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RESEARCH ARTICLE

The Influence of Corporate Entrepreneurship on Firm Performance in the Supply Chain Sector in Saudi Arabia: The Mediating Role of Dynamic Capabilities

Riyad Alotaibi[1*], Logaiswari Indiran[2], Khartic Rao Manokaran[3]

[1]Faculty of Management, Universiti Teknologi Malaysia, Skudai, Johor, Malaysia
Email: riyad.al01@outlook.com
[2]Department of Marketing and Entrepreneurship, Universiti Teknologi Malaysia, Skudai, Johor, Malaysia
Email: logaiswari@utm.my
[3]Newcastle Business School, Newcastle, Australia, Institute of Higher Education Pte Ltd, Singapore, Singapore
Email: khartic.manokaran@newcastle.edu.au

CORRESPONDING AUTHOR (*):
Riyad Alotaibi
(riyad.al01@outlook.com)

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ABSTRACT

Corporate entrepreneurship has increasingly been recognized as a critical strategic mechanism for enhancing organizational competitiveness and performance. However, the processes through which entrepreneurial initiatives translate into measurable firm outcomes remain insufficiently understood, particularly within the supply chain sector in emerging economies. This study investigates the influence of corporate entrepreneurship on firm performance in the Saudi Arabian supply chain sector, with particular emphasis on the mediating role of dynamic capabilities. A quantitative research design was adopted, and data were collected through a structured questionnaire distributed to professionals working in the supply chain sector in Saudi Arabia. Out of 320 distributed questionnaires, 253 valid responses were obtained and analyzed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The results reveal that corporate entrepreneurship has a significant positive effect on dynamic capabilities and firm performance. Furthermore, dynamic capabilities significantly influence firm performance and partially mediate the relationship between corporate entrepreneurship and firm performance. These findings highlight the importance of organizational adaptability in transforming entrepreneurial initiatives into improved performance outcomes. The study contributes to the literature by integrating corporate entrepreneurship and dynamic capabilities within a unified framework and by providing empirical evidence from the Saudi supply chain context. Practically, the results suggest that managers should not only encourage entrepreneurial behavior but also strengthen internal capabilities that enable organizations to respond effectively to environmental changes. Overall, the study provides insights into how supply chain firms can

enhance competitiveness and achieve sustainable performance in an increasingly dynamic business environment.

1. Introduction

The supply chain sector in Saudi Arabia is undergoing rapid transformation as firms respond to intensified competition, increasing customer expectations for speed and reliability, and widening pressures to digitalize logistics operations. Supply chain firms increasingly need to identify new opportunities, experiment with novel service offerings, redesign processes, and mobilize resources quickly in response to demand volatility, technological disruption, and shifting regulatory and market requirements. Corporate entrepreneurship, understood as entrepreneurial behavior within established firms through dimensions such as innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy, is frequently positioned as a strategic posture that enables firms to pursue opportunity-driven initiatives and renewal (Covin & Slevin, 1989; Lumpkin & Dess, 1996). Entrepreneurial initiatives can be costly, uncertain, and difficult to convert into measurable outcomes when firms lack the ability to coordinate changes, integrate learning, and realign assets and routines at speed.

Dynamic capabilities theory suggests that entrepreneurial postures create value only when firms possess the capacity to sense changes, seize opportunities, and reconfigure resources in a coordinated manner (Teece et al., 1997; Teece, 2007). In fast-changing supply chain environments, firms can initiate entrepreneurial actions yet fail to realize performance gains due to weak integration, limited learning routines, insufficient resource redeployment, or rigid processes. Therefore, without testing dynamic capabilities as an intervening mechanism, it is difficult to determine whether corporate entrepreneurship itself drives performance or whether performance improvements occur primarily when corporate entrepreneurship strengthens (or is enabled by) dynamic capabilities. Although corporate entrepreneurship is widely advocated as a driver of competitive advantage, there remains limited context-specific evidence on whether and how it improves firm performance in the Saudi Arabian supply chain sector.

Theoretically, this study clarifies how entrepreneurial behaviors inside established supply chain firms are converted into performance outcomes through sensing, seizing, and reconfiguring capacities; practically, it provides managers with guidance on why corporate entrepreneurship initiatives may fail without accompanying capability development and where to focus capability-building efforts to enhance performance (Barney, 1991; Teece, 2007). Vision 2030 emphasizes fostering a culture of excellence and entrepreneurship, making corporate entrepreneurship a key strategy for achieving superior firm performance (Elmonshid & Sayed, 2024). To address these challenges, this study explore the influence of corporate entrepreneurship on firm performance in Saudi Arabia's supply chain sector.

