in supporting such research endeavors towards progress.

Thank you very much and more power!

Respectfully,

ADELAIDA L. INTON
Executive Director

Appendix 3

Survey Questionnaire

STRATEGY MAKING (SM) OF BUSINESSES THAT PAYS OFF:

AN ENTREPRENEURIAL-ORIENTED APPROACH

Business Name: _____
Location: _____
No. of Employees: _____
Years of Operation (year when founded): _____

Please put a cross (x) mark inside the box
Legal Forms of Business:

☐ **Sole Proprietorship** ☐ **Partnership**
☐ **Corporation** ☐ **Cooperative/ Association**

Ownership: ☐ **Local**
☐ **Multinational**

If local ownership: ☐ **Filipino** ☐ **Chinese**
☐ **Filipino-Chinese** ☐ **Others** _____

Category: ☐ **Diversified (acquiring businesses outside the company's current products and markets)**
☐ **Non-diversified (concentrating on current products and markets)**

TASK I
MODES OF STRATEGY MAKING (SM)

This block presents the strategy making modes that are **EXHIBITED OR NOT EXHIBITED** when crafting a company's strategies. Please **encircle the number that corresponds to your assessment regarding the degree of exhibition your company observes in the conduct of strategy making.** The numerical scale is ranked from 1 to 7, with **1 being the lowest and 7 as the highest.**

Always Exhibited	-	7
Very Frequently Exhibited	-	6
Frequently Exhibited	-	5
Occasionally Exhibited	-	4
Rarely Exhibited	-	3
Very Rarely Exhibited	-	2
Never Even Exhibited	-	1

	Not Even Exhibited						Exhibited Frequently
Mode A							
1. We develop strategies that have fully detailed systematic procedures.	1	2	3	4	5	6	7
2. We gain the involvement and commitment of the principal stakeholders affected by the plan.	1	2	3	4	5	6	7
3. We make strategies that achieve a good fit (or alignment) between the external opportunities and internal competencies of an organization.	1	2	3	4	5	6	7
4. We make sure that the strategy determines the allocation of the resources and accountability.	1	2	3	4	5	6	7
5. We use SWOT (strengths, weaknesses, opportunities, threats) analysis as a major component in strategy making.	1	2	3	4	5	6	7
6. We make strategies that link long-range plans with both mid-range and operational plans.	1	2	3	4	5	6	7
7. We conduct strategy-making as a formal procedure occurring in a regular cycle aimed at the complete specification of corporate, business, and functional strategies.	1	2	3	4	5	6	7
Mode B							
8. We develop strategies based on the market structure in which our firm operates.	1	2	3	4	5	6	7
9. We utilize cost leadership and/or differentiation strategies in our strategy making.	1	2	3	4	5	6	7
10. We consider the industry to which a company is situated as the most important factor in strategy making.	1	2	3	4	5	6	7
11. We craft strategies that collectively define our company's position in the market, develop them consistent with our set of goals and functional policies, and then implement them.	1	2	3	4	5	6	7
12. We conduct extensive analyses about the market and the industry for our use in strategy making.	1	2	3	4	5	6	7
13. We position our strategies in the marketplace making sure these can be defended against existing and future competitors.	1	2	3	4	5	6	7
14. We develop strategies as a function of the position of the organization's products in the market.	1	2	3	4	5	6	7
Mode C							
15. We make strategies based on the shared values, standards, and knowledge of an organization.	1	2	3	4	5	6	7
16. We develop strategies on the basis of the culture of the organization.	1	2	3	4	5	6	7
17. We create strategies that affect how we perceive issues as well as how we view our firm's competitive landscape based on our cognitive framework as organizational members.	1	2	3	4	5	6	7

18. We are guided by vision and mission statements during the strategy process.	1	2	3	4	5	6	7
19. We make strategies that are governed by a clear and consistent set of values emanating from the company.	1	2	3	4	5	6	7
20. We make strategies based on a conceptual feeling for the direction in which the organization has to move.	1	2	3	4	5	6	7
21. We develop strategies collectively and cooperatively.	1	2	3	4	5	6	7
Mode D							
22. We develop strategies based on internal bargaining among coalition members who have special demands.	1	2	3	4	5	6	7
23. We manage the process of strategy making by influencing the players in and out of the organization who have different interests.	1	2	3	4	5	6	7
24. We emphasize the development of an internal and an external network in strategy making.	1	2	3	4	5	6	7
25. We see that strategy making is a process of negotiations and compromises between individuals (in conflict) and groups inside and outside of our organization.	1	2	3	4	5	6	7
26. We end up with strategic decisions made as a result of micro (internal to the company) and macro (external) power relations.	1	2	3	4	5	6	7
Mode E							
21. We see strategy-making as primarily provided by the president/chief executive.	1	2	3	4	5	6	7
22. We see strategy as largely unconsciously formed, and come out of the experience and intuition of the president/chief executive.	1	2	3	4	5	6	7
30. We make strategies that exhibit some identifiable patterns overtime which are reflections of the priorities of the strategist leader.	1	2	3	4	5	6	7
31. We envision strategy as a view on the future of a company, which is in the thought of the president/chief executive.	1	2	3	4	5	6	7
32. We are guided by the fact that strategy making is a process of acquisition of knowledge that happens in the head of the strategist leader.	1	2	3	4	5	6	7
33. We see strategy-making as the president/chief executive placing his mark in virtually every major initiative.	1	2	3	4	5	6	7
34. We adopt strategies based on the perception of the president/chief executive about the organization and its environment which is transferred to the rest of the organization.	1	2	3	4	5	6	7

TASK II
DIMENSIONS OF ENTREPRENEURIAL ORIENTATION (EO)

Please indicate which response ***most closely matches the degree of entrepreneurial orientation*** of your business enterprise. Kindly encircle the number that corresponds to your assessment. **The numerical scale is ranked from 1 to 7, with 1 being the lowest and 7 as the highest.**

34. How many new lines of products or services has your firm marketed since **2004**?								
a. No new lines of products and services	1	2	3	4	5	6	7	Very many new lines of products or services
b. Changes in product or service lines have been mostly of a minor nature	1	2	3	4	5	6	7	Changes in product or service lines have usually been quite dramatic
35. In general, top managers in my firm favor……								
A strong emphasis on the marketing of tried and true products or services	1	2	3	4	5	6	7	A strong emphasis on R&D, technological leadership, and innovations
36. In dealing with the industry, my firm……								
a. Is very seldom the first business to introduce new products/ services, administrative techniques, operating technologies, etc.	1	2	3	4	5	6	7	Is very often the first business to introduce new products/ services, administrative techniques, operating technologies, etc.
b. Typically responds to actions which competitors initiate	1	2	3	4	5	6	7	Typically initiates action to which competitors then respond.
c. Maintains a consistent market/ product definition.	1	2	3	4	5	6	7	Continuously monitor trends and identify future needs of customers and/or anticipate future demand conditions.
d. Takes a "follow the leader" approach in introducing new products or ideas	1	2	3	4	5	6	7	Strives to be a "first mover" to capture the benefits of an industry pioneer.
37. In general, the top managers of my firm…..								
Have a strong proclivity for low-risk projects (with normal and certain rates of return)	1	2	3	4	5	6	7	Have a strong proclivity for high-risk projects (with chances of very high returns)
38. In general, the top managers of my firm…..								
Believe that, owing to the nature of the environment, it is best to explore it gradually via careful, incremental behavior.	1	2	3	4	5	6	7	Believe that, owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives.

39. When confronted with decision-making situations involving uncertainty, my firm…..								
Typically adopts a cautious "wait-and-see" posture in order to minimize the probability of making costly decisions.	1	2	3	4	5	6	7	Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.
40. In dealing with competitors, my firm……								
a. Typically seeks to avoid competitive clashes, preferring a 'live and let live' posture.	1	2	3	4	5	6	7	Typically adopts a very competitive "undo-the-competitors" posture.
b. Blends with the industry stakeholders on whatever actions will be initiated.	1	2	3	4	5	6	7	Establishes competitive position and vigorously exploit opportunities to achieve profitability.
c. Makes no special effort to take business from the competition	1	2	3	4	5	6	7	Is very aggressive and intensely competitive
d. Exhibits a low-key profile to actions, which can lead to erosion of firm reputation and retaliation by competitors.	1	2	3	4	5	6	7	Utilizes market strategies (ex. entering markets with drastically lower prices or copying the business practices or techniques of successful competitors or make preannouncements of new products or technologies).
41. In my firm……								
a. Top leaders have a casual attitude concerning entrepreneurial behavior.	1	2	3	4	5	6	7	Top leaders support programs and incentives that foster a climate of entrepreneurship.
b. Initiatives that are not successful are penalized.	1	2	3	4	5	6	7	Creative thinking and brainstorming about venture ideas are encouraged.
c. Maintenance of the usual structural divisions and workgroups is the norm.	1	2	3	4	5	6	7	Necessary structural changes such as small, autonomous groups to stimulate new ideas are implemented.

