



Department of Business Studies

Working Paper Series

ISSN:1650-0636

Working Paper Series 2004:3

Strategy/structure and organisational development in riding schools: A model relating corporate governance and corporate entrepreneurship in the frame of property rights *

SVEN-OLOF COLLIN & ELIN SMITH

* Presented at the EGOS conference, Ljubljana 2004. The research is financed by The Bank of Sweden Tercentenary Foundation.

ABSTRACT

Corporate governance, CG, is mainly occupied with the disciplining aspects of governance system on listed corporations. Corporate entrepreneurship, CE, has been occupied with the enabling aspects of developmental activities within listed corporations and SMEs. The ambition of this paper is to present an integrated theory of CG and CE, claiming CG to have influence on CE. In order to reduce the complexity in this endeavour, the paper focuses on two CG mechanisms, the classical Chandlarian mechanisms of strategy and structure. The empirical focus abandons the commonly investigated listed corporations and focuses instead on the non-profit association and the privately held firm, active within the riding industry. The analysis indicates that the privately held firm and the non-profit association differ in characteristics of the CG mechanisms. However, these differences do not indicate significant different influence on CE.

Department of Business Studies
Kristianstad University College
SE-291 88 KRISTIANSTAD
SWEDEN

Phone: +46 44-20 31 06
Fax: +46 46 44 20 31 03
www.hkr.se/web-eko/sve/forsk/index.htm
e-mail: e@hkr.se

INTRODUCTION

Strategy and structure has been a debated and an important issue of governance since Alfred Chandler introduced the concepts in his work “*Strategy and Structure*” in 1962. He observed that large corporations in US, due to changing demands and pressures of the marketplace shifted their organisational structures from a centralised functional form to a more decentralised divisional structure. In his conception the concept of governance of organisations is in focus. One field focusing on governance is Corporate Governance, CG. CG has been a subject for an intense discussion and research during the whole 90’ies because of the governance problems of large, listed capitalistic corporations, especially those located in UK and US (Schleifer & Vishny, 1997). One conception of CG has been mechanisms of governance, i.e., that there exists different institutions with one of their main function being that of controlling the top managers, making them oriented towards the satisfaction of shareholders’ needs. At the present stage, the conception is offering a list of mechanisms, where one important mechanism is the organisation’s strategy and structure, other are the capital market, the market for managers, the board of directors, the product market and the auditors. (Collin & Smith, 2003)

The concept of strategy defines the direction and scoop of an organisation over a longer time of period and indicates the given constraints within an organisation. To remain competitive in ever-changing markets these constraints are in need of changes. The field focusing on altering these constraints is entrepreneurship, and when it comes to organisational development one field is Corporate Entrepreneurship, CE. CE developed during the 90ies (e.g. Covin & Slevin, 1991; Lumpkin & Dess, 1996; Zahra, 1991) and aims at catching the propensities of developmental activities. It can be defined as the process of creating new businesses or strategic renewal of existing businesses.

Hence, two theoretical fields are present, one focusing on governance of organisations, i.e. CG, and one focusing on developmental activities, i.e. CE. A few contributions have integrated CG and CE into one conception before, for example Hill & Snell, 1989; Zahra, 1996; Zahra & Huse, 2000; Gabrielsson, 2002. Our ambition is to continue this endeavour through focusing on the mechanisms of strategy and structure.

Research on the fit between strategy and structure and its influence on performance has been subject to much attention (Datta, Rajagopalan & Rasheed, 1991; Grant, Jammine & Thomas, 1988). Less attention has been devoted to the relationship between strategy/structure and different governance structures. Yin & Zajac (2004) comparing franchised vs. company

owned structures claim to be the first study. The aim of this paper is to continue that work and will focus on two organisational forms, i.e. the privately held firm vs. the non-profit association.

The study of Yin & Zajac distinguished between two organisational forms as incentive structures, but did not ground the distinction in a theoretical conception. Our claim is that a theory that deals with governance structures, i.e., organisational forms, and strategy and structure has to have a theoretical conception that can explain the different incentive structures. The concept used here will be the distribution of an organisation's property rights, i.e., the institutional pattern specifying what actors within different organisational forms are entitled to do with resources and goods with respect to the other actors engaged in the firm (Reynolds, 1983; Ricketts, 2002).

Thus, the basic contention of this paper is that the property right distribution of an organisational form will set the frame for the governance of the organisation and thus influence the processes of the organisation, including its development through CE. The ambition of this paper is, however, far more humble than offering a complete integration of the concepts of property rights and CG and CE. It is limited to two sets of property rights, the private firm and the public association, and how these institutional set-ups influence the CG mechanisms of strategy and structure and its influence on CE.

A rudimentary empirical test of the theory will be made on an industry contrasting to CG and CE's commonly empirical field of large and middle sized capitalistic firms focusing on industries characterised by manufacturing (Zahra, 1996; Gabrielsson, 2002) and instead focus on an industry producing the service of riding, in the sector of leisure.

The paper continues with the theoretical development of a model depicting differences between organisational forms based on the theory of property rights and with the attempt to show the reason for focusing on the privately held firm and the non-profit association. Then follows a section presenting the theories of CG and CE ending with the hypothesised relationships between strategy/structure and corporate entrepreneurship. Thereafter is the empirical data of the riding industry, i.e. riding schools presented as well as the analysis of the data set. Finally will the conclusions be presented.

PROPERTY RIGHTS

At the emergence of the theory of the firm, the firm was the single proprietorship where the proprietor made all investments, had unlimited liability and where no separation between the owner and the manager existed. Alchian and Demsetz (1972) argue that the structure of property rights observed in this classical capitalist firm was a response to the transactional problems, and in particular to the problem of team production. The essence of a firm is according to them that the firm lets the people work as a team where the final output is the joint result of the combined efforts of all the inputs working at the same time. The individual contribution of each member of the team cannot be separated and individual efforts cannot be separated from the team. This will lead to problem with shirking and the solution offered is that the team requires a monitor to observe the individual members and to check that their efforts are satisfactory. The monitor may have the same incentives to shirk as the other team members, however, not if the monitor becomes the residual claimant. The more effectively the team works the bigger the residual for the monitor. The monitor will therefore increase the effort for monitoring and try to discipline the members, and the monitor becomes the common party to all contracts with the power to alter these contractual arrangements and to hire and fire team members. (Alchian & Demsetz, 1972) This characterises the single proprietorship whose single proprietor has all authority and makes investments, stands the entire risk and is the only residual claimant. When revenues are exceeding profit the proprietor receives the surplus, and when facing losses the proprietor has the choice of investing more or quitting. The rights are transferable and entitles the proprietor to autocratic decisions, this implies, however, not that the single proprietor may use the assets privately, but that the person has the right to alone decide what to do with the assets.