2. Literature Review

2.1. Theoretical underpinning

This study is anchored in the Resource-Based View (RBV) and the Dynamic Capabilities View (DCV) to explain how corporate entrepreneurship can translate into superior firm

performance in the Saudi Arabian supply chain sector. RBV posits that performance differences across firms arise from heterogeneous, valuable, rare, inimitable, and non-substitutable resources and capabilities that enable firms to implement strategies competitors cannot easily replicate (Barney, 1991). Markets are typically characterised by shifting consumer preferences, service innovation pressures, technology-enabled competition, and periodic disruptions, which means that static resource advantages can erode quickly (Teece et al., 1997; Teece, 2007). From this perspective, performance is driven by the firm's ability to sense emerging opportunities and threats, seize them through timely strategic and operational decisions, and reconfigure resources, routines, and service systems to maintain fit with the environment. Corporate entrepreneurship is not assumed to improve performance automatically; rather, it is expected to enhance performance to the extent that it strengthens the firm's adaptive capacity its ability to realign service offerings, talent, processes, and technology with evolving competitive and customer demands. The integrated logic of RBV, DCV, and corporate entrepreneurship theory supports the study's central proposition that corporate entrepreneurship positively influences firm performance in the Saudi supply chain sector, and that this relationship is at least partly explained by the firm's dynamic capabilities (Barney, 1991; Covin & Slevin, 1989; Lumpkin & Dess, 1996; Teece et al., 1997; Teece, 2007; Zahra, 1991).

2.2. Corporate Entrepreneurship and Firm Performance

Corporate entrepreneurship is a strategic approach that promotes creativity and growth by encouraging employee participation and fostering a supportive organizational culture (Bani-Mustafa et al., 2021; Do and Luu, 2020). When employees engage in entrepreneurial activities, they tend to assume greater responsibility and dedication, which can lead to better company performance (Singh et al., 2017). While the positive impact of corporate entrepreneurship on firm performance is well-established in developed markets (Young-min et al., 2019), research in developing markets, including the Middle East, has yielded mixed results. This suggests a need to understand better how different dimensions of corporate entrepreneurship affect firm performance in these unique contexts (Hossain & Azmi, 2021). Hossain et al. (2022) define it as strategic approaches, procedures, and decision-making styles that imbue an organization with an entrepreneurial disposition. Abdissa et al. (2021) regard corporate entrepreneurship as instilling entrepreneurial mindset and behavior among employees, equipping them with creative thinking and calculated risk-taking abilities. Kreiser et al. (2021) characterize it as developing new ventures within an established company through novel ideas and transformed strategies to enhance profitability and competitive advantage. Highly innovative firms focus on developing new products and services and leverage technological advancements to enhance their operations and customer relationships (Groza et al., 2021). Pham & Dao (2022) examines the relationship between risk-taking and corporate returns using a meta-analysis approach. The analysis is based on a sample of 56 research studies covering millions of companies globally from 2010 to 2020. The risk-taking variables studied include Leverage, Research and Development costs (R&D), and Firm Size. Industry competitive forces, such as buyer bargaining power, supplier bargaining power, and threat of new entrants, moderate the relationship between competitive advantage and firm performance. (Leong & Yang, 2020) investigated whether market competition encourages firms to be more socially responsible and found that firms in more competitive markets exhibit better overall social performance. However, firms are more reactive in reducing social concerns than proactive in augmenting their social strengths. Anokhin et al. (2021) examined the relative

effectiveness of conservative and aggressive strategies for technological leadership in affecting firm performance, and found that both conservative and aggressive strategies for technological leadership affect performance positively, but the aggressive strategy outperforms the conservative one during times of crisis. Studies have shown that competitive aggressiveness significantly impacts organizational performance.

2.3. Dynamic capability as a mediator between corporate entrepreneurship and firm performance

Dynamic capability theory offers a coherent explanation for this conversion problem by distinguishing between entrepreneurial intent/activity and the firm's ability to systematically adapt and renew its resource base (Teece, 2007). Teece et al., (1997) define dynamic capabilities as the firm's "ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments," emphasising that sustainable advantage stems from the organisation's capacity to renew what it does as environments shift rather than from static resource ownership. Dynamic capabilities are commonly operationalised as higher-order adaptive capabilities, frequently decomposed into routines such as sensing, learning, coordinating, and integrating, which together enable firms to reshape operational capabilities and align them with emerging opportunities and threats (Orozco et al., 2026).

