

**A Longitudinal Study of the Entrepreneurial Orientation Dimensions, its Relationships
with Organizational Variables and with Firm Performance: the Case of a Brazilian
Furniture Manufacturer.**

**José Cezar Castanhar^{a,*}, João Ferreira Dias^{b,1},
José Paulo Esperança^{b,1}**

^a Brazilian School of Public and Business Administration, Getulio Vargas Foundation
(EBAPE/FGV), Rio de Janeiro, Praia de Botafogo, 190, 22257-970, Brazil

^b UNIDE/ISCTE BUSINESS SCHOOL, Lisbon, Av. Prof. Aníbal de Bettencourt 1600-189,
Portugal

* corresponding author. Tel.: +55 21 2547 6027; fax + 55 21 25481301

E-mail addresses: castanhar@fgv.br (José Cezar Castanhar), jfd@iscte.pt (João Ferreira Dias), jose.esperanca@iscte.pt (José Paulo Esperança)

¹ Tel.: +351 21 782 6100

¹ Tel.: + 351 21 782 6100

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Abstract

The early study of Miller (1983) on Entrepreneurship proposed a radical shift in the approach to this theme that influenced most of the literature and research afterwards. He proposed that instead of focusing on the traits and abilities of the “Entrepreneur”, usually a dominant organizational personality or the owner-manager who makes the strategic decisions for the firm, the emphasis should shift at the entrepreneurial activity of the firm. That is, a change that would shift the focus from the *individual* Entrepreneur to the *process* of entrepreneurship itself and the organizational factors which foster and impede it. He then, suggested that an entrepreneurial behavior is 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”. He also proposed an instrument to measure these dimensions of the Entrepreneurial behavior.

Along a significant number of theoretical and empirical studies on the theme, some controversies emerged: are the components of the entrepreneurial behavior an unidimensional construct (Covin & Slevin, 1989), or can they be considered as independent dimensions of the construct (Lumpkin & Dess, 1996)?; is the entrepreneurial behavior equally present in all phases of the corporate life, or it can evolve, increase or decrease?; is it safe to assume the direction of causality present in all studies, that entrepreneurial behavior leads to performance, or is there only a correlation between these two variables, and the causality could be the opposite, that is, superior performance allows a firm to adopt and increase entrepreneurial behavior? The purpose of this article is to address, through a field case study, these three questions.

A Longitudinal Study of the Entrepreneurial Orientation Dimensions, its Relationships with Organizational Variables and with Firm Performance: the Case of a Brazilian Furniture Manufacturer.

Introduction

The early study of Miller (1983) on Entrepreneurship proposed a radical shift in the approach to this theme that influenced most of the literature and research afterwards. He proposed that instead of focusing on the traits and abilities of the “Entrepreneur”, usually a dominant organizational personality or the owner-manager who makes the strategic decisions for the firm, the emphasis would shift at the entrepreneurial activity of the firm. That is, a change that should shift the focus from the *individual* Entrepreneur to the *process* of entrepreneurship itself and the organizational factors which foster and impede it. He then, suggested that an entrepreneurial behavior is 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”¹ (Miller, 1983: 771). He also proposed an instrument to measure these dimensions of the Entrepreneurial behavior.

According to Lumpkin & Dess (1996), numerous researchers have adopted an approach based on Miller’s (1983) original conceptualization and measurement instrument to empirically test the relationship between entrepreneurship behavior and other organizational dimensions, especially environment, structure and strategy. And, of the more importance for theoretical and practical purposes, the relationship between entrepreneurial behavior and firm performance, mediated or contingent upon the firm’s environment, structure and strategy. Along most of these theoretical and empirical studies, some controversies emerged: are the components of the entrepreneurial behavior a unidimensional construct (Covin & Slevin, 1989), or can they be considered as independent dimensions of the construct (Lumpkin & Dess, 1996) ?; is the entrepreneurial behavior equally present in all phases of the corporate life, or it can evolve, increase or decrease?; is it safe to assume the direction of causality present in all studies, that entrepreneurial behavior leads to performance, or is there only a

¹ Emphasis in the original

correlation between these two variables, and the causality could be the opposite, that is, superior performance allows a firm to adopt and increase entrepreneurial behavior?

