Corporate Entrepreneurship

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The three traits of entrepreneurship are growth, innovation, and flexibility. The economist Richard Cantillon (circa 1730) defined entrepreneurship as self-employment. Following this in 1816, Jean Baptiste Say defined entrepreneur as: "one who utilizes all means of production to create profit through the value of the products that are thereby created." The present form of this approach agrees with Peter Drucker's definition of an entrepreneur: "as someone always searching for change, responding to it, and exploiting it as an opportunity." The focus was on the entrepreneur as an innovator/visionary.

21st-century, ecological conditions demand building vibrant core competencies, with its focus on developing human capital, instigating new contemporary organizational structures and cultures, making the use of sophisticated technology. Strategic discontinuities are faced by managers today. Technological revolution and increase in globalization of business pose a great challenge for companies to remain competitive in this fast-changing business environment. The only thing constant is the uncertainty, discontinuity and abrupt change. The digital revolution is changing the fundamentals of how businesses work. The uncertainty of the situation can be converted into an opportunity by those who keep their businesses aligned with the changing conditions and adopt a continuous process of innovation. It is critical to stay sync with persistent changes by developing and maintaining strategic flexibility in this exceptionally competitive environment. In short, the new competitive environment requires novel types of organizations and leaders must assure survival by gaining global market leadership.

Conventionally, entrepreneurship is demarcated as an effort of an individual in bringing about change. Corporate Enterprise is primarily the shift from an individual to an organizational level. A far-reaching definition holds entrepreneurship as how we create a new economic activity that incorporates all activity that is new to an organization and then changes its position in the market.

Aim of Corporate Entrepreneurship

The three aims of CE are innovation, venturing, and strategic renewal. Though the tactical values of these activities differ from industry to industry, the intentions of these aims form a pattern of activities enabling sustainable progress and growth of an enterprise.

Innovation:

Innovation ranges from new-to-the-world products and services to minor changes in existing products. A new application of current processes is also classified as innovations. Profound changes are brought about in industries, for example, Google's search algorithm swapped prior searching solutions. Inflexible or intransigent organizations fail to introduce far-reaching changes.

Businesses that are most innovative tend to be more diverse. Innovation is both the process whereby ideas are borrowed from incongruent fields and are pounded together in inventive new ways. Diversity is a good thing, but it does require greater coordination than just homogeneous teams. Therefore, it is recommended that the numerous ideas of an organization must align with its cultural values.

Venturing

The second aim in line is venturing. By Sharma and Chrisman (1999), venturing refers to corporate entrepreneurial efforts that follow from or lead to innovations that exploit new markets, new product offerings, or both.[i] The new ventures may not be located within the existing organization. Internal venturing, activities result in the creation of new organizational units in the organization while external venturing results in the creation of new businesses outside the organization. Commonly used, forms are joint ventures and venture capital innovations, which vary in the degree of distinctiveness from the parent company.

Corporate venturing serves many purposes like the development of new organizational competencies and well as enhances knowledge about various business opportunities beyond its current operations. Several risks are also associated with corporate venturing:

- often takes the company away from its traditional core competencies, which leave it vulnerable to competitive attacks.
- integration of existing and new businesses may be difficult due to differences in cultures, goals, and strategic priorities.
- new ventures take away resources from current operations and result in another source of tension in the organization.

Corporate entrepreneurship can result in significantly altering the balance of competition with in an industry or result in creating completely new industries through the act of internal innovation. It is important to guard against these risks. Great managerial skills are required to nurture both existing and new businesses. As many new ventures are cross-divisional in nature, clear and specific, goals which are evaluated regularly have to be established. It is also pertinent that the organization must consider any new venture would require time to develop until they play a positive role for the organization's financial performance.

Strategic Renewal

Strategic renewal supports corporate entrepreneurial exertions that lead to substantial changes of an organization's business, corporate strategy, and structure. The premise behind this strand is that the organization needs to keep itself abreast with the constant changing environment to ensure stable growth and continuity of business.

The process of strategic renewal may pose a challenge to the prevailing cultural assumptions with reference to structure and strategy, influencing all hierarchical levels and business units. The impact on financial performance might be fairly moderate in the short run because of initial costs, and the time required by the members to adapt to the reconfiguration. The result will amplify gradually with the transmission of the new setting.

Importance of Corporate Entrepreneurship in established organizations

Corporate Entrepreneurship is particularly important for large/established companies. Established companies are usually averse to risk-taking-to innovate. This approach not only provides a benefit of innovation but sets the stage of leadership continuity. It can be viewed as a means of organizational renewal.

Innovation and an equal drive towards venturing works in harmony as the company undertake innovation through the entire organizational spectrum. Venturing pushes established companies to increase their competitiveness by taking bigger risks. As mentioned earlier, these risks may include a redefinition of business concepts leading to the vulnerability of competitive attacks or integration of existing and new businesses.

The most important task of today's business leaders is to create an environment in which the entrepreneurship is accepted. This concept would bring in acceptance to innovation and creativity. Leaders who are motivated towards the concept of corporate entrepreneurship must convey and develop trust, embracing the risk to fail and rousing those around them to take similar premeditated risks.

Way Forward:

Corporate entrepreneurship within an established company would mean "process by which teams within an established company conceive, foster, launch and manage a new business that is distinct from the parent company but leverages the parent's assets, market position, capabilities or other resources. It differs from corporate venture capital, which predominantly pursues financial investments in external companies.

Inciting inspiration is not enough to create an environment of corporate entrepreneurship. It mostly relies on a system of continuous analysis and feedback. Initiatives need to be taken to achieve full benefit of this style of entrepreneurship:

- **Set broad direction:**
  Directions should be set to achieve this aim and should be reevaluated on a periodical basis for any new change that has emerged affecting the business environment. Keeping the capabilities in line articulate a strategic vision that should neither is neither too narrow nor too broad resulting in people not knowing where to start.
- **Strengthen efforts across the organization:**

  It is a prerequisite for a leader to promote strategy but at the same time he is also required to make related adjustments based on the environmental changes and the feedback received from various business units. Continuous experimentation takes place in these business units to enhance the existing product and services which should be taken into consideration while formulating or continuing with an existing strategy. Extensive communication should be put into work to build corporate leadership. Understanding of vested interest and determining how to collaborate with opposition would ease the path. Right teams should be developed and they should be provided with adequate resources.

Obviously, this kind of capability can hardly be built overnight, and corporate entrepreneurship will always be a rough-and-tumble process with few guarantees.[ii] As Mike Giersch, vice president for strategy at IBM, explains, "You've got to be flexible and take some risks. Some things work and some don't. Corporate entrepreneurship is fundamentally a learning process."

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[i] *Sharma, P., & Chrisman, J. J. (1999). Toward a reconciliation of the definitional issues in the field of corporate entrepreneurship. Entrepreneurship: Theory & Practice. 23(3),* 11-27.

[ii] *The four models of Corporate Entrepreneurship an article by Robert C. Wolcott and Michael J. Lippitz*