

The Effect of Corporate Entrepreneurship on Firm Performance: The role of Environmental Uncertainty as Moderator variable in the Case of Ethiopian Microfinance sector

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Declaration

I, Yitbarek Mezemer Alamneh, hereby declare that the thesis entitled *The Impact of corporate entrepreneurship on firm Performance: The role of environmental uncertainty as moderator variable in the case of Ethiopian Microfinance sector* is my own original work and has not been submitted for any degree in any other University. It is offered for the award of the degree of Master of Science in Management specialization in Innovation Management and Entrepreneurship from Addis Ababa University.

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Statement of Certification

This is to certify that the thesis prepared by Yitbarek Mezemer Alamneh entitled: *The Impact of corporate entrepreneurship on firm Performance: The role of environmental uncertainty as moderator variable in the case of Ethiopian Microfinance sector* and submitted in partial fulfillment of the requirements for the degree of Master of Science in Management Specialization in Innovation Management and Entrepreneurship compiles with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Chair of Department or Graduate Program Coordinator

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List of acronyms

CE-Corporate entrepreneurship

EUC- Environmental uncertainty

IT-Information Technology

CEOs-chief executive officers

NBE-National Bank of Ethiopia

NGOs-Nongovernmental Organizations

MFISD-Microfinance Institutions Supervision Directorate

MFIs-Microfinance Institutions

SPSS V20- Statistical package for Social science version twenty

Abstract

Corporate entrepreneurship is one interesting area of research in business strategy and entrepreneurship disciplines in the last few decades, as it is influential concept in successful business performance. Although a number of related researches have been conducted in different parts of the world, only limited were in Ethiopia. This research, thus, aims to address this gap by taking 34 study populations from Microfinance Institutions operating within the territory of Ethiopia. The sampling technique is used census method. By using SPSS V20 statistical tool descriptive, correlation and regression techniques were used to analyze the relationship between the independent variable CE and dependent variable FP. Both direct CE–Performance relationship and interaction effects of environmental uncertainty (EUC) as moderator variable was examined in this relationship. Moderated hierarchical regression has been applied to see how Corporate entrepreneurship (CE) as independent variable and environmental uncertainty (EUC) as moderator influence Microfinance Institutions’ performance. From the analyses it is confirmed that corporate entrepreneurship has positive and statistically significant ($p < 0.01$) effect on Microfinance Institutions’ performance. Environmental uncertainty is also found to moderate highly the relationship between corporate entrepreneurship and performance but negatively against the hypothesized direction ($p < 0.01$). Based on the findings, it is concluded that corporate entrepreneurship (CE) is a beneficial strategic posture for Microfinance Institutions in resources constrained environments to pursue it to be effective and competitive. Besides, though existence of environmental uncertainty is hypothesized to influence corporate entrepreneurship on performance positively on the basis of previous literatures and research results, in the case of Ethiopian microfinance sector, it is learned that existence of environmental uncertainty as moderator variable does negatively influence corporate entrepreneurship and firm performance. Thus, as the research result suggests that, to have corporate entrepreneurship a positive influence on performance of the Institution, existence of stable environment could be a mandatory and pre-request condition, which looks like a rational and acceptable argument.

Key words: Corporate entrepreneurship, environmental uncertainty, moderating variable, Microfinance Institutions, Microfinance Institutions’ Performance, Contingency theory, Contingency framework

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

The creation of a country's wealth and dynamism depends upon the competitiveness of its firms and this in turn, relies fundamentally on the capabilities of entrepreneurs and managers. In recent times, corporate entrepreneurship has received valuable attention as an activity important for firm's vitality (George Dess, et al., 2003). Indeed, being innovative, risk taking and ready to pioneer has proved to contribute well to the financial performance and strategic value of big corporations as well as small and medium enterprises (Covin & Slevin, 1989; Dess, et al. 1997; Lumpkin & Dess, 2000; Wiklund & Shpherd, 2005).

The concept of entrepreneurship has been defined by different authors/researchers from different perspective, but do have similar conceptualization. Entrepreneurship is primarily defined as "creative destruction" by Joseph A. Schumpeter (1883-1950); according to Shaker, A.Zahar (1991) is defined as a set of activities undertaken by a company to enhance the ability to innovate, take risks, and seize the opportunities that are allocated to the market . Similarly, according to Robert A.Burgelman (1983) refers corporate entrepreneurship to the company's activities in diversification through internal development. According to the "creative destruction" idea, the entrepreneurs continually displace, substitute or destroy existing products or methods of production with the new ones. Meanwhile, the positive outcomes of these processes are the opportunity to create new technologies and new products to satisfy the changes in customer needs, and improvement of overall economic activities.

A new wave of change in societies, new technology and innovation has resulted in corporate responsibility, survival, value and performance to comply with the new requirements. To fulfill their missions and goals, organizations need to be innovative, proactive and in other words practice organizational entrepreneurship. Also it can be said that increasing new competitors, a sense of distrust in traditional management practices in organizations, leaving experts and qualified people pursuing their career as individual entrepreneurs can stimulate organization

entrepreneurship. Entrepreneurship can occur in products and services, or processes. Hence organizations in order to take appropriate action to overcome environmental challenges need entrepreneurs and entrepreneurship (Javad Yazdi Mohaddam et al (2015). In a globalizing world economy, the reason for differences in economic growth and inter-country income inequality is explained on the grounds of technological differences. The goal of science and technology is to enable enterprises and individuals to use technologies more efficiently, as this result in reduced costs and enhanced productivity gains. The use of new technologies paves the way for production of new cheaper goods and for capital accumulation and, for that matter, for an enhanced international competitiveness of individual countries, as well as to an enhanced quality for scientific research institutions, while, on the other hand, contributing to cultural and political development of societies (Hulya Kesici Caliskan, 2015).

The term entrepreneurship is getting its prominence among scholars for the last two decades, as a result of this, various research efforts are being undertaken to clarify and create common understanding on the conceptualization and the elements that construct it than any other field of study (G.Covin & Lumpkin, 2011; Lumpkin & Dess, 1996 etc). Despite all the efforts made by scholars to narrow the knowledge gaps, still the issue is blurred and many efforts are needed among scholars to have common understanding on the pillars that defines its essential constructs, moderating variables that influences, and level of contributions to firm performance.

The nature of corporate entrepreneurship is viewed as a firm behavior and believed has one dimensionality (Covin & Slevin, 1991) and they further claim that, the concept of corporate entrepreneurship originated from the strategic management discipline which views entrepreneurship as a strong commitment to risk-taking, proactiveness and innovativeness as critical attributes of it. They thought that entrepreneurship should be looked into and discussed from the nature of firm level activities, status of firm as new entry or established one, having its own antecedents and consequences on a specific entity where such activities practiced daily with continuity. According to Miller (1983) entrepreneurship and its drivers were different at different kinds of organizational configurations were defined according to firm sizes, chief executive officer (CEO) personality and numerous aspects of structure and processes that established within a firm.

Thus, the nature of corporate entrepreneurship is quite complex as it has various antecedents for its existence, and influenced by its associated different moderating variables (i.e. internal and external factors) and is argued has its defined consequential impact on a firm. However, precise identification and measurement of those antecedents, those variables that have moderating effects and the level of its significance on firm performance is found at a developmental stage where various research outputs being produced to develop further and to obtain maximum benefit from entrepreneurship by practically implementing at firm level.

1.2. Background of the sector

Until 1996, the provision of microfinance services in Ethiopia has been carried out mostly by donor funded programs through NGOs and Governmental Institutions. Most of the time a poverty lending approach was followed with subsidized interest rates. This practice has undermined loan collection performance leading to huge default and hence weakened the development of self-sustaining MFIs. The development of Microfinance Institutions in Ethiopia is a recent phenomenon that has close to three decades of operational history. The first proclamation that supports a legal framework for the establishment of Microfinance Institutions was issued in July 1996. As defined by the existing active Proclamation No.626/2009 “micro-finance Institution” mean a company licensed under this proclamation to engage in micro-financing business in rural and urban areas and other activities specified under Article 3(2) of the proclamation. The main purpose of a micro-financing Institution shall to collect deposits and extend credit to rural and urban farmers and peoples engaged in other activities as well as micro and small scale rural and urban entrepreneurs. Since the issuance of Microfinance business proclamation, a number of Microfinance Institutions have been legally registered and have been delivering microfinance services (Wolday, 2000).

Meanwhile, very few MFIs were liquidated and exited from the financial market due to a number of problems, but mainly due to poor governance system and inadequate capitalization. Currently, there are 38 MFIs operating in the country that are providing full fledged financial services mainly to the lower bound of the population segment of the country. Mostly serving the rural population of the country and played their role for facilitating economic development and social change. Out of the 38 MFIs, eleven MFIs are majorly owned by Regional Governments and City

Administrations, nine MFIs are NGO backed and the remaining ten MFIs are privately owned. Furthermore, existing operating MFIs are classified into three categories based on their total loans, total deposits and branch network. Accordingly, category A comprises of 5 big-sized MFIs, while category B and C comprise 13 medium-sized and 20 small-sized MFIs, respectively. Overall, sector wise, every quarter, the MFIs is on progressive developmental process as evidenced by financial and operational performance criteria and performance standards. However, the Microfinance sector is at the same time faced with various internal and external challenges and problems. To mention some of the internal challenges, (i.e., absence of skilled and experienced adequate human power, less level of capitalization, poor governance system due to blurred ownership structure and low level of automation that leads them to be less competitive when compared with existing banks). On the other hand, despite all the challenges and problems MFIs encountered with, still encouraging entrepreneurial initiatives are being undertaking (i.e., introducing IT based solution payment systems, installing core banking solutions that facilitate internal business process and that would increase service effectiveness and efficiency level). Though the level of entrepreneurial maturity that is being practiced is considered as low level, still these noted initiatives are considered as entrepreneurial and play a role for the sustainability of the Microfinance Institution. However, firms that identify potentially valuable opportunities but are unable to exploit them to develop a competitive advantage will not create value for their customers or wealth for their owners. Firms that build competitive advantages but lose their ability to identify valuable entrepreneurial opportunities are unlikely to sustain those advantages over time. Essentially, they will discontinue creating wealth for their owners. Therefore, all of firms, new and established, small and large, must engage in both opportunity-seeking and advantage seeking behaviors.

The term entrepreneurship is getting its prominence among scholars for the last two decades, as a result of this, various research efforts are being undertaken to clarify and create common understanding on the conceptualization and the elements that construct it than any other field of study (G.Covin & Lumpkin, 2011; Lumpkin & Dess, 1996 etc). Despite all the efforts made by scholars to narrow the knowledge gaps, still the issue is blurred and many efforts are needed among scholars to have common understanding on the pillars that defines its essential constructs, moderating variables that influences, and level of contributions to firm performance. Overall, corporate entrepreneurship centers on creating new business by penetrating new markets,

pursuing new business, and through diversification or both (Shaker, A. Zahra, 1991; A. Burgelman, 1983). On the other hand, despite the growing recognition and use of corporate entrepreneurship, little empirical research has been done on its constructs and potential association with company financial performance by incorporating external environment factors as moderating variable (i.e., environmental dynamism and environmental hostility). To fill this gap in the literature, this study proposes a model that incorporates environmental uncertainty as a moderating variable to probe the relationship between the corporate entrepreneurship construct with firm performance.

1.3. Statement of the problem

The MFIs sector is progressively developing from year to year as measured by international accepted measurement criteria. The study seeks to investigate the roles of ideal corporate entrepreneurship and their relationship with MFIs performance and further forward our recommendations to enhance the sectors growth and development. Furthermore, while the literature on corporate entrepreneurship suggests that CE activities may have a significant and lasting effect on a company's growth (Zahra et.al, 2009), there is lack of understanding on how these activities shape performance as well as the internal and external factors that may influence the relationship between CE and financial performance. With this particular focus, this study is expected to benefit MFIs that intend to practice corporate entrepreneurship. Secondly, the study is appropriate and timely, since entrepreneurship has also been heavily advocated by the government and other stakeholders to create more job opportunities and to excel in performance of Institutions than before.

Furthermore, according to Lumpkin & Dess (1996) emphasized to explore the relationship between entrepreneurial behavior or construct and performance as it is very timely, given the competitive conditions faced by firms of all sizes in today's economy. On the other hand, contingency theory suggests that congruence or fit among key variables, such as environment, structure and strategy is critical for obtaining optimal performance (Miller, 1988). Furthermore, using these three dimensions, several researchers have verified the importance of viewing the CEC-performance relationship in a contingency framework (i.e., Covin & Slevin, 1989; Karagozolu & Brown, 1988; Zahra & Covin, 1995). Furthermore, in other studies that tested the

relationship between contingency variables and individual dimensions of corporate entrepreneurship construct, there was a significant association with performance (i.e., Covin & Covin, 1990; Miller, 1993, 1988). Furthermore, Rosenberg suggested that the introduction of a third variable into the analysis of a two-variable relationship (e.g. CE-performance) helps reduce the potential for misleading inferences and permits a “ more precise and specific understanding” (1968:100) of the original two-variable relationship. Therefore, this research problem of this study can be stated as “what is the impact of corporate entrepreneurship on firm performance and the role of environmental uncertainty as moderator variable in the case of Ethiopian microfinance sector”

1.4. Research questions

Under the umbrella of the above overarching problem this research tried to address the following questions

1. *How corporate entrepreneurship (CE) is related to Microfinance Institutions performance in Ethiopian context?*
2. *How existence of environmental uncertainty moderates CE-performance relationship?*

1.5. Objective of the study

1.5.1. Main objective

The main objective of the research is to examine corporate entrepreneurship construct dimension-performance relationship as a main effect and in interaction with existence of environmental uncertainty in Ethiopian context.

1.5.2. Specific objectives

Objective 1: Examine the relationship between corporate entrepreneurship (CE) and Microfinance Institutions performance;

Objective 2: Explore the moderating role of environmental uncertainty in corporate entrepreneurship - performance link.