Proprietors further have unlimited liability and constitute legal persons, leading to a restriction in their property rights as they cannot simply leave their organisations but have to sell or liquidate the organisation first. This restriction further suggests the proprietors to be prone to make the decisions by themselves. They have often made a lot of investments, both financial and personal, and recruited managers tend to have restricted managerial rights for making decisions, mainly due to the proprietors' unlimited liability. Thus, five property rights depict what the single proprietor is entitled to, i.e. the right to be a residual claimant, to observe input behaviour, to be the central party common to all contracts with inputs, to alter the membership of the team and to sell these rights (Alchian & Demsetz, 1972).

Over time have other organisational forms evolved, e.g. the non-profit association, still including the bundles of property rights but where the rights no longer are vested in but one single person, but where the single person's rights have been attenuated and include other actors as well. The non-profit association is a democratic organisation where members at the annual meeting select a board of directors, and the members also tend to populate the board. The formal strategic decisions are made collectively by the board.

Membership in a non-profit association includes paying a smaller membership fee but it can not be said to represent financial investments, and membership includes no liability. Members of the non-profit association are forbidden to receive the net earnings of the organisation (Hansmann, 2000). The association is however not forbidden from earning profits, but the distribution of the profit will stay with the association as no dividend to members or other stake holders exists. The members can whenever they want leave the association, but they have not the right to transfer their rights.

The board, the members, and, at least in Sweden, the government have the right to monitor the activities of association, but whether they will monitor or not depend on the association's activities, e.g. a youth sport organisation will be monitored by the members as they take active part of the services offered, the Red Cross with donators widely dispersed suggests a lesser degree of monitoring, governmental donations could imply the government being prone to monitor, but the government could also be less interested in monitoring, leaving it all to the association itself. Thus, the five property rights do in the non-profit association not belong to one single person.

So far has only two organisational forms and their differences concerning bundles of property rights been discussed, i.e. the single proprietorship and the non-profit association. A continuance of depicting organisational forms follows in table 1 below, presenting the five property rights (the right to observe input behaviour, to be the central party common to all contracts with inputs, to alter the membership of the team, to be a residual claimant, and to sell these rights) and the property liability in five organisational forms, i.e. the single proprietorship, the partnership, the corporation, the co-operative firm and the non-profit association.

TABLE 1. CHARACTERISTICS OF FIVE ORGANISATIONAL FORMS' PROPERTY RIGHTS

	<i>Organisational forms</i>				
<i>Property Rights</i>	Single proprietorship	Partnership	Corporation	Co-operative firm	Non-profit association
Observe input behaviour	Proprietor	Partners in common	Top Managers Board of Directors	Top Managers Board of Directors	Top Managers Board of Directors
Central party	Proprietor	Partners in common	Board of Directors	Board of Directors	Board of Directors
Alter membership	Proprietor	Partners in common	Top Managers Board of Directors Shareholders in common	Top Managers Board of Directors Members in common	Top Managers Board of Directors Members in common
Residual claimant	Proprietor	Partners	Shareholders	Members	Association/ Government
Sell rights	Proprietor have transferable rights	Partners have restricted transferable rights	Shareholders have transferable rights to the residual and to alter membership	Non-transferable rights	Non-transferable rights
Liability	Wide	Wide	Restricted	Restricted	None

The rights to observe the input behaviour, to be the central party of the contracts and to alter the membership belong in the single proprietorship and in the partnership to the proprietor and the partners. These rights tend to belong in the corporation, the co-operative firm and the non-profit association to the top manager. Formally, however, it is delegated from the board of directors and can therefore be revoked.

The right to the residual belongs in the single proprietorship to the proprietor, in the corporation to the shareholders and in the co-operative firm to the members. The one exception is the non-profit association where the members have no right to claim the residual.

The fifth property right is the right to sell these rights and liabilities. The corporation has this right vested in the role of shareholder, implying that the shareholder can capitalise on the performance of the firm and allocate that value to other investments. In the association there is no transferability. The member cannot capitalise on its investments. On the other hand, the member does not invest money, but eventually time and energy.

A sixth property right has been added, termed property liability, which is the obligation to take care of the property. A single proprietor has a wide property liability towards the firm since the proprietor cannot leave the firm and just walk out. A shareholder has almost no liability at all towards the firm since the only liability is to supply risk capital. A member of a non-profit association has even more restricted liabilities since the members do not even supply the organisation with risk capital.

Inspecting the table, there are three features about the different organisational forms and the distribution of property rights that are striking. First, the rights of making decisions, i.e.,

the right to be the central party and to alter membership, are private only in the single proprietorship, but collective, i.e., belonging to a group of individuals, in the other forms. Secondly, the right to sell the rights and thus to capitalise on the value of the firm are not transferable in the case of co-operative firm and the non-profit association, but transferable in the other cases. Thirdly, the right to assume the residual and the property liability, however restricted it may be, is absent only in the non-profit association. Summarising the table in this manner creates the conclusion that the single proprietor and the non-profit association appears to be the two extremes on a multi-dimensional property rights scaling of organisational forms.

Accepting this conclusion implies that a theory of the firm has to acknowledge the extreme forms, not because of their empirical frequency, but because they can be assumed to represent the extreme point on the organizational form scale. Thus, our paper focuses on the two extreme cases; the non-profit association with non-transferable titles to collective rights and the single proprietorship with transferable titles to private rights.

Property rights distribute rights and liabilities between different parties and create thereby incentives for individual and collective actions. An organisational form can therefore be regarded as a structure of incentives that influence the behaviour of the parties engaged in the firm. The concept we prefer to use for this influence is framing, which signify that the governance and development of an organisation, be it board engagement, strategy, structure or risk exposure, are influenced by the characteristics of the organisational form, i.e., the property right distribution. We therefore turn our attention to the governance and development of the organisation.

CORPORATE GOVERNANCE AND CORPORATE ENTREPRENEURSHIP

Corporate governance (CG) can be defined as the processes and structures that direct an organisation's business where the key object is the enhancement of value creation for the organisation's stakeholders. One way of conceptualising CG is to regard it as a set of different CG mechanisms which influence the organisation. Lacking a coherent theory of CG mechanism, we have to be confined with a list of different mechanisms, including the capital market, the market for managerial labour, the board of directors, the strategy and structure of the organisation, the auditors and the product market (Schleifer & Vishny, 1997; Collin & Smith, 2003). The most frequent mechanism observed by the CG literature is the board of directors, yet it is the least understood of the mechanisms (Huse, 2000; Gabrielson, 2002). The least observed mechanism appear to the market for managerial labour, in spite of its

obvious influence on managerial discretion though being capable of selecting those managers that have goals that are congruent with the major stakeholders (Collin & Smith, 2004). In this paper we will focus on strategy and structure since they are less controversial mechanisms that are rather well understood in the literature.