Thank you for your time.

Appendix 4

Anova Test of Mean Differences on Field Enumerators
Original Data N=148

4.1 Anova Test on Strategy Making Modes

		Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Plan_Perspective	Between Groups	11.31	5	2.26	2.24	.053
	Within Groups	139.06	138	1.01		
	Total	150.37	143			
Position	Between Groups	13.68	5	2.74	2.85	.018
	Within Groups	132.49	138	.96		
	Total	146.16	143			
Ploy	Between Groups	28.19	5	5.64	3.70	.004
	Within Groups	209.99	138	1.52		
	Total	238.18	143			
Pattern	Between Groups	38.81	5	7.76	6.67	.000
	Within Groups	160.52	138	1.16		
	Total	199.33	143			

4.1.1 Tukey Post Hoc Tests on SM Modes

Plan with Perspective: Tukey HSD[a,b]

Data gatherers' area	*N*	Subset for alpha =.05 *1*
Manila	29	5.12
Quezon city	36	5.17
Pasay, Paranaque, Las Pinas	15	5.34
Mandaluyong, Ortigas, Pasig	16	5.44
Makati	9	5.56
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	39	5.82
Sig		.29

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=18.28.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Position: Tukey HS[a]D[b]

Data gatherers' area	*N*	Subset for alpha =.05 *1*
Manila	29	5.13
Pasay, Paranaque, Las Pinas	15	5.26
Makati	9	5.33
Quezon City	36	5.42
Mandaluyong, Ortigas, Pasig	16	5.53
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM		5.96
Sig		.11

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=18.28.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Ploy: Tukey HS[a]D[b]

Data gatherers' area	*N*	Subset for alpha =.05 *1*	*2*
Makati	9	4.58	
Quezon city	36	4.85	4.85
Pasay, Paranaque, Las Pinas	15	4.99	4.99
Manila	29	5.11	5.11
Mandaluyong, Ortigas, Pasig	16	5.28	5.28
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	39		5.90
Sig		.53	.11

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=18.28.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Pattern: Tukey HS[a]D[b]

Data gatherers' area	*N*	Subset for alpha =.05 *1*	*2*	*3*
Pasay, Paranaque, Las Pinas	29	4.56		
Mandaluyong, Ortigas, Pasig	36	5.10	5.10	
Quezon City	15	5.46	5.46	5.46
Makati	16	5.51	5.51	5.51
Manila	9		5.70	5.70
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	39			6.27
Sig		.09	.55	.21

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=18.28.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

4.2 Anova Test on Entrepreneurial Orientation Dimensions

		Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Innovativeness	Between Groups	27.54	5	5.51	2.82	.019
	Within Groups	263.45	135	1.95		
	Total	290.99	140			
Proactiveness	Between Groups	23.77	5	4.75	3.00	.013
	Within Groups	215.33	136	1.58		
	Total	239.10	141			
Risk Taking	Between Groups	37.12	5	7.42	5.44	.000
	Within Groups	185.58	136	1.37		
	Total	222.70	141			
Competitive Aggressiveness	Between Groups	28.70	5	5.74	3.96	.002
	Within Groups	195.95	135	1.45		
	Total	224.65	140			
Autonomy	Between Groups	20.93	5	4.19	2.43	.038
	Within Groups	232.87	135	1.73		
	Total	253.81	140			

4.2.1 Tukey Post Hoc Tests on EO Dimensions

Innovativeness: Tukey HS[a]D[b]			**Proactiveness: Tukey HS[a]D[b]**		
		Subset for alpha =.05			Subset for alpha =.05
Data gatherers' area	*N*	*1*	*Data gatherers' area*	*N*	*1*
Pasay, Paranaque, Las Pinas	14	4.38	Makati	9	4.75
Quezon city	36	4.55	Pasay, Paranaque, Las Pinas	14	4.82
Makati	8	4.56	Manila	29	4.89
Manila	29	4.93	Quezon City	36	5.08
Mandaluyong, Ortigas, Pasig	16	5.05	Mandaluyong, Ortigas, Pasig	16	5.38
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	38	5.60	Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	38	5.86
Sig		.12	Sig		.10

Means for groups in homogeneous subsets are displayed

a. Uses Harmonic Mean Sample Size=17.27 (innovativeness) and 17.99 (proactiveness).

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Risk Taking: Tukey HS[a]D[b]

		Subset for alpha =.05	
Data gatherers' area	*N*	*1*	*2*
Pasay, Paranaque, Las Pinas	14	4.43	
Makati	9	4.56	
Manila	29	4.86	4.84
Quezon City	35	5.02	4.86
Mandaluyong, Ortigas, Pasig	16		5.02
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	39		5.88
Sig			.09

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=17.98.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Competitive Aggressiveness: Tukey HS[a]D[b]

		Subset for alpha =.05	
Data gatherers' area	*N*	*1*	*2*
Makati	9	4.53	
Pasay, Paranaque, Las Pinas	14	4.67	
Mandaluyong, Ortigas, Pasig	15	4.80	4.80
Quezon City	36	4.97	4.97
Manila	29	5.02	5.02
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	38		5.85
Sig		.83	.11

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=17.76
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Autonomy: Tukey HS[a]D[b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Manila	29	4.93
Pasay, Paranaque, Las Pinas	14	5.05
Quezon City	35	5.18
Mandaluyong, Ortigas, Pasig	16	5.25
Makati	9	5.26
Tondo, Intramuros, Kaloocan, Malabon, Navotas, Valenzuela, SFDM	38	5.94
Sig		.20

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=17.94.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Appendix 5

Anova Test of Mean Differences on Field enumerators
Trimmed Data N=109

5.1 Anova Tests on Strategy Making Modes

		Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Plan_Perspective	Between Groups	2.28	4	.57	.52	.718
	Within Groups	108.74	100	1.09		
	Total	111.02	104			
Position	Between Groups	2.09	4	.52	.49	.744
	Within Groups	107.07	100	1.07		
	Total	109.16	104			
Ploy	Between Groups	3.99	4	.99	.60	.663
	Within Groups	166.22	100	1.66		
	Total	170.21	104			
Pattern	Between Groups	14.53	4	3.63	2.55	.044
	Within Groups	142.23	100	1.42		
	Total	156.76	104			

5.1.1 Tukey Post Hoc Tests on SM Modes

Plan with Perspective: Tukey HSD[a,b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Manila	29	5.12
Quezon city	36	5.17
Pasay, Paranaque, Las Pinas	15	5.34
Mandaluyong, Ortigas, Pasig	16	5.44
Makati	9	5.56
Sig		.74

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=16.53.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Position: Tukey HS[a]D[b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Manila	29	5.13
Pasay, Paranaque, Las Pinas	15	5.26
Makati	9	5.33
Quezon City	36	5.42
Mandaluyong, Ortigas, Pasig	16	5.53
Sig		.81

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=16.53.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Ploy: Tukey HS[a]D[b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Makati	9	4.58
Quezon city	36	4.85
Pasay, Paranaque, Las Pinas	15	4.99
Manila	29	5.11
Mandaluyong, Ortigas, Pasig	16	5.28
Sig		.53

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=16.53.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Ploy: Tukey HS[a]D[b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Pasay, Paranaque, Las Pinas	15	4.56
Mandaluyong, Ortigas, Pasig	16	5.10
Quezon city	36	5.46
Makati	9	5.51
Manila	29	5.70
Sig		.06

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=16.53.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

5.2 Anova Tests on Entrepreneurial Orientation Dimensions

		Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
Innovativeness	Between Groups	5.82	4	1.45	.81	.520
	Within Groups	175.42	98	1.79		
	Total	181.23	102			
Proactiveness	Between Groups	3.86	4	.97	.67	.613
	Within Groups	142.25	98	1.44		
	Total	146.12	102			
Risk Taking	Between Groups	3.40	4	.85	.63	.642
	Within Groups	132.18	98	1.35		
	Total	135.58	102			
Competitive Aggressiveness	Between Groups	2.68	4	.67	.47	.756
	Within Groups	138.51	98	1.41		
	Total	141.18	102			
Autonomy	Between Groups	1.67	4	.42	25	.912
	Within Groups	167.52	98	1.71		
	Total	169.20	102			

5.2.1 Tukey Post Hoc Tests on EO Dimensions

Innovativeness: Tukey HS[a]D[b]

Data gatherers' area	*N*	Subset for alpha =.05 *1*
Pasay, Paranaque, Las Pinas	14	4.38
Quezon city	36	4.55
Makati	8	4.56
Manila	29	4.93
Mandaluyong, Ortigas, Pasig	16	5.05
Sig		..63

Proactiveness: Tukey HS[a]D[b]

Data gatherers' area	*N*	Subset for alpha =.05 *1*
Makati	9	4.75
Pasay, Paranaque, Las Pinas	14	4.82
Manila	29	4.89
Quezon City	36	5.08
Mandaluyong, Ortigas, Pasig	16	5.38
Sig		.57