1.6. Research hypothesis

Hypothesis can be defined as a logically speculated relationship between two or more variables expressed in the form of a testable statement. Relationships are estimated on the basis of empirical and theoretical literature reviews. In this particular study, the relationship between the corporate entrepreneurship and the dependent variable (Microfinance Institutions performance) has been examined with analytical frameworks, namely universal or direct CE-Performance relationship and CE-performance relationship with moderator-contingency approach, viewed as one-dimensional perspectives. Having the theoretical and empirical arguments explained, the following hypothesis is proposed:

H1: Corporate entrepreneurship is positively related to firm performance in that firms with higher level of corporate entrepreneurship will have higher performance;

H2: Existence of environmental uncertainty moderates the CE-Performance relationship, such that the influence of CE on performance is strongest at times of environmental uncertainty;

1.7. Significance of the study

As to the knowledge of the researcher there are no previous studies conducted directly on the relationship between corporate entrepreneurship construct and firm performance particularly with environmental uncertainty as moderator variable. The study can be used as a baseline and serve as a secondary source of data for those who want to conduct further in-depth investigation in this area. For the researcher, this study will help develop his research skills and further enhance his knowledge about the researched issue at hand. Finally, although MFIs are instrumental for the economy by providing financial intermediation services and plays a great role for the development of the country economy, the role of corporate entrepreneurship on their performance is not sufficiently studied in the case of Ethiopia. This study, hence, hopefully will contribute something to the existing literature gap on the roles of corporate entrepreneurship to firm performance, and at times of existence of environmental uncertainty (i.e., when the market is characterized by hostile and very dynamic).

1.8. Scope and limitation of the study

Scholars recommended longitudinal research design to make universal cause-effect relationship between these variables. However, due to time and financial constraints this research depended on cross-sectional data that were collected by surveying General Managers of the Microfinance Institutions. Furthermore, another limitation could be the number of limited sample size used for this study, of course other lower managerial and senior expert staffs could be possibly used to increase the number of sample size. Beyond all this limitations, though the research tool used to analyze for this research is believed adequate enough, still other latest research tools could be used to give more validation on the research output. At the same time, not used other advanced and latest research analysis tool could be the least limitation of the study, believing that using that would not bring a material change or a different research result as to my understanding.

1.9. Limitations of the Study

- Empirical research in corporate entrepreneurship construct and performance relationship area in Ethiopia is limited. This has put challenge in proceeding with this research smoothly. This research, thus, tried to see the experience of other countries which may have economical, geographical etc. similarity with Ethiopia.
- The numbers of Microfinance Institution operating in Ethiopia are now 38 and this limited the number of population of sample size for this research. Further to this, 4 of them excluded from the sample as they do have only 2 years of operational history, as the survey require a minimum three years of operational history to be surveyed.
- This research is entirely quantitative and depends on data collected through questionnaires. It could be more informative if other techniques of primary data collection were administered side by side. But with time and resources constraints only questionnaire survey data used for the research.
- For data analysis and validation purpose simple SPSS V20 tool have been used for this research. However, if had been used other latest and advanced research tools were quite highly encouraged to strongly validate the research results. But, still as to my understanding, this used SPSS V20 tool is quite adequate enough for this research type and the research result is acceptable.

1.10. Definition of Key Terms

Table 1- definitional issues of entrepreneurship and related terms

Term	Definition	Authors /sources
Entrepreneurship	Is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs. Entrepreneurship has been described as the “capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit.	http://en.wikipedia.org
Entrepreneur	A person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk. Or an employer of a productive labor; contractor.	https://www.dictionary.com
Corporate entrepreneurship	Corporate entrepreneurship is a process used to develop a new business, products, services or processes inside of an existing organization to create value and generate new revenue growth through entrepreneurial thought and action.	https://corporate-entrepreneurs.com
	CE as “.....the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization.	Sharman and Chrisman (1999:18)
	Miller is assumed somewhat comprehensive one, which states that an entrepreneurial firm is one that “engages in product market innovations, undertakes somewhat risky ventures and is first to come up with proactive innovations, beating competitors to the punch”	Miller (1983:P,770)
Environmental uncertainty	An operating market environment that is characterized by very dynamic and hostile (with	

	very fast changing market dynamics, having very limited resources and every market player is competing for that)	
Firm Performance	According to him, it is a multidimensional concept that can be measured with both financial and non-financial indicators. The non-financial indicators include goals such as satisfaction ratings made by owners/business managers. Financial measures include assessments of parameters such as sales and profit through self-reported questions.	Rauch et al. (2009),

1.11. Organization of the Thesis

The study has five chapters with key contents as discussed in detail below:

Chapter one: contains the introduction part including the background, research problem, objectives, scope and delimitations of the study.

Chapter two: in reference to previous researches in this area, this chapter reviews relevant literatures and provides definition of most important concepts, such as corporate entrepreneurship (CE), discuss nature of entrepreneurship and related terms, briefly explain theoretical lenses in the entrepreneurship research, and critically review both theoretical and empirical literatures in CE-Performance research area. This chapter also gives insight about the debate on the CE-Performance relationship.

Chapter three: describes the research design applied in this study. Specifically: target population, sample size, sampling technique, data collection instruments, data collection process, the issue of reliability and validity, measurement of variables, method of data analysis.

Chapter four: reports on the results of the empirical data analyses. These include various analyses of the descriptive variables; several test results to establish reliability and validity, results of inferential analyses to show the relationship among variables. This chapter also presents detail discussions on the results of the data analyses with supports from existing literature where relevant.

Chapter five: The chapter summarizes the major findings, give conclusions with recommendations and finally insight gaps for future researches.

CHAPTER TWO

2. Review of Related Literature

2.1. Theoretical Literature Review

2.1.1. Concept of Corporate Entrepreneurship (CE)

The term and concept of entrepreneurship was firstly introduced by Joseph Schumpeter in 1930. As that time, according to Joseph Schumpeter (1930), the term entrepreneurship was conceptualized as “the gale of creative destruction” to replace in whole or in part inferior offerings across markets and industries, simultaneously creating new products and new business models, thus creative destruction is largely responsible for long term economic growth. The concept of entrepreneurship has been largely associated with starting new business to make profit for wealth creation and achieving prosperity. However, now a day, its conceptualization is becoming wider and inclusive of other non-business aspects of things (i.e. social and political dimensions). Its application is everywhere and at any time with the intention of becoming effective and efficient in all human endeavor and activities. Generally, entrepreneurship is conceptualized as the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace. At the same view, the development of new businesses within established firms reflects the process of corporate entrepreneurship and when renewal of key ideas on which organizations are built also reflects the process of corporate entrepreneurship, renewal of key ideas requires the ability to manage transformation and discontinuous change (Guth and Ginsberg, 1990). Generally, “entrepreneurship and its drivers were different in different kinds of organizational

configurations where those configurations were defined according to firm size, chief executive officer (CEO) personality and numerous aspects of structure and process.” (Miller,1983). Corporate entrepreneurship has long been recognized as a potentially viable means for promoting and sustaining corporate competitiveness (Schollhammer, 1928; Miller, 1983; Khandwalla, 1987; Guth and Ginsberg, 1990; Naman and Slevin, 1993 and Lumpkin and Dess, 1996).

Corporate entrepreneurship has been defined by researchers from several perspectives. Many scholars define, conceptualize and that consider as essential elements of entrepreneurship construct is differ (Covin & Lumpkin, 2011) claims through their reviewed articles. Different labels have been used to describe the term entrepreneurship at different times (e.g., entrepreneurial model by Mintzberg, 1973; entrepreneurial style by Khandwalla, 1976, 1977; and entrepreneurial posture by Covin & Slevin, 1989). Thus, it is well understood that the issue of entrepreneurship needs further exploration and scholar discussion to come up with common understanding on the pillars that define, conceptualize and characterize it. Despite there is a disagreement among scholars on the pillars of entrepreneurship (G.Covin & Lumpkin, 2011) strongly believed that an individual behavior is the central and crucial element in the entrepreneurial process. Generally, entrepreneurship is conceptualized as composite dimensionality (Miller’s, 1983; and Covin and Slevin’s, 1989), on the other hand, entrepreneurship has been conceptualized as multidimensional approach by Lumpkin and Dess’s (1996). According to G.Covin & Lumpkin (2011) the composite dimensional approach and multidimensional approaches are “fundamentally different and neither is inherently superior to the other”. To further elaborate, in the one-dimensional view of CEC/EO, the latent construct is understood to exist only to the extent that risk-taking, innovativeness, and proactiveness are concurrently manifested by the firm. The exhibition of these dimensions would be insufficient to label the firm as entrepreneurial. In statistical sense, EO is the common or shared variance among risk-taking, innovativeness and proactiveness. Overall, under the one-dimensional conceptualization, EO can be understood as a sustained firm level attributes represented by the singular quality that risk taking, innovative, and proactive behavior have in common. On the other view of EO as multidimensional, the latent construct exists as a set of independent dimensions, namely risk-taking, innovativeness, proactiveness, competitive aggressiveness and autonomy. The positive outcomes of these processes are the opportunity to create new

technologies and new products to satisfy the changes in customer needs, and improvement of overall economic activities. On the other hand, corporate entrepreneurship which is one of the most important of sustainable development process is related with the habits of the company about decision making process (Ata Ozdemirci, 2011).

2.1.2. The Sub-dimension of corporate entrepreneurship

Lumpkin and Dess (1996) identified five dimension of EO-autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness, believing having independent influences to performances, multidimensional views. Though Lumpkin and Dess (1996) included autonomy and competitive aggressiveness as additional elements of entrepreneurial constructs, however, their acceptability as independent explanatory variable is in doubt by other scholars . As a result of this fact, decided to investigate and report on the three entrepreneurial constructs where agreements reached by most scholars (i.e., Miller, 1983; Morris & Paul, 1987; Covin & Slevin, 1990; Dean, Meyer, & DeCastro, 1993) have shared this perspective by specifying three components of CE: proactiveness, innovation, and risk taking) and their individual conceptual frameworks described briefly to show that are attributes of entrepreneurship.

2.1.2.1. 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 (G.T. Lumpkin and G.G. Dess, 2001). Schumpeter (1934, 1942) was among the pioneer to emphasize the role of innovation in the entrepreneurial process. Schumpeter (1942) outlined an economic process of “creative destruction” by which wealth was created when existing market structures were disrupted by the introduction of new goods or services that shifted resources away from existing firms and caused new firms to grow. Similarly, according to Lumpkin & Dess (1996) 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. Although innovations can vary in their degree of “radicalness” (Hage, 1980) innovativeness represents a basic willingness to depart from existing technologies or practices and venture beyond current state of the art (Kimberly, 1981). Furthermore, according to Lumpkin & Dess (1996) innovations could be classified in many ways, but as to them perhaps the most meaningful classification is between

product-market innovation and technological innovation. They further elaborate the product-market innovation as making product design, market research and conducting advertising and promotion (Miller & Frisen, 1978; Scherer, 1980). Thus, prevalence of Innovativeness in a given firm could take several forms and considered as crucial element of entrepreneurial construct to characterize and define entrepreneurship (Lumpkin & Dess, 1996). Meanwhile, according to G.G.Dess et.al (2003) has emphasized the importance of learning for the creation and exploitation of the knowledge necessary for product, process and organizational innovation. He further, emphasized the importance of CE activities for promoting organizational learning and developing new knowledge that generates new advantages for the company. Continuous innovation is another form of sustained regeneration (G.G. Dess et.al, 2003), is considered as another form of corporate entrepreneurship. To this end, to sustain continuous innovation within affirm, established cultures, processes and structures to support and encourage a continuous stream of new product introduction in the existing market (Covin & Miles, 1999).

2.1.2.2. 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 uncertainty outcomes, and/or borrowing heavily (G.T. Lumpkin and G.G. Dess, 2001). They further argued that the concept of risk-taking is a quality that is frequently used to describe entrepreneurship. Meanwhile, risk has different meanings, depending on the context in which it is used. For example, when risk is defined from the perspectives of financial analysis, it is referring to the chance of a loss or negative outcomes arise or happen. According to Miller & Frisen (1978:223) risk-taking as “the degree to which managers are willing to make large and risky resources commitments (i.e., those which have a reasonable chance of costly failures). By the way, all business endeavors are inherently exposed to some degree of risks, such that it is not meaningful to think in terms of “absolutely no risk” (Lumpkin & Dess, 1996). Furthermore, they specified the range of risk-taking behavior could extend from some nominal level (safe risks, such as depositing money in a bank, investing in T-Bills, or restocking the shelves to highly risky actions, such as borrowing heavily, investing in unexplored technologies or bringing new products into new markets). Thus, firms with an entrepreneurial orientation are often typified by risk-taking behavior (lumpkin & Dess, 1996) i.e., incurring heavy debt or making large resource commitments, in the interest of obtaining high returns by seizing opportunities in the market place.

2.1.2.3. Proactiveness: The term proactiveness is defined in Webster's Ninth New Collegiate Dictionary (1991:937) as "acting in anticipation of future problems, needs, or changes". According to G.T. Lumpkin and G.G. Dess (2001) is an opportunity-seeking, forward looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment. As such, proactiveness may be crucial to an entrepreneurial orientation because it suggests a forward-looking perspective that is accompanied by innovative or new venturing activity (Lumpkin & Dess, 1996). In similarly way, 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 operation, introduction of new products and brands ahead of competition, strategically eliminating operations which are in mature or declining stages of life cycle" 1989a:949,(Miller and Friesen,1978;Vankatraman,1989; and Lumpkin & Dess, 1996). According to Lumpkin & Dess (1996) a proactive firm is a leader rather than a follower, because it has the will and foresight to seize new opportunities, even if it is not always the first to do so. Thus, considering proactiveness as explanatory constructs variables to characterize corporate entrepreneurship is crucial and essential. Firms are aware of their product life cycles and often frame product strategies around the competitive expectations associated with them (G.G. Dess et. Al, 2003). Furthermore, corporate foresight which is conceptually same with proactiveness is applied with the expectation that it will help firms to break away from path dependency, help decision makers to define superior course of action, and ultimately enable superior firm performances (R.Rohrbeck, M.E.Kum, 2018).

