

**Organizational Entrepreneurship in University Extension:
A 100-Year History of Social Entrepreneurship**

**Social Entrepreneurship Textbook Submission;
Publisher: Routledge, 2016;
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Worldwide Extension organizations have long played a vital role in advancing technology transfer and human development in 115 countries. In the United States, Extension organizations are part of the land-grant university system, established by President Abraham Lincoln through the Morrill Act in 1862, which launched public institutions in each state. In 1914, the Cooperative Extension System (CES) was created by the Smith-Lever Act as a collaboration between federal, state, and county government for land-grant universities to link their research and education with local communities. More than 100 years later, CES continues to demonstrate social entrepreneurship as defined by Dees, Haas, and Haas (1998), where social entrepreneurs play the role of change agents in the social sector. With an increasingly diverse constituency, new technologies, and changes in traditional funding sources, CES, like other established organizations, has been exploring entrepreneurship theory and practice. Modern organizations need to operate as entrepreneurial businesses that are stable across situation and time (Scase, 2000).

Organizational Entrepreneurship

Entrepreneurship research has progressively moved from the study of individual traits to the features of the entrepreneurial organization (Morris & Kuratko, 2002; Zahra, Kuratko, & Jennings, 1999). Entrepreneurial actions are viewed as critical pathways to improved performance in organizations of all types, sizes, and ages (Brown, Davidsson, & Wiklund, 2001; Kuratko, Ireland, & Hornsby, 2001). Within management literature, advocates of corporate

entrepreneurship stress its importance for rejuvenating and revitalizing existing organizations (Maes, 2004). It is brought into practice as a tool for business development, revenue growth, and pioneering the development of new products, services, and processes (Lumpkin & Dess, 1996; Miles & Covin, 2002; Zahra & Covin, 1995).

The entrepreneurial literature claims that entrepreneurial organizations are characterized by a set of organizational attitudes and behaviors. Entrepreneurial organizations demonstrate competencies such as opportunity recognition (Stevenson & Jarillo, 1986), organizational flexibility (Stevenson & Gumpert, 1985), and the ability to measure, encourage, and reward innovative behavior (Zahra, 1993). Entrepreneurial organizations are flexible and adaptable, far from the bureaucratic and mechanistic organization (Birch, 1987). When contrasting traditional organizations with entrepreneurial organizations, complex issues make it difficult to agree on definitions (Cornwall & Perlman, 1990). While there is no single agreed upon method for measuring organizational entrepreneurship, there are various instruments that assess a number of critical factors, including the:

- Entrepreneurial Orientation (Covin & Slevin, 1986).
- Corporate Entrepreneurship Assessment Instrument (Kuratko, Montagno, & Hornsby, 1990).
- Entrepreneurial Performance Index (Morris & Sexton, 1996).
- Entrepreneurial Management (Brown, Davidsson, & Wiklund, 2001).

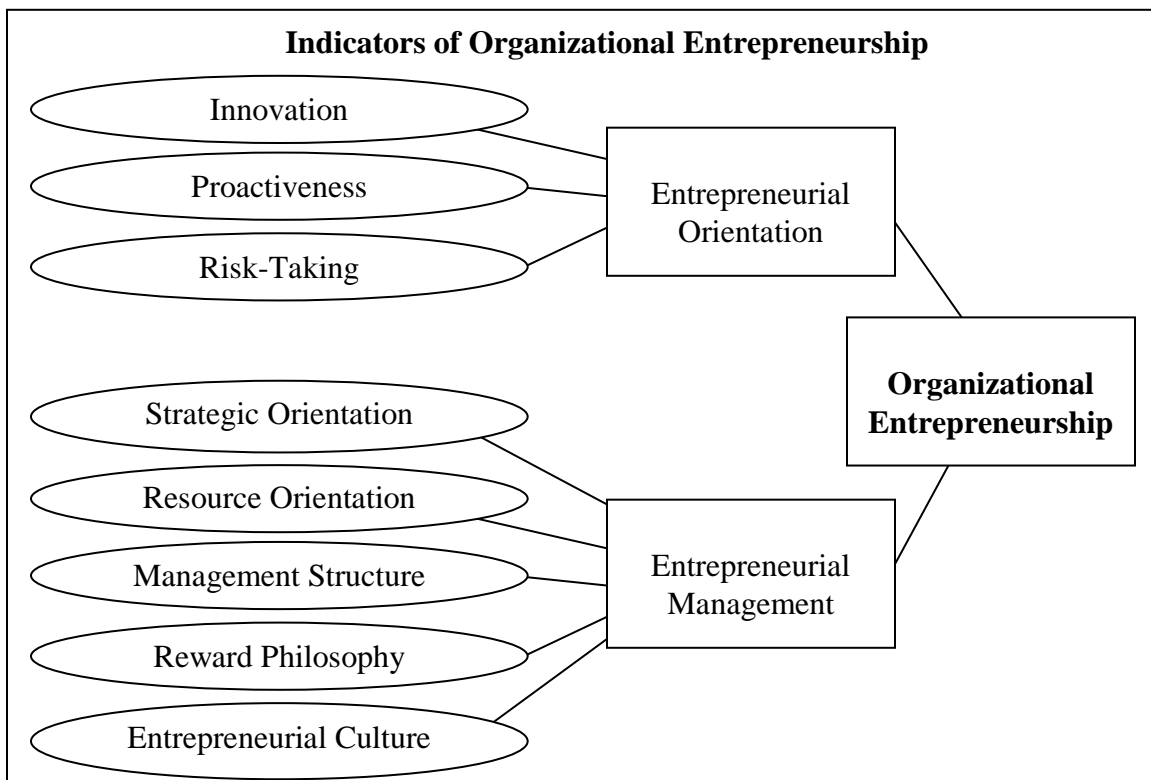
Entrepreneurship is relevant to all types of organizations, regardless of whether the organization is a for-profit business, a public-service agency, a nonprofit group, or a governmental institution. (Boyet, 1996; Dees, Emerson, and Economy, 2002; Forster, Graham, & Wana, 1996; Graham & Harker, 1996; Morris & Jones, 1999). Schuyler (1998) suggested that social entrepreneurship focused on profit as a means, and not an end. In spite of the varying definitions of social entrepreneurship, the commonality is the problem-solving nature and the emphasis on