The purpose of this article is to address, through a field case study, these three questions. The following section reviews the literature on several aspects of EO: its dimensions, the relationship between them and the relationship between EO and firm performance. The next section outlines the study's data collection approach and analytical techniques, and this is followed by a presentation of the study's results. The final section outlines the study's limitations and discusses the implications for managerial action and future research.

Theory and Hypotheses (or Theory Development)

As mentioned previously, an important shift that occurred in the field of Entrepreneurship in the early 80s was a change on the research subject from the individual entrepreneur, to the processes of entrepreneurship that takes place on organizations, or from the individual level of analysis to the firm-level of analysis. According to Lumpkin & Dess (1996), this shift was similar to the one made in the strategic management literature between content and process (Bourgeois, 1980). So, as the field of strategic management developed, the question changed from "what business shall we enter?" to "how the process of entrepreneurship occurs in the organization?", that is, the methods, practices, and decision-making styles managers use to act entrepreneurially. Although some authors referred to this entrepreneurial process with different labels, there was a significant agreement on its definition and component dimensions. From Miller's (1983) definition of Entrepreneurial Behavior, three salient dimensions emerge: innovativeness, proactiveness, and risk-taking. Covin & Slavin (1989) referred to it as Strategic Posture but defined it, also, in terms of innovation, proactiveness, and risk-taking. Zahra & Covin (1995) used the concept of Corporate Entrepreneurship and suggested that "it provides a potential means for revitalizing established companies. This is accomplished through risk taking, innovation, and proactive competitive behaviors."

Lumpkin & Dess (1996) made an impressive effort to consolidate the most acknowledged theoretical and empirical contributions to that date and presented the challenge of linking this entrepreneurial behavior with firm performance. Lumpkin & Dess started by proposing a more comprehensive definition of the entrepreneurial processes within organizations, adding to the original dimensions of innovativeness, proactiveness, and risk-taking proposed by

Miller (1983), two others: autonomy and competitive aggressiveness. The organizational behavior characterized by these 5 dimensions was called by Lumpkin & Dess (1996) as Entrepreneurial Orientation (EO), a definition that was subsequently adopted in most of the studies in the Entrepreneurship Field. They also contended the notion that the EO construct was unidimensional, that is, for the Entrepreneurial Orientation to exist, all the components should be in action. Instead they proposed the alternative that the five dimensions of an Entrepreneurial Orientation could exist and vary independently. This assumption was further empirically tested and accepted (Lumpkin & Dess, 2001).

We now present the formal definition of the five EO dimensions, as originally proposed by Miller (1983) and further refined by Lumpkin & Dess (1996).

Autonomy refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion.

Innovativeness reflects a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes.

Risk Taking is the firm's proclivity to engage in risky projects and preferences for bold versus cautious acts to achieve firm objectives.

Proactiveness refers to processes aimed at anticipating and acting on future needs by seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle.

Competitive Aggressiveness refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace.

We will follow the proposition of Lumpkin & Dess (1996) about the independence of the salient dimensions of Entrepreneurial Orientation and hypothesize:

H1: A firm Entrepreneurial Orientation can result from the presence of some of its salient dimensions, and not necessarily from the presence of all of its salient dimensions.