Means for groups in homogeneous subsets are displayed

a. Uses Harmonic Mean Sample Size=15.57(innovativeness) and 16.27(proactiveness)

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Risk Taking: Tukey HS[a]D[b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Pasay, Paranaque, Las Pinas	14	4.43
Makati	9	4.56
Manila	29	4.84
Quezon City	35	4.86
Mandaluyong, Ortigas, Pasig	16	5.02
Sig		.60

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=16.23.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Competitive Aggressiveness: Tukey HS[a]D[b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Makati	9	4.53
Pasay, Paranaque, Las Pinas	14	4.67
Mandaluyong, Ortigas, Pasig	15	4.80
Quezon City	36	4.97
Manila	29	5.01
Sig		.77

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=16.05)
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Autonomy: Tukey HS[a]D[b]

		Subset for alpha =.05
Data gatherers' area	*N*	*1*
Manila	29	4.93
Pasay, Paranaque, Las Pinas	14	5.05
Quezon City	35	5.18
Mandaluyong, Ortigas, Pasig	16	5.25
Makati	9	5.26
Sig		.95

Means for groups in homogeneous subsets are displayed
a. Uses Harmonic Mean Sample Size=16.23.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Appendix 6

Tests of Non-Response Bias

Group Statistics					
	group	*N*	*Mean*	*Std Deviation*	*Std. Error Mean*
plan_perspective	1	109	5.23	1.07	.10
	2	60	5.20	1.02	.13
position	1	109	5.31	1.02	.10
	2	60	5.31	1.07	.14
ploy	1	109	4.94	1.33	.13
	2	60	4.75	1.26	.16
pattern	1	109	5.30	1.24	.12
	2	60	4.92	1.37	.18
innovativeness	1	107	4.67	1.36	.13
	2	59	4.62	1.30	.17
proactiveness	1	108	5.00	1.19	.11
	2	58	5.01	1.36	.19
risk taking	1	107	4.79	1.13	.11
	2	59	4.67	1.36	.18
competitive aggressiveness	1	107	4.86	1.17	.11
	2	59	4.78	1.34	.17
autonomy	1	107	5.06	1.31	.13
	2	59	5.17	1.15	.15

Independent Samples Test

		Levene's Test for Equality of Variances		*t-test for Equality of Means*						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-t)	Mean Difference	Std. Error Difference	Lower	Upper
plan_ perspective	Equal variances assumed	.23	.63	.12	167	.91	.02	.17	-.31	.35
	Equal variances not assumed			.12	126.34	.90	.02	.17	-.31	.35
position	Equal variances assumed	.06	.81	.01	167	.99	.00	.17	-.33	.33
	Equal variances not assumed			.01	116.80	.99	.00	.17	-.33	.34
ploy	Equal variances assumed	.01	.93	.89	17	.38	.19	.21	-.23	.60
	Equal variances not assumed			.90	126.84	.37	.19	.21	-.22	.60
pattern	Equal variances assumed	1.52	.22	1.81	167	.07	.38	.21	-.03	.78
	Equal variances not assumed			1.76	111.82	.08	.38	.21	-.05	.80
innovativeness	Equal variances assumed	.09	.77	.22	164	.83	.05	.22	-.38	.48
	Equal variances not assumed			.22	124.28	.82	.05	.21	-.38	.47
proactiveness	Equal variances assumed	2.56	.11	-.07	164	.95	-.01	.20	-.42	.39
	Equal variances not assumed			-.06	104.10	.95	-.01	.21	-.43	.41
risk taking	Equal variances assumed	4.09	.05	.61	164	.54	.12	.20	-.27	.51
	Equal variances not assumed			.58	102.54	.56	.12	.21	-.29	.53
competitive aggressiveness	Equal variances assumed	2.56	.11	.39	164	.70	.08	.20	-.32	.47
	Equal variances not assumed			.37	106.77	.71	.08	.21	-.33	.49
autonomy	Equal variances assumed	.70	.40	-.53	164	.60	-.12	.20	-.51	.30
	Equal variances not assumed			-.55	133.51	.59	-.11	.20	-.50	.28

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Firm size*group	157	92.9%	12	7.1%	169	100.0%

Firm Size * Group Cross Tabulation

Count

		Group		
		1	2	Total
Firm size	<=99	74	40	114
	>=100	28	15	43
Total			55	157

Chi-Square Tests

	Value	*df*	*Asymp. Sig. (2-sided)*	*Exact Sig. (2-sided)*	*Exact Sig. (1-sided)*
Pearson Chi-Square	.001[a]	1	.98		
Continuity Correction[b]	.000	1	1.00		
Likelihood Ratio	.001	1	.98		
Fisher's Exact Test				1.00	.57
Linear-by-Linear Association	.001	1	.98		
N of Valid Cases	157				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.80.
b. Computed only for a 2x2 table

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Firm age*group	163	96.4%	6	3.6%	169	100.0%

Firm Age * Group Cross Tabulation

Count

		Group		
		1	2	Total
Firm age	10 yrs & below	18	14	32
	11 yrs & below	90	41	131
Total		108	55	163

Chi-Square Tests

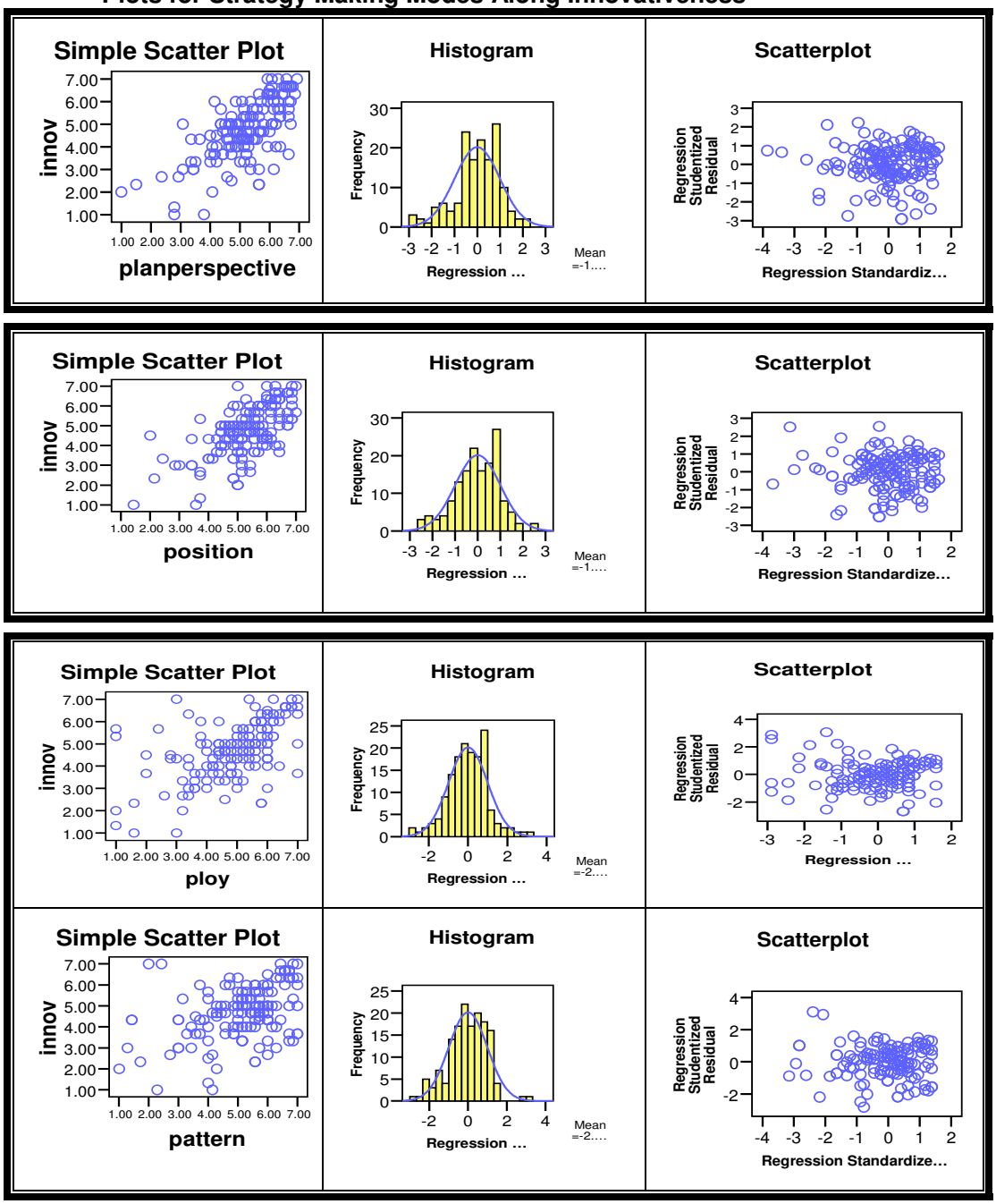
	Value	*df*	*Asymp. Sig. (2-sided)*	*Exact Sig. (2-sided)*	*Exact Sig. (1-sided)*
Pearson Chi-Square	1.78[a]	1	.18		
Continuity Correction[b]	1.27	1	.26		
Likelihood Ratio	1.73	1	.19		
Fisher's Exact Test				.21	.13
Linear-by-Linear Association	1.77	1	.18		
N of Valid Cases	163				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.80.
b. Computed only for a 2x2 table