2.1.2.4. External environment: Managers face an increasingly dynamic, complex, and unpredictable environment, where technology, globalization, resource shortages, wide swings in the business cycle, changing social values, competitors, customers, suppliers, and a multitude of other dynamic forces impact on overall performance (Ward & Lewandowska, 2005; Asch & Salaman, 2002). The intensity and complexity of the current changing environment is forcing firms, both large and small, to seek new ways of conducting business to create wealth (Stopford, 2001). In a formal manner, the external environment can be defined as all elements that exist outside the boundary of the organization and have the potential to affect all or part of it (Dess et al., 1997; Daft, 1989). The effect of the external environment on a company's strategic choices is widely acknowledged in the literature (Wiklund & Shepherd, 2005; Covin, Slevin & Heeley,

2000; Boyd, Dess & Rasheed, 1993). This view is consistent with the views of economists (Scherer & Ross, 1990), and with the empirical findings of entrepreneurship researchers (Sandberg & Hofer, 1987). The external environment has been conceptualized using a variety of methods (Aloulou & Fayolle, 2005; Yeoh & Jeong, 1995). The vast majority of researchers frame the external environment in terms of abstract qualities and dimensions. The following dimensions have often been used to conceptualize the environment: turbulence (Khandwalla, 1977; Naman & Slevin, 1993); hostility, heterogeneity, and dynamism (Yeoh, 1994; Miller, 1983); volatility (McKee, Varadarajan, & Pride, 1989); munificence (Rasheed & Prescott, 1992; Dess & Beard, 1984) and complexity (Aldrich & Wiedenmayer, 1993). The environment may affect a firm's performance regardless of its strategic orientation (Lumpkin & Dess, 1996) or its resources. A firm's task environment is the portion of the total environment relevant to strategy development and implementation (Dill, 1958; Montanari et al., 1990). The task environment can be generally described based on the level of environmental turbulence, a term encompassing the overall dynamics, unpredictability, expansion, and fluctuations in the environment (Khandwalla, 1977). Environmental turbulence subsumes the environmental dimensions of munificence and complexity which impact the organization's task environment. For the purpose of this study, therefore, it was decided to operationalize the external environment according to its level of turbulence, hostility, and dynamism. That a company's external environment serves as a moderator of the relationship between strategy and performance is consistent with the literature (Desarbo et al., 2005; Golder & Tellis, 1993; Zahra & Covin, 1993). The external environment is an important determinant of entrepreneurial orientation at both the individual and the organizational level (Aloulou & Fayolle, 2005; Dess et al., 1997; Zahra & Covin, 1995). It is significant that many academics and management theorists agree on the central importance of the external environment for management (Goll & Rasheed, 2005; Galbreath & Schendel, 1983; Bourgeois, 1980), and there is some empirical evidence that the environment moderates broad business strategies (Greenley & Foxall, 1999). Since environmental uncertainty influences the structuring and strategies of organizations, it is significant to note the importance of the entrepreneurial environmental fit. Perceived environmental uncertainty is the absence of information about organizations, activities and events in the environment (Rhyne, 1986). It has been suggested in the literature (Li, et al., 2006; Miller & Friesen, 1983; Lawrence & Lorsch, 1967) that organizations may pursue more

proactive, more aggressive strategies as uncertainty increases. Environments characterized by high levels of uncertainty were found to encourage higher levels of innovation and risk-taking by adopting entrepreneurial postures (Yeoh & Jeong, 1995). By exploring the moderating effect of the environment on the relationship between corporate entrepreneurship and company performance, as suggested by Hitt, Ireland & Goryunov (1988), this research hopes to provide a better understanding of strategies that impact performance in different environments.

2.1.3. Theoretical Lenses in corporate entrepreneurship Research

According to G. Covin and Lumpkin (2011) underscored the absence of strong grounding theories to conduct research. However, they still acknowledge the existence of generally accepted theories that could be used and productively employed in CE research (i.e., subjectivity theory and dynamic capability theories etc) could be applied to explain the relationship between CEC and firm performance. From the proposed theories, G. Covin and Lumpkin (2011) strongly favor to use dynamic capability theory to link CEC/EO constructs to firm opportunity exploitation and subsequent performance. Meanwhile, major current researches are based on the studies of Joseph A. Schumpeter (1883-1950), an Australian-American economist and political scientist. He was the first economist who determined entrepreneurs as main agents of economic growth which create new products, find and develop new methods of production, and allocate other innovations to stimulate economic evolution. According to the “creative destruction” the entrepreneurs continually displace, substitute or destroy existing products or methods of production with the new ones.

Furthermore, according to Lumpkin & Dess (1996) emphasized to explore the relationship between entrepreneurial behavior or constructs and performance as it is very timely, given the competitive conditions faced by firms of all sizes in today’s economy. On the other hand, contingency theory suggests that congruence or fit among key variables, such as environment, structure and strategy is critical for obtaining optimal performance (Miller, 1988). Furthermore, using these three dimensions, several researchers have verified the importance of viewing the CEC-performance relationship in a contingency framework (i.e., Covin & Slevin, 1989; Karagozoglu & Brown, 1988; Zahra & Covin, 1995). Furthermore, in other studies that tested the relationship between contingency variables and individual dimensions of corporate

entrepreneurship construct, there was a significant association with performance (i.e., Covin & Covin, 1990; Miller, 1993, 1988). Furthermore, Rosenberg suggested that the introduction of a third variable into the analysis of a two-variable relationship (e.g. CEC/EO-performance) helps reduce the potential for misleading inferences and permits a “ more precise and specific understanding” (1968:100) of the original two-variable relationship.

The nature of corporate entrepreneurship is viewed as a firm behavior and has been believed one dimensionality (Covin & Slevin, 1991) and they further claim that, the concept of corporate entrepreneurship originated from the strategic management discipline which views entrepreneurship as a strong commitment to risk-taking, proactiveness and innovativeness as critical attributes of it. They thought that entrepreneurship should be looked into and discussed from the nature of firm level activities, status of firm as new entry or established one, having its own antecedents and consequences on a specific entity where such activities practiced daily with continuity. According to Miller (1983) entrepreneurship and its drivers were different at different kinds of organizational configurations were defined according to firm sizes, chief executive officer (CEO) personality and numerous aspects of structure and processes that established within a firm. Thus, the nature of corporate entrepreneurship is quite complex as it has various antecedents for its existence, and influenced by its associated different moderating variables (i.e. internal and external factors) and is argued has its defined consequential impact on a firm. However, precise identification and measurement of those antecedents, those variables that have moderating effects and the level of its significance on firm performance is found at a developmental stage where various research outputs being produced to develop further and to obtain maximum benefit from entrepreneurship by practically implementing at firm level.

2.2. Empirical Literature Review

2.2.1. CE- Firm Performance Relationship

Different researchers have carried out a research to see whether entrepreneurship has an impact on firm performance (i.e., G.T.Lumpkin & G.G.Dess (2001), David KOVACS et. al., (2016), Sofian Shansuddin et.al, (2012), James W. Kroeger (2007), Waheed Ali Umrani, Jahangir

Karimi, Zhiping Walter). All researchers have assured that entrepreneurship do have a positive impact on firm performance. Moreover, the prior research have emphasized and analyzed the correlation between the dimensions of corporate entrepreneurship individually (i.e. Innovativeness, proactiveness and risk taking) with firm performance and have found different results in their study.

A study by Nihat Kaya (2015) showed that all attributes of corporate entrepreneurship found positively affected firm performances. Meanwhile, innovation takes the highest proportion from among them.

An empirical study by R.M.E.Kum (2018) revealed that future preparedness to be a powerful predictor for becoming an outperformer in the industry, for attaining superior profitability, and for gaining superior market capitalization growth. On the other hand, a study by Javad Yazdi Mohaddam (2015) showed that although the governmental sector has no disagreement with entrepreneurial type structure, in practice, the dominant culture, bureaucracy and traditional activities prevent organizational entrepreneurship practices and development. In this sense, several studies point out that the changes provided by new technologies reflect positively on the performance of the companies, allowing competitive advantage through innovation and, consequently, their distinctiveness in relation to their competitors (Hamel and Prahalad, 1994; Kassicieh et al.,2002).

On the other hand, the corporate entrepreneurship attributes of autonomy, innovativeness, risk-taking and proactiveness does not have consistent and positive effects on performances of a firm. For example, according to Nihat Kaya (2005) autonomy does not affect performances positively; and according to Ata Ozdemirci (2011) found out that there is no significant effect of proactiveness on performance and overall, found out that different relationship/effects of attributes of CE on firm performance.

2.2.2. CE- Firm Performance with contingency approach

Among the well-known scholars, G.T, Lumpkin and G.G. Dess (2001) have studied the two dimensions of entrepreneurial orientation (i.e., proactiveness and competitive aggressiveness) to firm performance by incorporating environmental dynamism, hostility and industry life cycle as moderator variables. The researchers have surveyed 124 executives from 94 firms that operate

across different sectors and found out that, overall; proactiveness was positively related to performance but competitive aggressiveness tended to be poorly associated with performance. Besides that, the performance of firms in the early stages of industry development was stronger when their strategy making was proactively oriented. In contrast, a competitively aggressive frame of mind was helpful to firms in more mature stages of industry development. These findings were supported by including other tests of the business environment. In dynamic environments, characterized by rapid change and uncertainty, proactive firms had higher performances relative to competitively aggressive firms. On the other hand, in hostile environments, where competition is and resources are constrained; competitively aggressive firms had stronger performance.

On the other hand, a study that is undertaken in Hungary, by David KOVACS et.al, (2016) through a stratified sampling survey of Hungarian company owners and managers found out that entrepreneurial orientation do have a positive relationship to firm performance. However, the external and internal factors as moderators' variable, through deductive approach, in the direct relationship of entrepreneurial orientation to firm performance have no significant influence in the post-socialist market context. On the other hand, other researchers (Sofian Shansuddin et. al, (2012), James W.Kroeger (2007), Whaheed Ali Umrani and Haileyesus T. Woldemivhael, 2018) also explored the relationship between entrepreneurship and performance by incorporating other moderating variables and ensured that influenced the relationship of entrepreneurship and performance. To specifically mention some of the research findings, according to Sofian Shansuddin (2012), the relationship of components of corporate entrepreneurship with performance was tested and investigated by incorporating resource availability, rewards, and supportive organizational structure. He found out that proactiveness has a positive and significant impact on financial performance of the company. On the other hand, in contrast, risk taking does not have a direct effect on financial performance of the company. Whereas, innovation and self-renewal, both are negatively related to financial performance. Resource availability, supportive organizational and rewards do moderate the relationship between proactiveness, risk-taking and financial performance. Although all moderating factors were positively related with these two corporate entrepreneurship dimensions, but they are not significant.

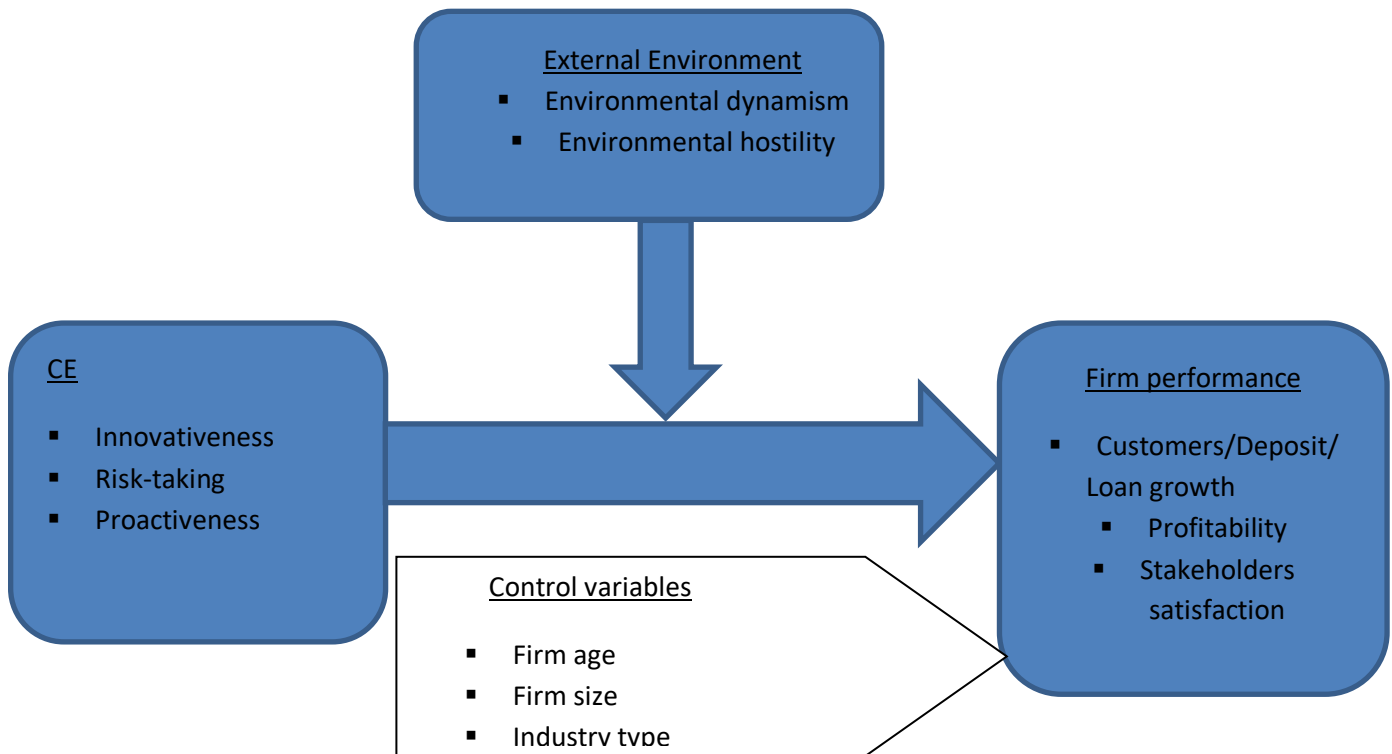
A study by James W.Kroeger (2007) explored the relationship between entrepreneurial orientations with firm performance by incorporating environmental uncertainty as moderating variable. He found out that, a firm's entrepreneurial orientation is positively related to firm performance. Furthermore, environmental uncertainty was shown to have an effect on the relationship between environmental orientation and performance. The result was that, has a positive impacts on business performance at times of uncertain environment. A study by Haileyesus T.Woldemichael (2018) was found out that EO has positive and statistically significant ($P < 0.001$) effect on small enterprises performance. Similarly, marketing resource allocation and access to financial services are also found to moderate the relationship between EO and performance but negatively against the hypothesized direction ($P < 0.001$). However, it is learned from the research result that, resources accessibility and allocation may not directly ensure maximum exploitation of EO to achieve high performance.

