

**Entrepreneurship****Entrepreneurial Call for Strategic Agility in Fast-Paced Business Environment****Arslan Ayub<sup>1</sup>, Farah Arzu<sup>2</sup>, Hanan Iftekhar<sup>3</sup>, Sabiha Hafeez<sup>4</sup>**

**Abstract:** The 21<sup>st</sup> century came with blending of threats and opportunities of deep-rooted obstructions of fast-paced business environment. Research on strategic management has consequently increased and grabbed the attention of both academicians and strategic policy makers. The current study is therefore directed to analyze the multifaceted influence of entrepreneurial orientation on strategic agility and organizational performance. The study uses exploratory approach; primary data is collected from 323 professional working in private sectors in twin cities of Islamabad and Rawalpindi, Pakistan. The study found significantly positive relationship between entrepreneurial orientation and strategic agility, entrepreneurial orientation and organizational performance, and strategic agility and organizational performance. The study discusses important implications regarding entrepreneurs' deployment of entrepreneurial orientation and strategic agility for enhancing organizational performance.

**Keywords:** Entrepreneurial Orientation; Innovation; Competitive Aggressiveness; Autonomy; Strategic Agility

**JEL Classification:** L26

**1. Introduction**

Literature have been extensively grasping strategic management in both academic and business dialect due to exuberated contingencies between managerial practices inside the organizations and entrenched drastic impediments of this fast-paced business era. The reasoning behind this dilemma is the vitality of business environment leaving organizations adherent to continuously adjust according to the needs and demands of these evolving environmental uncertainties. Drucker (1958)

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argued that the managerial foremost and deep-seated prospect is the continuous development of organization as well as its employees.

Extending the idea it is suggested that entrepreneurs necessitate the utmost exploitation of entrepreneurial orientation so as to cope with environmental uncertainties. Kuratko et al. (1994); Kuratko et al. (1999); Kuratko and Hodgetts (2001) advocate that now days managers in their organizations incorporate various entrepreneurial activities to prevent environmental stagnancy because of a lot of problems they encounter such as increased number of rivals in the marketplace, obsolescence of traditional modus operandi, lasting global competition, and the needs for innovation and advancements. In addition, for organizations coping with unforeseen business environmental changes have led to the evolution and conceptualization of strategic agility. According to Kidd (1994) agility is defined as the pro-activeness and rapidity of enterprise to heading on unanticipated and unpredicted changes. Another school of thought referred agility to be the successful and significant appliance for entrepreneurial competitiveness based on innovation, quality, flexibility, and speed for integrating reconfigurable managerial practices and other resources for confronting knowledge-rich environment so as to provide meaning driven products and services in fast-paced business environment (Yusuf et al., 1999). Many other researchers focused on speed and flexibility as the essential and foremost of components of agility (Gunasekaran, 1998; Sharifi and Zhang, 1999).

In sum, the premise is the appropriate deployment of entrepreneurial orientation as well as the entrepreneurial needs for strategic agility; resulting in overwhelming consequences on organizational competitiveness and higher organizational performance. Thus, the study aims to measure the multifaceted influence of entrepreneurial orientation on entrepreneurial strategic agility and organizational performance. Based on school of thoughts discussed above, the following research questions are central to this study:

1. Why is there a need for integrating entrepreneurial orientation with strategic agility in this fast-paced business environment?
2. What is the role of entrepreneurial orientation on organizational performance?
3. How entrepreneurial orientation and strategic agility improve organizational performance?

## **2. Review of Entrepreneurial Orientation & Strategic Agility**

Research on entrepreneurial orientation and strategic agility is increasing in literature because of their realization and recognition in setting up strategic directions for entrepreneurs due to increased competition in the marketplace. Wiklund and Shepherd (2005) advocated that organizations that have incorporated

higher levels of entrepreneurial orientation possess greater ability to innovate and are more pro-active towards environmental uncertainties. Covin et al. (2006) defined entrepreneurial orientation as... "A strategic construct whose conceptual domain includes certain firm-level outcomes and management-related preferences, beliefs, and behaviors as expressed among a firm's top-level managers. Lumpkin and Dess (2001) associated entrepreneurial orientation to organizational engagements and endeavors for entrepreneurial activities and behaviors that are deemed to be the critical success factors for organizations. They categorized entrepreneurial orientation into five main dimensions such as innovativeness, risk-taking, pro-activeness, competitive aggressiveness, and autonomy.