Ever since Chandlers (1962) pioneering work, the strategy and structure issue has been noticed in the literature. There appear to be a relationship between the strategy and the structure of an organisation. A focused strategy tends to correlate with the functional form and a related strategy tends to correlate with the multi-divisional form. This fit tends to have positive influence of the firms performance, such as profitability and growth. Considerable less attention, however, has been devoted to the relationship between the property right distribution of the organisation and the strategy of the organisation. Yin & Zajac (2004), using the term ‘governance structure’ for the property right distribution of the organisational form, claims that their study “...is the first study known to us that investigates directly the effect of governance structure on strategy.” (p. 379). They investigated how the fit between the ‘governance structure’, i.e., the organisational form and the strategy influenced performance, measured as increase in sales. We will focus on another characteristic of the organisation, less noticed by research, and almost absent in the literature of CG, which is the developmental capacity of the organisation, conceptualised as corporate entrepreneurship.

Corporate entrepreneurship (CE) refers to the process of creating new business, to enhance an organisation’s competitive position or strategic renewal of existing position (Covin & Slevin, 1991; Zahra, 1991; 1993). Creating new business is achieved by redefining the firm’s products or services or by developing markets. Redefinition of a firm’s products involves revising the concept of the existing business by developing or introducing new products, services or technologies. Revising the business occurs through adding new business to a firm’s portfolio through acquisitions or joint ventures, or internal developments, product introductions, and market development, or both. (Zahra, 1991) Market development can occur by locating new markets for existing products, or through creating markets for products newly developed by the firm. The creation of new business through market and product development requires risk taking and careful articulation of the firm’s competitive posture or altering the rules of the competitive game (Zahra, 1991). CE has further been claimed to be formal or informal activities. Informal efforts occur autonomously with or without the insight of the official organisation, and can result from individual creativity or pursuit of self-interest, and

some of these efforts eventually receive the firm's formal recognition and become an integral part of the business concept. (Burgelman & Sayles, 1986; Zahra 1991)

Entrepreneurial actions involve some sort of risk-taking since, regardless of the development of new businesses or development of already existing businesses, the future is unknown and developments might result in failure. Thus, one characteristic of CE is the organisation's risk-taking behaviour.

Entrepreneurial actions involve the creation of new business and development of already existing business. These activities presuppose organisations to act aggressively and proactively, innovate new products, seize opportunities, redirect resources, change strategy, change structure, but the fundamental aspect of CE still lies in the creation of new business, and/or the development of already existing business. Thus, the second characteristic of CE is the organisation's creation of new business and/or development of already existing business, hereafter termed strategic opportunism.

Corporate entrepreneurship, defined through the two dimensions of risk behaviour and strategic opportunism, is hypothesised to be influenced by the corporate governance mechanisms of the strategy and the structure of the organisation. Previous research about the influence of corporate governance mechanisms on CE has limited itself to the mechanisms of the ownership structure, the market for corporate control, and the board of directors and its composition (Hill & Snell, 1989; Baysinger, Kosnik & Turk, 1991; Zahra, 1996; Hitt, Hoskisson, Johnson, & Moesel, 1996). Other corporate governance mechanisms, such as the market for managerial labour or the executive compensation, have not been considered. We will limit our focus to the strategy and structure of the organisation. Thereby we will share in the deficiency of the previous research that does not consider every possible mechanism that could influence CE. It is, however, an expression of the shortcoming of corporate governance theory where we at present stage in the development are lacking an integrated theory that can simultaneously consider every corporate governance mechanism and their interaction with each other. Presently the research strategy has to be to make partial investigations of some of the mechanisms, thus adding knowledge about them, with the aim of creating an integrated theory of corporate governance in the future.

PROPERTY RIGHTS FRAMING THE RELATIONSHIP BETWEEN THE MECHANISMS OF STRATEGY AND STRUCTURE AND CORPORATE ENTREPRENEURSHIP

The allocation of property rights in the single proprietorship includes one residual claimant making specific investments, having unlimited liability but transferable property rights. A single proprietor tend to invest the wealth in one single organisation, thus being subject to both the systematic and the firm-specific risk, suggesting the single proprietor's preferences for assuming risk to be low. On the other hand, a single proprietor tends to stress the control of the operations. Rather consistent findings have shown that one important factor explaining the lack of growth strategies in small corporations is the owner's strong preferences for control (Wiklund, Davidsson, & Delmar, 2003). One can therefore predict that a structure capable of retaining control at the centre of the organisation is preferred by the single proprietor. The functional form has been hypothesised to push decisions up the ladder (Chandler, 1962), thus fitting the single proprietor's preferences for control.

The functional form is, however, not well fitted to the risk preferences of the single proprietor. Being focused on one or a very few number of businesses the risk of the functional form is higher than in the multi-divisional form. A single proprietor facing the decision of structure has therefore to make a choice between the control capacity of the functional form and the risk reduction capacity of the multi-divisional form.

Since structure is supposed to implement the strategy, finding the strategy preferences of the proprietor could guide us in finding out what structure to prefer. Making a distinction between single business and related strategy (Rumelt, 1974), we hypothesise that a single proprietor prefer single business strategy. The difference between single business and related strategy can be claimed to consist of variation in complexity of the competence utilised. A single person has less complex competence than an organisation, which can use the division of labour in order to create the competence. An organisation can handle hospital operations, a person can only handle surgery or the budget of the hospital. This difference in complexity of competence, combined with the preference for control will put a limit on the single proprietor's capacity and preference to assume related strategy. Thus, a single proprietor prefer single business strategy because it can profit from the proprietors competence without threaten the control interest. The higher risk attached to the single business strategy is felt to be in control since the operations are guided by the single proprietor. To put it simple, the single proprietor can be assumed to regard the risk as easier to handle than lack of control.

Preferring single business strategy would then imply strong preferences for the accompanying centralised structure, the functional form. Thus, we predict the single proprietor to prefer the combination of single business strategy and the functional form.

The public association is often founded with the vision or ideology of doing something good for society and its citizens. With the board's function being that of taking care of the members, different interests conducted with a wide variety of board members, gives the assumption that the governance of non-profit associations will stimulate strategies from the members, as member satisfaction is of high importance and the governance is democratic. The rights are non-transferable, the members have no liability and are devoted because of personal interest. This would suggest the non-profit association to involve short-term strategies, coming and going quickly, all depending on the particular set of members. However, associations tend to have a core mission, i.e. taking care of sick people, offering childcare, looking after animals, night walkers, etc., this core product will presumably not be affected by the short term strategies since it constitute the very foundation of the organisation. Short-term strategies could instead be a way of compensating the volunteers, but will never be allowed to compete with the core business regarding resources. A public association could therefore be assumed to have a strategy where many operations are introduced, but centred around the core business of the organisation, i.e., a related strategy. The accompanying structure is preferable the multi-divisional form, i.e., an organisational structure that are flexible in including and excluding operations. Thus, we expect a public association to have a related strategy that is implemented through a multi-divisional structure.

