

CORPORATE ENTREPRENEURSHIP: AN INNOVATIVE WAY TO GROW AND SURVIVE

Shobha

Research Scholar, Department of Commerce, Kurukshetra University, Kurukshetra

Dr. Satbir Singh

Assistant Professor, Department of Commerce, Sanatan Dharma College, Ambala Cantt

ABSTRACT

In today's competitive era, there is a survival of the fittest. The only way for businesses to survive in such a cut throat competition is to come up with new ideas of doing things, introducing innovations in existing operations and continuously adapting to the dynamic environment. So, the concept of corporate entrepreneurship has emerged as a new competitive weapon. It allows established corporations and businesses to develop new and innovative business ideas and become more driven. Corporate entrepreneurship can be perceived as a proposal to face common organizational and rivalry challenges. It can be associated with the corporate growth strategies as both involve creating new businesses and improving the existing businesses to stand out competition. So, it can be rightly said that corporate entrepreneurship is the strategic management concept. The present study is an attempt to elucidate the emerging and less explored concept of corporate entrepreneurship. The study covers the need and importance of corporate entrepreneurship and various emerging issues and challenges related to it.

Keywords: Corporate Entrepreneurship, Strategic Management, Intrapreneurship, Organizational Renewal, Entrepreneur, Innovation.

INTRODUCTION

Formation of new businesses, products or services from within the company with the aim of generating new revenue growth through entrepreneurial activities is known as Corporate Entrepreneurship. All forms of entrepreneurship that are performed within the organization are corporate entrepreneurship. The main aim of corporate entrepreneurship is developing disruptive ideas instead of small changes. There are two ways in which the corporate entrepreneurship works: one, where the established organization develops the idea within the organization, setup the startup, disown it and then introduce it back into the business subsequently after sometime. Second, the business selects an early stage startup to partner with or buy and then merge the startup into the wider organization.

The companies need to have a culture that is conducive to innovation for successful implementation of corporate entrepreneurship. Employers must be open to welcome a culture that embraces the introduction and execution of new and innovative ideas and where innovations are not enforced by the management but are led by the employees. Creating new business for large companies is a very strenuous task in today's time. They have realized that downsizing, cost cutting, rivals takeover or adjusting current offering are not the efficient options to grow and survive as it only narrows down the success path. So, new proposal of creating, developing and sustaining innovative new ventures is the only key to success in the age of maturing product portfolios and aging technology.

Forms of corporate entrepreneurship

1. **Corporate Venturing:** It involves creation of new business within the established organization where main focus could be on new product or service or any market opportunity. It is concerned with making entry into new markets with new or existing product or introducing new product into new or current markets. This type of corporate entrepreneurship is used when business wants new revenue growth.
2. **Intrapreneuring:** It is the process in which employees are allowed to act as an entrepreneur within the organization. They are self motivated, proactive, enthusiastic and action oriented and helps in developing new and innovative product or service. They must be given sufficient freedom to take their own decisions within the strategic boundaries of

firm.

3. **Organizational Transformation:** Organizational transformation is concerned with improvement of firm performance by adjusting the resources, renewing small operations without changing the organizational structure of company. It does not involve creation of new business but still it is a form of corporate entrepreneurship as it involves creation of transformed organization or innovative business model. Organizational transformation can be done by delayering, downsizing business and cost cutting.
4. **Industry Rule-Blending:** It is a form of corporate entrepreneurship that involves creating new opportunities by changing the industry. It is also known as frame breaking change because it involves transformation of both business as well as the industry. This transformation creates new opportunities in area of innovation and entrepreneurship by changing the rules in industry in which the firm operates.

LITERATURE REVIEW

'Dess et al. (2003) explored the four types of corporate entrepreneurship namely sustained regeneration, strategic renewal, domain redefinition and organizational rejuvenation. They also identified various critical roles and social exchanges compromising the corporate entrepreneurship process and also explored the research opportunities of corporate entrepreneurship in international context.

—Mcfadzean et al. (2005) examined the literature available on corporate entrepreneurship and innovation and developed a combined definition of these terms. Number of published work on entrepreneurship and innovation were analyzed and a framework was developed demonstrating the relationship between corporate entrepreneur and innovation. It was found that three factors namely entrepreneur attitudes, vision and actions might explain the relationship between the entrepreneur and the innovation process.

