

## Corporate Entrepreneurship in Improving Company Performance

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### Info Articles

*History Articles:*

Submitted 12 March 2019

Revised 30 April 2019

Accepted 1 July 2019

*Keywords:*

Balance Score Card ;

Financial perspective;

Customer perspective;

Internal Business

Process perspective;

Learning and growth.

### Abstract

Enterprise entrepreneurship in the study of entrepreneurial processes in which individuals in organizations can exploit and exploit opportunities without considering the resources within the company. This research method uses Literature Review using electronic journal data base sources, and research articles. This study develops concepts that introduce the concept of corporate entrepreneurship in improving company performance. Innovation, technology-specific competencies, Top Management Support, and organizational learning.

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## INTRODUCTION

Corporate Entrepreneurship CE is the process by which individuals in an organization can explore and take advantage of opportunities without regard to resources within the company (Stevenson, Roberts and Grousbeck, 1998). An entrepreneurial manager connects separate pieces of new technical knowledge that will provide solutions to existing problems in the company, and gather the resources and skills needed to take the business to the next stage. This process leads to the birth of new business and the transformation of companies through the renewal of their key ideas (Guth & Ginsberg, 1990). In the realm of existing companies, CE includes three types of phenomena that may or may not be interrelated (Chua, Chrisman, & Sharma, 1999), namely the birth of a new business in an existing company, the transformation of an existing company through the renewal or reshaping of ideas the key to where they are built, and innovation. Researchers have used various labels to describe the first two phenomena. The creation of new business by companies through this process has been called the company's internal business (Zajac, Golden, & Shortell, 1991), intrapreneurship (Pinchot III, 1985) and so on. The process of transforming the company through renewal.

The concept of the Corporate Entrepreneurship CE concept is innovation (Schumpeter, 1934; Drucker, 1985) which leads to wealth creation (Khandwalla, 1987) and sustainable company growth (Lumpkin & Dess, 1996). The motive for entrepreneurship lies in the drive to identify existing and emerging sources of customer dissatisfaction and develop solutions to eliminate them (Pandey et al., 2003). There are three main phases in the entrepreneurial process: perception and commitment to opportunities, the pursuit of opportunities, and de-commitment (Burgelman & Sayles, 1988). The first involves the process of identifying opportunities is the most difficult of all phases. Although the last few years (Zahra, 1996) have witnessed primary research interest

in identifying opportunities, except for some frameworks developed by (Kim & Mauborgne, 2000), (Ramachandran, Devarajan, & Ray, 2006), and (Shane, 2004), research is basically limited in this area.

Based on the results of research conducted by Martín-Rojas, García-Morales, & Bolívar-Ramos, (2013); Yang, Li-Hua, Zhang, & Wang, 2007; Yunis, El-Kassar, & Tarhini, (2017), this paper aims to find the role of CE in improving company performance.

## LITERATURE REVIEW

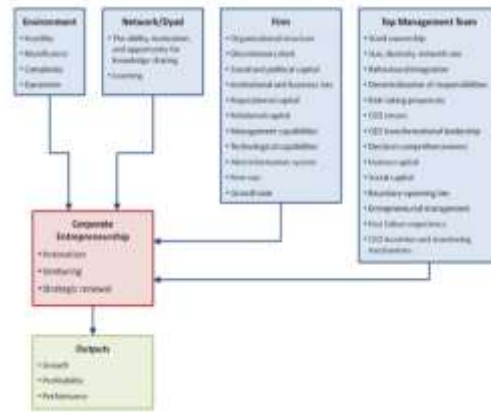
Corporate entrepreneurship has now become a concept that has attracted the attention of many experts, giving birth to various terms, but actually refers to the same concept. The terms included in Corporate entrepreneurship include intrapreneurship, internal corporate entrepreneurship, venture management, corporate venturing, strategic renewal, and internal corporate venturing (Zahra, Jennings & Kuratko, 1999; Ferreira 2001). Corporate entrepreneurship is seen as a process by individuals or groups to create new companies, revitalize, and renew organizations, or innovate in existing organizations (Antoncic & Hisrich 2001). Zahra's opinion (1996) explains that Corporate entrepreneurship is a formal or informal activity that aims to create new business in established companies through product innovation, process, and market development. Zahra (1991) further notes that Corporate entrepreneurship is the art of creating innovative ideas in a company and realizing them to generate profits.