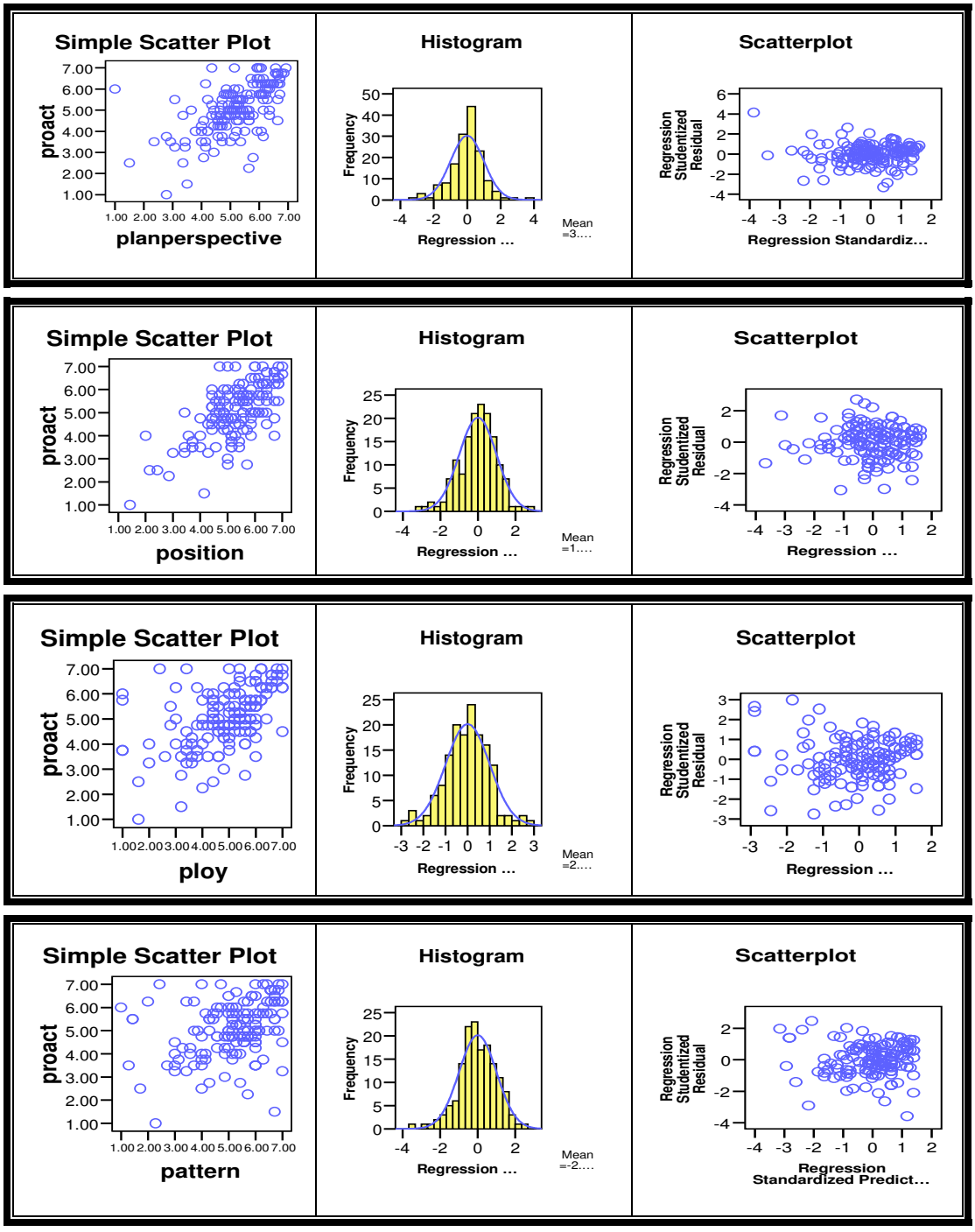
Appendix 7

Simple Regression Graphical Plots

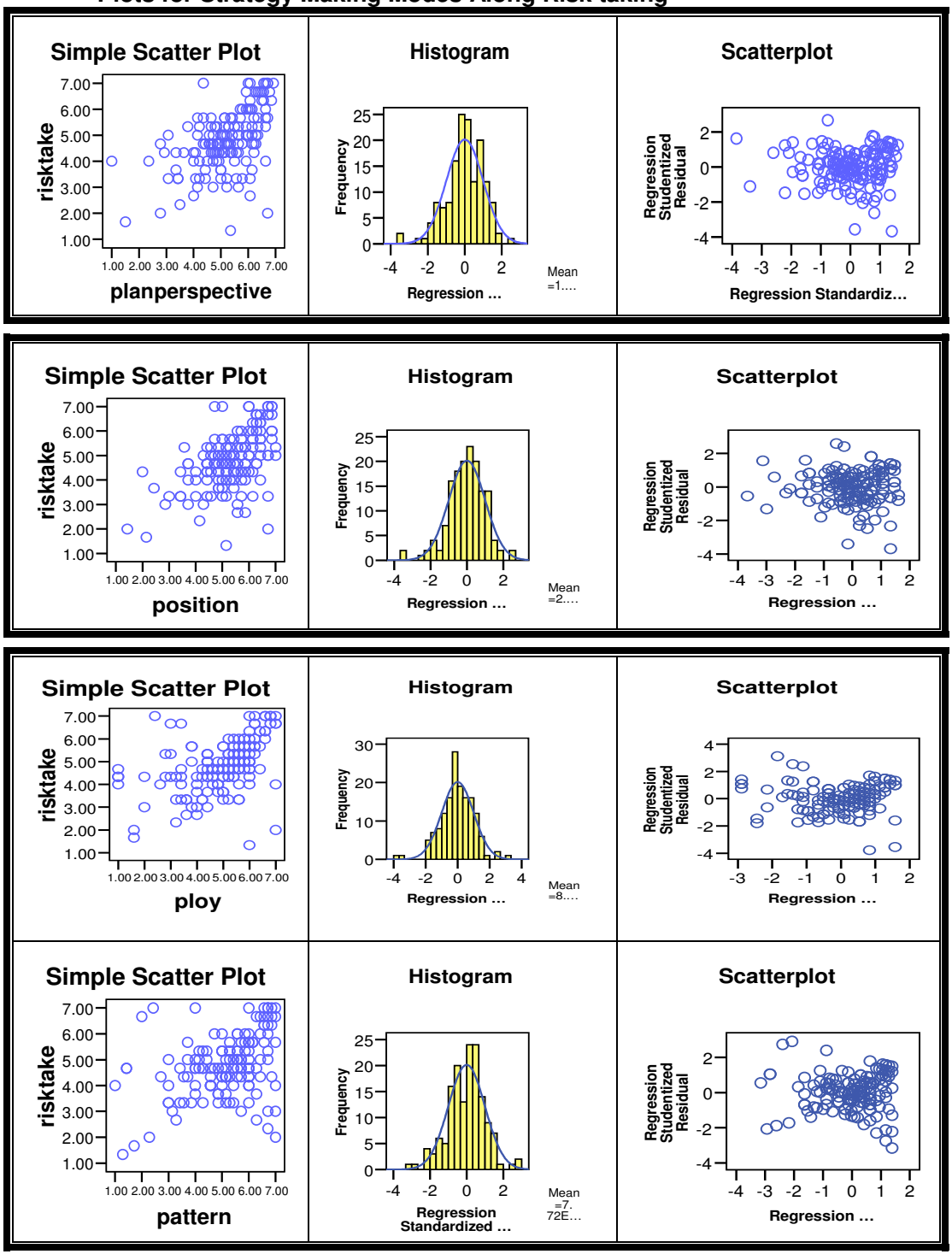
7.1 Simple Scatter Plots, Normal Probability Plots, Standardized Residual Plots for Strategy Making Modes Along Innovativeness