–Ireland et al. (2009) developed the corporate entrepreneurship strategy model to integrate and synthesize the key elements within the framework. The antecedents, the elements and the outcomes of corporate

entrepreneurship strategy were the main component involved in the study. Phan et al. (2009) outlined the various dimensions of corporate entrepreneurship in established corporations and elaborated the heterogeneity of corporate entrepreneurship. They further provide the short review of various papers that focused on the various dimensions of corporate entrepreneurship providing insight into the structural and process contingencies, role of management at different levels and organizational and managerial capabilities.

Armesh et al. (2013) studied the effect of organizational and environmental factors on corporate entrepreneurship and organizational performance. It was found that both environmental factors as well as organizational factors affected the corporate entrepreneurship and organizational performance as it provides practical solutions for development of entrepreneurship and improvement of organizational performance.

Ziyae & Sadeghi (2020) investigated the mediating effect of strategic entrepreneurship on the relationship between corporate entrepreneurship and firm performance. Quantitative research method and structural equation modeling was used to test the research hypothesis. Data was collected from 103 financial technology companies in Iran with the help of questionnaire. It was found that corporate entrepreneurship and strategic entrepreneurship were positively related to the firm performance.

OBJECTIVES

The present study aims at understanding the concept of corporate entrepreneurship and discussed the various reasons that why corporate entrepreneurship is needed and why it is important. The paper also highlights the important issues and challenges related to corporate entrepreneurship.

CORPORATE ENTREPRENEURSHIP

Corporate entrepreneurship generally refers to entrepreneurial activities carried out within the context of an existing organization, whereas the term entrepreneurship generally refers to entrepreneurial activities performed outside the context of the organization. Although talks on entrepreneurial endeavors that take place within organizational boundaries have lately gained popularity among practitioners and academics, there is very little

agreement on what exactly qualifies as one of these activities.

Entrepreneurial behavior within the medium and large organizations is termed as corporate entrepreneurship. It is also popular as intrapreneurship, strategic entrepreneurship and corporate venturing. It sets the framework for the growth and innovation and provides system view of resources, processes and environment that are essential for entrepreneurial thinking. Corporate entrepreneurship challenges the traditional practices of organization to achieve business growth. —Garrett & Welcher (2018) conceptualized the corporate entrepreneurship as a mental model that helps in adapting to new competitive forces by easing the development of corporeal scripts and schemes. Firms are using corporate entrepreneurship as a survival strategy to overcome competitive confusion by trying to develop "blue oceans" as opposed to competing in deteriorating "red oceans —'——(Kim & Mauborgne, 2004). "In 1990, Guth and Ginsberg proposed a general concept of corporate entrepreneurship that includes two phenomena- first corporate venturing and innovation and second organizational renewal.

According to Guth and Ginsburg, "Corporate entrepreneurship is defined as the birth of new business within existing organizations, that is, internal innovation or venturing; and the transformation of organizations through renewal of the key ideas on which they are built, that is, strategic renewal."

According to Sharma and Chrisman, "Corporate entrepreneurship is the process whereby an individual or a group of individuals in association with an existing organization create a new organization or instigate renewal or innovation within that organization."

Therefore, corporate entrepreneurship is an affair by which members within the rooted company develop, support, launch and manage a new kind of business that is different in some way from the parent firm while utilizing the parent company's resources, market, and assets.

NEED AND IMPORTANCE OF CORPORATE ENTREPRENEURSHIP

Innovation is the lifeblood of any company as business which lacks innovation will no longer succeed in long run. Large organizations face more problems in creating an innovation oriented environment due to

complex structure and culture but the application of corporate entrepreneurship techniques helps in developing and improving the innovation capabilities. So, following are the various need and importance of corporate entrepreneurship:

- **Enhanced productivity:** When the employees become capable of dealing with new opportunities in style and achieve the objectives, it automatically boosts the productivity of employees as well as of the company. And this capability comes from following the corporate entrepreneurship techniques.
- **Boosting employee's morale:** When employees are given free environment to think and bring up new and innovative ideas and those ideas are being considered for implementation within the organization, it automatically boosts the employee morale. So corporate entrepreneurship helps in progress of business by making the employees self motivated.
- **Helps in implementing new ideas:** Without corporate entrepreneurship, it will be difficult for the organization to bring new ideas for growth and survival. It is only because of this, companies are able to develop number of new and innovative ideas with the help of its employees. And where employees are involved in decision making, the implementation of new changes and ideas becomes easy as there will be no or less resistance to change.
- **Tackling new challenges:** Corporate entrepreneurship makes the organization dynamic which prepares it to face number of challenges as it makes employee action oriented and bold. So, company is in a position to come up with innovative ideas to tackle various challenges like competitors, change in consumer behavior, government policies, economic conditions etc.
- **Coping with dynamic business environment:** The business needs to change with the time as time is constant and change is a need of time. So, every company has to modify or adapt to the changing business environment. The concept of corporate entrepreneurship has come up only to make the organization adaptive to the changes to ensure growth and survival.

- **Growth in revenue:** In this competitive time every company wants to top the list in terms of revenue. Corporate entrepreneurship can help companies to introduce innovative ideas that can enhance the revenue situation of the company.
- **Gaining edge over competitors:** Employees are the most valuable asset of any company. If employees are given much opportunity to discuss and implement their innovative ideas in the company then it will be easy to tackle the competition and take advantages of market opportunities.
- **Improves Firm performance:** Number of studies has analyzed the relationship between corporate entrepreneurship and firm performance and it was found that the corporate entrepreneurship positively influences the firm performance.

All the above points highlights the reasons that why a company should implement corporate entrepreneurship in their organization. It can also be referred as corporate strategy that helps in tackling the competitive situations and ensuring long term survival of the firm. So the companies must encourage its employees to become intrapreneurs so as more and more innovative ideas can be generated and utilized to growth of the business.

ISSUES AND CHALLENGES OF CORPORATE ENTREPRENEURSHIP

Corporate entrepreneurship is the challenging and risky proposition. Whenever a new thing comes up in the market with dynamic features every organization wants to implement that in their organization. Corporate entrepreneurship is a strategic concept that requires proper implementation plan to overcome number of obstacles that any organization faces. The various issues and challenges of corporate entrepreneurship are as follows:

- **To seek balance between new and old structure:** It is also referred as two cultures problem. When a new business is created from within the organization it will create a problem of two cultures. The old and new business will require different business model, working conditions, resource requirement, and different work culture as against the fixed standards and systems of existing business. The main challenge is to seek balance between the two so that the

objective of creating new business is achieved.

- **Attitude of management:** Corporate entrepreneurship fails to reap benefits where management is welcoming the innovative ideas from the members of the company due to the authoritative positions. Where management wants the centralized control and only imposes the decisions in the organization, innovation cannot be achieved.
- **Lack of incentive for innovation:** Sometimes the employees feel demotivated and don't take initiative to develop innovative ideas because there are no proper incentives for that. It could also be the case that ideas given by the employees are not valued and even if they are implemented employees are not given due credit for their ideas.
- **Lack of strong data:** The availability of data relating to the new market in which the startup is going to operate is hard to find especially when the products are backed by technology. Without data, it is not possible to forecast the uncertainty in the new business venture.
- **Lack of open and supportive environment:** Corporate entrepreneurship requires the organizations to be open for discussions and initiating new ideas. Employees should feel free to ask or suggest any idea without any hesitation. So, creating an environment that is open and conducive to innovation is great challenge in path of corporate entrepreneurship.
- **Drop and go error:** It may happen that company might implement the idea which is not good for the company or may abandon the good innovative idea that could help in improving the company's performance. These errors are known as drop and go error. Inability of managers to take up a good idea may bring the company in trouble and might put to huge loss.
- **Resistance to change:** When employees are not ready to accept the new and innovative changes, it poses a challenge to the organizational success. Employee's resistance to change will hinder the growth of business as new ideas that are critical for business will not be implemented.

- **Lack of entrepreneurial skills and talent:** The organization whose employees and members lacks entrepreneurial skills is not in a position to implement the concept of corporate entrepreneurship and thereby will be deprived of its benefits.

All these are the various issues and challenges in the path of corporate entrepreneurship that in turn challenges the organizational success and growth. If a company wants to achieve growth and survival in long run it needs to implement the corporate entrepreneurship by overcoming all these challenges. So, company should work towards creating a conducive environment. Encouraging knowledge sharing, creating safe place for innovation, encouraging cross- discipline projects, creating learning culture etc. are some of the ways to overcome these issues and challenges.