Research in the field of Entrepreneurship in the last decade has increasingly focused on Corporate entrepreneurship. The majority of Corporate entrepreneurship research focuses on issues such as diagnosing the benefits of the Corporate entrepreneurship process (Zahra & Covin, 1995), defining the phenomenon of Corporate entrepreneurship (Sharma & Chrisman 1999), identifying the attributes companies must have to promote Corporate entrepreneurship (Miller, 1983; Covin & Slevin,

1989), defining the role of managers as a catalyst for Corporate entrepreneurship (Guth & Ginsberg, 1990), measuring the results of Corporate entrepreneurship programs (Kuratko et al., 1990; Zahra, 1991; Covin & Slevin, 1996), and examining the effects of mediation and moderation of latent variables in the conceptual model of Corporate entrepreneurship (Lumpkin & Dess, 2001). However, there are still inconsistencies regarding the dynamics of the combined effects of various factors on the Corporate entrepreneurship model, so the results cannot be explained adequately. Nevertheless, Corporate entrepreneurship is not a new topic in business administration research. Peterson & Berger (1971), for example, have studied the phenomenon of Corporate entrepreneurship over the past five decades. The next section develops an understanding of entrepreneurship in the entrepreneurship intra-network network by outlining the basic forms of entrepreneurship at the corporate level and the relationship between entrepreneurship and corporate entrepreneurship. Most of the Corporate entrepreneurship research is on a special investigation. Namely, innovation as a source of organizational sustainable competitive advantage (Covin & Slevin, 2002). For example, Guth & Ginsberg (1990) described corporate entrepreneurship as consisting of two phenomena of innovation, namely the creation of new businesses and strategic renewal.

Previous studies that attempted to conduct a literature review in the field of corporate entrepreneurship were conducted by Sakhdari (2016). Based on a literature review, Sakhdari (2016) divides three major themes of scientific publications in the field of corporate entrepreneurship, namely articles that seek to conceptualize corporate entrepreneurship; articles that attempt to study the antecedents of corporate entrepreneurship; and articles that focus on corporate entrepreneurship outcomes. Then, based on the results of his literature review, Sakhdari, (2016) developed an antecedent and consequent model of corporate entrepreneurship with the Input-Process-Output approach as presented in Figure 2.1. Based on

Sakhdari's opinion (2016), the output of corporate entrepreneurship can consist of growth, profitability, corporate entrepreneurship performance.



**Figure 1.** Antecedent Model and Output of Corporate Entrepreneurship  
Source: Sakhdari (2016).

## METHODS

This study uses the Literature Review literature review method to discuss the topic being studied. Literature study is intended to solve a problem which basically relies on critical and in-depth review of relevant library materials. Literature review is done by collecting data or information from various sources of literature needed as a source of ideas to explore new ideas or ideas as a basis for deduction of existing knowledge, so that a new theoretical framework can be developed, or as a basis for problem solving. The literature review approach consists of 5 stages, namely: (1) Find models, (2) Problem formulation - which topics are under consideration and what are the constituent issues, (3) Literature search, (4) Evaluation of findings, and (5) Analysis and interpretation of literature. Literature sources examined in the form of research results, journals and other scientific articles derived from electronic data bases.

## RESULTS AND DISCUSSION

### The Concept of Entrepreneurship

Entrepreneurship is one important element in a country's economic development. Researchers and practitioners have shown an interest in the concept of entrepreneurship since the 1960s, because of its positive effect on company performance (Miller & Frieson, 1972). In the 20th century, Joseph Schumpeter (1883-1950) focused his attention on how entrepreneurs encouraged to innovate in product development and manufacturing process changes to bring useful products at affordable prices. The term entrepreneur is used to describe someone who builds and manages their own business. It is also used to describe the organization's process of creating new business units or initiating updates within the organization (Sharma & Chrisman, 1999).

Entrepreneurship explains the process of value creation through the identification and exploitation of opportunities such as developing new products or finding new markets or both (Shane & Venkataraman, 2000; McCline et al., 2000). Entrepreneurship focuses on innovation by identifying market opportunities, for which competitors have not been identified or utilized and the creation of a unique set of resources to exploit these opportunities (Davidson et al., 2002). Entrepreneurial opportunities arise from uncertainty. An appropriate set of resources is needed to take advantage of entrepreneurial opportunities (Hitt et al, 2002). One of the main challenges for entrepreneurs is dealing with the strategy changes needed through the growth of their companies (Thompson, 1999).

In the Lumpkin & Dess study (1996) namely about Entrepreneurial Orientation (Entrepreneurial Orientation) is a firm-level strategic orientation which captures an organization's strategy-making practice-corporate entrepreneurs, managerial philosophies, and firm behaviors that are entrepreneurial in nature. Lumpkin & Dess (1996) noted that a company's strategy must be oriented to managerial philosophy, and entrepreneurial corporate behavior, where the nature or characteristics of entrepreneurial include innovation, proactivity, autonomy, competitive aggressiveness and dare to take

risks. Based on the definition of Entrepreneurial Orientation according to Lumpkin & Dess (1996), and the relationship of relations with the current phenomenon where companies in the era of the digital economy become turbulent, and faced by the uncertainty of global market changes. Thus, companies highlight the important role that entrepreneurial concepts play by building entrepreneurial-oriented corporate character and maximizing resources for the survival and growth of the company (Gulati, 1998; Hite & Hesterly, 2001). Thus, the topic of entrepreneurial research emerged and the role of Entrepreneurial Orientation (Covin, Green, & Slevin, 2006; Lumpkin & Dess, 1996) in the concept of entrepreneurial action in corporate entrepreneurship actions (Sambamurthy, Bharadwaj, & Grover, 2003) has been widely studied in 10 years lastly.