In sum, we hypothesise:

H1. Focused strategy is preferred more by the single proprietor than the association

H2. Related strategy is preferred more by the association than the single proprietor

H3. F-form is preferred more by the single proprietor than the association

H4. M-form is preferred more by the association than the single proprietor

There is, however, a similar inconsistency between the preferred strategy and structure and the risk preferences of the principal that was found in the case of the single proprietor. The members being without any residual rights and lacking any property liabilities would induce them to prefer strategies of high risk. The related strategy and the structure of the M-form are, however, considered to be less risky than the single business strategy and the functional form. Thus, it appears that the organisational form cannot fully exploit the risk

capacity of the principal in the case of the public association, but creates tensions in the case of the single proprietor.

Focusing on the CE dimensions we have indeed indications that there are differences in risk attitudes between the organisational forms. This contention will be supported when dealing with the strategy-structure implications on CE in the different organisational forms. It shows that the single proprietor have a tendency to have higher levels of strategic opportunism, while the public association have higher levels of risk. Table 2. gives a summary of the arguments.

TABLE 2. CORPORATE ENTREPRENEURSHIP OUTCOMES ON STRATEGY-STRUCTURE RELATIONSHIPS IN DIFFERENT ORGANISATIONAL FORMS

Single Proprietor	Strategic Opportunism	Risk
<i>Single business & F-form</i>	<i>Medium</i>	<i>Medium</i>
Related & M-form	High	Low
Public Association		
Single business & F-form	Low	High
<i>Related & M-form</i>	<i>Medium</i>	<i>High</i>

In the case of single business strategy and F-form structure the single proprietor is hypothesised to have a medium level of strategic opportunism and risk. A single business strategy cannot according to definition assume high levels of strategic opportunism in the sense of developing and adding new businesses. In the span of low and moderate level, the single proprietor is assumed to approach medium levels since they will try to capitalise on the width of their competence, though being restrained. As argued earlier the proprietor will tend towards the lowest level of risk that is possible, which in the F-form is the medium level of risk. These preferences contrast to those of the public association. Here a single business strategy and especially an F-form structure puts restraints on the capacity of the public association to deal with short term strategies, i.e., to assume high levels of strategic opportunism. On the contrary, an F-form will create tensions in the member cadre, everyone will be waylay on the others, which put a dead-lock on the strategic opportunism. Thus, we hypothesise that the level of strategic opportunism will be low in the public association. The risk level will, as indicated earlier, be high, thus fully exploiting the high level of risk that the members are willing to assume. Summarising the arguments, we hypothesise that:

H5. In the focused strategy organised in the F-form the single proprietor prefer more strategic opportunism but less risk than the public association

In the case of related strategy and M-form structure the single proprietor experience a strategy that can utilise all opportunities present at the market, thus implying a high level of strategic opportunism. But the high level of strategic opportunism can only be tolerated if it can exploit the capacity of the M-form to reduce the level of risk. Thus, the single proprietor can exploit the capacity of the related strategy implemented by an M-form, but only when it can be accompanied with a low risk. It should, however, be noticed that the single proprietor prefer single business strategy because of the preference for control.

In the case of the public association, the related strategy and the M-form is well fitted with the members preferences of strategic adaptation towards the needs of the members. The level of strategic opportunism is, however, not hypothesised to be as high as in the case of the single proprietor. The reason is that an association consists of members that would resist strategic change if it could imply a threat to the operations of the association that satisfy the needs of the present members. Thus, there is a capacity to accommodate to new needs, but restricted due to the present members interest. Therefore the level of strategic opportunism is hypothesised to be on a medium level compared with the single proprietor. The level of risk is high according to the reasoning regarding the member to have no financial ties to the association, with a low threshold for change of association. Summarising the arguments, we hypothesise that:

H6. In the related strategy organised in the M-form the single proprietor prefer more strategic opportunism but less risk than the association.

If the relationships hold true that have been hypothesised, the implication is that there is a difference between the organisational forms regarding the orientation of strategic opportunism and risk behaviour. Inspecting the columns in table 2 it appears that the single proprietor tends to have higher levels of strategic opportunism and that the association tend to prefer higher risk. Overall, we can therefore summarise the hypotheses in two overall hypotheses that express the relationship between the composition of property rights in two organisational forms, and its influence on corporate entrepreneurship.

H7. Single proprietors prefer more strategic opportunism than the association.

H8. Single proprietors prefer less risk than the association.

It should be noted that the two hypotheses have been reached through the use of a theory of strategy and structure as a mediating factor. It is not an assumption that has based the reasoning. Thus, it is a conclusion, not a premise of the reasoning.

The hypotheses indicate that there is no correlation between the two dimensions of corporate entrepreneurship. There can be preferences for high risk, but without preferences for high levels of strategic opportunism and vice versa. In a way it is opposing common sense since it is hard to imagine an actor engaged in a lot of different ventures, i.e., high level of strategic opportunism, but preferring low levels of risk. It is, however, not opposing our theory. On the contrary, we have argued that the single proprietor that engage in a related strategy with accompanying M-form organisational structure will be characterised by high levels of strategic opportunism and low levels of risk. What common sense does not consider is the need of control by the single proprietor. If related strategy does not threaten the need of controlling the operations - which of course is hard to accomplish in the case of related strategy and therefore we believe that the strategy is not preferred and low frequent in reality – the single proprietor accept every new market and product, as long as it does not increase the level of risk.

DATA

Data has been collected through questionnaires sent to riding schools. The idea was to investigate all Swedish riding schools which, according to the Consultant of the National Equestrian Federation (Ulf Vilken, personal communication) amount to about 500. The Swedish Riding Federation has no clear definition of a riding school, making it hard to separate riding schools in their membership archive, including 1020 associations, from other riding associations, such as those specialised in arranging competitions and educating horses. Thus, the probability that an address included a riding school was about 50 per cent. At the covering page it was therefore possible for them without a riding school to put a cross and they were asked to send the questionnaire back. They who had a riding school were asked to continue.

From the 1020 addresses, 401 questionnaires were returned. 311 indicated that they did not have a riding school, and 90 indicated that they had a riding school. Out of these 90 did 10 answer that they did not have time or the interest to participate in the survey, and usable questionnaires amounted to 80. Out of these 80 stated 60 that they are organised as non-profit riding schools and 14 that they are organised as private riding schools, these 74 answers represent the respondents.

The questionnaire (available from the authors) includes mainly closed questions which have been formulated with the help of two earlier conducted case studies (one reported in Collin & Smith, 2003).

Strategy has been investigated with degree of relatedness. The respondents were asked to mark which of 16 listed activities they offer their members/customers. The aim was to list possible activities for a riding school but as some might have been forgotten the respondents were also offered to add other activities.

The different activities were then categorised into four different categories of activities where 1. represented core business and 2-4 represented activities of decreasing degree related to core business. The first category in the strategy variable, given the value of 1 consists of the core businesses. The core resources of a riding school are the horses, and the core business includes activities focusing on educating members/customer in the forms of traditional riding, i.e. dressage and jumping. Another important task for the riding school is to educate people how to go around with horses, i.e. horsemanship, and lessons of theory are the third form of the core business activities. Riding schools offering lessons of dressage, jumping and theory will be suggested to have a single business strategy.