With respect with the Entrepreneurial Orientation and firm performance relationship, Lumpkin & Dess (1996) at the same time warned to the apparent existence of a normative

bias, toward the inherent value in entrepreneurship, and cited Zahra, who found that there was a “paucity of empirical documentation of the effect of entrepreneurship on company financial performance” (1993:11). They then suggested that, in order to effectively model the EO-performance relationship, the role of contingent variables (Environmental Factors such as Dynamism, Munificence, Complexity and Industry characteristics, and Organizational Factors such as Size, Structure, Strategy, Strategy-making processes, Firm Resources, Culture, and Leadership characteristics) should be considered. Most of the theoretical and empirical work on the EO-performance relationship that followed their work, adopted that instance. Although a substantial number of studies have been conducted on the EO-performance relationship taking moderators into account, there remain some debate about the effect of EO on firm performance (Rauch et. al. 2004). According to Raunch et. al. (2004), that conducted a meta-analysis to examine in a more formal and rigorous way such effects, several studies have found that those companies that adopt a more entrepreneurial orientation perform better (e.g., Wiklund, 1999; Zahra, 1991; Zahra & Covin, 1995). These findings, however, are contested by other studies that were unable to find a significant relationship between EO an performance, whereas Hart (1992) argues that entrepreneurial-type strategies may even be associated with poor performance, since they are resource-consuming.

Another important aspect discussed on the theoretical and empirical literature is the presence of Entrepreneurial Orientation in different types of firms. Is it reasonable to assume that EO is a feature present in all types of organizations? Or, putting it another way: is there some is there some special combinations of characteristics in a firm in terms of Structure, Strategy, Strategy-making style that is more suitable for the emergence of Entrepreneurial Orientation than others? Miller & Friesen (1982a) stated that momentum is a pervasive force in organizations, meaning that past practices, trend and strategies tend to keep evolving in the same direction, perhaps reaching dysfunctional extremes. They then proposed two models of strategic momentum in organizations: the Conservative Model of Innovation and the Entrepreneurial Model of Innovation. According to the authors, in the latter, firms will engage naturally and constantly in innovative strategies unless there are certain key obstacles acting to stop it. Inversely, in the Conservative Model, innovation is not a natural state of affairs, so it must be encouraged by challenges and threats, and that it requires a particular type of structure and an effective information processing system to make conservative managers aware of the need for change.

Miller (1983) most acknowledged work aimed, exactly, at discussing different correlates of entrepreneurship in different types of firms. He identified three different types of firms and hypothesized that the determinants of entrepreneurship, hence the Entrepreneurial Orientation, would be different for each of the three types. His Type One firm was named Simple Firms, in which the most salient determinant of an entrepreneurial behavior is the Leadership characteristic. The Type Two was labeled Planning Firms and here, the presence of the entrepreneurial behavior will depend upon the explicitness and integration of the product-market strategy. In his Type Three firm, named Organic Firms, the entrepreneurial behavior would be determined, predominantly, by environmental and structural imperatives. Answering the question “What makes a firm entrepreneurial?”, Lumpkin & Dess (1996) suggested that any firm that engages in an effective combination of autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness is entrepreneurial. According to the latter authors, in addition to be a source of competitive advantage or strategic renewal, even for firms that are not involved in launching new ventures, an Entrepreneurial Orientation may be the only thing a young firm can use for leverage until issues of survival can be satisfied. But, on the other hand, addressing to findings from Devanna & Tichy (1990), Lumpkin & Dess (1996) a strategy that emphasizes an aggressive Entrepreneurial Orientation without giving attention to the Structure developments needed to effectively develop an innovative new product or service, or to keep the entrepreneurial momentum proposed by Miller & Friesen (1982a), may cause performance to suffer.

Drawing on the arguments above we then, state the following hypothesis:

H2: An Entrepreneurial Orientation can be an strategic resource for a new firm to grow quickly and will be positively associated to performance. That positive effect, however, is contingent to an adequate match between environment, strategy and structure. Fail to promote this match can, eventually, harm the firm performance and growth.

Before going to the next section we must warn that, although we have formally stated hypothesis, due to nature of the empirical study we conducted, it is not our intention to formally (using quantitative methods of hypothesis testing) test those hypothesis. As we will see in the following section, we drawn from the evidences collected in our case study to find qualitative support to accept or reject the hypothesis stated.