### **The Concept of Corporate Entrepreneurship in Improving Company Performance**

The concept of Corporate Entrepreneurship has now become a concept that attracts the attention of many experts so that it gives birth to various terms, but actually refers to the same concept. The terms included in corporate entrepreneurship include intrapreneurship, internal corporate entrepreneurship, venture management, corporate venturing, strategic renewal, and internal corporate venturing (Zahra, Jennings & Kuratko, 1999; Ferreira 2001).

Zahra (1995, 1996) states that corporate entrepreneurship can be seen as a collection of company activities in the form of innovation, renewal and venturing. Innovation includes activities to create and introduce new products, renewal of production processes and organizational systems. Renewal means revitalizing the company's operations by changing its business scope, competing, or both. It also means building or gaining new abilities and then creatively using them to add value. Venturing means the company develops new businesses by expanding the scope of its existing market operations or entering new markets (1995: 227; 1996: 1715).

corporate entrepreneurship is seen as a process undertaken by individuals or groups to create new companies, revitalize, and renew organizations, or innovate in existing organizations (Antoncic & Hisrich 2001). Zahra's opinion (1996) explains that corporate entrepreneurship is a formal or informal activity that aims to create new business in established companies through product innovation, process, and market development. Zahra (1991) further notes that corporate entrepreneurship is the art of creating innovative ideas in a company and realizing them to generate profits.

Earlier studies of Martín-Rojas et al., (2013) corporate entrepreneurship showed that corporate entrepreneurship can be supported by organizational learning, because the higher the new knowledge gained in the organization will increase the autonomy of various parts of the company, which allows it to adopt a more flexible structure for enhance corporate entrepreneurship and enable employees to be more creative (Antoncic and Hisrich, 2001; Garc'a-Morales et al., 2006; Knight, 1997). Finally, the results show that corporate entrepreneurship will increase profits in the company, whether sales or market share (Antoncic and Prodan, 2008; Lengnick-Hall, 1992; Murray and Kotabe, 1999). corporate entrepreneurship is useful for the revitalization and performance of large companies, as well as small and medium-sized businesses (Antoncic and Hisrich, 2001). Organizations involved in entrepreneurship activities achieve higher levels of growth and profitability than organizations that do not (Antoncic and Hisrich, 2001), thus obtaining higher performance (Antoncic and Prodan, 2008; Zahra, 1993).

The previous study of Yunis et al., (2017) innovation in ICT-performance relationships guarantees strategic steps in organizations to emphasize the mixing of ICTs with efforts aimed at realizing the company's strategic goals. This is consistent with previous research (Lundvall and Nielsen, 2007). The great role of innovation enables organizations to utilize ICT, which is the innovative use of ICT which distinguishes competitiveness from non-competitive

organizations. This is evident in the myriad of potential innovations made possible by ICT. Business reengineering processes, new business models, timely supply chains that lack inventory, and new services, such as e-banking and e-health are just a few examples of the innovations made possible by the adoption and use of ICTs. Early adopters of these ICTs can realize great benefits compared to those who are slow and who are not adopters. The main result is that ICT contributions are enhanced when the use of ICTs and technological innovations are combined (Hempell et al, 2004). Corporate entrepreneurship was found to mediate a part of the relationship between ICT and Innovation and organizational performance. Investing in ICT-based innovations and using them to introduce new products, services and business models requires a business culture that promotes transformational, proactive, innovative, and risk-taking leadership (Todd and Javalgi, 2007).

Previous studies of Rodrigo Martín-Rojas, García-Morales, & Mihi-Ramírez, (2011) emphasize that corporate entrepreneurship in technology companies leads to higher performance (Antoncic and Prodan, 2008). Corporate entrepreneurship enables recognition of organizational opportunities and innovations based on knowledge, increasing benefits for companies (Andreu and Ciborra, 1996; Shane and Venkataraman, 2000). In addition, with the knowledge gained and organizational innovation carried.

## CONCLUSION

This research discusses the concept of corporate entrepreneurship in improving company performance. In the practical field, the corporate entrepreneurship model can help companies position themselves better in the face of the current environmental changes and can improve company performance. From the results of several studies on the development of the corporate entrepreneurship model, it can be concluded that corporate entrepreneurship has a very important role, especially in company performance. By understanding more deeply the

scope of corporate entrepreneurship, it is hoped that it can increase knowledge about the concept of corporate entrepreneurship and find ideas for further research.

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