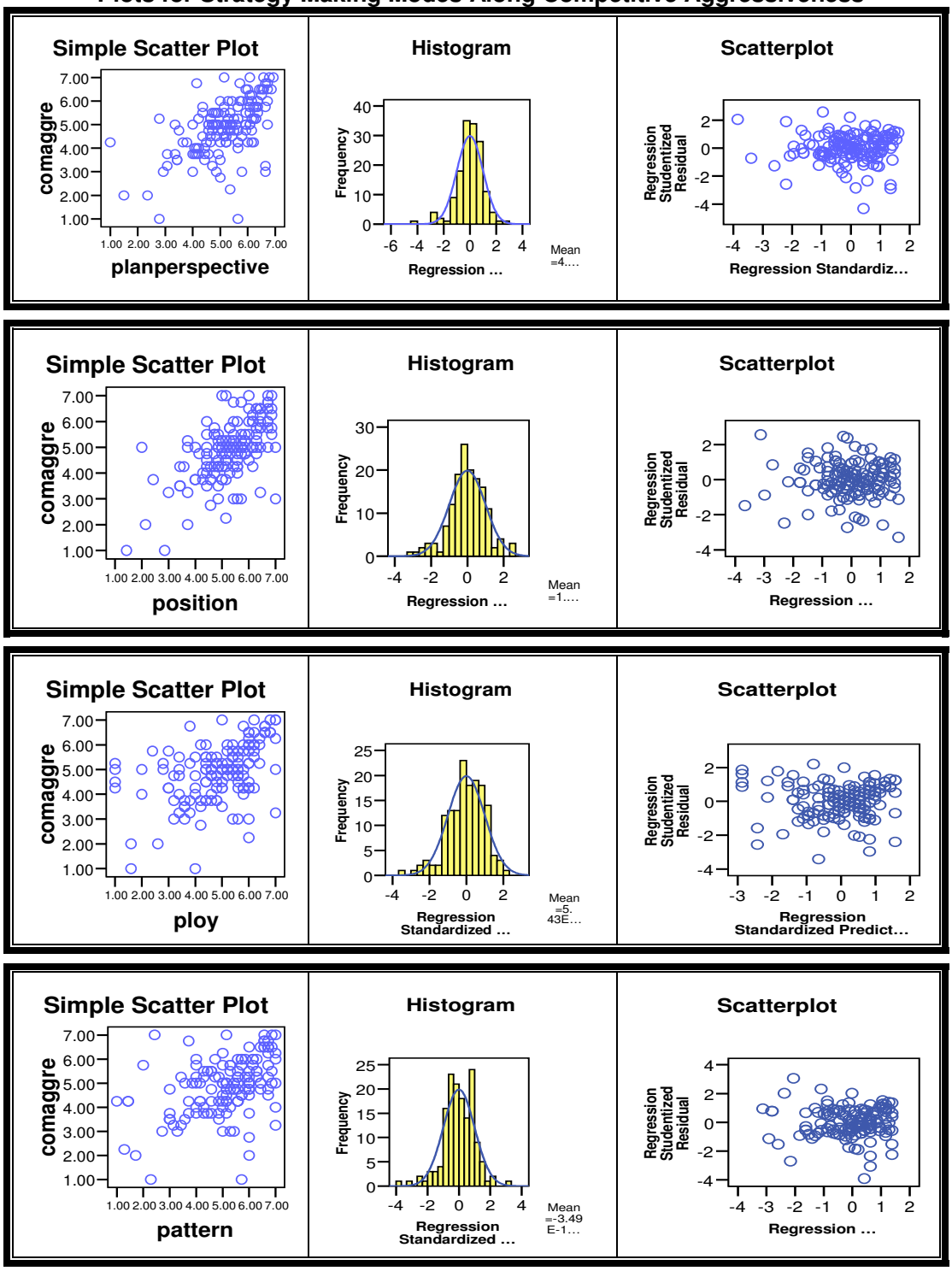
7.2 Simple Scatter Plots, Normal Probability Plots, Standardized Residual Plots for Strategy Making Modes Along Proactiveness



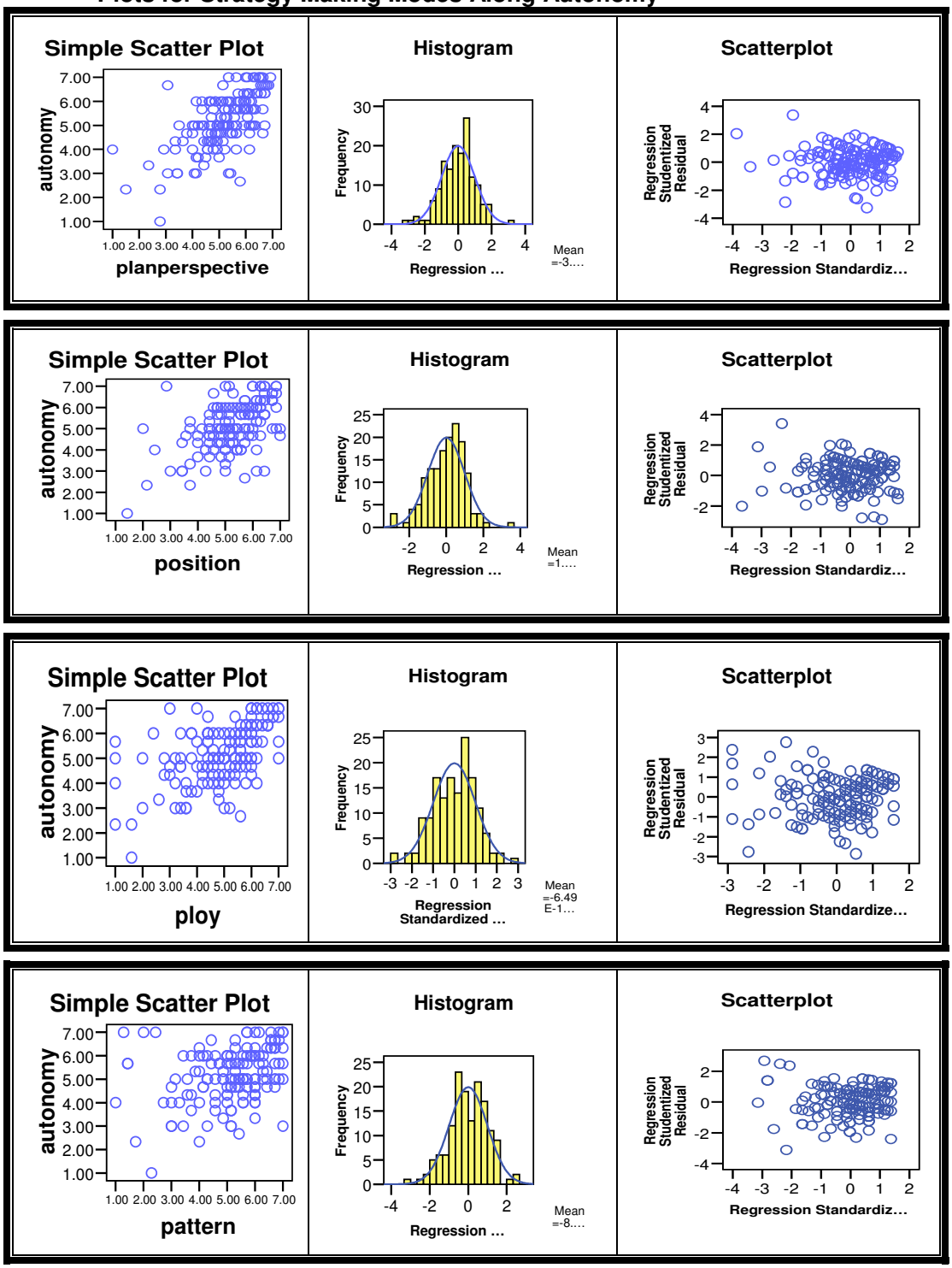
7.3 Simple Scatter Plots, Normal Probability Plots, Standardized Residual Plots for Strategy Making Modes Along Risk taking



7.4 Simple Scatter Plots, Normal Probability Plots, Standardized Residual Plots for Strategy Making Modes Along Competitive Aggressiveness



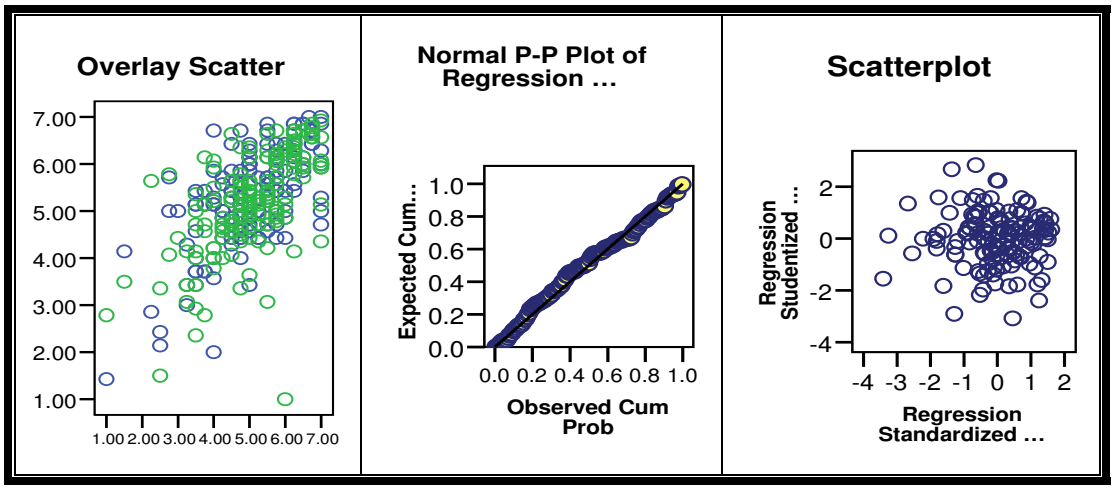
7.5 Simple Scatter Plots, Normal Probability Plots, Standardized Residual Plots for Strategy Making Modes Along Autonomy



