

## **THE ASPECTS OF ORGANIZATIONAL ENTREPRENEURSHIP IN COMPETITION ENVIRONMENT**

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### **Abstract**

*According to role and importance of entrepreneurship and glorious background of entrepreneurs in development of many countries, also with respect to many economic problems that our country face with, distributing entrepreneurship concept and providing infrastructure for its culture in all societies, especially developing ones like Iran, has vital necessity. In this research, first we describe organizational entrepreneurship and its effective factors, then its necessity for current organizations and finally evaluating organizational entrepreneurship models which describe how companies expand entrepreneurship and innovation in their organization.*

**Key Words:** entrepreneurship, organizational entrepreneurship, Entrepreneurial Management, Entrepreneurial orientation.

### **1) Introduction**

These days, in order to survive organizations and private and governmental institutes need to find solutions and new methods to face with different problems and barriers. More focus on entrepreneurship concept and doing necessary researches about this field, are among solutions in past three decades to solve various economical and social problems in different countries. One of the main classifications of entrepreneurship is organizational which undoubtedly has an important role in success of organizations [3]. Every person has some potential productivity and innovation, but using these abilities need proper planning by managers. Some believes that organizational entrepreneurship is one of the job and investment producing factors everyone has innovation and productivity, potentially but using these abilities need proper planning of managers. Some believes that entrepreneurship is one of the production factors like capital and job. With intensive increase of new competitors and distrust toward traditional methods in organizations, also losing best human resources, show the necessity of organizational entrepreneurship in organizations. [12] Although Iran has high natural resources and many young and educated labors, but it faces many economic problems such as high rates of inflation and unemployment. Thus in order to solve this problem, brave, creative, innovative and risky organizational entrepreneurs are needed both in private and public sectors to develop organization and society. So study the organizational entrepreneurship literature and its effective organizational factors are not only important but also vital.

## **2) Organizational entrepreneurship**

There are various definitions and classifications for entrepreneurship. The common classification is based on the people who attempts and are as follows: [16]

- Individual entrepreneur: one person creates a risky innovative entrepreneurship and can be because of new business, developing existing one or solving the problem.
- Group entrepreneur: a group in form of a team, create an innovative entrepreneurship.
- Organizational entrepreneurship: an organization follows the entrepreneurship approach and provides related prerequisites.

It must be notice that risky actions in individual entrepreneurship means creating and organizing a new organization or establishing a new company, and this concept in organizational entrepreneurship is the same as developing new activity in for of an established organization. Furthermore, in organizational entrepreneurship one person starts a risky activity in organization. On the other hand, one of the necessary factors in corporate entrepreneurship is that the organization and its staff must all have Entrepreneurial spirit [5]. Organizational entrepreneurship follows entrepreneurship in organization and provide its requirements.[ 8]. Organizational entrepreneurship it's a process in which organizations recognize the growth and development chances and create new values for the customers with innovation and re-allocating resources. Organization have high rate of development [ 13].

## **3) Necessity of Organizational Entrepreneurship**

Necessity of organizational entrepreneurship is due to incompatibility and slow reaction of medium and large organizations in compare to daily increasing, rapid, complex and unreliable changes in environment and introduces fast actions and innovation as key factors and surviving in today's' compressing competition.[17] Nowadays many companies have noticed the necessity of Corporate Entrepreneurship. In fact, this change in strategy is due to following enforced needs:

1. Rapid increase of new competitors
2. Distrust in traditional methods in companies
3. Leaving of best labors and their independent entrepreneurship

These factors in today's changing world are the main factors of changes in companies' strategies. (1)

## **4) Explanation of effective factors on entrepreneurship**

From academic point of view, entrepreneurship literature always has a weakness, lack of unit definition and concepts. Many researches are based on either personal opinions or just case study in special field. But in researches of last decades, unity in concepts is observed among famous researchers. [15]. Based on research back ground, two basic components of organizational entrepreneurship [6] are recognized as follows:

1-Entrepreneurial tendency

Entrepreneurial tendency can be defined comprehensively as :

“it is consists of some procedure and decision making actions that lead to entrepreneurship in an organization”. [10]

Organization entrepreneurship primary researches by Miller & Friesen resulted in development of entrepreneurship tendency structures. Miller believes “a entrepreneurship company is one who involved in innovative product of the market, take some risky actions and is the first company which put pressure on competitors via pioneering innovations”. [11] Based on this definition, entrepreneurship tendency implies to procedures, methods and key decision making actions which lead to new entry. Triple aspects of entrepreneurship tendency include: taking risks, innovation and pioneering. Innovation or in other word, company’s tendency toward using and supporting new ideas, freshness, testing and productive process, is a symptom which may lead to new production, services or technological processes. Taking risk is defined as organization tendency toward big and risky commitments while there is logical probability of costly failure. **Proactiveness** is shown while acting before problems, needs and future chances. In other word, predicting and following new opportunities and attending emerging markets. **Proactiveness** also requires stability, accepting and tendency toward reattempting in failures [ 10].