Once formed or strengthened, dynamic capabilities enable the firm to convert entrepreneurial initiatives into performance by accelerating sensing of market shifts, coordinating cross-functional execution, integrating new knowledge into service and operational routines, and reconfiguring resources to sustain value creation (Yi et al., 2024). Empirical studies across sectors provide consistent support for the mediating role of dynamic capabilities in entrepreneurship–performance relationships (Lim & Kim, 2020). The general mechanism whereby entrepreneurial posture strengthens adaptive capabilities, which then drive performance outcomes (Kumar & Kumar, 2020). Entrepreneurial orientation and learning mechanisms contribute to knowledge-based dynamic capabilities, which in turn enhance store performance within restaurant operations evidence that, in service contexts, entrepreneurial posture affects performance materially through capability pathways rather than solely via direct effects (Orozco et al., 2026). Synthesising these strands, the literature supports a theoretically robust and increasingly evidence-backed mediating role of dynamic capabilities (Lim & Kim, 2020; Dalle et al., 2020; Hu et al., 2025). Corporate entrepreneurship initiates opportunity-seeking behaviour and internal renewal, but performance materialises when the organisation can routinise opportunity sensing, coordinate and integrate cross-functional responses, and reconfigure resources into new or improved service and operating models.

3. Methodology

The study employed a survey approach to analyze the relationship between corporate entrepreneurship and firms' performance. The target population for this research comprised individual firms within the supply chain sector in Saudi Arabia due to their possession of pertinent data, their familiarity with the research topic, and their accessibility, availability, and timing (Hair, Page & Brunsveld, 2020). In determining the sample size, the G*Power tools are used for the derivation of the minimum sample size. It is practical power analysis software for many statistical tests in the social sciences (Faul et al., 2009). The statistical power of 0.8 is acceptable for social science studies

(Lenth, 2001), with a significance level of 0.05, and several predictors of 7. The G*Power analysis shows that the minimum required sample is 103. The method of data analysis was Partial Least Squares-Structural Equation Modelling (PLS-SEM).

4. Findings

A total of 320 questionnaires were distributed to employees and managers working in the supply chain sector in Saudi Arabia. Out of these, 253 completed questionnaires were considered usable for analysis, resulting in a response rate of 79.1%. Table 1 presents the demographic characteristics of the respondents who participated in this study. In terms of city distribution, respondents located in Riyadh, represented 38.7% (n = 98) of the total sample. The second largest group of respondents came from Jeddah (22.9%, n = 58), followed by Makkah (20.6%, n = 52). Meanwhile, 17.8% (n = 45) of the respondents were from other cities. With regard to work experience, the largest proportion of respondents had 5–10 years of professional experience, accounting for 40.7% (n = 103) of the sample. Respondents with more than 10 years of experience represented 32% (n = 81), while those with less than 5 years of experience accounted for 27.3% (n = 69). The gender distribution shows that male respondents constituted the majority of the sample, representing 65.2% (n = 165), while female respondents accounted for 34.8% (n = 88). In terms of educational qualifications, the results indicate that most respondents were well educated. The largest group held a bachelor's degree (46.6%, n = 118). This was followed by respondents with a master's degree (29.2%, n = 74). A smaller proportion held a PhD (10.3%, n = 26) or a diploma (9.9%, n = 25), while 4% (n = 10) reported other forms of educational qualifications. Regarding nationality, the majority of respondents were Saudi nationals, representing 63.6% (n = 161) of the sample, while 36.4% (n = 92) were non-Saudi employees. Finally, the organizational position of respondents indicates that a large portion occupied managerial positions (38.3%, n = 97). Respondents at the executive level accounted for 32.8% (n = 83), while 16.2% (n = 41) identified themselves as founders or co-founders of their organizations. The remaining 12.6% (n = 32) fell into other categories.

Table 1: Demographic Background of Respondents

Variable	Category	Frequency	Percent
City	Riyadh	98	38.7
	Others	45	17.8
	Makkah	52	20.6
	Jeddah	58	22.9
Experience	5–10 years	103	40.7
	<5 years	69	27.3
	>10 years	81	32
Gender	Female	88	34.8
	Male	165	65.2
Highest Education	Degree	118	46.6
	Masters	74	29.2
	PhD	26	10.3
	Diploma	25	9.9
	Others	10	4
Nationality	Non-Saudi	92	36.4
	Saudi	161	63.6
Position	Managerial level	97	38.3
	Founder/Co-founder	41	16.2

	Executive level	83	32.8
	Others	32	12.6

4.1. Multicollinearity

The variance inflation factor (VIF) was utilized in order to investigate the possibility of multicollinearity among the variables. As presented in Table 2, the multicollinearity diagnostics show that the variance inflation factor (VIF) values for the predictors are substantially below the commonly accepted thresholds of 5.0 (Hair et al., 2017). The findings confirm that multicollinearity is not a serious concern in this model. Thus, the data meet the assumption of non-severe multicollinearity, strengthening the robustness of subsequent regression and PLS-SEM analyses (Table 2).