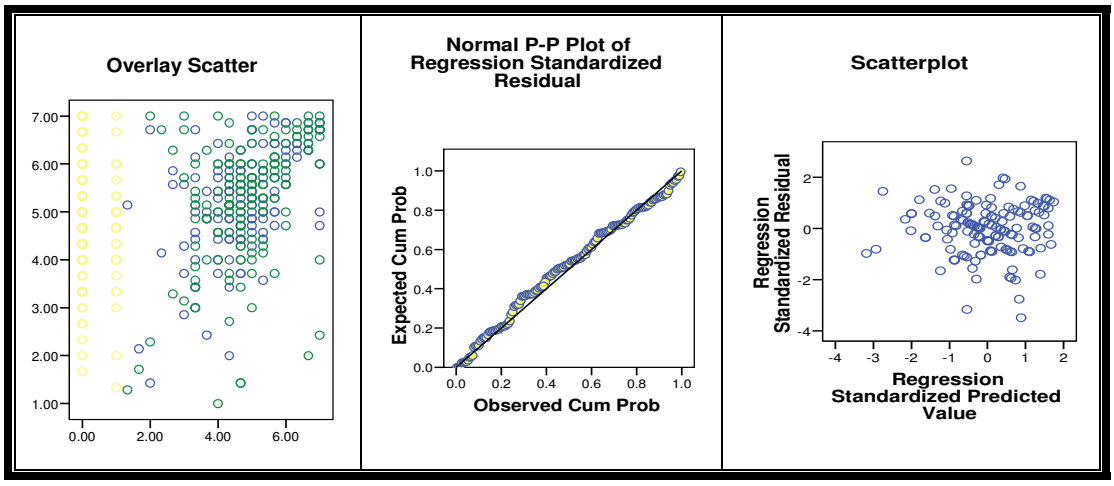
Appendix 8

Multiple Regression Graphical Plots

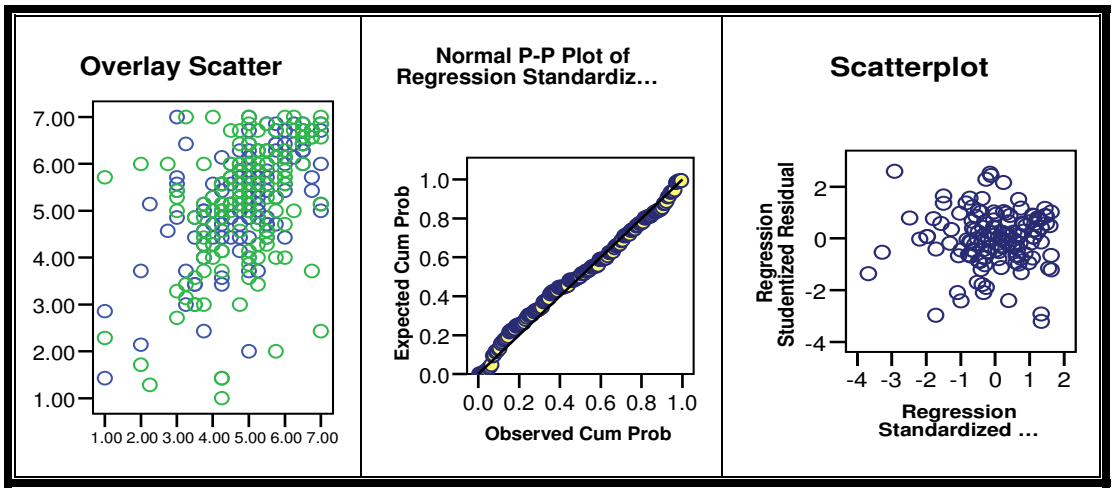
8.1 Overlay Scatter Plot, Normal Probability Plot and Standardized Residual Plot of the Overall Variate (Position, Plan with Perspective and Proactiveness)



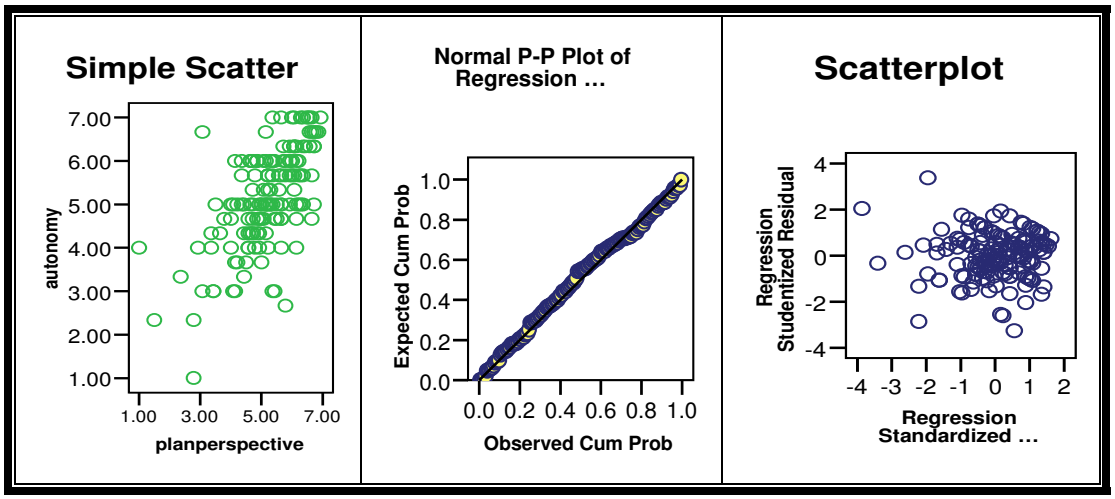
8.2 Overlay Scatter Plot, Normal Probability Plot and Standardized Residual Plot of the Overall Variate (Position, Plan with Perspective, Firm Age and Risk taking)



8.3 Overlay Scatter Plot, Normal Probability Plot and Standardized Residual Plot of the Overall Variate (Position, Pattern and Competitive Aggressiveness)



8.4 Overlay Scatter Plot, Normal Probability Plot and Standardized Residual Plot of the Overall Variate (Plan with Perspective, and Autonomy)



Appendix 9

Construction of the Frequency Distribution Table

1) Determine the Range:

R = Highest Score – Lowest Score
= 7 – 1
= 6

2) Compute the class interval size by dividing the range by the number of class intervals (categories) desired:

i = R/7 = 6/7
= 0.86

3) Construct the Class intervals:

Lower Limit (First Class interval)= Lowest Score = 1.00

Lower Limit (Second) = Lower Limit (First Class interval) + class size

= 1.00 + 0.86

Upper Limit (First Class interval) = Lower Limit (Second) – 0.01
= 1.85

Lower Limit (Succeeding Intervals) = Lower Limit (Preceding Class interval) + class size

Upper Limit (Succeeding Intervals) = Upper Limit (Preceding Class interval) + class size

6.16 – 7.00	Always Exhibited (AE)
5.30 – 6.15	Very Frequently Exhibited (VFE)
4.44 – 5.29	Frequently Exhibited (FE)
3.58 – 4.43	Occasionally Exhibited (OE)
2.72 – 3.57	Rarely Exhibited (RE)
1.86– 2.71	Very rarely Exhibited (VRE)
1.00 – 1.85	Never Even Exhibited (NE)

Appendix 10

Frequency Table on the Profile of the Respondents

Firm Size					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	<=99 employees	114	67.5	72.6	72.6
	>=100 employees	43	25.4	27.4	100.0
	Total	157	92.9	100.0	
Missing	System	12	7.1		
Total		169	100.0		

Firm Age					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	10 yrs & below	32	18.9	19.6	19.6
	11 yrs & above	131	77.5	80.4	100.0
	Total	163	96.4	100.0	
Missing	System	6	3.6		
Total		169	100.0		

Legal Forms of Business					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Corporations	150	88.8	90.4	90.4
	Non-Corporations	16	9.5	9.6	100.0
	Total	166	98.2	100.0	
Missing	System	3	1.8		
Total		169	100.0		

Ownership Structure

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Local Owners	131	77.5	79.4	79.4
	Non-Local Owners	34	20.1	20.6	100.0
	Total	165	97.6	100.0	
Missing	System	4	2.4		
Total		169	100.0		