## 2-Entrepreneurial management

According to Stevenson’s(1983) Conceptualization entrepreneurship is focused management approach via using opportunity without considering control resources.[ 6] Wickham believes that entrepreneurship management is a kind of management style which direct the organization forward and summarizes its features either on new business or rescuing an established organization as follows[6]:

1. Focus on change: entrepreneurship management is management of changes. In fact, a entrepreneur manager, do not leave the situations as they are. This type of management , against traditional one, do not think just about surviving and maintenance current position in market, but continuously try to change the organization via improving market portion.
2. Focus on opportunity: entrepreneurship management is consisted with opportunities and tries to do things differently and in better situations.
3. Wide perspective: the entrepreneurship management has as wide perspective as total organization and at the same time considers the whole part when making decision. Benchmarking, in entrepreneurship view, is not used only in just one department like financial, marketing or selling but with a systemic consideration this is one of the best approaches in related industry and organization.
4. Taking risks: to put in a nutshell, entrepreneur manager is a risky manager for changing and following opportunities. An entrepreneur manager knows the best time for risky investment. In best conditions, he enters, makes changes, follows opportunities and takes advantageous.

The behavior of entrepreneurship management improves the creativity and risk culture in organization, contributes informal structures and lead to establishing strategy in order to take advantageous of known opportunities [6]

Any of the entrepreneurship management aspects are described as follows:

a)strategic orientation: Prahalad and Hamel express that strategic orientation include strategic intention in relation to organization’s goals, also processes, systems and organization culture which facilitate achieving success[6]

b) Resource orientation: entrepreneur organizations create or gain new resources knowledge or based on assets via using innovative methods. Knowledge resources include various types such as procedures, market or technology. Entrepreneurship knowledge consists of using resources that are not used properly. Nowadays organizations use unity, merging and networks in order to achieve markets, information, technology and other resources which is very important for innovation and using organizational entrepreneurship strategies.[ 6]

c) Reward philosophy: many researchers say that proper usage of rewards, increase the entrepreneurship actions in organization significantly.[ 14]

d) Organization culture: those people work with each other in an organization, have common beliefs, ideas, values and norms which totally form the culture of that organization. Generally, combination of two words”culture” and “org” create a new expression which none of these words separately do not have that though behind it. Organization culture effects on all aspects such as structure and behavior. [7]

d) Management Structure

Structures in organizations is in such a way that number of vertical levels between executive managers and staff working at the lowest level have little space and written job description of all staff and senior managers of the organization is available. Non-managerial employees get the instructions and action procedures and obey them and senior managers of the organization help others in defining and describing data.[9]

## **5) Empirical works**

Covin & Slevin, IN 1991, presented a complete model of organizational entrepreneurship, which maybe was the most complete one in this field. They introduced organizational entrepreneurship as a set of behaviors and developed a method, Cognitive Mapping Approach. These behaviors are as follows [4]: risk taking level of senior management, development and repeat rate in innovation and product, organization’s tendency toward hyperactive competition various models and variables are considered in to three categories: environmental variables, organizational variables and individual ones. Here we talk about effective organizational variables in organizational entrepreneurship which can be summarized in four categories:

- Strategy- innovation must be regarded as a competition advantageous in entrepreneurship strategy. In fact three points must be considered:

- Structure and organizational culture must be prepared n such way that creates entrepreneurship behaviors,
- Organization landscape must be innovative-based.
- Risk taker must be assured of support and getting necessary resources.

Hornsby,J.S.,Kuratko,D.F., & Zahra,S.A. in (2002) studied the understanding of middle managers of the organization from internal conditions of the company for running organizational entrepreneurship.

In fact in this research, effective factors on implementing organizational entrepreneurship with respect to literature of the subject are defined and proper measuring toll designed. Research on middle managers was due to their important role and finally the reliability and validity was evaluated. As mentioned, the role of middle managers of organizations in

implementing organizational entrepreneurship has been studied a lot in previous researches. But, on the contrary, the practical experiences are less, thus here we try to solve this issue. Middle managers, due to their positions which are between operational part and senior managers, have significant effects on formation of organizational entrepreneurship. According to importance of this matter, few authors talked about it and lack of investigation is obvious. Moreover, the authors of this research tend to create a measuring tool for measuring organizational entrepreneurship in organizations. This tool measures the key factors which affect on middle managers for implanting organizational entrepreneurship [6].

### **Conclusion**

Senior managers must pay attention to entrepreneurship generally and organizational entrepreneurship specifically and consider that as one of the main factors of surviving and growth of the organization in today's severe and perturbation competition in the world. The today's problems of companies cannot be solved by previous solutions and future predictions do not solve the future problems. So, future prefabrication is recommended. Organizations must be flexible enough to face all possible situations. Implementing entrepreneurship in organizations helps them to achieve flexibility, also have an idea for each condition and establish creativity.[2]. In entrepreneur organizations, executive managers motivate others to accept responsibilities with respect to organization perspective, existing approaches and strategies. Staff must be aware of what's happening inside the organization and take part in analyze and actions, especially those related to customers. Organizational entrepreneurship is usually harder than independent entrepreneurship. Some of these problems return to the identity of large organizations. Generally, continuous control is needed for most management parts and what prevents entrepreneurship actions to be established in large organizations is conservatism. The other problem is short-term advantageous and strategies which organizations pay attention to. Lack of entrepreneur talents is another problem because a real entrepreneur prefers an independent entrepreneurship life to one with more security (lower risk) in company. They may work in large companies for the beginning, but leave that after some years. The last problem deals with improper method of rewarding. Any income or salary program based on hour-work or monthly income will not motivate the entrepreneurs. Although financial awards is not so important for entrepreneurs, but in order to maintain innovation continuously, some reward mechanism must be exist. To solve these problems, five suggestions are as follows:

1-creating a model for organizational entrepreneurship 2-developing organizational entrepreneurship culture 3- recognizing talented individuals for entrepreneurship 4- Comprehensive corporation between all parts of organizations 5- rewarding organizational entrepreneurs.

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