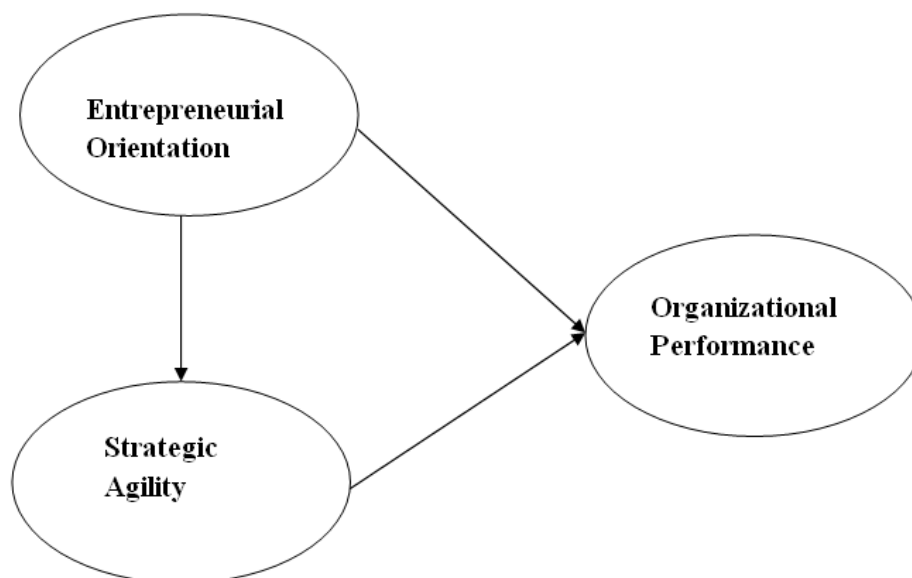
Entrepreneurial innovativeness refers to the extent to which an organization is creative and unique in order to find out solutions to encounter prevailing threats (Knight, 1997). Thus, Morris and Kuratko (2002) proposed that entrepreneurial organizations are compelled towards taking higher risk because they give in higher returns through innovative offerings to targeted markets or niches. Autonomy refers to the core action taken by individuals or teams for carrying out a vision through completion. Competitive aggressiveness is the propensity of organizations to being able of confronting and challenging rivals and ultimately, improves organizational position. All the while, Lumpkin and Dess (1996) argued that this is the reason entrepreneurial organizations are more innovative and pro-active as they act in congruent to unpredictable changes in the marketplace. Hence, entrepreneurial orientation provides the fundamental basis for entrepreneurial strategic agility; resulting in twofold consequences on organizational performance.

Fliedner and Vokurka (1997); Overby et al. (2006) emphasized on the significance of strategic agility for organizational performance. They defined strategic agility as the momentous determinant of organizational success. Strategic agility is the speediness, flexibility, and ability of organizations to mitigate turbulent business hazards. In this context, linking strategic agility with entrepreneurial pro-activeness as Rauch et al. (2009) described it as organizational forward-looking perspectives and opportunity seeking characteristics to introduce new products and services in order to cope up with anticipated future demands and fast-paced competition. Similarly, Sharifi and Zhang (1999) argued that being pro-active and responsive towards changes taking place in the industry and exploiting opportunities in the marketplace are the main factors of agility. In addition, Sambamurthy et al. (2003) viewed strategic agility as an organizational dynamic capability to reconfiguring organizational resources in response to detecting external unanticipated changes. Many researcher including Goldman et al. (1995); Kidd (1994); Sharifi and Zhang (2001) supported the concept of agility and endorsed that strategic agility is ability of an organization to be responsive to the change and uncertainty in effective manners. Numerous studies conducted on organizational agility established links between organizational capabilities and organizational performance (Atuahene-