To identify the research gap, different conceptual and empirical research outputs were thoroughly reviewed and understood from the review process that the following major gaps were identified. Studying entrepreneurship as a field do have getting attention over the last two decades and have been conducted at very limited contexts and sectors (i.e., corporate entrepreneurship construct with financial industry is not tested and researched out specifically into Ethiopian context). This fact limited the accumulation of knowledge building process of entrepreneurship from different perspectives and contexts. Furthermore, different research findings showed that corporate entrepreneurship attributes relationship with performance is found varied and inconsistent among different researchers (Ata Ozdemirci, 2011; Nihat Kaya, 2015; R.Rohrbeck, M.E.Kum, 2018; Young-Kyu Kim et al., 2017). Furthermore, different researches have been carried out to test the impact of moderating variables on corporate entrepreneurship with performance. To list some of the researchers (G.T.Lumpkin & G.G. Dess, 2001; David KOVACS et al, 2016; Sofian Shansuddin et.al, 2012; James W.Kroeger, 2007; Haileyesus T.Woldemichael, 2018), all have tested and researched out the role of the moderating variable in between the entrepreneurship and performance. All have a statistically significant impacts on performance ($P < 0.001$). This shows that CE relationship with business performance is unpredictable and understood inconclusive yet from previous research outputs at different contexts. This instance motivated me to investigate the relationship between corporate entrepreneurship construct with microfinance institutions performance in Ethiopian contexts.

2.3. An Integrated Conceptual framework

From the theoretical and empirical literatures reviews, it is hypothesized that corporate entrepreneurship construct has positive relationship with firm's performance. In that, firms with higher level of entrepreneurial behavior will have better operational and financial performance. In addition to this universal relationship, both internal and external contingency variables influence corporate entrepreneurship construct with performance relationship. To investigate the corporate entrepreneurship construct with firm performance (i.e., environmental uncertainty and environmental hostility that combined into environmental uncertainty as moderating variable will be included in the process of regression analysis to test its impacts).

Fig 1: Conceptual framework of the study



Source: Developed based on literature review, 2019

CHAPTER THREE

3. Methodology Design and Methodology

In this chapter, the research design and Methodology will be discussed in detail to so as to have a clear picture on the processes and techniques used in conducting the study. It also gives information on how a sample respondent drawn from the population and gives description on the number of respondents and how they were selected. It also discuss about research design and the instruments for data collection. This chapter also discusses data analysis method and measures used to ensure validity and reliability of the study.

3.1. The Research Method

This study is conducted by using quantitative research approach with the main objective of investigating the effect of corporate entrepreneurship on Microfinance Institutions performance. A quantitative research approach is used to explain relationships or phenomena by collecting numerical data and analyzing based on mathematical method. A survey design provides a quantitative or numeric of trends, attitudes or opinions of population by studying a sample of population (Creswell, 2009, p.146) and it is a popular and common strategy in business and management research and the most frequently used to answer who, what, where, how much and how many questions (Saunders, Lewis & Thornhill, 2007, p.175). The aim of selecting survey method for this study is the method enables researcher to generalizes or make a claims about the population from sample result. The survey method preferred because surveys are concerned with hypothesis formulation and testing the analysis of the relationship between nonmanipulated variables (Kothari, 2004.p.121) that fits with the aim of this study that investigates the relationship between CE attributes and FP of the Institutions“ by formulating and testing hypothesis, and also survey research design is preferable because of its economical nature that enables to make inference about large population from a small group of sample.

According to Creswell (2009, p.146), Survey research design classified under longitudinal and cross-sectional. A cross-sectional refers to data collection at one point in time while longitudinal survey design implies with data collection over time. In this study data will be collected from

Chief Executive Officers (CEOs) of the Microfinance Institutions in one time. Therefore, the researcher uses a cross-sectional research method.

3.2. Source of data and Instruments of Data Collection

There are two types of data collection method, Primary and secondary data collection. The primary data are those which are collected a fresh and for the first time, and thus happen to be original in character and collected through observation, interview method, through questionnaires (Kothari, 2004.p.95) while secondary data refer to the data which have already been collected and analyzed by someone else, it is either be published data or unpublished data (Kothari, 2004, p.111). According to Kothari (2004, p.112) each method of data collection has its uses and none is superior in all situations, selecting the appropriate method depends on the nature, scope and objective of the study, the availability of time and fund and precision required for the study.

Based on the records of the regulatory and supervisory organ of the National Bank of Ethiopia, there were 38 MFIs in the country that are providing financial services to the lower bound of the population, mainly to the rural residents of the country. Of which, 4 of the MFIs were purposefully excluded from the study with the reason that they lacks adequate experiences as they do have only 2 years of operational history and lacks of reliable information for the study.

The primary data were collected from all Microfinance Institutions entering into operation before 2015 year. All do have more than 5 years of operation performance history and do have adequate experience for our purpose of study. They suit the purpose of the study requirements sufficiently as all MFIs do have adequate operational history to give reliable and valid information for the study. My approach is to use the entire population that entered into operation before 2015 as sample target of the study, as the total number of population size is small and manageable. Furthermore, census method of sampling is more attractive for small populations sizes (e.g. 200 or less than) as recommended by Singh & Masuku (2014) to get more precision and to get a reliable study result.

Hand delivered questionnaires was distributed to collect primary data from Chief Executive Officers of the Microfinance Institutions that selected for the study. All of the 34 MFIs returned

the questionnaires by filling appropriately and completely. The rate of response was 100% as the number of sample size was small and furthermore, utmost efforts and follow-up was exerted to get the responses from all MFIs. The units of analyses are, therefore, the top Managers (Chief Executive Officers) representing the target Microfinance Institutions. For further elaboration of issues related to Microfinance Institutions, Microfinance Institution Supervision Directorate relevant staffs were contacted.

3.3. Sampling Methods and Sample size

Based on the records of the regulatory and supervisory organ of the National Bank of Ethiopia, there were 38 MFIs in the country that are providing financial services to the lower bound of the population, mainly to the rural residents of the country. Of which, 4 of the MFIs were purposefully excluded from the study with the reason that they lacks adequate experiences as they do have only 2 years of operational history and lacks of reliable information for the study.

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TABEL 2 . TARGET POPULATION AND SAMPLE SIZE						
Microfinance Institutions operating in Ethiopia						
As of March 31, 2019						
No.	Entering into operation before 2015	Entering into operation after 2015	Total	Qualified for the study (sample size)	non-response	received responses
	34	4	38	34	0	34
Total	34	4	38	34	0	34

Source: Compiled based on MFISD, 2019

3.4. Measurement of variables

The independent variables of the study (i.e., Corporate Entrepreneurship Constructs such as Proactiveness, Innovativeness and Risk-taking) as well as Environmental dynamism and Environmental hostility as moderating variables were selected for this study. The respondents were asked to indicate their responses on a 5-point Likert-type scale which ranged from 1, representing 'strongly disagree', to 5, representing 'strongly agree' (Khabdwalla, 1977; Miller, 1983; Covin & Slevin, 1986, 1989a; Covin & Covin, 1990; Lumpkin and Dess, 2001 and Hughes and Morgan, 2007)

The dependent variable of the study (i.e. the Microfinance performance). The unit of analysis was asked to indicate the last 3 years financial performance of his/her respective Microfinance Institution based on growth of balance sheet, return on assets and return on equity. The respondents were asked to indicate on a range of 1-5, with 1 representing 'strongly dissatisfied' to 5 representing 'strongly satisfied'. The dependent variables of the study and scale used were selected from prior research done in this area. Dess & Robinson (1984) in his study used sales growth as one of its financial performance measurement and furthermore level of satisfaction related to growth and customers' perceptions about the Institution products and services were also used as measurement indicators of performance. Other well-known researchers were also used similar scales to measure performance of the Institution in their respective studies (Anderson, 2000, 2001; Gopala-Krishnan, 2000; Venkatraman, 1989 and Woodside, Sullivan & Trappey, 1999 and Rene Pellissier, 2014). Firstly, using a 5-point Likert-type scale, ranging from 'not at all satisfactory' to 'outstanding', the respondents (chief executive officers of each MFI) were asked to rate their respective Institution's performance of the past 3 years based on the financial performance measurement criteria: operating profits, profit to sales ratio, cash flow from operations, and return on asset and capital (see measurement variables table).

Control variables: control variables will be incorporated to ensure proper model specification, to prevent skewness problem and to take into account possible alternative explanations for performance variations. Firm size, measured as the number of employees; firm age, measured as the number of years the firm had been in business were used as control variables and were analyzed and checked that these control variables do not have major impact on performance of the Institution. (See correlation table 2.1 and regression analysis results tables).

Table 3: Measurements of Variables

No	Variable	Items	Scale	Sources
1	Corporate Entrepreneurship Constructs	<p>pro-activeness P1. [In dealing with competitors, my firm] typically initiates actions which competitors then respond to. P2. [In dealing with competitors, my firm] is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc. P3. [In general, the top managers of my firm have] a strong tendency to be ahead of others in introducing novel ideas or products.</p> <hr/> <p>Innovativeness I2. [In general, the top managers of my firm favor] a strong emphasis on R&D, technological leadership, and innovations. I2. Very many new lines of products/services [marketed in the past 5 years]. I3. Changes in product or service lines have usually been quite dramatic.</p> <hr/> <p>Risk taking R1. A strong proclivity for high risk projects (with chances of very high returns). R2. Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives. R3. When confronted with decisions involving uncertainty, my firm typically adopts a bold posture in order to maximize the probability of exploiting opportunities.</p>	Five point Likert scale, 1 – Strongly disagree to 5 – strongly agree	(Khabdwalla, 1977; Miller, 1983; Covin & Slevin, 1986, 1989a; Covin & Covin, 1990; Lumpkin and Dess, 2001 and Hughes and Morgan, 2007)

No	Variable	Items	Scale	Sources
2	Firm Performance	<p>FP1. What is your level of satisfaction related to customer/deposit growth of the Institution (during 2006 – 2010 E.C)?</p> <p>FP2. What is your level of satisfaction related to profit growth of the Institution (during 2006 – 2010 E.C)?</p> <p>FP3. What is your level of satisfaction related to customers' perception on your product or services compared to other competitors in the market?</p> <p>FP4. Overall level of customers' satisfaction with your company's products or services;</p> <p>FP5. Your/your partner's overall level of satisfaction with the operational and financial performance of your company;</p>	Five point Likert scale with 1- strongly dissatisfied to 5- strongly satisfied	(Dess & Robinson, 1984; Anderson,2000,2001;G opala-Krishnan,2000;Venkatra-man,1989 and Woodside, Sullivan & Trappey, 1999 and Rene Pellissier,2014)
3	Environmental dynamism	<p>D1. There is little need for our firm to change its marketing practices to keep up with competitors?</p> <p>D2. The rate at which products/services are becoming obsolete in the industry is very low?</p> <p>D3. Technological advances within the industry are easy to predict?</p> <p>D4.Demand and consumer tastes are very easy to predict?</p> <p>D5.Consumer demand for our products is very stable?</p>	Five point Likert scale with 1- strongly disagree to 5- strongly agree	Miller and Friessen, 1982;Miller 1983)
4	Environmental hostility	<p>H1. [Do you think that], If the environment is dominating?</p> <p>H2. [Do you think that], If the environment is threatening?</p> <p>H3. [Do you think that], If the environment is stressful?</p>	Five point Likert scale with 1- strongly disagree to 5- strongly agree	Khand-walla, 1977; Covin and Slevin 1989b)

Source: Own summary from literature reviews, 2

3.5. Specification of the Research Model

To examine the direct effect of corporate entrepreneurship variables (CE) on Microfinance Institutions performance and the effect of interactions between corporate entrepreneurship variable and contingency variable on the same relationship, hierarchical regression has been applied with the following model.

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_n X_{ni} + \epsilon_i$$

Where: Y_i is dependent variable for i^{th} observation;

X_i is independent variable for i^{th} observation;

β_0 is the intercept;

β_s are regression coefficients

ϵ_i is the error term for i^{th} observation

This basic regression model is rewritten in terms of the variables used in this research to show the relationship among them based on the research conceptual framework.

$$PER = \beta_0 + \beta_1 CE + \epsilon \dots\dots\dots 1$$

$$PER = \beta_0 + \beta_1 CE + \beta_5 EUC + \epsilon \dots\dots\dots 2$$

Where:

PER is microfinance Institution performance

CE is corporate entrepreneurship

EUC is environmental uncertainty

3.6. Techniques of Data Analysis

The quantitative data gathered through structured questionnaire which is developed by reviewing previous studies on corporate entrepreneurship/EO and literatures and quantified them through five point Likert scale. The questionnaire which is properly filled by respondents is be selected, coded and entered into computer.