Data Collection and Method

According to the taxonomy proposed by Miller & Friesen (1982b), the present study falls in their Type 1 category: “Longitudinal, Broadly Focused, and Non-quantitative Studies of Single Organizations”. They suggested that “perhaps the most common longitudinal studies are those which have been performed upon individual organizations.” Through such studies, important organization information, such as changes in size, management, product-market strategy, competition and markets are documented, and often many details are obtained about the rationales for key decisions. They point out the thorough studies by the Harvard Business Historical Society as the most prominent among such works.

Miller & Friesen (1982b), argue that a prime strength of all Type 1 studies is that they provide a basis for real insights into how organizations make decisions, adapt to their environments, enact new environments, and restructure themselves. This kind of study provides to the researcher a wealth of detail on sequences of decisions and events which affords much knowledge on the time priority of change in variables of strategy, structure, environment, decision making methods and leadership style and personality. According to them,

“ begin to see just why things change and this can help in building better Models. The rich account of processes shows the dynamic interrelationships among many of the attributes of the firm and its settings. It can thus suggest to subsequent researchers which variables might be most important in explaining various organizational phenomena.” (Miller & Friesen, 1982b: 1016).

Miller & Friesen (1982b) remind us that there are also weaknesses in these studies. Firstly, they do not allow for generalizations since they are build upon a sample of one. Secondly, it is difficult to overcome this problem by comparing different studies, since the authors usually have dealt with different kinds of processes, attributes and variables. So, according to Miller & Friesen (1982b) the net result of combining or comparing many studies is a better intuitive feel for how organizations operate, which cannot be easily translated into a testable or firmly grounded set of hypotheses. Finally, the purely historical studies tend not to be very systematic or analytical and do not generate or test hypotheses. The concentration is upon anecdote and illustration rather than relationships and explanation. Miller & Friesen (1982b) use the Pettigrew (1973) study on a company decision making process to buy a computer to state that these weaknesses are not a necessary flaw in all Type 1 studies. Pettigrew (1973) was able to ensure the general qualities of his findings by giving his study much theoretical

content, not only using pre-existing theory used to explain the research setting, but also attempting to develop a general theoretical approach that could be applied in other studies of social process.

As mentioned at the introductory section, the purpose of this study is to examine the emergence and characteristics of a firm's Entrepreneurial Orientation, as well as its relationships with other relevant organizational dimensions, such as Environment, Structure, Strategy and Strategy-making process. Also, we intend this analysis to be a longitudinal one, that is, to evaluate how these characteristics and relationships evolved over time, and how they related to firm performance.

To accomplish this goal we chose, as argued in the previous paragraphs, a qualitative, single organization, and longitudinal case study. We established from the outset that the subject of the research should be an independent and Brazilian owned company, with a prominent position in its industry, and acknowledged as significant case of success in terms of growth and profitability. Also, in order to allow a reliable recollection of events that could be obtained by interviewing the owners and managers, the company should not have a life span larger than 40 years. In the following paragraphs we will present a brief description of the company selected as subject of the research, and then we will provide a detailed account of the company's history, emphasizing the events that represented radical changes in the company's strategy and that could be associated to an Entrepreneurial Orientation. In the following section we will be presenting a Table in which the events identified will be analyzed in terms of the Entrepreneurial Orientation theoretical framework. In this analysis, the events will be considered roughly as "dependent variables", and several dimensions of the Entrepreneurial Orientation, as well as organizational dimensions and others, will play the role of independent variables. The results presented in this Table will be used to draw conclusions (or conjectures) about the Hypotheses initially stated.

The field research was conducted along four years and consisted of several rounds of detailed interviews with the owner-founders and all the most ranked managers. Some interviews were unstructured and others followed a check-list of answers connected to the variables we were investigating (environmental conditions, strategy, strategy-making process, structure at different points in time). Considering that we had no intention of conducting quantitative analysis, we preferred this alternative to the formal application of questionnaires. Local

personalities, such as politicians, business owners were also interviewed, since we were interested in the role of different stake holders. For the same reason representative of some of the most important company's suppliers and costumers were also interviewed. The data gathering were complemented with company's documents such as financial reports, annual reports, as well as history books written on the city and on the local industrial sector.