Other forms of riding lessons are also present in riding schools, i.e. lessons of vaultage, carriage-driving, eventing and trekking. These activities still focus on riding and education, and the activities are directed towards the same market and utilize the same resources, however, other forms of riding are taught. These forms of activities are still strongly related to the core business and have been coded as 2.

The next degree of relatedness includes five activities still focusing on horses and riding, but less related to the core business and demand other resources. The five activities are; riding for disabled which demands other resources in the sense of educated personnel and horses; western riding which offers a complete different tradition of riding and demands educated instructors and horses; arranging competitions, either competitions for members wanting to test their abilities, or for inviting professional riders; renting boxes to private horse owners which is a form of using free space on the establishment; renting the horses/ponies to e.g. former members which is a way of attract members and use the horses if they are not fully utilised. They belong to the third form of relatedness.

The final form of relatedness, given the number of 4, includes activities which have little to do with the pure form of riding, but still is related to a riding school, i.e. having a shop selling riding equipment, a café, day-care centre and a youth centre.

The two authors coded according to the definitions above the 16 activities independently of each other. The reliability of the coding were acceptable (Cronbach's $\alpha=0,81$). A discussion of the deviations led to a unanimous coding. A single strategy variable was created by the weighted mean of the 16 activities, ranging from 1-4.

Structure has been investigated with degree of delegation. The respondents were asked to mark which person that had the daily responsibility of the different activities. Nine different responsible person/persons were given as alternatives, i.e. owner of the riding school, board of directors, section/committee, manager, person responsible for the stable, single instructor, instructors as a group, other volunteer/s. The reason for asking about the person with daily responsibility was that the formal decision-maker already was known, what was unknown was if delegations of rights existed. The intention was to create one single dummy-variable entitled 'delegation'.

We defined delegation differently in the private and the public school. The private riding schools were assumed to have a delegated responsibility when other persons than the owner was stated as responsible. The reason for this is that the owner/owners have unlimited liability and stand the entire risk. The non-profit riding schools were assumed to have a delegated responsibility when other persons than the board and the manager were stated as responsible. The board and the manager have no liabilities and the right to make decisions, and as long as one of these parts has the responsibility no delegation is believed to exist.

However, the respondents often stated more than one person responsible for the different activities; for example, a private riding school with the activity dressage could state the manager and a single instructor to be responsible. The two outcomes on the intended variable, 'delegation' had to be coded into four different categories distinguishing between not only delegation, but also the ambiguous character of delegation. Thus, delegation is divided into four different possible forms of delegation; 1) non-delegation which is unambiguous, e.g. a private riding school stating no other person responsible than the owner, 2) non-delegation which is ambiguous, e.g. a private riding school stating the owner and another person responsible, 3) delegation which is unambiguous, e.g. a private riding school stating another person than the owner as responsible, and 4) delegation which is ambiguous, e.g. a private riding school stating more than one other person than the owner as responsible. The logic in the variable is that 1 represents a structure with no delegation, 2-3 represent increasing degree of delegation, and 4 indicate a delegated structure. A single structure variable was created by the weighted mean of the 16 activities.

CE is represented by two variables, one measuring strategic opportunism and one measuring risk behaviour. The common way of investigating CE tend to be by using scale-questions (e.g. Zahra 1991; 1996; Gabrielsson; 2002) and the same has been used in this paper.

Strategic opportunism was investigated with four statements aiming at finding out if the riding schools put a lot of effort into coming up with new ideas for development, either for new or for existing members, within the same activities or by developing new. To measure the reliability of these statements Cronbach's alpha was used. The generally agreed lower limit for Cronbach's alpha is .70, although it may decrease to .60 in exploratory research (Hair et al., 1995). Testing the four statements of strategic opportunism with Cronbach's alpha resulted in a α -value of .5318. With this low alpha value and its limitations that all items contribute equally to reliability have the statements been transformed into a dichotomous variable where 0 represents low strategic opportune preferences, ranging from 4 to 16, and where 1 represents high strategic opportune preferences, ranging from 17 to 28.

The second dimension of CE is risk behaviour. The ambition was to measure the concept of risk with seven statements. Testing these statements with Cronbach's alpha resulted in an alpha-value of -.1485 and could not be claimed to measure risk as one coherent concept. Factor-analyses indicated that some statements were related but the alpha-value remained low. Therefore have two statements concerning economic risk been selected and claimed to represent the variable of risk, i.e. "it is important that the current activities do not threaten the economical security of the riding school" and "the new projects that the riding school chooses do not threaten its economical security". Due to high skewness (-0.757), the data was transformed into a dichotomous variable, where 0 represents low risk preferences, ranging from 12 to 14 and where 1 represents high risk preferences, ranging from 2 to 12.

The theory includes eight hypotheses, however, due to the operationalisation where the structure and strategy variables are not categorical variables, can H5 "*In the focused strategy organised in the F-form the single proprietor prefer more strategic opportunism but less risk than the public association*" and H6 "*In the related strategy organised in the M-form the single proprietor prefer more strategic opportunism but less risk than the association*" not be analysed. Instead will the organisational forms separately be tested to see if the CG mechanisms influence CE.

ANALYSIS

The number of respondents that could be used in all analyses amounts to 64. Out of these are 53 organised as non-profit riding schools and 11 organised as private riding schools. The analysis will begin with analysing strategy and structure. Then will the CE-variables be discussed. Finally will influence on CE be analysed, both considering differences in preferences of CE when separating between the organisational forms, as well as CG's influence on CE. Testing for significant differences has been conducted with t-tests when the variable has a normal distribution and Mann-Whitney when the variable has a no normal distribution. As the number of private riding schools is low, i.e. 11, will they be analysed with Mann-Whitney tests. When appropriate, Chi-2 tests have also been conducted.

Strategy

The theory distinguishes between single business and related strategies, where the single proprietor is hypothesised to have a more focused strategy than the non-profit association. A focused strategy will be considered to include the core business of a riding school. However, activities of riding schools include other activities, for example offering the members/customer other forms of riding lessons i.e. trekking, or offering riding lessons for disabled, or having a day-care centre. Thus, the activities of riding schools can vary in relatedness to the core business.

Below (Table 3.) are the different activities within the two forms of riding schools depicted and almost all respondents have the core business activities, 63 respondents state that they have the activity dressage, 62 respondents that they have the activity jumping and 61 respondents that they offer lessons of theory. Arranging competitions (n=58), renting boxes to private horse owners (n=52) and having a café (n=50) is also rather frequent activities.

To see whether forms of activities differ due to organisational forms a Mann-Whitney test has been conducted. Four activities indicate significant differences between the organisational forms. The strongest significant difference concerns the activity riding for disabled and indicates that the non-profit riding schools to a significant higher degree than private riding schools offer riding for disabled. Lessons of carriage driving, eventing and trekking is significantly more common within private riding schools than within non-profit riding schools.

