Firm Readiness for Corporate Entrepreneurship

Anurag Singh Bisht

Email: anuragbisht04[at]gmail.com

Abstract: Corporate entrepreneurship (CE) is one of the booming phenomena in today’s scenario. Companies who are working on this area are well aware that it can be possible only if the organization have a supportive internal environment. A good internal environment may lead to the innovative work culture. It promotes the resources to think beyond the boundaries. As per the paper from Donald F Kuratko Jeffrey S Hornsby and Jeffrey G Covin if a firm is seriously looking for CE and innovation then it must measure some specific dimensions that belong to innovative environment. One such tool can be Corporate Entrepreneurship Assessment Instrument (CEAI). It helps to generate the management’s point of view for innovative dimensions. CEAI helps to get familiar with the internal environment of the organization and helps the firm’s readiness for CE culture adoption.

Keywords: Corporate entrepreneurship, CEAI, Management, Rewards, Culture

1. Introduction

Internal environment is very much important for creating the CE. As internal environment is controllable aspect and can be managed by within organization. There can be various dimensions that help to create innovative environment. When organization is adopting the CE it must be responsibility of all level of managers (Strategic, tactical, Operational). It is important so that innovation can be created from the core of the employees. There should not be any fear of failure, there should be some reward of innovative ideas and thought process and employee must have time for such activities then these things automatically comes out as a strengthening factor for CE.

Dimension for determining the internal environment

There are majorly five specific dimensions that help to getting acquaintance with the internal environment and entrepreneur behavior.

- Top Management Support
- Work Discretion
- Rewards and Reinforcement
- Time Availability
- Organizational Boundaries

So which of the above dimension is most important for an organization, depends on firm to firm, which includes factors like sector where firm belongs, employee workload, Budget allocated to the innovative activities, security and regulations which bounds the firm in certain limits and so on. Here CEAI tool helps and support for the entrepreneurial behavior measurement. It has 48 likert scale type questions that help to identify the improvement and focusing areas. Then organizations can work more rigorously in those focusing areas to make their environment more compatible for CE.

CEAI implementation in hypothetical firm

CEAI is like a tool that provide a systematic approach to know the CE and internal work environment capabilities that may lead to focus on corporate entrepreneurship. CEAI instrument measures the degree to which individuals within the firm perceive the five elements.

On initial look it seems that higher likert score relates to increased entrepreneurial activity. But it is not true, as score must be balanced across work units, divisions. The balanced score will be able to speak about the overall readiness of the firm for the intended purpose. So CEAI implementation should be performed in all levels (strategic, tactical and operational) only then the actual score will come. If one level is ready and other levels are not ready then definitely we can say firm is not ready for adopting this culture.

Steps to implement the CEAI in ABC organization -

To implement the CEAI in any firm one can go through the CEAI Likert questions (48 questions) and dimensions wise can get the scores. So the survey can be filed by all employees.

Later on scores can be averaged in all respective five sections. For understanding point of view suppose in a firm ABC below score is received -

- Top Management Support score is 45
- Work Discretion score is 33
- Rewards and Reinforcement score is 12
- Time Availability score is 16
- Organizational Boundaries score is 14

So based on the score, dimension wise point of responsibility can be identified so that weaker score area can be improvised. Below table shows the glimpse -

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Number of Questions</th>
<th>Max Score</th>
<th>Min Score</th>
<th>Reference Score (Max+Min)/40%</th>
<th>My Score</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management Support</td>
<td>19</td>
<td>95</td>
<td>19</td>
<td>45.6</td>
<td>45</td>
<td>Ok</td>
</tr>
<tr>
<td>Work Discretion</td>
<td>10</td>
<td>50</td>
<td>10</td>
<td>24</td>
<td>33</td>
<td>Ok</td>
</tr>
<tr>
<td>Rewards and Reinforcement</td>
<td>6</td>
<td>30</td>
<td>6</td>
<td>14.4</td>
<td>12</td>
<td>Need to work</td>
</tr>
<tr>
<td>Time Availability</td>
<td>6</td>
<td>30</td>
<td>6</td>
<td>14.4</td>
<td>16</td>
<td>Ok</td>
</tr>
<tr>
<td>Organizational Boundaries</td>
<td>7</td>
<td>35</td>
<td>7</td>
<td>16.8</td>
<td>14</td>
<td>Need to work</td>
</tr>
</tbody>
</table>
As per the above reference score is considered as 40 % of (Max+Min) score. It depends and can be taken as an average. Score obtained has to be compared with reference score and as per the table score is below reference value for Rewards and Reinforcement and Organizational Boundaries. As per the implementation prospective firm need to focus on these two areas so that it can be improve and CE culture can be developed.

Focusing dimensions
If as per the above scenario Rewards and Reinforcement and organizational Boundaries are important factors then to implement CE these two dimensions needs to be focus on top priority.

- **Rewards and Reinforcement** - The reason for supporting this factor is it will motivate the employees a lot that if they will do something innovative and new business development then they will be rewarded. Reward can be given in various forms like star of the month/quarter/year, recognition in terms of certificate. Once the innovation idea has been accepted by the organization then on scaling point of view (where idea needs to transform into big project work to generate revenue) respective employee can be appointed as head/Project manager of that idea. Appointing the employee as the head will fill a sense of ownership and affinity to make this idea into higher scalable level. And this sense of ownership will surely support the work discretion.

- **Organizational Boundaries** - Other important aspect for incorporating CE in the organization is related to communication gap. Environment where things are secured and protected are difficult to gather. Though this is the capability of the firm that they are able to protect the information so that misuse can be avoided. But for CE point of view a deep insight is required hence by masking the information and off the wall approach can be helpful to lessen the organization boundaries. This approach where break the barriers between various department in appropriate manner (so that data integrity must also be maintained) can be helpful to implement CEAI for getting better insights for CE behavior.

2. Conclusion

Based on the above criteria firm need to focus on Rewards and Reinforcement and Organizational Boundaries area. Improvement in these areas will give rise to creativity. It will surely help to provide productivity and effective output in future.

Apart from above CE awareness is also one factor that needs to be required. People are not that much aware about CE concepts they have ideas, innovation methods, thought processes, creative dimensions but due to lack of process and awareness about entrepreneurship within organization (corporate entrepreneurship) they are helpless. So it is also essential factor that they must be given a proper knowledge transfer for the CE engagements such that they can be ready for the CE culture and habits.

References


[4] https://scholar.afit.edu/cgi/viewcontent.cgi?article=4049 &context=etd