We selected as our subject of research a Brazilian furniture manufacturer, located at the city of Arapongas, a small to medium city (population around 70.000 people) in the country-side of the State of Paraná, in the southern region of Brazil. The company, called MOVAL, was founded in 1968 and is ranked today as the second larger Brazilian furniture maker. It must be said that the selection was not randomly. One of the authors had previous contacts and knowledge with the owners and the most important managers, as an instructor of Executive Program Training, which facilitates the access to the company with the degree of openness and depth that was necessary for the research.

The company is family owned and its shares are equally owned by two brothers. The company was founded as merger of two small companies inherited by the two brothers: a backyard furniture manufactory and a small home appliances and furniture retail shop. In 1968 their father decided to step down and donate the business to the sons, and the elder brother took place as co-owner and general manager. He was at the time, 24 years old and the younger brother 16 years older.

At that time, the furniture manufactory was, literally, a backyard manufactory, making around 300 pieces of low cost furniture per year (basically pine solid wood pieces such as tables, chairs, wardrobe and kitchen cabinets). The company had at that time 10 employees and the revenue was no more than \$ 100.000 per year.

The new owner-executive was determined to change the business and make it grow. Through informal research with costumers he knew that they were demanding more sophisticated furniture products, that were produced at that time by manufacturers from bigger cities in the State Paraná or from other States. The problem was that he didn't have nor the products, nor the knowledge to make them, nor a known brand, nor capital for such a chance. He solved the problem with three bold moves. First, he hired an experienced and retired furniture plant manager that worked for an important company in the State. Second, he hired a very

experienced sales man who represented at that time, one of the most important furniture makers in the country, offering him twice the fee he previously earned in the other company. Third, he used his own previous experience as deputy-manager of the local branch from one important wholesale chain to broaden his base of suppliers and to extend his credit with them.

In one year, the company had changed the production line to more well finished 4 pieces bedroom sets with greater added valued and extended its market from its home town to more than 30 cities in the States of Paraná, São Paulo and Mato Grosso do Sul. The production rose from 300 pieces to 2.400 pieces a year, the gross revenue rose to \$ 1.000.000 a year and the number of employees to 30. In the following paragraphs we change to a more itemized description linking it to specific events.

1970

The company makes two important moves: a radical change in the product technology, replacing solid wood as the basic raw material with a combination of fiberboard and veneer finishing which increased significantly the quality of the furniture and the company efficiency and productivity. At the same time the owner-executive decided to integrate some activities, buying a fleet of trucks for delivering the furniture to costumers, thus becoming independent of outsourced transportation that was more expensive and scarce at that time, eventually leading to delays in delivering the products as well as product damaging. The production increased from 2.400 pieces to 4.000 pieces a year, the gross revenue rose from \$1.000.000 to \$ 1.500.000, and the number of employees increased to 35.

1972

The company moves to new facilities in the City Industrial District, using land donated by the City Hall. Another radical change in the production processes through the import of new equipment from Germany. In two years the production increased sixfold, from 4.000 pieces a year, to 24.000 pieces a year. The market base continues to extend to other Brazilian states.

1980

New radical changes in the product technology and process. The firm adopts a new synthetic component, called MDF (Medium Density Fiberboard), and promotes a radical automation in the production lines. Those changes allow a significant increase in production volume and efficiency. At the end of the eighties the production is approaching 20.000 pieces per month,

or 240.000 pieces a year. The firm explores intensively a low cost leadership strategy. Its markets expands to the whole country.