Thus, there are no significant differences between the private and non-profit riding schools concerning the core business. However, the private riding schools tend to offer more

of other riding activities, whereas the non-profit riding schools offer more of the activity belonging to the third degree of relatedness, i.e. riding for disabled.

TABLE 3. ACTIVITIES OF RIDING SCHOOLS

Strategy	Activity	Total number that have the activity	Priv. %	Ass. %	Z-value, Mann-Whitney	Mean rank private/association
1	Dressage	63	100	98	-.456	
1	Jumping	62	100	96	-.649	
1	Lessons of theory	61	82	98	-1.240	
2	Voltige lesson	15	27	23	-.472	
2	Carriage lesson	14	45	17	-2.063**	40.05/30.93
2	Eventing lesson	11	36	13	-1.838*	38.64/31.23
2	Trekking	13	45	15	-2.260**	40.55/30.83
3	Western	8	9	13	-.373	
3	Riding for disabled	39	18	70	-3.169***	18.82/35.34
3	Competitions	58	82	92	-1.093	
3	Private stable	52	73	83	-.790	
3	Leasing of horses/ponies	39	55	62	-.474	
4	Cafeteria/restaurant	50	64	81	-1.267	
4	Youth centre	10	9	17	-.517	
4	Shop	7	18	9	-.839	
4	Day-care centre	6	0	11	-1.163	

***<0,000, **<0,01, *<0,05, †<0,1

The summarising variable of strategy ranges from 1.60 to 2.80, the mean is 2.27, standard deviation 0.24 and it has a non-normal distribution.

Separating between the two forms of riding schools the strategy variable in the private riding schools ranges from 1.60 to 2.50, the mean is 2.14, and standard deviation 0.27. In the non-profit riding schools does the variable range from 1.80 to 2.80, the mean is 2.30 and standard deviation 0.22. To test for significant differences between the organisational forms and strategy, a Mann-Whitney test was conducted. The test indicated a low significant difference between the two forms of riding schools and strategy (Z: -1.839, sig. .066). The mean rank in the private riding schools is 23.14, and in the non-profit riding schools 34.44. Thus, the test indicates weakly that the private riding schools to have a more focused strategy than the non-profit riding schools, which corresponds with the hypotheses.

Structure

Delegation has been divided into four possible forms of delegation; non-delegation which is unambiguous, non-delegation which is ambiguous, delegation which is unambiguous, and delegation which is ambiguous. For each riding school has the percentage of the different forms of delegation, in relation to number of activities, been calculated. The mean of these percentages for each form of delegation is presented in table 4 below. The means indicate that the most common form of delegation is unambiguous delegation, the mean of the percentage is 0.54, thereafter follows unambiguous non-delegation where the mean of the percentage is 0.21 and the least common form of delegation is ambiguous delegation with a mean of 0.08.

TABLE 4. MEAN OF PERCENTAGE OF THE DIFFERENT FORMS OF DELEGATION

No separation between org. forms		
	Non-delegation	Delegation
Unambiguous	0.2086	0.5368
Ambiguous	0.1701	0.0760

The distribution of the different organisational structures differs between the two organisational forms. Table 5 shows that the highest mean of the percentage concerning the non-profit riding schools is within unambiguous delegation, mean 0.56, i.e., it is the most frequent structural form. The highest mean for the private riding schools is also within this form of delegation, mean of 0.44, but private riding schools also tend to have frequent activities with unambiguous non-delegation, mean of 0.33. This can be compared to the non-profit riding schools where the mean is 0.18. In sum, table 5 indicate that the non-profit riding schools tend to have more delegations than the private riding schools.

TABLE 5. MEAN OF PERCENTAGE OF THE DIFFERENT FORMS OF DELEGATION, SEPARATING BETWEEN THE ORGANISATIONAL FORMS

Private/associations		
	Non-delegation	Delegation
Unambiguous	0.3286/0.1837*	0.4352/0.5579**
Ambiguous	0.1774/0.1686	0.0101/0.0897

* Z: -2.501, sig. .012, mean rank 45.14/29.88,

** Z: -1.627, sig. .104, mean rank 25.91/33.87

These indications are partly supported by a Mann-Whitney test where the mean of the percentages have been tested due to organisational forms. One significant difference is present, i.e. the private riding schools have a higher degree unambiguous non-delegations.

Another difference appears, close to weakly significant, which indicate that the non-profit riding schools have a higher degree of unambiguous delegation.

From the four different forms of delegations have a variable measuring degree of delegation been created. The variable ranges from 1 to 4, where 1 corresponds to a strict non-delegation and where 4 corresponds to ambiguous delegation. (Number of delegations/total number of activities) The variable ranges from 1.17 to 3.78, the mean is 2.48 and standard deviation 0.55.

Separating between the two forms of riding schools, the structure variable ranges in the private riding schools from 1.40 to 3.00, the mean is 2.08 and standard deviation 0.52. In the non-profit riding schools does the variable range from 1.17 to 3.78, the mean is 2.57 and standard deviation 0.52. Thus, non-profit riding schools tend to vary more in their forms of delegations, either having fewer delegations, or more delegations, than the private riding schools.

The structure variable has a normal distribution and t-tests have been used for testing for significant differences between the organisational forms. The test indicated a strong significant difference between the two forms of riding schools, t-value -2.842 , sig .006, where the private riding schools have a mean of 2.08 and the non-profit a mean of 2.57. Thus, the test indicates that there are differences in the form of delegations between the two forms of riding schools, the non-profit riding schools have more delegations than the private riding schools, which corresponds to the hypotheses.

The theory predicted differences between strategy and structure and organisational forms (H1, H2, H3 and H4) and this has been supported in the analysis. The private riding schools tend to prefer a more focused strategy than the non-profit riding schools. The private riding schools further tend to prefer a structure with fewer delegations than the non-profit riding school.

According to the Chandlarian hypothesis, there should be a relation between strategy and structure. The two variables of strategy and structure have been correlated, (Spearman's as strategy has no normal distribution) but indicated no significant correlation, (corr. coeff. .164, sig. .196).

Making the same correlation but with a division between the two organisational forms indicate no relation (private corr coeff 0,123, sig. 0,719; associations corr. coeff. 0,106, sig. 0,452).

The two dimensions of corporate entrepreneurship

Corporate entrepreneurship has been investigated by two dichotomous variables investigating preferences for risk behaviour and strategic opportunism. The percentage of respondents with a low level of strategic opportunism was 52% and the percentage of respondents with a low level of risk was 53%. The hypotheses indicated there to be no relation between the preferences for risk and strategic opportunism. This was supported by a cross tabulation with Chi2-test where no significant differences were present (Pearson Chi-Square 0,589; df 1; sig. 0,443) thus no relation between risk and strategic opportunism was found.

The theory has further argued for that the distribution of property rights, which makes a separation on organisational forms possible, i.e. private and non-profit riding schools, would imply differences in CE preferences, i.e. single proprietors would prefer more strategic opportunism and less risk than the associations (H7 and H8). A Chi-2 does however not confirm this (Pearson Chi-Square .314 sig. .575), and no significant differences between the organisational forms concerning preferences for risk or strategic opportunism can be claimed to exist.