developing and implementing initiatives that produce measurable results in the form of changed social impacts (Johnson, 2000).

Entrepreneurship is a universal construct that can be applied in public sector organizations (Morris & Kurako, 2002). As public sector organizations face a turbulent external environment with eroding tax bases, heightened accountability, rapidly changing technology, and increasingly diverse audiences to serve, entrepreneurship can be an integral component that leads to generating alternative revenues, improving internal processes, and developing innovative solutions to meet social and economic needs. The concept of public entrepreneurship has been defined in a variety of ways, including the process of creating value for citizens by bringing together unique combinations of public and private resources to exploit social opportunities (Bellone & Goerle, 1992; Osborne & Gaebler, 1992). The term public implies that an organization is accessible to or shared by all members of a community. In the literature on entrepreneurial public management, scholars emphasize different strategies, depending on whether they focus on launching innovations (Levin & Sanger, 1994), managing effective programs (Behn, 1991), or improving overall organizational performance (Light, 1998; Moore, 1995). Creating value for customers, putting resources together in unique ways, and being opportunity-driven are not inherently in conflict with the purpose of public agencies (Behn, 1991; Morris & Kuratko, 2002). The factor that differentiates public entrepreneurs from ordinary managers is their ability to alter the existing allocation of scarce resources in fundamental ways (Lewis, 1980, p. 233). There have always been elements of innovation and entrepreneurship in public sector organizations (Moore, 1983).

Exploring Organizational Entrepreneurship in Extension

To assist Extension leaders with new knowledge and to contribute to the fields of social, public sector, nonprofit and corporate entrepreneurship, a non-experimental quantitative research study explored the extent to which organizational entrepreneurship was associated with organizational performance within the Cooperative Extension System. This study measured both entrepreneurial orientation, based on Covin and Slevin's scale (1986), and entrepreneurial management, based on a scale developed by Brown, Davidsson, and Wiklund (2001) that operationalized Stevenson's (1983) conceptualization of entrepreneurship as a set of opportunity-based management practices. Both scales have been used as summed indexes and have been analyzed with various samples, differing in organization size, governance, and industry sector.



Seventy percent (n=38) of the Extension Directors responded to an electronic or printed questionnaire. Substantial organizational entrepreneurship was evident in Extension organizations in all four regions of the United States. On the overall organizational entrepreneurship scale, entrepreneurial culture had the highest mean of 6.0 (S.D. 1.13) on a scale of 1-8 (Figure 2). Stephenson and Jarillo (1990) noted that an organization with an entrepreneurial culture, encouraged ideas, experimentation, and creativity. An entrepreneurial culture includes various elements such as value creation through innovation and change; freedom to grow and fail; commitment and personal responsibility; and ethics of integrity, trust and credibility (Cornwall & Perlman, 1990; Morris & Kuratko, 2002). Reward philosophy had the lowest mean of 4.4 (S.D. 1.46) on a scale of 1-8. (Figure 2). Reward systems in public agencies and higher education present structured and often inflexible situations that support a more mechanistic organization, but public and nonprofit organizations are beginning to explore degrees of flexibility (Miller, 2005; Morris & Kuratko, 2002).

Extension Directors also reported on organizational performance, as measured by both financial and non-financial indicators. The financial indicator was the change in percentage of non-appropriated funding as a percentage of total percent budget change over 5 years between 2000 and 2004. Non-appropriated revenue was defined by the Extension Committee on Organization and Policy (ECOP) as monies that were not appropriated directly to Cooperative Extension or research units by federal, state, and local governments. Identifying the rate of revenue change permits an assessment of the economic success of the organization (Sexton & Smilor, 1997). The five-year trend indicated a range of funding changes. This confirmed evidence gathered through a 2004 revenue generation report (Miller, 2005).