Table 2: Multicollinearity Test Results

Endogenous construct	Predictor construct	VIF
Dynamic Capabilities	Corporate Entrepreneurship	1
Firm Performance	Corporate Entrepreneurship	1.556
Firm Performance	Dynamic Capabilities	1.474

Kock (2015) characterises common method variance as a systematic error variance arising from a shared procedure employed to assess the study constructs. Common technique bias occurs when common method variance affects the connection among measurement items. In this study, all Variance Inflation Factors (VIFs) derived from the collinearity analysis (Table 2) are below 3.3, indicating that the model is devoid of common method bias (Kock, 2015).

4.2. Measurement Model Assessment

The measurement model analysis identifies the association between observable variables and a latent variable in a given study (Hair et al., 2019). The assessment of construct quality, encompassing factor loading, reliability, and validity, constitutes a component of the measurement model (Hair et al., 2020). The factor loadings indicate the significance of each item to each construct. This study has preserved factors with a value of 0.60 for further analysis, as recommended to assess the comprehensive impact of all indicators (Hair et al., 2023). All items with loadings below 0.60 are deleted. Table 3 presents the outcomes of factor analysis conducted with the Smart PLS program.

Table 3: Factor Loadings after CFA Analysis

Construct	Indicator	Outer loading
Corporate Entrepreneurship	CE_AU5	0.621
	CE_AU6	0.631
	CE_IN1	0.69
	CE_IN2	0.503
	CE_IN3	0.684
	CE_IN5	0.717
	CE_IN6	0.696
	CE_PR1	0.678
	CE_PR2	0.704
	CE_PR3	0.733
	CE_PR5	0.665
	CE_PR6	0.664

Dynamic Capabilities	EE1	0.636
	EE2	0.679
	EE3	0.664
	EE5	0.803
	EE6	0.787
	EE7	0.769
	EE8	0.819
Firm Performance	FP1	0.621
	FP2	0.641
	FP5	0.718
	FP6	0.802
	FP7	0.753
	FP8	0.756

The internal consistency is validated by the Cronbach's alpha values of each construct, which exceed 0.70, as recommended by Hair et al. (2019). Convergent validity is a measure of the degree of association between two related constructs. It elucidates the convergence of two constructions. Discriminant validity is the antithesis of measurement (Hair et al., 2023). The Average Variance Extracted (AVE) is a statistic for convergent validity, computed by deducting the mean variance from the item loadings associated with the concept. It is a synthesis of convergence indicators (Hair et al., 2023). The average variance extracted (AVE) of each construct was above 0.5 and which establishes convergent validity (Hair et al., 2023) as another confirmation for Composite Reliability. Table 4 shows the test results for Reliability and Validity.

Table 4: Test Results for Reliability and Validity

	Cronbach's Alpha	**Composite Reliability**	**Average Variance Extracted (AVE)**
Corporate Entrepreneurship	0.879	0.820	0.529
Dynamic Capabilities	0.860	0.894	0.547
Firm Performance	0.811	0.864	0.516

This research employed the heterotrait-monotrait ratio of correlation (HTMT), which is an alternate way to analysis cross-loadings and Fornell-Larcker criteria. It depends on the multi-trait multimethod matrix (Henseler et al., 2015). Henseler et al. (2015) contend that the 0.9 threshold for the HTMT cut-off value must be met or exceeded (Table 5).

Table 5: Discriminant Validity heterotrait-monotrait ratio of correlation (HTMT)

	Corporate Entrepreneurship	**Dynamic Capabilities**
Corporate Entrepreneurship		
Dynamic Capabilities	0.628	
Firm Performance	0.603	0.595

The heterotrait–monotrait ratio (HTMT) results show that the correlation values between the latent constructs are below the conservative threshold of 0.90, indicating satisfactory discriminant validity (Henseler et al., 2015). This suggests that the constructs are empirically distinct and measure different conceptual domains within the model, thus meeting the requirements for further analysis in the structural model assessment.