Thus, organisational form appears to not influence directly CE, i.e., the levels of strategic opportunism and risk. If the organisational form does not influence directly CE, it could be the case that the single CG-mechanisms influence CE and that the CG mechanism could mediate the relationship between organisational form and CE.

Strategy's influence on CE

We test the relationship between strategy and CE. The strategy variable has a non-normal distribution and Mann-Whitney tests have been used in the analysis. The variable was first tested towards CE, without considering the organisational forms, to see if a relation between strategy and the two measures of CE existed, but no significant differences appeared (see Table 6.).

A test was then conducted which separated the organisational forms to see if preferences for CE differed between private or non-profit riding schools. A low significant difference appeared within the private riding schools, (sig. .082) indicating low preferences for assuming strategic opportunism to be weakly significant related to a single business strategy and high preferences for strategic opportunism to be related to a more related strategy. The non-profit riding school indicate one very low significant difference with risk (sig. 0,108), indicating low preferences for assuming risk to be weakly significant related to a single business strategy and high preferences for risk to be related to a more related strategy.

TABLE 6. STRATEGY'S INFLUENCE ON CE, OVERALL FOR THE ORGANISATIONAL FORMS AND SEPARATING BETWEEN THE TWO FORMS

No separation between org. forms		Private riding schools		Non-profit riding schools	
Mann-Whitney	Strategy	Mann-Whitney	Strategy	Mann-Whitney	Strategy
Z-value, SO	-1.476	Z-value, SO	-1.826*	Z-value, SO	-.759
Z-value, risk	-1.255	Z-value, risk	-.365	Z-value, risk	-1.606**

* sig. 082, mean rank 4.33/8.00, ** sig. 108, mean rank 23.91/30.73

Thus, without the separation on organisational forms no relation with CE emerged. When analysing the organisational forms separately, a slight and weak relationship appeared. The conclusion, however weak, is that CG's influence on CE has probably to consider the property right set-up of the organisation.

Structure's influence on CE

The structure variable has a normal distribution and t-tests have been used in this analysis. As with the strategy variable, the structure variable was first tested towards CE without considering the organisational forms. One low significant difference appeared concerning the risk preferences. Regardless organisational form, low risk preferences were related to a lower mean of delegations.

The same test was conducted when separating between the organisational forms. A low significant difference appeared within the private riding schools and preferences for risk. Low preferences for assuming risk was significantly related to a structure with fewer delegations.

TABLE 7. STRUCTURE'S INFLUENCE ON CE, OVERALL FOR THE ORGANISATIONAL FORMS AND SEPARATING BETWEEN THE TWO FORMS

No separation between org. forms		Private riding schools		Non-profit riding schools	
t-test	Structure	Mann-Whitney	Structure	t-test	Structure
t-value, SO	-1.598	Z-value, SO	-1.006	t-value, SO	-1.278
t-value, risk	-1.975 *1	Z-value, risk	-2.196 *2	t-value, risk	-1.511

*1 sig. 053, mean 2.36/2.62

*2 sig.030, mean rank 3.60/8.00

Thus, without the separation on organisational forms, a relation with risk behaviour emerged. When analysing the organisational forms separately, the private riding school indicated significant differences in risk behaviour.

Summarising the analysis, we have found indications on differences in the two forms of riding schools' characteristics of the CG mechanisms (strategy and structure). The private riding schools showed indications on having a more focused strategy, as well as a structure with fewer delegations, than the non-profit riding schools. These differences did in turn only indicate smaller differences in relation to CE, where strategy in the private riding schools indicated significant differences with low/high strategic opportunism, and where structure in the private riding schools indicated significant differences with low/high risk behaviour. No relation with non-profit riding schools' CG mechanisms and CE emerged. So, even if the mechanisms differed between the organisational forms, this indicted no difference on influence on CE. Ignoring the CG mechanism, and focusing only on whether the distribution of property rights could indicate differences in preferences for CE indicated no significance. Disregarding the organisation form we found only a significant relationship between structure and risk attitude.

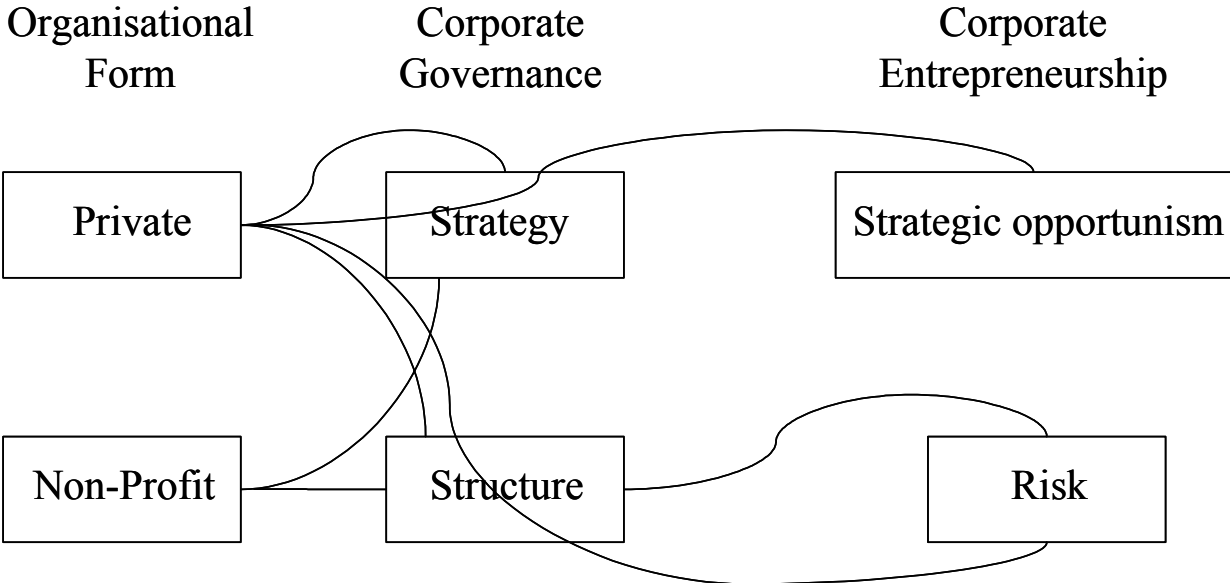
CONCLUSION

It has been claimed that corporate governance influence corporate entrepreneurship within the institutional frame of property rights and liabilities. The paper has been focused on the two corporate governance mechanisms of strategy and structure and their influence on an organisation's developmental activities, i.e. CE. It has further been claimed that a theory of the firm should be capable of covering different forms of organisations, i.e., set-ups of property rights, and therefore has focus been on the two extreme forms on the organisational scale; the non-profit association and the privately held firm.