The collected data analyze the in the form of descriptive, correlation and multiple regression. The descriptive statistics was employed to quantitatively describe variables using mean, standard deviations, frequency or mode. The correlation analysis was performed to identify the direction and the strength of the relationship between the independent and dependent variables using Pearson correlation analysis. The correlation analysis shows only the degree of association between variables and does not permit the researcher to make causal inferences regarding the relationship between variables (Marczyk et al., 2005). Therefore, multiple panel linear regression analysis was also used to test the hypothesis and to explain the relationship between direct impact of corporate entrepreneurship variable and financial performance measures, and also the interaction effect of environmental uncertainty as moderating variable in between the corporate entrepreneurship and firm performance.

The data analyzed and presented in the form of diagrams, charts, and tables by using SPSS (Statistical Package for Social Science) software version 20. Various statistical tools such as correlation, moderation effect and multiple regressions with hierarchical regression were used to analyze the impact of the independent variables on the dependent variables. Finally, conclusions were made based on the findings/results of the study and recommendations were forwarded on the basis of the data analyzed.

3.7. Validity and Reliability Test

All items applied to measure corporate entrepreneurship construct variables were adopted from validated sources from literature as indicated in Table 3. Data were initially cleaned for potential non-response, invalid answers, or any incomplete questionnaires. All MFIs chief executives officers were returned the questionnaires by filling out properly and completely. There is no dropped questionnaire due to problems of incompleteness or any other related problems.

Initially, factor analysis was performed using dimension reduction function to check whether there were redundancies of items of explanatory of latent variables and to see factors having with low loading factors of below 0.3. Other than self-correlation of each item, there is no redundant item and only one factor of performance measurement was omitted from factor items due to its low loading factor, which is below 0.30 (see table 1). All measurement factors are moderately and positively correlated to each other ranging from 0.30 to 0.79 at a statistically significant $P <$

0.05, which is adequately within the expectation level of correlation. Moreover, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) values of each explanatory factor variable were checked and ensured having values ranging from 0.52 to 0.84, which is above the minimum value of 0.50, demonstrating that all these explanatory variables are valid and reliable.

Reliability of scale test was measured by cronbach alpha index and ideally recommended to be more than >0.70 to consider the scale of measurement consistent and reliable, and in the process of validation, was assured that all independent variables and composite variables of corporate entrepreneurship construct variables items were having cronbach alpha above 0.70 index value. All measurement standards are adequately satisfied as a prerequisite and reasonably met to proceed for further analysis and use for inferences. (See the table below).

TABEL 4- RELIABILITY AND VALIDITY TEST INDEXES

Latent variable	Items	Inter-item correlation (r)			Kaiser-Meyer-Olkin Measure of Sampling adequacy		Factor loading of each item	Croanbach alpha of the latent variable
		Minimum	Maximum	P-value	KMO	P-value		
Innovativeness	Ino1	0.35	0.79	<0.05	0.59 or 59%	<0.05	0.79	0.77
	Ino2	0.35	0.42	<0.05			0.43	
	Ino3	0.42	0.79	<0.05			0.84	
Proactiveness	Pro1	0.45	0.79	<0.05	0.63 or 63%	<0.05	0.78	0.74
	Pro2	0.45	0.57	<0.05			0.58	
	Pro3	0.79	0.57	<0.05			0.86	
Risk-taking	Ris1	0.45	0.65	<0.05	0.66 or 66%	<0.05	0.73	0.72
	Ris2	0.48	0.65	<0.05			0.75	
	Ris3	0.45	0.48	<0.05			0.57	
Dynamism	Dyn1	0.51	0.70	<0.05	0.56 or 56%	<0.05	0.84	0.75
	Dyn2	0.30	0.70	<0.05			0.69	
	Dyn3	0.30	0.51	<0.05			0.49	
Hostility	Hos1	0.22	0.45	<0.05	0.52 or 52%	<0.05	0.40	0.72
	Hos2	0.45	0.70	<0.05			0.85	
	Hos3	0.22	0.70	<0.05			0.69	
Performance	MFP1	0.48	0.72	<0.05	0.84 or 84%	<0.05	0.77	0.84
	MFP2	0.18	0.97	<0.05			0.84	
	MFP3	0.23	0.48	<0.05			0.89	

*All inter-item correlation is significant at $P<0.05$

Convergent and divergent validity test was checked in between independent and dependent variables to ensure existence of some type of relationship that is different from zero. Fortunately,

all independent variables do have a convergent type relationship within the dependent variable of performance (see table 2). Theoretically either positive or negative relationship is expected in between the independent variable and dependent variable of performance and same issue was verified before proceeding for further analysis and inferences for description. All (independent and dependent) variables were statistically significant at $P < 0.05$ index value.

3.8. Ethical Considerations

Conducting research, its design, data collection strategy, etc. require acceptable ethical considerations (Saunders, Lewis, & Thornhill, 2009, p. 160). The researcher, therefore, required to be abiding by the ethical research principles. From that point of view, respondents from the targeted Microfinance Institution have been transparently informed about the objective of the research. The researcher has made sure that the covering letter contains information about the investigation, the objectives of the data collection, the voluntary participation of the respondents, assurance regarding confidentiality and anonymity, the intention to reveal the findings up on completion of the study and the contact details of the researcher.

CHAPTER FOUR

4. DATA ANALYSIS and INTERPRITATION

4.1. Demographic Composition of Respondents

Both demographic and Microfinance Institutions related information were collected from the selected Microfinance Institutions Chief executive officers (CEOs). The demographic information of the respondents includes gender, age and educational level to see the demographic composition of respondents in the study area. While Microfinance Institutions related information such as Institution's age, number of employees as proxy to measure size of the Institution and as control variables were collected and presented in table 3.1

Though this does not have any effect on the result of the research, the gender distribution is unbalanced with highly inclination to male (97.1%) and the rest (2.9%) are female.

With respect to the age of respondents, 32.4% of them fall under the age group of 31-40, while 58.8% between 41-50 years of age and only 8.8% are within 51-60 age groups. This gives us a preliminary indication that more experienced and matured peoples are running and managing the Microfinance Institutions. Furthermore, this gives us more hopefulness of getting reliable and adequate information for the study topic under investigation. The level of experience the respondents have and age does have its own impact on getting quality and reliable data for the research.

Regarding to educational level, according to table 3.1 below, the majority of the respondents, 24 of the respondents or (70.6%) did and obtained their second degree and 10 of them, or (29.4%) have received first degree. This figure indicates that most of the questionnaire respondents are highly qualified and have reached at the maximum level of educational achievement and development. This figure tells us that our respondents are highly educated and qualified and are suited to give more reliable and valid information for the study inputs and as a result, the acceptability of the research output is hopefully highly likely.

TABEL 5- RESPONDENTS AND MICROFINANCE INSTITUTIONS PROFILES

Respondents' demographic information			
Variables		Frequency	Percent
Gender	Male	33	97.1
	Female	1	2.9
Age	31-40	11	32.4
	41-50	20	58.8
	51-60	3	8.8
Education level	First degree	10	29.4
	Second degree	24	70.6
Institution Related Variables			
Firm size (number of employee)	Mean	697.71	
	Minimum	12	
	Maximum	12,570	
	Std. deviation	2,219.3	
Firm age (years in operation)	Mean	17.29	
	Minimum	9	
	Maximum	22	
	Std. deviation	4.18	

Source: own survey, 2019

As it was stated in the previous chapters, in this research two control variables i.e. firm size and firm age were selected to insure appropriate model fit and to give alternative explanations for variances in firms' performance. Thus, the general features of these variables are discussed as follows.

As shown in table 5, the mean number of employees in the surveyed Microfinance Institutions is 697 with standard deviation of 2,219.3. In addition, the minimum number of employees among the companies is reported to be 12 and the maximum is 12,570. With respect to firm age, the mean age of the Institution is found to be 17.29 years with std. deviation of 4.2 while the minimum reported age is 9 years and the maximum is 22. The control variables used for the study would have arguably its own impact on performance of the Microfinance Institution but would not be a statistically significant as it was tested and determined through correlation and regression analysis of control variables with performance indicators.

4.2. Validity and Reliability Test

All items applied to measure corporate entrepreneurship construct variables were adopted from validated sources from literature as indicated in Table 3. Data were initially cleaned for potential non-response, invalid answers, or any incomplete questionnaires. All MFIs chief executives officers were returned the questionnaires by filling out properly and completely. There is no dropped questionnaire due to problems of incompleteness or any other related problems.

Initially, factor analysis was performed using dimension reduction function to check whether there were redundancies of items of explanatory of latent variables and to see factors having with low loading factors of below 0.3. Other than self-correlation of each item, there is no redundant item and only one factor of performance measurement was omitted from factor items due to its low loading factor, which is below 0.30 (see table 1). All measurement factors are moderately and positively correlated to each other ranging from 0.30 to 0.79 at a statistically significant $P < 0.05$, which is adequately within the expectation level of correlation. Moreover, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) values of each explanatory factor variable were checked and ensured having values ranging from 0.52 to 0.84, which is above the minimum value of 0.50, demonstrating that all these explanatory variables are valid and reliable.

Reliability of scale test was measured by cronbach alpha index and ideally recommended to be more than >0.70 to consider the scale of measurement consistent and reliable, and in the process of validation, was assured that all independent variables and composite variables of corporate entrepreneurship construct variables items were having cronbach alpha above 0.70 index value. All measurement standards are adequately satisfied as a prerequisite and reasonably met to proceed for further analysis and use for inferences. (See the table below).

TABEL 4- RELIABILITY AND VALIDITY TEST INDEXES

Latent variable	Items	Inter-item correlation (r)			Kaiser-Meyer-Olkin Measure of Sampling adequacy		Factor loading of each item	Croanbach alpha of the latent variable
		Minimum	Maximum	P-value	KMO	P-value		
Innovativeness	Ino1	0.35	0.79	<0.05	0.59 or 59%	<0.05	0.79	0.77
	Ino2	0.35	0.42	<0.05			0.43	
	Ino3	0.42	0.79	<0.05			0.84	
Proactiveness	Pro1	0.45	0.79	<0.05	0.63 or 63%	<0.05	0.78	0.74
	Pro2	0.45	0.57	<0.05			0.58	
	Pro3	0.79	0.57	<0.05			0.86	
Risk-taking	Ris1	0.45	0.65	<0.05	0.66 or 66%	<0.05	0.73	0.72
	Ris2	0.48	0.65	<0.05			0.75	
	Ris3	0.45	0.48	<0.05			0.57	
Dynamism	Dyn1	0.51	0.70	<0.05	0.56 or 56%	<0.05	0.84	0.75
	Dyn2	0.30	0.70	<0.05			0.69	
	Dyn3	0.30	0.51	<0.05			0.49	
Hostility	Hos1	0.22	0.45	<0.05	0.52 or 52%	<0.05	0.40	0.72
	Hos2	0.45	0.70	<0.05			0.85	
	Hos3	0.22	0.70	<0.05			0.69	
Performance	MFP1	0.48	0.72	<0.05	0.84 or 84%	<0.05	0.77	0.84
	MFP2	0.18	0.97	<0.05			0.84	
	MFP3	0.23	0.48	<0.05			0.89	

*All inter-item correlation is significant at $P<0.05$

Convergent and divergent validity test was checked in between independent and dependent variables to ensure existence of some type of relationship that is different from zero. Fortunately, all independent variables do have a convergent type relationship within the dependent variable of performance (see table 2). Theoretically either positive or negative relationship is expected in between the independent variable and dependent variable of performance and same issue was

verified before proceeding for further analysis and inferences for description. All (independent and dependent) variables were statistically significant at $P < 0.05$ index value.

4.3. Data analysis

4.3.1. Correlation Analysis

Correlation analysis shows the degree of association between variables and that indicates the direction in which the variables associate - positively or negatively (Saunders, Lewis, & Thornhill, 2009, p. 490). The value of correlation ranges from - 1 to 1 and the strength of association can be categorized from very low with correlation coefficient (r) less than 0.2 to very high with coefficient greater than 0.9. However, the two most extreme correlation relationship values less than 0.2 and above 0.9 is not desired values from different perspectives and when compared against standard parameter measurement angles.

Table 3.2- below illustrates the correlation coefficients for the associations between all the variables-control, independent and dependent variables. In this correlation analysis it is relevant to note mainly the relationship that exists between the dependent variable and the other categories. The two control variables, number of years in operation and size of the Institution are associated with performance with very low correlation coefficient and their association is not statistically significant ($P=0.159, 0.370$, all >0.05 p-values). This can be an indication that all the control variables are not strong predictors of Microfinance Institutions' performance in this research study.

When we see the association within the independent and moderator variable, there is considerable correlation. Thus, corporate entrepreneurship construct variable correlates with environmental uncertainty with positive and at statistically significant coefficient ($r = 0.84$ with $p < 0.01$). Though correlation coefficient between corporate entrepreneurship construct and environmental uncertainty of predictor variables is considerable, their correlation is within the maximum tolerance limit of greater than 0.1 and less than VIF of 10. These correlation coefficient values indicate that, there is a moderate relationship among the predictor variables and their correlation is not as high as to the problem of multicollinearity. As we see from the table correlation coefficient between control variables with dependent variable is almost nail or

zero, signifying that the control variables in our regression model have no effect or have insignificant effect relationship. Greater than 0.3 value of correlation coefficient between the predictor and dependent variable is expected to have to proceed for a regression analysis. As seen from the table 3.2, below, a correlation relationship of ($r= 0.84, 0.88$ and 0.60 , with all, $P<0.01$), respectively, in between the predictor, moderator and dependent variable. The correlation relationship seen in between all the variables is within the expected requirements and research standards. This is, therefore, any change of variability on the dependent variable outcome is the sole effect of only independent and moderator variable.