1988

A radical threat to the firm survival. Pressed by a turbulent, heterogeneous and hostile environment, the firm is suffocated by financial liquidity shortcoming and decided to file for the Brazilian Bankrupt Protection Law. The financial problems were aggravated by the hyper-inflation period in the country leading the firm to a mismatch between the credit received from suppliers and the credit granted for customers. Operating in an economic environment in which the inflation reached rates such as 80% a month, in a few months the liquidity was drained and the company had his survival threatened. The problem occurred and was aggravated by the ineffectiveness of some aspects of the company structure, especially the financial information systems. At that time, the company had an efficiency and sophisticated manufacturing operation, a sharp Entrepreneurial Orientation expressed by constant innovation, aggressive competitiveness, and risk taking propensity, but failed to adjust its formal structures to a more complex mode of operation and to a more threatening environment.

1988

In six month the company balanced its financial flows, recovered its working capital and lifted the Bankrupt Protection. This was a bold move, since the law ensured a protection (renegotiation of suppliers and government debts for two years, under special conditions) for two years and, at that time this meant an important capital inflow. The Bankrupt protection law allowed all the debt to be repaid in two years with an “official interest rate” significantly below the market rates. The view of the owner-executive was, however, that he could not profit from this situation in detriment of his suppliers that have been, for many years, an important support of the company’s growth strategy. That move restored the trust between the company and its suppliers and allowed it to operate normally and to grow again in no time. The firm initiated an effort for modernization, improving and formalization of its basic information systems.

1990

It was created the Arapongas Furniture and Equipments Manufacturers Association. The owner-executive of MOVAL was the inspirer and first president of this Association. At that

time the city had around 200 companies in the industry. Two years later the Association built a pavilion where a national annual Fair of Furniture and Equipments is held. This move enhanced the visibility of the local industries, expanding the market further.

1992

It was created a subsidiary, named IRMOL, to manufacture more popular furniture aimed at low income classes.

1994

The company begun exporting, initially to Mercosur countries, and in the following years to countries of the Caribbean, Mexico, Portugal, Italy and Spain.

1996

New technology change. The veneer finishing was replaced by paper finishing and painting, improving the efficiency and reducing costs.

2006

In the last decade the company kept a more stable innovation strategy. The technology is updated every two years. In terms of product-market strategy the company consolidated its cost leadership strategy and it is considering new moves, into more value added markets. In this direction one strategic goal is to increase exports. Presently the company exports around 15% of its production and the goal is to reach 25%.

The company produces 50.000 pieces a month, its gross revenue is \$ 100.000.000 (approximately) and it has around 1.000 employees.

Results and Discussion

In the following section we link this company trajectory with the relevant variables of the Entrepreneurial Orientation Construct, Organizational Variable and others, and discuss the extent to which our initial hypotheses are confirmed by the evidences gathered. To guide this discussion we summarized the events and their relationships with the variables considered in the table I, presented bellow.

Table I Longitudinal Relationship between Dimensions of EO, Organizational Dimensions and Performance

Period/Events	Dimensions of EO present	Structure	Strategy	Environment	Stake holders support	Performance
1968 Birth	Autonomy(A), Proactiveness(P), Innovativeness(I), Risk Taking (RT)	Simple, mostly informal	Differentiation Market expansion	Munificence (M) Dynamic (D) Homogeneous (Hg)	Suppliers Costumers(through sales representative)	High growth
1970 Change technology	A, P, I, RT	Ibid	Market expansion	M, D, Hg	Ibid	Ibid
1972 New facilities/improve technology	A,P,I,RT + Aggressive Competitiveness(AC)	Simple, basic information systems	Market expansion	Ibid	Suppliers, Costumers + Local Authorities	Ibid
1980 Change technology/Product and process	A,I,RT,AC	Ibid	Low cost leadership	D, Hg, Hostility (Ht)	Suppliers, Costumers + Local social networks	Ibid
1988 File for Bankrupt protection	A, P, RT	Ibid	ibid	Ibid	ibid	Decline
1988 Lift Bankrupt protection	A, I, P, RT	Ibid	Ibid	Ibid	Ibid	Stagnant
1990 Create Association	A,I,P,RT,AC	Improved systems and formalization	Ibid	Ibid	Ibid	Moderate Growth
1992 Create subsidiary	A,I,P,RT,AC	Ibid	Low cost differentiation +	Ibid	Ibid	High growth
1994 Initiate Exports	A,P,AC	Ibid	Low cost differentiation + export	M, D, Hg	Ibid	High growth
1996 Change technology	A,I,AC	Ibid	Ibid	D, Hg, Ht	Ibid	High growth
2006 Increase exports/improve design	A,I,P,AC	Ibid	Ibid	D, Hg, Ht	Ibid	Moderate growth