The theory was tested on firms engaged in the exotic industry of leisure and education using horses, i.e., riding schools. In Sweden most riding schools are organised according to the organisational form of the non-profit association, which were reflected in the distribution of the responses. Unfortunately, a low response rate makes the results uncertain because we have been forced to use rather primitive analytical techniques. The empirical analysis did, however, indicate that the explanatory power would probably increase when trying to explain relationships between CG and CE if the organisational form were considered. This supports the statement and conviction of Yin & Zajac (2004).

In figure 1, the significant relationships (including also the weak ones) are indicated by lines. Both organisational forms had the predicted preferences for strategy and structure. The private organisational form had relationships between strategy and strategic opportunism, and between structure and risk. This indicates that we have been able to conceptualise the dynamics of the private organisation rather well. In the case of the non-profit association no significant relationship between CG and CE could be found, indicating an inferior conceptualisation of the organisational form and its dynamics.

FIGURE 1. SIGNIFICANT RELATIONSHIPS IN THE RIDING SCHOOL SAMPLE



These interpretations have, however, to be regarded with outmost doubt. There was a very low response rate, forcing the analysis to be rather primitive. Additionally, it was impossible to make any analyses of the responses, making it hard for us to claim that the sample is representative for the industry. Thus, we cannot exclude the suspicion that they represent weird, strange outliers of the industry. Our construction of the variables can be subject for endless criticism. Especially sensitive for criticism is the failure to create a risk variable with high reliability. On top of these criticisms can be laid down the critique that only two out of several corporate governance mechanisms have been analysed. Other mechanisms, such as capital and managerial labour market can be more conducive in influencing risk and strategic opportunism. In fact, in another paper we have presented case study data that could be interpreted as indicating the labour market supply to influence the risk of the non-profit organisation (Collin & Smith, 2004).

Finally, the absence of consistent findings in every single hypothesis can be due to the one industry analysis. There could be institutional pressure, mainly through norms, that influence the tendency of risk and strategic opportunism. The riding schools are known to nurture the value of horsemanship. It can be hypothesised that this value and the norms of behaviour it creates embed the whole industry and all of the actors (Grannovetter, 1985), fencing the opportunities to be strategic opportunistic and to seize risk. After all, a business failure does not only threaten the owner, but the capacity to feed the horses and to take care of them. In a society where animals are treated almost as dependent human children, this can constitute a severe drag on wild organisational development.

LIST OF REFERENCES

- Alchian, A., A. & Demsetz, H. 1972. Production, Information Costs and Economic Organisation. *American Economic Review* 62:777-795.
- Baysinger, B. D., Kosnik, R. D. & Turk, T. A. 1991. Effects of board and ownership structure on corporate R&D strategy, *Academy of Management Journal*, 34:205-214.
- Burgelman, R., A. & Sayles, L. R. 1986. *Inside corporate innovation: Strategy, structure and managerial skills*. New York: The Free Press.
- Chandler, A. D. 1962. *Strategy and structure*. Cambridge, Massachusetts:MIT Press.
- Collin, S.-O. & Smith, E. 2003. Corporate Governance and Corporate Entrepreneurship in Public Associations: The Case of the Riding School, in *Public and Private Sector Partnerships: Sustainable success*, (eds) Montanheiro, L., Kuznik, F. & Ochojski, A., Sheffield Hallam University:Sheffield, pp 201 - 216.
- Collin, S.-O. & Smith, E. 2004. Dressaging the Riding School Manager: Corporate Entrepreneurship through Governance of Managers in Non-Profit Associations. Presented at the 10th International Conference, Public and Private Partnership, Faro, 2004.
- Covin, J., G. & Slevin, D., P. 1991. A conceptual model of entrepreneurship as firm behaviour. *Entrepreneurship Theory and Practise*, 16(1), 7-25.
- Datta, D. K., Rajagopalan, N. & Rasheed, A. M. A. 1991. Diversification and Performance: Critical Review and Future Directions. *Journal of Management Studies*, 28:529-557.
- Gabrielsson, J. 2002. Boards of directors and company performance: directors influence on corporate entrepreneurship in SME's.
- Granovetter, M. 1985. Economic action and social structure - The problem of embeddedness. *American Journal of Sociology*, 91, 481 - 510.
- Grant, R. M., Jammine, A. P. & Thomas, H. (1988) Diversity, diversification, and profitability among British manufacturing companies, 1972-84. *Academy of Management Journal*, 31:771-801.
- Hair, J. F., Anderson R. E. Tatham R.L. Black, W.C. 1995. *Multivariate data analysis*, Prentice Hall.
- Hansmann, H. 2000. *The Ownership of Enterprise*. The Bleknap Press of Harvard University Press, Cambridge Massachusettes.
- Hill, C. W. L. & Snell, S. A. 1989. 'Effects of ownership structure and control on corporate productivity'. *Academy of Management Journal*, 32, 25-46.
- Hitt, M. A., Hoskisson, R. E., Johnson, R. A. & Moesel, D.D. 1996. The market for corporate control and firm innovation. *Academy of Management Journal*, 39:1084-1119.
- Huse, M., 2000. Boards in SME:s: a review and research agenda, *Entrepreneurship and Regional Development*, 12:271-290.
- Lumpkin, G. T. & Dess, G. G. 1996. Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, Vol 21, No 1, p. 135-172.
- Reynolds R. L. 1983. Institutionally Determined Property Claims, p 237 – 245. in Tool, M., & Samules, W, *State, Society and Corporate Power*. Transaction Publishers, New Brunswick.
- Ricketts, M. 2002. *The Economics of Business Enterprise*. Edward Elgar Publishing Limited.
- Rumelt, R. P. 1974. *Strategy, Structure and Economic Performance*. Boston: Harvard Univ. Press.
- Schleifer, A. & Vishny, R. W. A. 1997. A survey of corporate governance. *The Journal of Finance*, pp. 737-783.

- Wiklund, J., Davidsson, P. & Delmar, F. 2003. What Do They Think and Feel about Growth? An Expectancy-Value Approach to Small Business Managers' Attitudes Toward Growth, *Entrepreneurship Theory and Practice*, Vol. 27:3, p.247-270.
- Yin, X. & Zajac, E. J. 2004. The strategy/governance structure fit relationship: Theory and evidence in franchising arrangements, *Strategic Management Journal*, 25:365-383.
- Zahra, A 1991. Predictors and financial outcomes of corporate entrepreneurship: an exploratory study. *Journal of Business Venturing*, 259-285.
- Zahra, A. 1993. Environment, corporate entrepreneurship, and financial performance: a taxonomic approach, *Journal of Business Venturing*, 8, pp. 319-340.
- Zahra, A. 1996. Governance, Ownership and Corporate Entrepreneurship: The moderating impact of industry technological opportunities. *Academy of Management Journal*, Vol.39, No.6, p.1713-1735.
- Zahra, S. A., & Huse, M. 2000. Entrepreneurship in medium-size companies: exploring the effects of ownership and governance systems. *Journal of Management*; September, 1-35.