Table 6: Discriminant Validity - Fornell-Larcker Criterion

	Corporate Entrepreneurship	Dynamic Capabilities	Firm Performance
Corporate Entrepreneurship	0.809		
Dynamic Capabilities	0.567	0.740	
Firm Performance	0.523	0.506	0.718

The Fornell–Larcker criterion results indicate that the square root of the average variance extracted (AVE) for each construct exceeds its correlations with other constructs (Table 6). This pattern demonstrates that each construct shares more variance with its own indicators than with other constructs, confirming adequate discriminant validity according to the Fornell–Larcker criterion (Hair et al., 2023).

4.3. Assessing the Structural Model

The corrected R-squared value for employability is displayed in Table 7. This score, which aids in understanding the extent of explained variance in employable and independent variables (Hair et al., 2019), is demonstrated to mitigate bias in the confidence interval. The R^2 values ranging between 0.320 and 0.338 demonstrate that the structural model possesses moderate explanatory power across all three endogenous constructs. These results indicate that the R^2 values have a moderate level of explanatory power, hence affirming the model's predictive relevance for the dependent variables (Table 7).

Table 7: Test of R-Square

	R Square	R Square Adjusted
Dynamic Capabilities	0.322	0.320
Firm Performance	0.338	0.336

The f^2 statistic was employed to assess the effect size of each exogenous construct on its corresponding endogenous construct in the model. Effect sizes help determine the practical impact of predictors beyond statistical significance. Following Cohen's (1988) guidelines, f^2 values of 0.15 and 0.35 represent small, medium, and large effects, respectively. Predictive relevance of the endogenous constructs was assessed using the blindfolding procedure (Stone, 1974; Geisser, 1974). According to the thresholds proposed by Hair et al. (2023), Q^2 values greater than zero indicate that the model has predictive relevance for the respective endogenous construct. The results indicate that the model has adequate predictive relevance for all three endogenous constructs. (Table 8).

Table 8: Test of Q Square

	SSO	SSE	Q^2 (=1-SSE/SSO)
Corporate Entrepreneurship	6,276.00	6,276.00	
Dynamic Capabilities	3,661.00	3,073.71	0.16
Firm Performance	3,138.00	2,638.51	0.159