Local Ownership

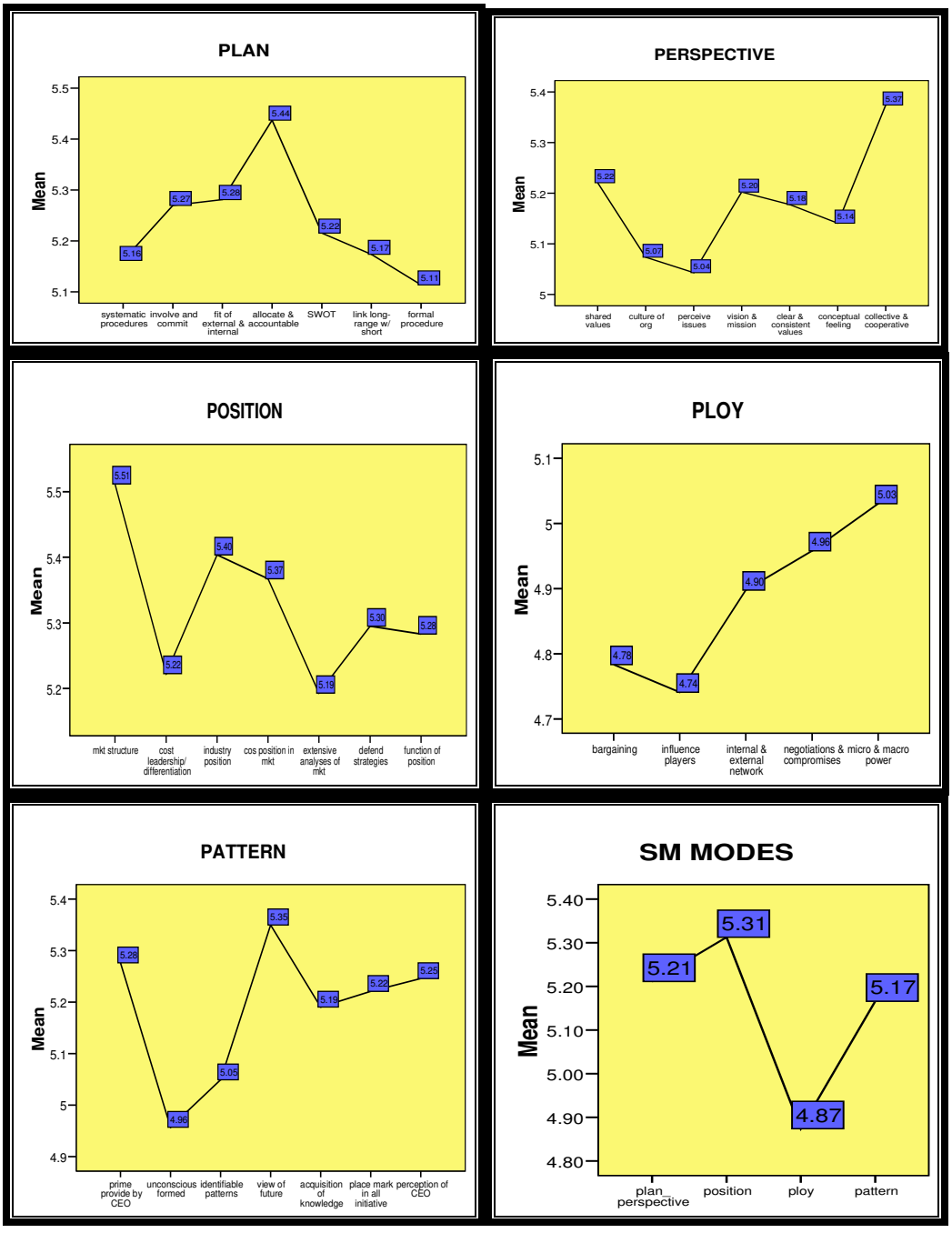
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Filipino Owners	101	59.8	65.6	65.6
	Non-Filipino Owners	53	31.4	34.4	100.0
	Total	154	91.1	100.0	
Missing	System	15	8.9		
Total		169	100.0		

Business Category

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Diversified	65	38.5	44.5	44.5
	Non-Diversified	81	47.9	55.5	100.0
	Total	146	86.4	100.0	
Missing	System	23	13.6		
Total		169	100.0		

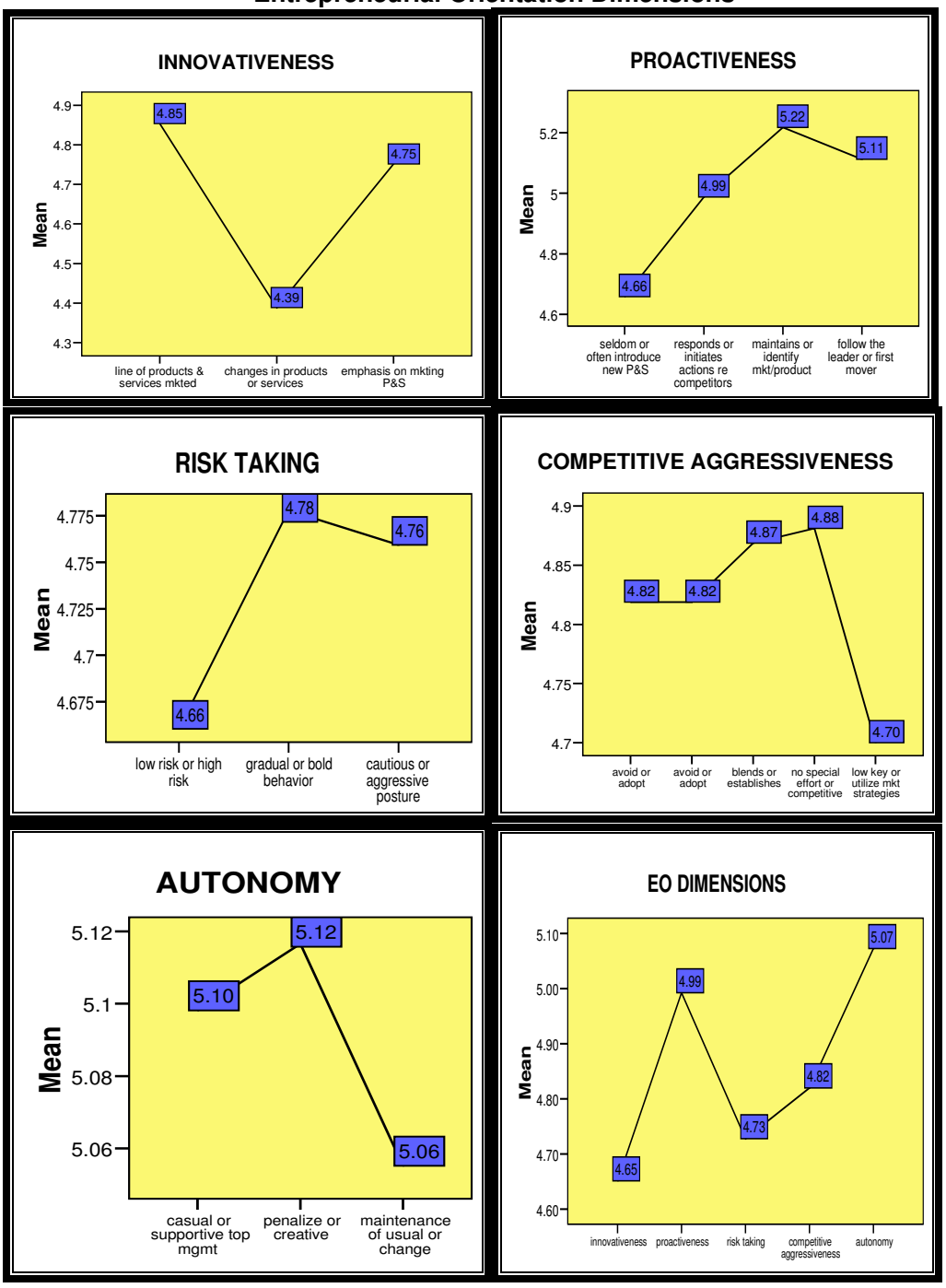
Appendix 11

Line Graphs of the Level of Exhibition on Strategy Making Modes



Appendix 12

Line Graphs of the Level of Exhibition on Entrepreneurial Orientation Dimensions



Appendix 13

Frequency of Responses on Strategy Making Modes

Statistics					
		Plan with Perspective	*Position*	*Ploy*	*Pattern*
N	Valid	169	168	169	166
	Missing	0	1	0	3
Mean		2.63	2.47	2.94	2.69

Plan with Perspective					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	30	17.8	17.8	17.8
	VFE	50	29.6	29.6	47.3
	FE	60	35.5	35.5	82.8
	OE	16	9.5	9.5	92.3
	RE	10	5.9	5.9	98.2
	VRE	1	.6	.6	98.8
	NEE	2	1.2	1.2	100.0
	Total	169	100.0		

Position					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	35	20.7	20.8	20.8
	VFE	54	32.0	32.1	53.0
	FE	59	34.9	35.1	88.1
	OE	10	5.9	6.0	94.0
	RE	6	3.6	3.6	97.6
	VRE	3	1.8	1.8	99.4
	NEE	1	.6	.6	100.0
	Total	168	99.4	100.0	
Missing	System	1	.6		
Total		169	100.0		