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In addition to financial indicators, the literature has mentioned several possible non-financial outcomes to evaluate the potential influence of entrepreneurship on organizational performance (Zahra, 1993). Some of the very best managerial actions and innovations do not yield measurable financial performance but they define the organization and give meaning to its different activities (Kanter, 1989). Possible non-financial outcomes include keeping the organizations' most talented people (Peters & Waterman, 1982); creating value for a variety of stakeholders (Graves & Waddock, 1994; McGrath, Venaktraman, and MacMillan, 1992); process innovations (Wiklund & Shepherd, 2003); gathering and using knowledge (Lumpkin & Lichtenstein, 2005); and managing change (Hage, 1999). An organizational performance construct was operationalized by Jawaorski and Kohli (1993) with two judgmental questions. In their study, respondents were asked for their opinion of the previous year's overall performance of their organization and their overall performance relative to leading competitors. A non-financial indicator of performance was measured through a series of six items indicating Extension Directors' satisfaction with performance during the past five years, which was summed into a single non-financial performance satisfaction index. Extension directors in all four geographic regions reported very high means of performance satisfaction.

Results from multivariate data analysis indicated that risk taking and tenure (respondent's length of service as an Extension Director) accounted for the highest relative contribution to the dependent variable performance satisfaction. Strategic orientation and risk taking accounted for the highest relative contribution to the dependent variable, percent change in total funding. Strategic orientation determines whether an organization is driven more by opportunity or by resources currently controlled. In addition to strategic orientation, entrepreneurial culture was the other sub-dimension included in the regression model. The individual sub-dimensions of

organizational entrepreneurship are distinct, yet related measures; therefore each dimension, as well as the combined scales can be used for further discussion and development of entrepreneurship in Extension organizations.

Summary

For more than 100 years, Cooperative Extension has proven to be a successful model for local, state, and federal governments to work in cooperation with the national system of land-grant universities and citizens in local communities. Changes in society, technology, and funding have prompted Extension organizations to create new partnerships, programs, funding sources, and approaches to fulfill the mission of enabling people to improve their lives and communities through learning partnerships that put knowledge to work. As change continues to be a theme permeating throughout all types and sizes of organizations, including Extension, the field of entrepreneurship provides insight through valuable theory and practice. When adopted, these principles will not necessarily result in a high degree of entrepreneurial intensity all of the time and in all situations. However, development of an entrepreneurial orientation and entrepreneurial behaviors can improve performance as the principles become embedded throughout the organization. The framework can be used as Extension organizations continue to build upon the rich history of the organizations and maximize new opportunities most relevant for the future. Specifically, Extension organizations can focus on developing risk taking and strategic orientation, two sub-dimensions identified in this study that account for the highest relative contribution to organizational performance. Extension organizations throughout the world could be considered for future research. According to the World Bank, development of worldwide Extension operations in the past four decades is one of the largest institutional

development efforts the world has ever known (Anderson & Feder, 2004). Each type of Extension organization has characteristics unique in structure, funding, and delivery. As lines blur between public, private, and not-for-profit ventures, there is a need for research focused in a variety of contexts.

Discussion Questions

1. Do some research on Cooperative Extension, <http://www.extension.org>, <http://www.joe.org> and <http://www.aplu.org/page.aspx?pid=2431>. Identify how the organization demonstrates organizational entrepreneurship.
2. Explore the article, “The Meaning of Social Entrepreneurship” <http://www.redalmarza.cl/ing/pdf/TheMeaningofsocialEntrepreneurship.pdf> and discuss how Extension can learn from the notions of:
 - value creation (Say)
 - innovation and change agents (Schumpeter)
 - pursuit of opportunity (Drucker)
 - resourcefulness (Stevenson)
3. Read the article, “Social and Commercial Entrepreneurship: Same, Different, or Both?” by Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). http://s3.amazonaws.com/academia.edu.documents/30575477/social_and_commercial_entrepreneurship.pdf?AWSAccessKeyId=AKIAJ56TQJRTWSMTNPEA&Expires=1388499174&Signature=unxWK95hvnREKTQ3skUK271Kn%2F4%3D&response-content-disposition=inline Take turns debating how social and commercial entrepreneurship are the same, different, or both.
4. The study indicated Extension could benefit from increased risk taking and an opportunity-driven, rather than resource-driven, strategic orientation. Identify some strategies Extension organizations could explore.
5. Review the references at the end of this chapter and select an article to read and summarize for others.

This case was based on dissertation research. For a study summary: <http://www.sbaer.uca.edu/research/usasbe/2008/pdf/PaperID161.pdf>. For the complete report, https://etd.ohiolink.edu/ap/0?0:APPLICATION_PROCESS%3DDOWNLOAD_ETD_SUB_DOC_ACCNUM:::F1501_ID:osu1133286266%2Cinline

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