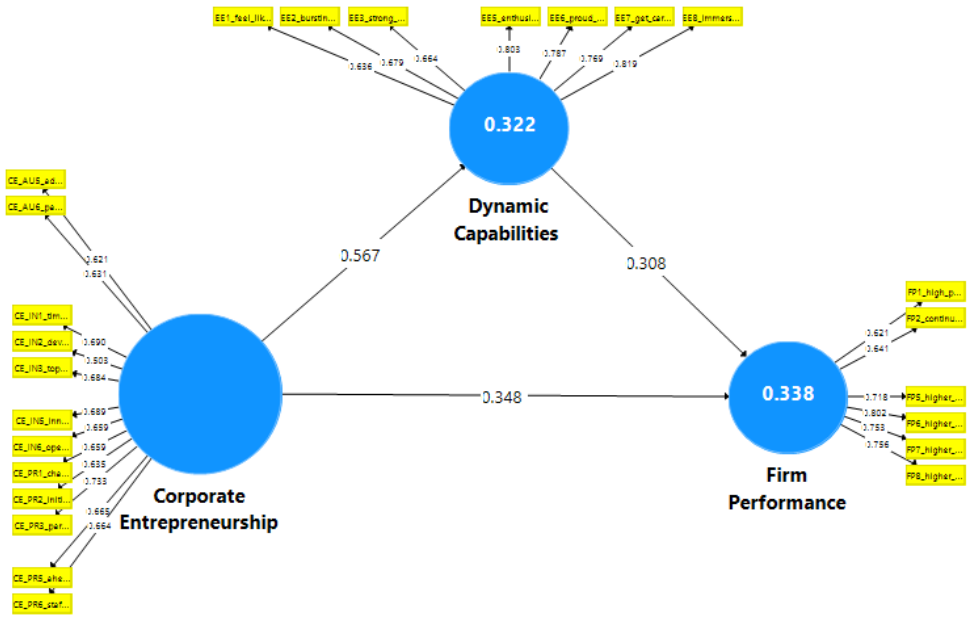
4.4. Path Coefficients

The structural model was tested to examine the hypothesized relationships among Corporate Entrepreneurship, Employee Engagement, Strategic Orientation, and Firm Performance. Table 9 presents the path coefficients, t-statistics, and p-values obtained through the bootstrapping procedure. This study set out to examine whether corporate entrepreneurship influences firm performance in the Saudi Arabian supply chain sector and whether dynamic capabilities mediate this relationship. The findings show a coherent pattern. Corporate entrepreneurship was positively associated with dynamic capabilities (β = 0.567), corporate entrepreneurship also showed a positive direct coefficient with firm performance (β = 0.348), and dynamic capabilities had a positive coefficient with firm performance (β = 0.308). In addition, the indirect effect of corporate entrepreneurship on firm performance through dynamic capabilities was significant (β = 0.228, t = 3.548, p < 0.001). Taken together, these results suggest that entrepreneurial behavior inside established supply chain firms matters for performance, but its value is strongest when it is converted into adaptive organizational capability. This interpretation fits the Saudi context, where the logistics and supply chain sector is being positioned as a strategic growth engine under Vision 2030 and the National Industrial Development and Logistics Program, both of which emphasize efficiency, quality, speed, integration, and supply chain adaptability. Figure 1 shows the Structural Model.

Table 9: Path Analysis Results

	Beta	Standard Deviation	P Values
Corporate Entrepreneurship ==> Dynamic Capabilities	0.570	0.047	0.000
Corporate Entrepreneurship ==> Firm Performance	0.352	0.070	0.000
Dynamic Capabilities ==> Firm Performance	0.307	0.068	0.000

Figure 1: The Structural Model



4.5. Mediation Analysis

The mediation analysis results indicate that dynamic capabilities significantly mediate the relationship between corporate entrepreneurship and firm performance (β = 0.228, t = 3.548, p < 0.001). The positive and significant indirect effect suggests that corporate entrepreneurship enhances firm performance by strengthening firms' dynamic capabilities. In other words, entrepreneurial behaviors such as innovativeness, proactiveness, and risk-taking contribute to improved performance outcomes when they facilitate the organization's ability to sense opportunities, seize them, and reconfigure resources effectively (Table 10).

Table 10: Mediation Analysis

	Beta	T Statistics	P Values
Corporate Entrepreneurship ==> Dynamic Capabilities ==> Firm Performance	0.228	3.548	0.000

This finding supports the Dynamic Capabilities View, which posits that firms achieve superior performance when they can continuously adapt and reconfigure resources in response to environmental changes.

5. Discussion

The structural model results showed that corporate entrepreneurship had a statistically significant positive effect on firm performance. Consistent studies have shown that higher levels of corporate entrepreneurship are linked to better firm performance, often measured through profitability, growth, and market share (Rodríguez-Peña, 2023; Doghan et al., 2025; Umrani et al., 2022). This result, therefore, reinforces the general empirical pattern that entrepreneurial behavior at the corporate level is a key performance driver in emerging markets. Studies also suggest that corporate entrepreneurship not only improves internal efficiency and innovation but also enables firms to better align with national strategic priorities and evolving tourism demand (Bob-Manuel, 2024). Moreover, Hosseini et al. (2018) and Hossain et al. (2022) have found complex relationships and varying impacts of corporate entrepreneurship characteristics on company performance, with some studies finding no significant correlation. This disparity highlights the importance of examining how contextual factors, such as market maturity and cultural nuances, shape the relationship between corporate entrepreneurship and performance. Despite the growing interest in corporate entrepreneurship, limited research exists on its application within the supply chain sector, particularly in Saudi Arabia. Corporate entrepreneurship cultivates an environment that stimulates individuals to work entrepreneurially, fostering creativity and innovation within the company, thus boosting business performance (Ahmed et al., 2020). Research reveals that when a company produces new items, offers new services, or markets its products differently, it is very lucrative (Dagnino et al., 2021). Furthermore, proactive enterprises have an edge over other firms in the sector in terms of capitalizing on possibilities (Wadood et al., 2021). This indicated that firm proactivity is positively related to firm performance. Yang & Meyer (2019) found that alliance proactiveness is positively related to firm performance in an emerging economy. Kiss et al. (2021) examines the impact of CEO proactiveness on firm innovation and performance. They found that CEO proactiveness on firm performance is partially

mediated by organizational ambidexterity. Do and Nguyen, (2020) examines the relationship between a proactive environmental strategy, competitive advantages, and firm performance, considering the control effects of firm size and industry type in Vietnam, and the study finds that proactive environmental strategies can lead to both differentiation and cost leadership competitive advantages, and highlights the importance of adopting such strategies in an emerging market.