Gima, 2003). Researches on strategic agility including Charlene (2011); Patricia et al. (2006); Vandergriff (2006) emphasized on the significance of strategic agility on organizational performance. There has been a lot of research conducted and much literature is available on organizational agility and organizational performance. Entrepreneurs solely can't rely on either entrepreneurial orientation or strategic agility, but the integration of both is at the forefront for businesses to survive in such unpredictable environmental changes. Based on above-discussed literature the current study endeavors to measure the association of entrepreneurial orientation, strategic agility, and organizational performance. This study is unique in the context as it captivated the term in a strategic outer look and furthermore, it correlated entrepreneurial orientation and strategic agility together due to deteriorated fast-paced business environment to thrive organizational performance. The hypotheses in Table 1 can be developed based on previous theoretical discussion.

**Table 1. Development of Hypotheses.**

Hypotheses	Statements
H1	Organizational Performance is positively correlated with entrepreneurial orientation
H2	Entrepreneurial orientation positively correlates with strategic agility
H3	There is a positive correlation between strategic agility and organizational performance



**Figure 1. Entrepreneurial Orientation, Strategic Agility, & Organizational Performance**

### **3. Research Methodology**

#### **3.1. Sample and Sampling**

The study is conducted to analyze the role of entrepreneurial orientation with mediating effect of strategic agility to enhance organizational performance. The current study is exploratory in nature and primary data is collected from professional working in corporate sector in twin cities of Islamabad and Rawalpindi, Pakistan. Researcher used convenience sampling technique for this research. A sample of 500 employees and survey questionnaire distribution process was personally administered by the research team. A total of 323 survey questionnaires were returned leaving a response rate of 65%.

#### **3.2. Measurement and Instrument**

##### **3.2.1. Dependent Variable**

There are two dependent variables in this study. Firstly, strategic agility, which acted as a mediating variable in this study based on the above-discussed construct. Secondly, organizational performance. The instrument to measure strategic agility is adopted from Alzoubi et al. (2011). The instrument to measure strategic agility constitutes 28 items and is ranked on 5-point Likert scale (1 for Strongly agree and 5 for Strongly disagree). The instrument to measure organizational performance has been adopted from Li et al. (2008). The instrument contained 9 items and is ranked on 5-point Likert scale (1 for Strongly agree and 5 for Strongly disagree).

##### **3.2.2. Independent Variable**

The study is conducted to analyze the role of entrepreneurial orientation with mediating effect of strategic agility to enhance organizational performance. Thus, the independent variable is entrepreneurial orientation. The instrument for measuring entrepreneurial orientation is adopted from Li et al. (2008). The instrument contains 13 items and is ranked on 5-point Likert scale (1 for Strongly agree and 5 for Strongly disagree).

#### **3.3. Data Analysis**

The data collected was initially fed into SPSS software and transformation of variables was done to make it usable for AMOS. Structural equation model (SEM) technique was used to analyse data and test hypotheses. The structural equation model is an important technique for identification of variables and development of theoretical model (Ali et al. 2010).

#### 4. Results and Discussions

The study is conducted to analyze the role of entrepreneurial orientation with mediating effect of strategic agility to enhance organizational performance in corporate sector in Pakistan. The correlations analysis is produces in Table 2. Table 2 shows positive correlation between entrepreneurial orientation and strategic agility, entrepreneurial orientation and organizational performance, and strategic agility and organizational performance.