CONCLUSION

In highly competitive business environment, every company makes efforts to survive and grow. It is possible only with help of innovation. Innovation is not a choice but a compulsion to sustain competition. Corporate entrepreneurship is one of the innovative ways to achieve growth with help of existing business resources. Today the aim of businesses is to grow internally without the external support and this aim could be achieved through new ideas proposed by the employees who possess the entrepreneurial skills. This process is what we call corporate entrepreneurship. So, it can be concluded that corporate entrepreneurship plays an important role in the growth and success of business by boosting employee morale, revenue growth, tackling changing environment and competitors. Employee resistance, lack of data, attitude of management, drop and go error, seeking balance between old and new system etc. are some of the issues and challenges to corporate entrepreneurship. A company should focus on creating an open environment where employees are free to share their ideas, introduce proper incentive plan, provide positive feedback instead of criticizing, formulate proper implementation plan, choose the idea wisely and create learning environment in the organization for successfully implementing corporate entrepreneurship.

REFERENCES

1. Armesh, H., Ghalandarzahie, K., & Shahneviaie, Y. (2013). Emerging Issues in Corporate Entrepreneurship and Development

of Firm Performance: Exploring of literature. 10.

2. Dess, G. G., Ireland, R. D., Zahra, S. A., Floyd, S. W., Janney, J. J., & Lane, P. J. (2003). Emerging Issues in Corporate Entrepreneurship. *Journal of Management*, 29(3), 351–378. [https://doi.org/10.1016/S0149-2063\(03\)00015-1](https://doi.org/10.1016/S0149-2063(03)00015-1)
3. Garrett, R. P., & Welcher, T. (2018). Corporate Entrepreneurship as a Survival Routine. In D. F. Kuratko & S. Hoskinson (Eds.), *The Challenges of Corporate Entrepreneurship in the Disruptive Age* (Vol. 28, pp. 111–122). Emerald Publishing Limited. <https://doi.org/10.1108/S1048-473620180000028005>
4. Ireland, R. D., Covin, J. G., & Kuratko, D. F. (2009). Conceptualizing Corporate Entrepreneurship Strategy. *Entrepreneurship Theory and Practice*, 33(1), 19–46. <https://doi.org/10.1111/j.1540-6520.2008.00279.x>
5. Kim, W. C., & Mauborgne, R. (2004, October 1). Blue Ocean Strategy. *Harvard Business Review*. <https://hbr.org/2004/10/blue-ocean-strategy>
6. Mcfadzean, E., O'Loughlin, A., & Shaw, E. (2005). Corporate Entrepreneurship and Innovation Part 1: The Missing Link. *European Journal of Innovation Management*, 8. <https://doi.org/10.1108/14601060510610207>
7. Phan, P. H., Wright, M., Ucbasaran, D., & Tan, W.-L. (2009). Corporate entrepreneurship: Current research and future directions. *Journal of Business Venturing*, 24(3), 197–205. <https://doi.org/10.1016/j.jbusvent.2009.01.007>
8. Ziyae, B., & Sadeghi, H. (2020). Exploring the relationship between corporate entrepreneurship and firm performance: The mediating effect of strategic entrepreneurship. *Baltic Journal of Management*, 16(1), 113–133. <https://doi.org/10.1108/BJM-04-2020-0124>
9. Nugent, T., 2021. Why Is Corporate Entrepreneurship Important?. [online] [Businessbecause.com](https://www.businessbecause.com). Available at: <https://www.businessbecause.com/news/insights/7884/corporate-entrepreneurship?sponsored#:~:text=What%20is%20corporate%20entrepreneurship%3F,revenue%20growth%20through%20entrepre>

neurial%20action.

10. What is Entrepreneurship. 2021. Corporate Entrepreneurship-Definition, Examples, Types, Advantages. [online] Available at: https://101entrepreneurship.org/corporate-entrepreneurship/#Relationship_between_corporate_entrepreneurship_and_strategic_management.
11. <https://www.mbaknol.com/modern-management-concepts/forms-of-corporate-entrepreneurship/#:~:text=There%20are%20four%20different%20forms,transformation%20and%20industry%20rule%20bending>.