TABEL 6. PEARSON CORRELATION

		Environmental uncertainty	Corporate entrepreneurship construct	Microfinance performance	Year of operation	Number of employee
Environmental uncertainty	Pearson Correlation	1	.849**	.888**	.150	.108
	Sig. (2-tailed)		.000	.000	.396	.544
	N	34	34	34	34	34
Corporate entrepreneurship construct	Pearson Correlation	.849**	1	.601**	.077	-.087
	Sig. (2-tailed)	.000		.000	.667	.625
	N	34	34	34	34	34
Microfinance performance	Pearson Correlation	.888**	.601**	1	.101	.159
	Sig. (2-tailed)	.000	.000		.570	.370
	N	34	34	34	34	34
Year of operation	Pearson Correlation	.150	.077	.101	1	.279
	Sig. (2-tailed)	.396	.667	.570		.110
	N	34	34	34	34	34
Number of employee	Pearson Correlation	.108	-.087	.159	.279	1
	Sig. (2-tailed)	.544	.625	.370	.110	
	N	34	34	34	34	34

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

However, the most important component in this correlation analysis is the relationship between the dependent variable and other explanatory variables. Both the level and direction of their association allows for other higher level analyses in the research. As a rule of thumb, strong correlation between dependent and independent variables is recommended. In general correlation

coefficients greater than 0.7 are considered as high correlation (Evans, 1996). In table 4.1, Microfinance Institution' performance and Corporate entrepreneurship construct are moderately and positively correlated ($r=0.60$, $p<0.01$). Similarly, performance correlated with environmental uncertainty positively and strongly ($r=0.88$, $p<0.01$). Once strong associations between dependent and independent variables are confirmed from the correlation analysis, further regression analysis can be conducted to make inferences out of their relationship.

4.4. Diagnostics of Assumptions in Regression

Before conducting a regression analysis, the basic assumptions concerning the original data must be made. This is a mandatory prerequisite in explaining the relationships between dependent and explanatory variables. Five major assumptions have to be checked and proved to be met reasonably well. In this study these important least square assumptions were checked and explained as below.

The relationship between the dependent variable and independent variables need to be linear function to apply linear regression analysis (Darlington, 1968). One method of preventing non-linearity is to use theory of previous research to inform the current analysis to assist in choosing the appropriate variables (Osborn & Waters, 2002). To test the linearity of associations, scatter plot diagram with line of fit can be used to see if the distribution can be represented by linear relationship.

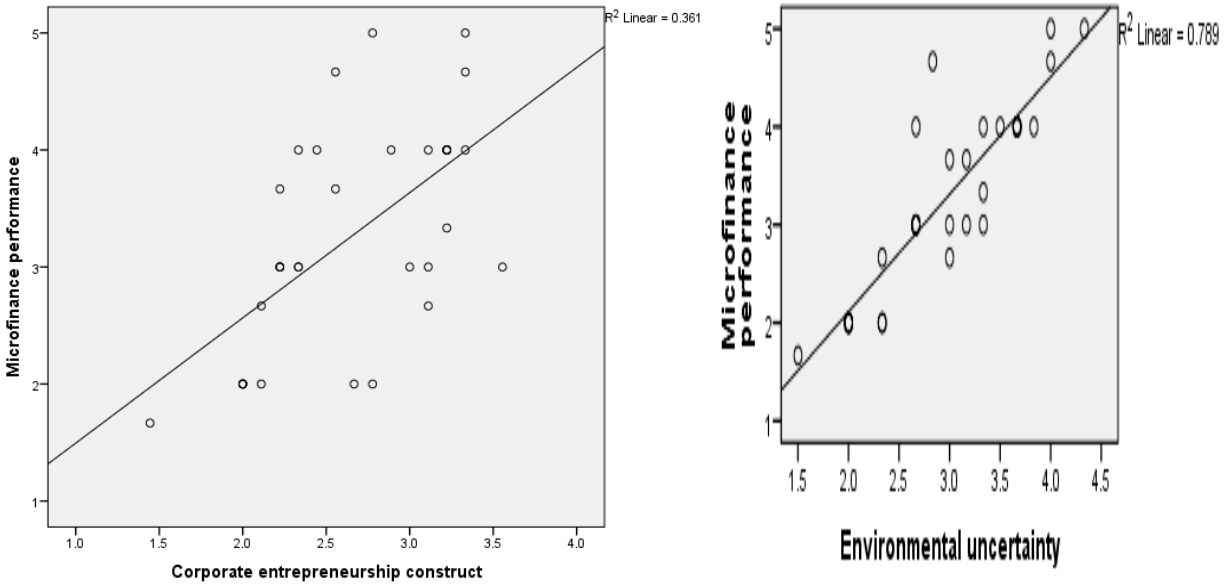


Fig 2: scatter plot with fit line

In this research, as indicated in Chapter Two, all the variables were selected from previous researches which applied linear relationship between the variables. Furthermore, as shown in Figure 2, all the two relationships between dependent and independent variables (Performance with CEC, Environmental uncertainty) fit reasonably with linear pattern and it holds that linearity assumption is met.

4.4.1. Normality

Multiple regressions assume that variables have normal distributions (Darlington, 1968). This implies that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006). This assumption can be tested by looking at the P-P plot for the model together with histogram of the standardized residuals. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed.

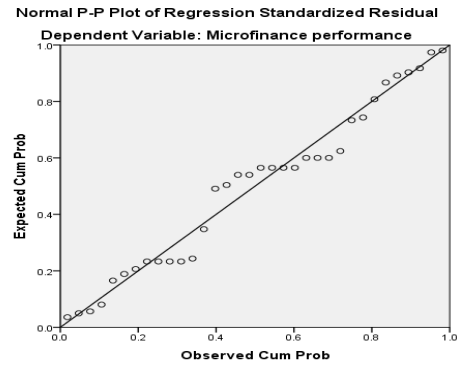
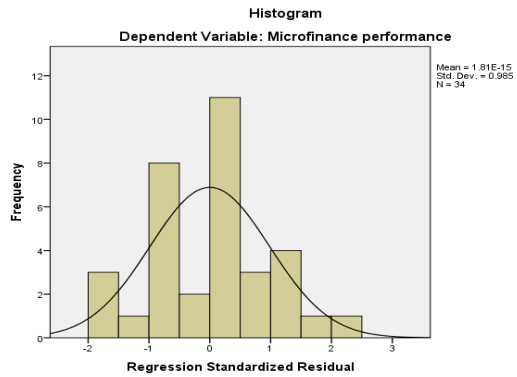


Fig 3: Histogram and P-P plot of standardized residuals

The histogram in Figure 3 looks normal and in the P-P plots also the dots are reasonably closer to the normal line. The combination of both inspections support that the residuals are normally distributed.

4.4.2. Multicollinearity

Strong relationship between explanatory variables is a problem of multicollinearity and not acceptable for ordinary list square regression analyses.

TABEL 7. COLLINEARITY TEST

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	.446	.308		1.447	.158					
Corporate entrepreneurship construct	-.980	.216	-.550	-4.541	.000	.601	-.632	-.290	.278	3.591
Environmental uncertainty	1.830	.164	1.356	11.186	.000	.888	.895	.715	.278	3.591

a. Dependent Variable: Microfinance performance

Variance-inflation factor (VIF) has also been checked and values are found smaller, which supports that multicollinearity is not a problem. Moreover, tolerance statistics in regression analysis helps to detect collinearity problem. Tolerance value runs from 0 to 1 and values closer to 1 indicates no multicollinearity problem (Keith, 2006). In this study all the tolerances are above 0.27 and, therefore, the amount of variation in that construct is not explained by other predictors. All the three tests indicated that there is no multicollinearity problem.

4.4.3. Homoscedasticity

This assumption requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborn & Waters, 2002). If the error terms are distributed randomly with no certain pattern then the problem is not detrimental for analyses. Figure 3 below shows that the standardized residuals in this research are distributed evenly ranging from within ± 3 on the x and y axis, indicating heteroscedasticity is not a serious problem for this data.

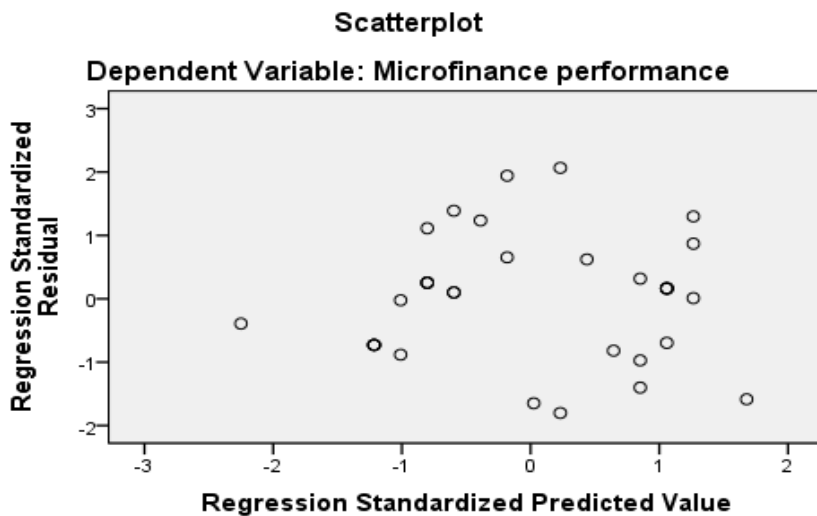


FIG 4: SCATTERPLOT OF STANDARDIZED RESIDUALS

4.4.4. Autocorrelation

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently (Stevens, 2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the DW value needs to be close to 2. Values below 1 and above 3 are problematic and causes for concern.

TABLE 8. DURBIN WATSON STATISTICS

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.601 ^a	.361	.341	.776	1.736

a. Predictors: (Constant), Corporate entrepreneurship construct

b. Dependent Variable: Microfinance performance

Source: Own Survey, SPSS v23, 2019

4.5. Regression Analyses and Hypotheses Testing

Hierarchical moderated regression has been used to test the research hypotheses. Hierarchical regression analysis allows for a comparison between alternative models with and without interaction terms, where an interaction effect only exists if the interaction term contributes significantly to the variance explained in the dependent variable over the main effects of the independent variables (Jaccard & Turrisi, 2003).

Number of years since the business commenced its operation as Microfinance Institution is considered for this analysis. Microfinance Institution with minimum of five years in business were considered as they are the best informers for the issues raised in the study, particularly, related to performance in the last three years. Number of employees in the Institution was used as a proxy to measure size of the enterprise for this analysis case. Control variables are

incorporated in the regression analyses to ensure proper model specification and give alternative explanations for variations in Microfinance Institution' performance. Model 1 (Table 1) shows the effect of all the two control variables on Microfinance Institution' performance, however, are found to be statistically not significant at $p = 0.05$.

H1: Corporate entrepreneurship construct is positively related to Microfinance Institution' performances in that Institution with higher level of corporate entrepreneurship construct have higher performance;

In the regression analysis, corporate entrepreneurship construct has been introduced in Model 2 (Table 2) to see the direct effect of CEC on Microfinance Institution' performance. Consistent with the initial proposed hypothesis, CEC has positive and statistically significant effect on Microfinance Institution' performance (standardized $\beta = 0.620$, $p < 0.01$). And compared to model 1, which contains only control variables, addition of CEC in the model explains substantial extra variance in performance ($\Delta R^2 = 0.377$, $p < 0.01$). These statistics supported hypothesis 1 which posits corporate entrepreneurship construct is positively related to Microfinance Institution' performance in that Microfinance Institution with higher level of corporate entrepreneurship construct achieve higher performance compared to those with lower entrepreneurial behavior.

The positive and significant universal effect of CE on firm performance in this study is consistent with prior empirical researches as mentioned in a meta-analysis on CEC-performance (i.e., G.T. Lumpkin & G.G. Dess (2001), David KOVACS et. al., (2016), Sofian Shansuddin et.al, (2012), James W. Kroeger (2007), Waheed Ali Umrani, Jahangir Karimi, Zhiping Walter).

Further to CEC, other direct effects of the contingency variable were also checked before examining their interaction effects on performance. The contingency variable (i.e., environmental uncertainty) has positive and statistically significant effect on Microfinance (standardized $\beta = 0.888$, $p < 0.01$). Thus, existence of environmental uncertainty by Microfinance Institution were added in Model 3 (Table 3) as independent variable and the overall degree of determination has significantly increased ($\Delta R^2 =$ increased from 0.406 to 0.878, $p < 0.001$). The change to the variability to the dependent variable due to environmental uncertainty is big (i.e., 0.472). This means almost half percent of the variability to performance is due to the environmental uncertainty variables. Thus, adding environmental uncertainty as moderator

variable is quiet important and relevant to the reliable determination of corporate entrepreneurship and performance relationship. Environmental uncertainty together with corporate entrepreneurship construct, has explained higher variation (R-squared = 0.878) in Microfinance Institution' performance. Model 3 in table 3.7 also illustrates environmental uncertainty (standardized $\beta=1.390$, $p<0.001$) influenced performance in Microfinance Institution positively and the relationship is statistically significant.

