

FIRM'S GOVERNANCE SYSTEMS AND OWNERSHIP STRUCTURE AS MAJOR DETERMINANTS OF ENTREPRENEURSHIP IN AMERICAN MID-SIZE FIRMS: EMPIRICAL INVESTIGATION

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ABSTRACT

This study explores two major determinants (the firm's governance systems and ownership structure) of entrepreneurship in mid-size companies. Subsequently, the study examines the impact of the firm's governance systems (an independent board chair, board size, and the ratio of outside board members to inside members) and ownership structure (the ownership of stocks by outside board members, executives, and institutions in the firm) on entrepreneurship (firm's innovation and venturing). The findings of this study revealed that an independent board chair, board size, stock ownership of outside board members in the company, and executives' ownership of stock, have a positive and significant impact on the firm's entrepreneurship. In contrast, the ratios of outside board members to inside members and institutional ownership have mixed effects on company's entrepreneurship.