Akbar et al. (2020) noted that innovation is an essential aspect of corporate entrepreneurship with significant impact on organization performance. Honyenuga et al. (2019) explored the relationship between management innovation, organizational performance, and the mediating role of high-performance organization factors in the insurance industry in Ghana. The study findings indicate that management innovation directly impacts organizational performance. Furthermore, when management innovation is combined with high-performance organization (HPO) factors such as continuous improvement and renewal, workforce quality, and long-term orientation, it generates a synergistic effect that enhances the likelihood of organisations becoming HPOs in an emerging market context. Zhu et al. (2022) found that innovation significantly influences the performance of Chinese enterprises and is moderated by sentiment expressed by investors. Specifically, Chinese enterprises tend to be innovative in response to the sentiment investors express, resulting in higher performance. From a theoretical standpoint, the positive corporate entrepreneurship–performance relationship observed in this study provides empirical support for the Resource-Based View and Dynamic Capabilities Theory. Prior research grounded in these theories argues that corporate entrepreneurship functions as a higher-order capability that allows firms to reconfigure resources, exploit opportunities, and build difficult-to-imitate competitive advantages, which in turn enhance performance (Urbano et al., 2022). In addition, this study refines the understanding of the corporate entrepreneurship–performance relationship by embedding it in a broader model that includes employee engagement and strategic orientation. While the direct effect of corporate entrepreneurship on firm performance is significant, the overall structural model indicates that part of this effect is transmitted through employee engagement as a mediating mechanism. This is compatible with the argument that entrepreneurial strategies must be internalised and enacted by employees to yield tangible performance outcomes, a nuance that is not always explicitly elaborated in earlier works (Ahmad et al., 2023). The finding therefore supports the Dynamic Capabilities View more strongly than a simple direct-effect explanation. It also helps explain why prior literature has sometimes reported mixed results for the entrepreneurship-performance relationship: entrepreneurial posture by itself may not be enough unless it is matched by the organizational ability to absorb change, coordinate resources, and institutionalize new ways of operating. This is in line with recent studies showing that the relationship between entrepreneurial orientation and performance is often conditional and that dynamic capabilities can serve as an important connecting mechanism between entrepreneurship-related drivers and organizational outcomes.

5.1. Research Implications

The findings of this study carry important research implications for the literature on corporate entrepreneurship, dynamic capabilities, and firm performance, particularly within the supply chain sector in emerging economies. First, the study advances the corporate entrepreneurship literature by showing that its contribution to firm performance should not be interpreted as a purely direct relationship. Although

corporate entrepreneurship has often been treated as an independent strategic orientation that enhances organizational outcomes, the present findings indicate that its effect becomes more meaningful when examined through an internal capability-based mechanism. This shifts the scholarly conversation from a simple input–output logic toward a more process-based explanation of how entrepreneurial behavior is translated into superior firm outcomes. The study also contributes to dynamic capabilities theory by empirically positioning dynamic capabilities as a mediating construct between corporate entrepreneurship and firm performance. This has theoretical significance because it supports the argument that entrepreneurial posture alone is insufficient to guarantee better outcomes unless firms possess the ability to sense opportunities, seize them, and reconfigure resources effectively. In this sense, the study enriches the Dynamic Capabilities View by demonstrating that dynamic capabilities are not only directly relevant to performance, but also serve as the organizational pathway through which entrepreneurial initiatives generate measurable value. This helps bridge two major streams of literature that are often discussed separately, namely corporate entrepreneurship and capability-based competitive advantage.

Moreover, the study contributes to the supply chain management literature by extending entrepreneurship and capability-based arguments into a sector that has traditionally been examined more from operational, logistical, and efficiency perspectives. The findings suggest that supply chain firms should not be viewed merely as execution-oriented organizations focused on cost, speed, and reliability. Rather, they should also be understood as strategic actors whose entrepreneurial orientation and adaptive capabilities influence broader performance outcomes. This broadens the conceptualization of supply chain firms and supports a more strategic reading of supply chain performance that includes innovation, organizational renewal, and responsiveness to environmental change.

The study provides context-specific implications for research in Saudi Arabia and similar emerging market environments. Much of the existing evidence on corporate entrepreneurship and firm performance has been generated in Western or manufacturing-dominant contexts. Methodologically, the study also has implications for future research design. The mediation results demonstrate the importance of testing indirect mechanisms rather than relying only on direct-effect models. Future researchers examining corporate entrepreneurship should therefore consider more complex structural relationships, including mediating and moderating variables, in order to capture the real pathways through which strategic orientations affect outcomes.