TABEL 9. DIRECT EFFECT STATISTICAL RESULT OF EACH VARIABEL HIERARCHICALLY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.169 ^a	.029	-.034	.972	.029	.457	2	31	.637
2	.637 ^a	.406	.347	.773	.406	6.843	3	30	.001
3	.937 ^a	.878	.861	.357	.878	51.955	4	29	.000

- a. Predictors: (Constant), Environmental uncertainty, Number of employee, Year of operation, Corporate entrepreneurship construct

Table 9. Coefficients^a

	Model -1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.979	.733		4.062	.000		
	Year of operation	.014	.042	.061	.334	.741	.922	1.085
	Number of employee	6.097E-005	.000	.142	.768	.449	.922	1.085
2	(Constant)	.296	.847		.349	.729		
	Year of operation	-.001	.034	-.006	-.043	.966	.912	1.097
	Number of employee	9.238E-005	.000	.214	1.454	.156	.910	1.099
	Corporate entrepreneurship construct	1.104	.253	.620	4.368	.000	.981	1.019
3	(Constant)	.668	.393		1.700	.100		
	Year of operation	-.013	.016	-.057	-.830	.413	.907	1.102
	Number of employee	1.097E-005	.000	-.025	-.355	.725	.819	1.221
	Corporate entrepreneurship construct	-1.027	.233	-.577	-4.407	.000	.246	4.061
	Environmental uncertainty	1.876	.178	1.390	10.564	.000	.244	4.098

a. Dependent Variable: Microfinance performance

H2: Environmental uncertainty moderates the CE-Performance relationship, such that the influence of CE on performance is strongest at times of environmental uncertainty in the market environment;

The relationship between corporate entrepreneurship construct and Microfinance Institution' performance, as posited in literatures, may not be always direct, rather several complex relationships are expected to exist between them. This complex relationship could be explained by incorporating mediators, moderators or moderated mediators etc. (i.e., Covin & Slevin, 1989; Karagozoglu & Brown, 1988; Zahra & Covin, 1995). What is different from previous research

done, in this particular research, environmental uncertainty as moderator has been incorporated to see their effect on CEC – Microfinance Institution’ performance relationship.

The moderated regression results in model 3 illustrates that the moderation term explained considerable additional variance ($\Delta R^2 = 0.472$, $p < 0.001$) in the relationship between corporate entrepreneurship construct and Microfinance Institutions’ performance and this variation is statistically significant. Thus, the addition of environmental uncertainty as a moderator variable is highly detrimental to the relationship between the dependent and independent variables. With the interaction effect, as shown in table 3.6, the full model explained a higher variance in Microfinance Institution’ performance ($R^2 = 0.878$). But, even if the moderated model significantly explained the relationship, the effect of the interaction term on Microfinance Institution performance is negative (standardized $\beta = -0.577$, $p < 0.01$) and this is against the proposed hypothesis 2.

TABEL 10. MODEL 3- MODERATION EFFECT STATISTICS OF ENVIRONMENTAL UNCERTAINTY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.937 ^a	.878	.861	.357	.878	51.955	4	29	.000

a. Predictors: (Constant), Environmental uncertainty , Number of employee, Year of operation, Corporate entrepreneurship construct

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.668	.393		1.700	.100		
	Year of operation	-.013	.016	-.057	-.830	.413	.907	1.102
	Number of employee	-1.097E-005	.000	-.025	-.355	.725	.819	1.221
	Corporate entrepreneurship construct	-1.027	.233	-.577	-4.407	.000	.246	4.061
	Environmental uncertainty	1.876	.178	1.390	10.564	.000	.244	4.098

a. Dependent Variable: Microfinance performance

This negative interaction effect may indicate that, even if corporate entrepreneurship and environmental uncertainty positively affect performance independently, it does not imply that the

effect of corporate entrepreneurship construct to be positively facilitated with existence of higher environmental uncertainty. The prevalence of environmental uncertainty where the firms are operating is considered as a catalyst for entrepreneurs and innovators to create a positive impact on the performance of the company, as theoretically proposed by (i.e., James W. Kroeger, 2007 etc). However, specific to the case of Ethiopian microfinance condition, the existence of environmental uncertainty does have a negative impact on performance of the company on the basis of the regression analysis (see table 3.6). A number of possible reasons could be mentioned why environmental uncertainty is negatively moderated the relationship of corporate entrepreneurship with Microfinance Institutions' performance in the case of Ethiopia. One of the possible reasons could be due to the low level of entrepreneurial culture that is prevailed in the country. Furthermore, obviously, at times of uncertain environment peoples may be less proactive, less innovative and afraid to take-risks and if that is the case, performance will decline subsequently. At times of dynamic environment and shortage of resource availability where entrepreneurial level is low, environmental uncertainty could be negatively associated with performance like specific to the case of Ethiopian Microfinance Institutions. On the other hand, though, the level of entrepreneurial culture is low, at stable environment and existence of abundant resource, stable external environment could moderate the relationship between corporate entrepreneurship and performance positively.

In model 3 (Table 11), all the direct effects and interaction terms were examined and found out that all the main terms independently still influence firm performance positively and significantly (standardized $\beta = 0.620, 0.888$ for CE, and environmental uncertainty respectively, $p < 0.001$). Furthermore, though, they both influenced individually performance positively and significantly, at times when both simultaneously regressed, the effect of corporate entrepreneurship to performance turned out to be negative and statistically significant as seen in the model.

4.6. Summary of the Regression Analysis and Hypothesis Testing

The summary of the hierarchical regression analysis outputs are summarized in Table 11. The table illustrates all the models ran to see the impact of both direct and interaction terms with coefficients of the predictor variables, degree of explanation, change in the degree of explanation and their statistical significance for ease of reference.

Variables	Model 1	Model 2	Model 3
Constant	2.979	0.296	0.668
Control variables			
Year	0.061	-0.006	-0.057
Number of employee	0.142	0.214	0.025
Direct effect			
CE	-	0.620	-0.577
Environmental uncertainty	-	-	1.390
Statistical significance			
Model significance level	P=0.637	P=0.001	P=0.000,<0.001
Control/ Independent variables significance level	P=(0.741 & 0.768)	P=0.000, <0.001	P=0.000,<0.001
R squared ¹	0.029	0.406	0.878
Δ R squared ²	-	0.377	0.472

TABEL 11. RESULTS OF MODERATED HIERARCHICAL REGRESSION

¹ Adjusted R square

² Change in variability to the dependent variable due to addition of independent variable into the model

Source: Own Survey, SPSS v20, 2019

The hypotheses of the study are tested through moderated hierarchical regression analysis by taking direct main effect and two-way interaction effects and the results are summarized below:

TABLE 12. SUMMARY OF HYPOTHESES

	<i>Hypotheses</i>	<i>Result</i>
<i>H1</i>	<i>Corporate entrepreneurship is positively related to Microfinance Institution' performances in that Institution with higher level of corporate entrepreneurship construct have higher performance;</i>	<i>Accepted</i>
<i>H2</i>	<i>Environmental uncertainty moderates the CE-Performance relationship, such that the influence of CE on performance is strongest when existence of environmental uncertainty in the market environment where firms are operating;</i>	<i>Rejected</i>

Source: Compiled from findings, 2019

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSIONS & RECOMMENDATIONS

This chapter consists of the main findings of the study, conclusion based on the findings, recommendations, limitation and directions for future research

5.1. Summary of Findings

In this research the effect of corporate entrepreneurship (CE) on Microfinance Institutions' performance has been investigated both as direct main effect and interaction effect with environmental uncertainty as moderator. These relationships are examined using selected data from Microfinance Institutions that are operating within the territory of Ethiopia. All the variables and the respective measurements in this research are based on theory and adopted from literatures. The reliability and validity of the constructs and items were tested as per the

recommendations made in literatures. To test the research hypotheses, moderated hierarchical regression analysis has been applied and the findings are summarized as follows.

Before the regression analysis the correlation between variables examined and it is confirmed that there is strong association between all the independent and the dependent variables ranging from $r > 0.60$ to 0.88. This is an indication that CE has strong relationship with Microfinance Institutions' performance. The correlation among the independent and moderator variables is not significant as their relationship is within the set limit of tolerance level of below 1 and less than 10 of VIF and free from multicollinearity problem.

Starting with the first variables, the effects of the control variables - age of the Microfinance Institution and size of the Microfinance Institution – on performance were examined and were not statistically significant. Corporate entrepreneurship construct has positive and statistically significant (with standardized $\beta = 0.620$, $p < 0.001$) effect on Microfinance Institutions' performance. Corporate entrepreneurship construct explained high variance in firms performance ($R^2 = 0.406$), this supports hypothesis 1 and it is in line with other findings in literatures as mentioned in a meta-analysis (i.e., G.T. Lumpkin & G.G. Dess (2001), David KOVACS et. al., (2016), Sofian Shansuddin et.al, (2012), James W. Kroeger (2007), Waheed Ali Umrani, Jahangir Karimi, Zhiping Walter).

Before testing the interaction effects with the moderators, the main effect of the contingency variable on Microfinance Institutions' performance were tested and both have positive and statistically significant effect (with standardized $\beta = 0.888$, for environmental uncertainty, $p < 0.001$). Thus, environmental uncertainty explained additional significant variance in firms performance ($\Delta R^2 = 0.472$, $p < 0.001$).

5.2. Conclusions

Based on the findings summarized in section 5.1 the following major conclusions are drawn.

From the demographic and Institutions related profiles, first it is concluded that the gender participation in Microfinance Institution is highly unbalanced, though this does not have any effect on the result of the research, the gender distribution is unbalanced with highly inclination to male (97.1%) and the rest (2.9%) are female.

With respect to the age of respondents, 32.4% of them fall under the age group of 31-40, while 58.8% between 41-50 years of age and only 8.8% are within 51-60 age groups. This gives us a preliminary indication that more experienced and matured peoples are running and managing the Microfinance Institutions. Furthermore, this gives us more hopefulness of getting reliable and adequate information for the study topic under investigation. The level of experience the respondents have and age does have its own impact on getting quality and reliable data for the research.

From the correlation analysis it is concluded that there is a strong association between corporate entrepreneurship construct and Microfinance Institutions' performance. In line with hypothesis one, the findings of the regression analysis has shown that corporate entrepreneurship construct explains reasonable variation in Microfinance Institutions' performance with positive relationship and it is statistically significant. It is, therefore, concluded that corporate entrepreneurship construct in Microfinance Institutions plays substantial role in their performance. This direct effect relationship is also supported by other literatures (Schollhammer, 1928; Miller, 1983; Khandwalla, 1987; Guth and Ginsberg, 1990; Naman and Slevin, 1993 and Lumpkin and Dess, 1996).

The direct effect analysis in regression with corporate entrepreneurship construct and environmental uncertainty together explained large variations in performance ($R^2=0.878$, with $P<0.001$) indicating that they are strong predictors of performance.

From the moderated hierarchical regression analysis findings, it is deduced that environmental uncertainty is negatively moderated the relationship between corporate entrepreneurship construct and Microfinance Institutions' performance. This implies that at high environmental uncertainty, the effect of corporate entrepreneurship construct on Microfinance Institutions' performance is lower. Though, theoretically environmental uncertainty is fuelled the level of corporate entrepreneurship and play great role positively to the performance of the firm as proposed by (i.e. G.T. Lumpkin & G.G. Dess (2001) and James W. Kroeger, 2007). The research

result, specific to Microfinance Institutions in Ethiopia is against the previous propositions and research result. In my view, as the level of entrepreneurial culture and spirit is low at times of environmental uncertainty that is characterized by mainly shortage of resources and frequent changes of the market environment, corporate entrepreneurship does not play positively to the firm performance and the regression result is quiet sound and reasonable specific to the condition of Microfinance Institutions that are operating in Ethiopian. Furthermore, at times of environmental uncertainty peoples are less active and may tend to be reactive which is against the conceptualization of entrepreneurship and that could arguably corporate entrepreneurship associated with performance negatively at times of uncertain environment.

5.3. Recommendations

According to the research findings and the concluded notions the following main recommendations are forwarded:

- Based on the educational background of the respondents, most of the managers are relatively well educated and believed that the level of education has a direct impact on performance of the Microfinance Institutions. Thus, it is therefore recommended that furthermore various high levels technical trainings in their business area should be delivered as a support to upgrade their level of competence and to keep them competitive in their industry. Furthermore, as per the research finding at times of environmental uncertainty corporate entrepreneurship is negatively correlated with performance and to turn it to positive correlation with performance the level of entrepreneurial culture and spirit should be much improved from the present level of low entrepreneurial level by providing entrepreneurship trainings.
- Based on the conclusion, since Microfinance Institutions are doing their business in uncertain environment that is characterized by mainly shortage of financial resources and unstable environment, and theoretically as proposed by (i.e. G.T. Lumpkin & G.G. Dess, 2001) and James W. Kroeger, 2007), MFIs shall be recommended to behave more proactive and exercising entrepreneurial initiatives at times of environmental uncertainty to register strong financial performance and to be more competitive in the financial sector.

- Government and other supporting partners (i.e., multilateral donors) should consider other innovative options that will help to build the entrepreneurial behavior/skills of owners and managers so that even in environmental uncertain condition it could be possible to improve their accomplishment better than before. This could be done through capacity development through entrepreneurship development or encouraging initiatives that could call participation of Microfinance Institutions in conducting entrepreneurial activities by integrating within their business process.
- The regulatory organ of the Microfinance Institution (National Bank of Ethiopia) shall require by Directives all operating Microfinance Institutions to hold a budget annually from their profit that will be utilized for entrepreneurial skill development and related trainings and workshops for further capacity development programs.

5.4. Future Research

Further researches are required involving interaction of CE with several social, economic, political, environmental factors and assess its impact on performance. In addition to interaction effect there could be different forms of indirect effect of CE on performance through other bridging variables. These issues could be addressed in future researches mainly in Ethiopian context.

- In addition to contingency framework, other interaction effects could be further tested by taking various alignments of variables to see if substantial and positive effect of CE on performance could be achieved. Future researches may consider configurationally approach to further the knowledge in CE-performance relationship.
- As it was mentioned in the scope of the research further longitudinal research is required to make certain cause – effect relationship for the generalizability of the actual relationship between corporate entrepreneurship construct and firm performance in Ethiopian context.