Ploy					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	24	14.2	14.2	14.2
	VFE	48	28.4	28.4	42.6
	FE	53	31.4	31.4	74.0
	OE	19	11.2	11.2	85.2
	RE	14	8.3	8.3	93.5
	VRE	5	3.0	3.0	96.4
	NEE	6	3.6	3.6	100.0
	Total	169	100.0	100.0	

Pattern					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	34	20.1	20.5	20.5
	VFE	52	30.8	31.3	51.8
	FE	43	25.4	25.9	77.7
	OE	19	11.2	11.4	89.2
	RE	10	5.9	6.0	95.2
	VRE	3	1.8	1.8	97.0
	NEE	5	3.0	3.0	100.0
	Total	166	98.2	100.0	
Missing	System	3	1.8		
Total		169	100.0		

Appendix 14

Frequency of Responses on Entrepreneurial Orientation Dimensions

Statistics						
		Innovativeness	*Proactiveness*	*Risk taking*	*Competitive Aggressiveness*	*Autonomy*
N	Valid	166	166	166	166	166
	Missing	3	3	3	3	3

Innovativeness					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	23	13.6	13.9	13.9
	VFE	33	19.5	19.9	33.7
	FE	43	25.4	25.9	59.6
	OE	37	21.9	22.3	81.9
	RE	14	8.3	8.4	90.4
	VRE	11	6.5	6.6	97.0
	NEE	5	3.0	3.0	100.0
	Total	166	98.2	100.0	
Missing	System	3	1.8		
Total		169	100.0		

Proactiveness					
		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	34	20.1	20.5	20.5
	VFE	38	22.5	22.9	43.4
	FE	49	29.0	29.5	72.9
	OE	23	13.6	13.9	86.7
	RE	14	8.3	8.4	95.2
	VRE	5	3.0	3.0	98.2
	NEE	3	1.8	1.8	100.0
	Total	166	98.2	100.0	
Missing	System	3	1.8		
Total		169	100.0		

Risk Taking

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	19	11.2	11.4	11.4
	VFE	39	23.1	23.5	34.9
	FE	44	26.0	26.5	61.4
	OE	38	22.5	22.9	84.3
	RE	16	9.5	9.6	94.0
	VRE	6	3.6	3.6	97.6
	NEE	4	2.4	2.4	100.0
	Total	166	98.2	100.0	
Missing	System	3	1.8		
Total		169	100.0		

Competitive Aggressiveness

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	22	13.0	13.3	13.3
	VFE	31	18.3	18.7	31.9
	FE	59	34.9	35.5	67.5
	OE	32	18.9	19.3	86.7
	RE	13	7.7	7.8	94.6
	VRE	6	3.6	3.6	98.2
	NEE	3	1.8	1.8	100.0
	Total	166	98.2	100.0	
Missing	System	3	1.8		
Total		169	100.0		

Autonomy

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	AE	34	20.1	20.5	20.5
	VFE	44	26.0	26.5	47.0
	FE	42	24.9	25.3	72.3
	OE	28	16.6	16.9	89.2
	RE	11	6.5	6.6	95.8
	VRE	4	2.4	2.4	98.2
	NEE	3	1.8	1.8	100.0
	Total	166	98.2	100.0	
Missing	System	3	1.8		
Total		169	100.0		

Appendix 15

Descriptives for Plan with Perspective According to Firm Age

Case Processing Summary

		Cases					
		Valid		*Missing*		*Total*	
	Firm Age	N	Percent	N	Percent	N	Percent
Plan_Perspective	10 yrs & below	32	100.0%	0	.0%	32	100.0%
	11 yrs & above	131	100.0%	0	.0%	131	100.0%

Descriptives

	Firm Age			*Stat*	*Std. Error*
Plan_Perspective	10 yrs & below	Mean		5.54	.12
		95% Confidence	Lower Bound	5.28	
		Interval for Mean	Upper Bound	5.79	
		5% Trimmed Mean		5.56	
		Median		5.64	
		Variance		.49	
		Std. Deviation		.70	
		Minimum		4.00	
		Maximum		6.71	
		Range		2.71	
		Interquartile Range		.91	
		Skewness		-.53	.41
		Kurtosis		-.39	.81
	11 yrs & above	Mean		5.13	
		95% Confidence	Lower Bound	4.93	
		Interval for Mean	Upper Bound	5.32	
		5% Trimmed Mean		5.19	
		Median		5.14	
		Variance		1.25	
		Std. Deviation		1.12	
		Minimum		1.00	
		Maximum		6.93	
		Range		5.93	
		Interquartile Range		1.50	
		Skewness		-.84	.21
		Kurtosis		1.16	.42

Appendix 16

Descriptives for Position Strategy Making According to Legal Forms of Business

Case Processing Summary

		Cases					
	Legal Forms of Business	*Valid*		*Missing*		*Total*	
		N	Percent	N	Percent	N	Percent
Position	Corporations	150	100.0%	0	.0%	150	100.0%
	Non-Corporations	16	100.0%	0	.0%	16	100.0%

Descriptives

	Legal Forms of Business			*Stat*	*Std. Error*
Position	Corporations	Mean		5.40	
		95% Confidence Interval for Mean	Lower Bound	5.24	
			Upper Bound	5.55	
		5% Trimmed Mean		5.45	
		Median		5.43	
		Variance		.92	
		Std. Deviation		.96	
		Minimum		2.00	
		Maximum		7.00	
		Range		5.00	
		Interquartile Range		1.29	
		Skewness		-.71	.20
		Kurtosis		.73	.39
	Non-Corporations	Mean		4.7	
		95% Confidence Interval for Mean	Lower Bound	4.07	
			Upper Bound	5.34	
		5% Trimmed Mean		4.81	
		Median		5.00	
		Variance		1.43	
		Std. Deviation		1.20	
		Minimum		1.43	
		Maximum		6.14	
		Range		4.71	
		Interquartile Range		1.11	
		Skewness		-1.61	.56
		Kurtosis		2.85	1.09

Appendix 17

Descriptives for Competitive Aggressiveness According to Legal Forms of Business

Case Processing Summary

		Cases					
	Legal Forms of Business	*Valid*		*Missing*		*Total*	
		N	Percent	N	Percent	N	Percent
Competitive Aggressiveness	Corporations	147	98.0%	3	2.0%	150	100.0%
	Non-Corporations	16	100.0%	0	.0%	16	100.0%

Descriptives

	Legal Forms of Business			*Stat*	*Std. Error*
Competitive Aggressiveness	Corporations	Mean		4.94	
		95% Confidence Interval for Mean	Lower Bound	4.75	
			Upper Bound	5.13	
		5% Trimmed Mean		4.99	
		Median		5.00	
		Variance		1.35	
		Std. Deviation		1.16	
		Minimum		1.00	
		Maximum		7.00	
		Range		6.00	
		Interquartile Range		1.50	
		Skewness		-.51	.20
		Kurtosis		.39	.40
	Non-Corporations	Mean		4.13	
		95% Confidence Interval for Mean	Lower Bound	3.36	
			Upper Bound	4.89	
		5% Trimmed Mean		4.21	
		Median		4.38	
		Variance		2.06	
		Std. Deviation		1.43	
		Minimum		1.00	
		Maximum		5.75	
		Range		4.75	
		Interquartile Range		1.63	
		Skewness		-1.32	.56
		Kurtosis		1.18	1.09

Appendix 18

Tests of Normality

18.1 Test of Normality for the Dependent Variable Plan with Perspective According to Firm Age

		Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Firm Age	Stat	df	Sig.	Stat	df	Sig.
Plan_Perspective	10 yrs & below	.12	30	.200*	.97	30	.515
	11 yrs & above	.07	130	.10	.95	130	.000

**. This is the lower bound of true significance*
a. Lilliefors Significance Correction

18.2 Test of Normality for the Dependent Variable POSITION according to Legal forms of Business

	Legal Forms of	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Business	Stat	df	Sig.	Stat	df	Sig.
Position	Corporations	.07	147	.200*	.96	147	.000
	Non-Corporations	.22	16	.04	.85	16	.016

**. This is the lower bound of true significance*
a. Lilliefors Significance Correction

18.3 Test of Normality for the Dependent Variable COMPETITIVE AGGRESSIVENESS according to Legal forms of Business

	Legal Forms of	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Business	Stat	df	Sig.	Stat	df	Sig.
Competitive	Corporations	.09	142	.007	.98	142	.000
Aggressiveness	Non-Corporations	.17	16	.200*	.85	16	.013

**. This is the lower bound of true significance*
a. Lilliefors Significance Correction

About the Author

Richel Lamadrid was born on 21 January 1972 in Bulan, Sorsogon, Philippines. She holds an undergraduate degree in Sociology (1992) and a Master in Industrial Relations (1998) which are both from the University of the Philippines, Diliman. Her PhD sandwich program has been sponsored by VLIR-PIUC program from 2004 to the beginning of 2009.

Career wise, she has been exposed to both the corporate and the academic fields. Currently, she is an Associate Professor (on study leave) at Saint Lois University, Baguio City, Philippines of the Department of Management, Marketing and Entrepreneurship, College of Accountancy and Commerce.

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