5.2. Practical and Strategic Recommendations

Based on the findings, the most important managerial implication is that supply chain firms in Saudi Arabia should avoid treating corporate entrepreneurship as an isolated cultural ideal. The results show that entrepreneurial orientation creates value most effectively when it is translated into dynamic capabilities. Accordingly, firms should build a dual strategy: first, encourage innovativeness, proactiveness, calculated risk-taking, and autonomy; second, institutionalize the organizational routines that allow these behaviours to improve performance. This recommendation is highly relevant in Saudi Arabia, where national policy continues to position transport and logistics as a strategic growth sector and aims to strengthen the Kingdom’s role as a global logistics hub. A first practical recommendation is to embed corporate entrepreneurship into

operational decision-making rather than confining it to senior management rhetoric. Supply chain firms should create formal channels through which employees can propose service innovations, process improvements, route redesigns, warehousing solutions, and technology-enabled customer service ideas. Entrepreneurial initiatives should be tied to clear operational priorities such as lead-time reduction, service reliability, inventory visibility, delivery flexibility, and customer responsiveness. In the supply chain context, entrepreneurial behaviour becomes strategically useful when it is linked to measurable logistics outcomes rather than treated as a general innovation.

Invest directly in dynamic capability development is critical, because this is the mechanism through which corporate entrepreneurship improves firm performance. In practical terms, firms should strengthen three capability clusters. The first is sensing capability, which includes market intelligence, customer-demand monitoring, competitor scanning, and early identification of disruptions. Another recommendation is to accelerate digital transformation as an enabler of both entrepreneurship and dynamic capabilities. The Ministry of Transport and Logistic Services explicitly highlights the expansion of intelligent transport systems, electronic systems, and automation as part of the sector's development agenda, while Vision 2030 reporting points to broader national digital-economy growth and digital transformation momentum. Firms should therefore prioritize digital tools that improve visibility and adaptability, such as transport management systems, warehouse analytics, demand forecasting, control-tower dashboards, integrated ERP-logistics platforms, and exception-monitoring systems. These tools do not create performance automatically, but they substantially improve the firm's ability to sense change, act quickly, and reconfigure operations. Supply chain performance is often co-produced through relationships with transport providers, ports, warehousing operators, digital vendors, customs interfaces, and large customers. Collaborative forecasting, shared visibility systems, supplier-development programs, and coordinated contingency planning can help entrepreneurial initiatives translate into system-level performance gains rather than isolated internal improvements. Managers should therefore review strategy, governance, and investment decisions through the question of whether the firm is becoming more adaptive, not merely more efficient. This is particularly relevant given the Kingdom's explicit ambition to raise logistics performance and improve its global position as a logistics hub.

5.3. Limitations of the Study and Suggestions for Future Studies

In addition, future studies may incorporate objective performance measures alongside perceptual data. For example, researchers could use indicators such as sales growth, return on investment, market share, order fulfillment speed, customer retention, or service reliability. Combining perceptual and objective measures would provide a more comprehensive assessment of firm performance and reduce the limitations associated with self-reported data. Future scholars should also consider refining the measurement of corporate entrepreneurship. Since corporate entrepreneurship is inherently multidimensional, future work may examine whether some dimensions, such as innovativeness or proactiveness, have stronger effects on dynamic capabilities and performance than others. Researchers may also test higher-order construct models to determine whether corporate entrepreneurship is better represented as a composite strategic orientation rather than as a set of equally weighted dimensions.

6. Conclusion

This study examined the influence of corporate entrepreneurship on firm performance in the Saudi Arabian supply chain sector. The findings demonstrate that corporate entrepreneurship is a significant strategic driver of organizational success, as firms that exhibit greater innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy are better positioned to enhance their overall performance. Within RBV framework, corporate entrepreneurship is conceptualised as an internal strategic posture and organisational process through which established firms pursue opportunity discovery, innovation, strategic renewal, and new value creation. An entrepreneurial posture encourages experimentation with service concepts, adoption of new technologies, novel channel strategies, and continuous improvement in guest-facing and back-of-house processes, all of which can contribute to both financial and non-financial dimensions of performance. The study therefore contributes to the understanding of firm performance in the supply chain sector by showing that entrepreneurial behavior must be supported by adaptive organizational capability in order to generate sustainable results. The study also reinforces the relevance of the Dynamic Capabilities View in explaining how firms translate internal entrepreneurial posture into tangible performance improvements.

Ethics Approval and Consent to Participate

Ethics approval for this study was obtained from the Universiti Teknologi Malaysia (UTM) Institutional Review Board / Ethics Committee. All procedures performed in this study complied with the ethical standards of the institution and with the principles outlined in the Declaration of Helsinki.

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Conflict of Interest

The authors reported no conflicts of interest for this work and declare that there is no potential conflict of interest with respect to the research, authorship, or publication of this article.

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