Source: Field Research

Even though we are aware of conceptual limitations of the method adopted, especially in terms of generalization, the evidence gathered in the case study is rich, unique and allow us to argument consistently on the hypotheses initially stated. In terms of our Hypothesis 1 the evidence gathered is unequivocal that, at least in the MOVAL case, the dimensions of the EO construct vary independently, and that they can be present in any combination, and have a positive influence on performance. In relation to our Hypothesis 2, the evidences obtained from MOVAL also confirmed that, in this case, the Entrepreneurial Orientation was a crucial instrument and resource for the firm take off and subsequent rapid growth. Also, the evidence obtained confirmed that EO alone, without a proper match with other organizational dimensions not only will not be able to ensure the firm's growth, but also will not be able to avoid a sudden disaster that could, ultimately, lead to the closing of the firm. In this case, the excessive autonomy and centralization of the leader, coupled with a secondary attention to structure lead to a disaster. The lack of effective financial information systems, and even a basic knowledge in this area, barely destroyed one of the most brilliant Brazilian entrepreneurial cases. But even in this case, the proactiveness and risk-taking propensity of the entrepreneur were crucial for facing and overcoming the problem. First, by filing for the Bankrupt Protection Law, a move that could destroy the image of the company. Second, and again demanding high doses of proactiveness and risk-taking, by lifting 18 month in advance the Bankrupt Protection and renouncing to its benefits.

This last move highlights one peculiar aspect present in MOVAL, through its owner, the attention and respect paid to the various stake-holders of the company, as well as the ability to use them as strategic resource for the company. In this respect the strategic behavior of the MOVAL founder and leader show an impressive and intuitive knowledge of the importance of intangible resources, represented by stake holders and social capital, as sustained by the Resource-Based Theory.

Conclusions

Although the Entrepreneurial Construct has been widely studied, either theoretically and empirically, in the last 20 years or so, there remain some controversies that require additional research for clarifying and testing. Amongst these, two of them are recurrent: 1) are the dimensions of the construct independent or do they vary uniformly? Is it safe to draw the conclusion that an Entrepreneurial Orientation will lead to better firm performance? Relying

in a single organization longitudinal Case Study, this study tried to bring some additional evidence to that discussion. Our research confirms the hypothesis that the dimensions of construct vary independently. So, a firm can act entrepreneurially, even if it does not innovate or take risks if, for example, it is engaged in proactively identify and explore new opportunities, or compete aggressively for expand its market share. Also, the qualitative data we gathered evidence a dramatic situation in which an aggressive Entrepreneurial Orientation coupled with a mismatch in the Organizational Systems, almost lead the company to a disaster. Another point that could be evidenced in our research refers to the direction of causality. The data obtained, in the MOVAL case, leaves no room for doubt. The decision to act entrepreneurially was deliberately adopted as part of a strategy that aimed to improve firm performance, and not the way around.

Once again, we acknowledge the peculiar breadth of our findings and that any generalization to other firms or situations could be contested. But, considering the depth of the information we came up with, and the previous design of a highly structured frame of analysis, we believe, as suggested by Miller & Friesen (1982b) that our study and its findings may provide a basis for real insights into how organizations make decisions, adapt to their environments, enact new environments, and restructure themselves.

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