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Annex 1: Brief summary of empirical findings in CE constructs/EO dimensions –performance literatures			
Authors	Moderators/Mediator	Context	Key findings
G.T.Lumpkin & G.G.Dess (2001)	Environmental dynamic , hostile and Industry life cycle	firms that operate across at different sectors- southwestern (America)	<ul style="list-style-type: none"> - Initial tests found that proactiveness was positively related to performance but competitive aggressiveness tended to be poorly associated with performance. - In dynamic environments, characterized by rapid change and uncertainty, proactive firms had higher performance relative to competitively aggressive firms. In hostile environments, where competition is intense and resources are constrained, competitively aggressive firms had stronger performance. - This study indicates that the dimensions of EO often vary independently rather than covary, suggesting that the extent to which an entrepreneurial approach to strategy making is useful will frequently depend on the organizational or environmental conditions under which such decisions are made.
David KOVACS et. al., (2016)	Environmental dynamism, environmental hostility and firm ages	Post-socialist market context-in Hungary	<ul style="list-style-type: none"> - Confirmed entrepreneurial orientation do have a relationship to firm performance in Hungary after socialism economic contexts - However, the study found out that the internal and external factors have no significant influence on the entrepreneurial orientation to financial performance direct relationship.
Sofian Shansuddin et.al, (2012)	Resource availability, rewards, supportive organizational structure	State government linked corporation-Malaysian	<ul style="list-style-type: none"> - Proactiveness has a positive and significant impact on financial performance of the company - In contrast, risk taking does not have a direct effect on financial performance of the company. Whereas, innovation and self-renewal, both are negatively related to financial performance. - Resource availability, supportive organizational and rewards do moderate

			<p>the relationship between pro-activeness, risk taking and financial performance.</p> <ul style="list-style-type: none"> - Although all moderating factors were positively related with these two corporate entrepreneurship dimensions, but they are not significant.
James W. Kroeger (2007)	External environment	Northeastern Ohio –small businesses	<ul style="list-style-type: none"> - The results of this research indicate that a firm’s entrepreneurial orientation is positively related to the firm performance. - Environmental uncertainty was shown to have an effect on the relationship between entrepreneurial orientation and performance. That has positive impacts on business performance at times of uncertain environment.
Waheed Ali Umrani	Organizational culture	Pakistan-banking sector	<ul style="list-style-type: none"> - Corporate entrepreneurship has a positive impact on business performance. - Organizational culture positively moderates the relationship between corporate entrepreneurship and business performance.
Jahangir Karimi, Zhiping Walter	Business model innovation adoption	Newspaper industry, America	<ul style="list-style-type: none"> - It finds that, while autonomy, risk-taking, and proactiveness do have positive associations with the extent of adoption of disruptive business model innovation, innovativeness does not. - Further, disruptive business model innovation adoption has a nonlinear association with business model performance.
Haileeyesus T. Woldemichael	Roles of marketing resource allocation and access to financing	SMEs-in Addis Ababa	<ul style="list-style-type: none"> - From the analyses it is confirmed that EO has positive and statistically significant ($p < 0.01$) effect on small enterprises’ performance. - MKT and FNS are also found to moderate the relationship between EO and performance but negatively against the hypothesized direction

			<p>(p<0.01).</p> <ul style="list-style-type: none">- Based on the findings it is concluded that EO is a beneficial strategic posture for small enterprises in resources constrained environment. Besides, it is learned that resources accessibility and allocation may not directly ensure maximum exploitation of EO to achieve high performance
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አዲስ አበባ ዩኒቨርሲቲ
የቢዝነስና ኢኮኖሚክስ ኮሌጅ
የማኔጅመንት ትምህርት ክፍል ድጎረ-ምረቃ መርሀግብር
በከፍተኛ የሥራ ሃላፊዎች የሚሞላ መጠይቅ

ውድ የጥናቱ ተሳታፊ

በቅድሚያ በዚህ ጥናት ላይ ለመሳተፍና መረጃ ለመስጠት ፈቃደኛ ስለሆኑ ልባዊ ምስጋና አቀርባለሁ።

ይህ መጠይቅ **“Corporate Entrepreneurship and Microfinance Institutions performance”**: **The role of Environmental uncertainty as Moderator variable in the Case of Ethiopian Microfinance Sector** በሚል ርዕስ ለሚቀርብ ጥናታዊ ጽሁፍ መረጃ ለመሰብሰብ የተዘጋጀ ነው።

ጥናቱ የሚሠራው አዲስ አበባ ዩኒቨርሲቲ በማስተርስ ኦፍ ሳይንስ በኢኮኖሚክስና ኢንተረፕረንሲንግ ለሁለተኛ ዲግሪ (MSc in Management Specialization in Innovation Management and Entrepreneurship) ያስቀመጠውን መስፈርት ለማሟላት በመሆኑ የሚሰበሰበው መረጃ ሙሉ በሙሉ ለትምህርታዊ ዓላማ ብቻ የሚውል ይሆናል። በመሆኑም መረጃው ምስጢራዊ ሆኖ የሚጠበቅ ሲሆን ከትምህርታዊ ሥራ በስተቀር ለሌላ ለምንም ዓላማ ጥቅም ላይ አይውልም። በመሆኑም ትክክለኛ መረጃ እንዲሰጡን በታላቅ ትህትና እንጠይቃለሁ ።

ስለትብብርዎ ከልብ እናመሰግናለን!

ማሳሰቢያ:

- እባክዎት ለሁሉም ጥቆሞች መልስ ይስጡ።

- በመጠይቁ ላይ ስም መጻፍ አያስፈልግም።

1. መረጃ ሰጪውን የተመለከተ መሠረታዊ መረጃ

1.1. ጾታ: ወንድ ሴት

1.2 ዕድሜ: 18-24 25-30 31-40 41-50 51-60 60

1.3 ያጠናቀቁት ከፍተኛው የትምህርት ደረጃ:

1. የመጀመሪያ ዲግሪ 2. ሁለተኛ ዲግሪ 3. ሶስተኛ ዲግሪ

1.4 በድርጅቱ ውስጥ የእርስዎ ድርሻ:

1. ዋና ስራ አስኪያጅ 2. አመራር 3. ባለሙያ

2. ስለድርጅቱ አጠቃላይ መረጃ

2.1 ድርጅቱ ከተቋቋመ ስንት ዓመት ሆነው? -----

2.2 በድርጅቱ ውስጥ ምን ያህል ሰራተኞች ይሠራሉ? ወንድ: _____ ሴት: _____

3. የሥራ ፈጣሪነት ባህርያት (Corporate Entrepreneurship)

እባክዎን በሚከተሉት ጥያቄዎች ምን ያህል እንደሚስማሙ ከ 1 እስከ 5 በተመለከቱ መለኪያዎች መሠረት መልስዎን ይስጡ።

1 በፍፁም አልስማማም	2 አልስማማም	3 አማካይ / መካከለኛ	4 እስማማለሁ	5 በጣም እስማማለሁ
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ተቋማዊ ነጻነት (autonomy)	መለኪያ				
	1	2	3	4	5
A1. በአጠቃላይ የድርጅቱ የበላይ ኃላፊዎች፣ አመራሮችና ባለሙያዎች ከተቋሙ ዋና ስራና ተግባር በተጓዳኝ አዳዲስ የአገልግሎት ዘዴዎችን የመፍጠር፣ የግል ፈጠራ ዝንባሌን የመከተልና የመስራት ሙሉ ነጻነት					

አላቸው።					
A2. ተቋሙ አዳዲስ የአገልግሎት ዘዴዎችን ለመፍጠርና ለማልማት የሚያስችል፤ አስፈላጊውን ሀብት የመመደብ ነጻነት አለው።	1	2	3	4	5
A3. የተቋሙ ባለሙያ ከዋና የዕለት ተዕለት ተግባራት በተጓዳኝ አዳዲስ አገልግሎቶችን ለመፍጠርና ለማልማት የሚያስችል አሰራር አለው ።	1	2	3	4	5

አዳዲስ ምርትና አገልግሎት ፈጠራ (Innovativeness)	መለኪያ				
	1	2	3	4	5
I1. በአጠቃላይ የድርጅቱ የበላይ ኃላፊዎችና ባለቤቶች ጥናትና ምርምርን መሰረት ያደረገ፣ በቴክኖሎጂ የታገዘ፣ ፈጠራ ላይ የተመሰረተ የሥራ መሪነትን ይደግፋሉ፤ ይተገብራሉ።					
I2. ባለፉት ሦስት ዓመታት ውስጥ በድርጅታችን በርካታ አዳዲስ የምርት ዓይነቶችንና አገልግሎቶችን ለገበያ አቅርበናል።					
I3. በድርጅታችን ውስጥ የምርት ዓይነቶች ለውጥ ወይም የአገልግሎት አሰጣጥ መንገድ ለውጥ በአብዛኛው ጊዜ በጣም ፈጣን ነበር።					

ከተወዳዳሪዎች ቀድሞ መገኘት (Proactiveness)	መለኪያ				
	1	2	3	4	5
PI. (ከገበያ ተወዳዳሪዎች ጋር ተያይዞ) የገበያ ድርሻን ለማስፋት ድርጅታችን የሚፈጽማቸው ተግባራት ሁልጊዜ ቀዳሚና ተወዳዳሪዎች የእኛን እርምጃ ለመቋቋም አቅዶችን እንዲያዘጋጁ የሚያስገድዱ ናቸው።					
P2. ድርጅታችን በአብዛኛው ጊዜ አዳዲስ ምርቶችን፣ አገልግሎቶችን፣ ቴክኖሎጂዎችንና አሰራሮችን ለማስተዋወቅ እንዲሁም ለመሸጥ ከሌሎች ተወዳዳሪዎች አንጻር ቀዳሚ ነው።					
P3. የድርጅታችን የበላይ የሥራ ሀላፊዎች ከሌሎች ተወዳዳሪ ድርጅቶች በመቅደም አዳዲስ ኃሳቦችንና ምርቶችን የማስተዋወቅ ታላቅ ዝንባሌ					

አለቸው።					
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የተመጠነ ስጋትን የመቀበል ዝንባሌ (Risk taking)	መለኪያ				
	1	2	3	4	5
R1. ድርጅታችን ከፍተኛ የንግድ ሥራ ስጋት ያለባቸውንና በአንጻሩ እጅግ በጣም ከፍተኛ ትርፍ ሊያስገኙ የሚችሉ ሥራዎችን የመስራት ትልቅ ዝንባሌ አለው።					
R2. የሥራ ከባቢ ሁኔታው ተለዋዋጭ ቢሆንም የድርጅቱን ግብ ለማሳካት ድፍረት የሚፈልጉ ሰፋፊ ሥራዎችን ማከናወን አስፈላጊ ነው።					
R3. ከፍተኛ የንግድ ሥራ ስጋት ካለቸው ሥራዎች ጋር ተያይዞ ውሳኔ መስጠት ሲያስፈልግ ድርጅታችን በተለይ ድፍረትን የሚጠይቅና የቀረቡ አማራጭ ዕድሎችን ሙሉ በሙሉ ለመጠቀም የሚያስችል ውሳኔን ይመርጣል።					
ከባቢያዊ ተለዋዋጭነት (Environmental dynamism)					
Edy1. ተወዳዳሪዎቻችን ለመገዳደር ያለውን የገበያ አሰራራችንን ለመለወጥ ከፍተኛ ፍላጎት አለን?					
Edy2. በአገልግሎት ዘርፍ ውስጥ የሚታየው የአገልግሎት ዕርጅና ምጣኔ በጣም ከፍተኛ ነው?					
Edy3. የቴክኖሎጂ ዕድገትን በአገልግሎት ዘርፍ ውስጥ ለመተንበይ በጣም አዳጋች ነው?					
ከባቢያዊ ተቃርኖ (Environmental hostility)					
EHs1. ያለው ከባቢያዊ የገበያ ሁኔታ በተወሰኑ አካላት ቁጥጥር ስር ሙሉ በሙሉ የተያዘ ነው ብለው ያስባሉ?					
EH2. ያለው ከባቢያዊ የገበያ ሁኔታ አመቺ ያልሆኑና አስጊነት አለው ብለው ያስባሉ?					
EH3. ያለው ከባቢያዊ የገበያ ሁኔታ ጭና የሚፈጥር ነው ብለው ያስባሉ?					

4. የድርጅት ውጤታማነት / አፈጻጸም (Firm Performance)

እባክዎን በሚከተው ጥያቄ ምን ያህል እንደረኩና እንዳልረኩ ከ 1 እስከ 5 በተመለከቱት መለኪያዎች መሠረት መልስዎን ይስጡ።

1 = በፍጹም አልረከሁም	2 = አልረከሁም	3 = አማካይ/መካከለኛ	4 = እረክቻለሁ	5 = በጣም እረክቻለሁ
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PR1. ባለፉት ሦስት ዓመታት (ከ2008 – 2010 ዓ.ም) በድርጅቱ የገቢ / የሽያጭ እድገት ምን ያህል እረክተዋል / ምን ያህል ደስተኛ ነዎት?	1	2	3	4	5
PR2. ባለፉት ሦስት ዓመታት (ከ2008 – 2010 ዓ.ም) በድርጅቱ የትርፋማነት እድገት ምን ያህል እረክተዋል / ምን ያህል ደስተኛ ነዎት?	1	2	3	4	5
PR3. ከሌሎች የገበያ ተወዳዳሪዎች አንጻር ደንበኞች በድርጅትዎ አገልግሎት ላይ ባላቸው ግንዛቤ ምን ያህል እረክተዋል / ምን ያህል ደስተኛ ነዎት?	1	2	3	4	5
PR4. ከድርጅትዎ አገልግሎት ጋር ተያይዞ አጠቃላይ ደንበኞች ባላቸው የእርካታ መጠን ምን ያህል እረክተዋል / ምን ያህል ደስተኛ ነዎት?	1	2	3	4	5
PR5. በድርጅቱ አጠቃላይ የሥራ ሂደት አፈጻጸም የእርስዎ ወይም የንግድ አጋርዎችዎ ምን ያህል እረክተዋል?	1	2	3	4	5
PR6. በድርጅቱ የፋይናንስ አፈጻጸም ውጤታማነት ዙሪያ የእርስዎ ወይም የንግድ አጋርዎችዎ ምን ያህል እረክተዋል?	1	2	3	4	5

በፈቃደኝነት ምላሽዎን ስለሰጡ ከልብ አመሰግናለሁ።