**Table 2. Correlations**

		EO	SA	OP
EO	Pearson Correlation	1	-	-
	Sig. (2-tailed)		-	-
	N	323	-	-
SA	Pearson Correlation	.872(**)	1	-
	Sig. (2-tailed)	.000		-
	N	323	323	-
OP	Pearson Correlation	.897(**)	.912(**)	1
	Sig. (2-tailed)	.000	.000	
	N	323	323	323

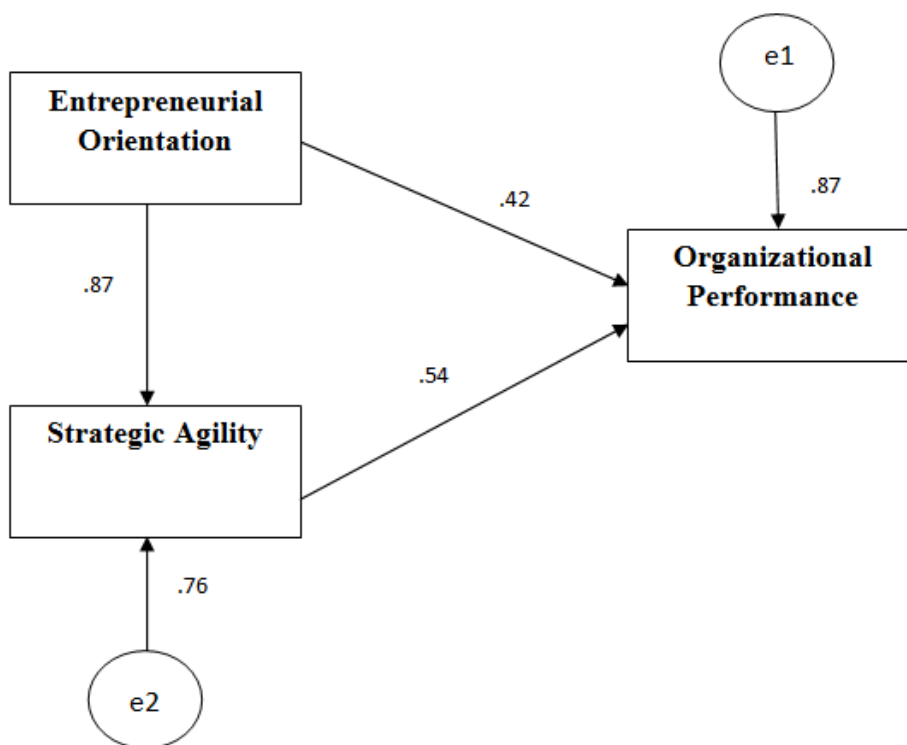
\*\*Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows very encouraging results. The value of P should be less than 0.05 in order to accept any hypothesis. All three value of P in Table 3 are well below than 0.05, therefore, we accept all of our hypotheses H1, H2, and H3. H1 refers towards the positive relationship between entrepreneurial orientation and organizational performance, which is confirmed by this analysis. H2 refers towards the positive relationship between entrepreneurial orientation and strategic agility, which is also confirmed by this analysis. Table 3 also confirms H3, which refers towards the positive relationship between strategic agility and organizational performance.

The results of reliability analysis are also very sound with 0.91 value of Cronbach's Alpha of all 3 variables of this study. Figure 2 describes the positive nature of the relationship among all the variables as shown in SEM.

**Table 3. Regression weights.**

Hypotheses	Estimate	S.E.	C.R.	P	Decision
H1 OP < --- EO	0.309	.029	10.523	.000	Accept
H2 SA < --- EO	1.372	.043	31.956	.000	Accept
H3 OP < --- SA	0.251	.019	13.428	.000	Accept



**Figure 2. Structural Equation Model**

### 5. Conclusion

The study is conducted to analyze the role of entrepreneurial orientation with mediating effect of strategic agility to enhance organizational performance in corporate sector in Pakistan. It is the important study in the context that it provides additional and significant insights to management about the importance of entrepreneurial orientation and strategic agility in enhancing organizational performance in fast-paced business environment. The study found strong positive relationship between entrepreneurial orientation and strategic agility,

entrepreneurial orientation and organizational performance and strategic agility and organizational performance. These findings are very meaningful for both academicians and strategic decision-makers. It depicts that entrepreneurs can significantly enhance organizational performance through the deployment of entrepreneurial orientation and strategic agility in order to cope with this fast-paced business environment. The study also provides useful references for future research on this topic.

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