

## **Managing Entrepreneurial Activity Development in an Enterprise as a way out of the Global Economic Recession**

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### **Abstract**

*In the wake of the Global Economic Recession most corporate bodies are finding it difficult to survive the dynamics of most world Economics. As a panacea, the study aim is to understudy a system process of developing an entrepreneurial activity and manage it to a profitable level. The study is postulating an entrepreneurial activity as a tool for growth in an enterprise. The study adopted a descriptive approach which emphasis on well developed theory and robust empirical evidence. The study proposes a model that integrates an entrepreneurial culture.*

**Key words:** Managing Entrepreneurial activity, Development, Enterprise, Global Economic Recession.

### **Introduction**

Our business stands are flooded with news of new business slogans like bail out, merger, downsizing, recapitalization etc. But surprisingly these business strategies seem not to help sustain the corporate bodies. Nowadays, we are witnessing large number of business failure due to biting Global Economic recession that has registered its toll on most local economies.

Most enterprise is finding it difficult to survive due to the effect of globalization. In this period where the whole world Economy is deeply enmeshed in recession the only way forward is by taking advantage of Profitable Entrepreneurial opportunities available in the world because when a particular economy is not working, another economy is blossoming.

In this context, this study restricted itself to development of an intention-based model of developing entrepreneurial activity an enterprise.

### **Literature Review**

### **Causes and Consequences of absence of entrepreneurial activity in an enterprise**

According to (Gerts & Bzptista, 1996; Krueger & Gertz, 1996). Most of the corporate financial distress is traced to inability of firms to identify profitable growth opportunities. In addition, Krueger (1982-1985) & Brazeal (1994) and Oni (2008) captured the work of Shapero, which postulates an enterprise driven by intrapreneurs as a catalyst for entrepreneurial activity development in an organization.

Nevertheless, the development of innovative activity is feasible through the creation of an enable environment in an enterprise.

### **Advantages of Developing Entrepreneurial Activity through a Research Based Model**

Tabbs & Ekeberg (1991) captured the work of Djzen (1987) which advanced the advantage of the mix of theory with Empirical approach in developing entrepreneurial activity in an enterprise.

The work highlighted some of advantages of using intention based model as; an explanatory and predictive tool, a simple model to diagnose barriers to entrepreneurial activity.

In addition, Oni (2006a), Jelinek & Litterer 1994 gave an expository insight into the work of Macmillan & Ketz (1992) on the efficiency of research based model as a tool for developing an entrepreneurial activity in an enterprise.

Nevertheless, Lord & Masher (1990) asserted a research based model provide a simple model for proper understanding of the mechanism of a phenomenon.

### **Some of High Probability Area of Entrepreneurial Activity in an Enterprise.**

The greatest asset of an organization is it human resources who generated idea which can be converted into million. According to Krueger and Brazeal (1994) entrepreneurial potential requires potential entrepreneurs. Other Scholars who are of the same school of thought are Shapero and Fishbein.

Secondly, we normally categorize Strategic issues into Opportunities and Threats on something that is on-going entity or process as was pointed out by (Dulton 1993).

Thirdly, in every Strategic plan there is an action plan. According to Dulton and Jackson's graphical illustration of opportunity perceptions, every opportunity perception has an associated

action plan. The super high way to entrepreneurial activity in an enterprise is information. The impact of that information is even more important.

Fourthly, many entrepreneurs share, the script and schemes that differentiate entrepreneurs as was captured by Bird 1988 in Initchell & Chesteen 1995. These scripts and schemes can be de-innovated as the imagination can conceive into entrepreneurial activity.

Fifthly, Kantz & Gartner 1988 highlighted the advancement of Bird 1988 that an inner burning passion as a catalyst for entrepreneurial development.

### **Managing an Entrepreneurial Activity to a Profitable Level**

According Hisrich and Peters, (2002) identified the entrepreneurial process of managing an entrepreneurial activity.

1. Identification and evaluation of the opportunity: - there are both formal and informal mechanisms for identifying business opportunities. Though formal mechanisms are gradually found within a more established company most entrepreneurs use formal sources for their ideas such as being sensitive to the complaints and chance comments of friends and associates. Once the opportunity is identified, it then follows the evaluation process begins. The Basic issue to the screening process understands the factors that create the opportunity, technology, market changes, competition or changes in government regulations. As a basis to set out, the market size and time dimension associated with the idea can be estimated.
2. Develop a Business Plan: A good business plan must be developed in order to exploit the defined opportunity. Because it describe all relevant internal and external elements and strategies for starting a new venture
3. Determine the Resource Required: This stage requires preparing a gap analysis which identifies the existing resources of entrepreneur, the resource gaps and available supplies and access to needed resources.
4. Manage the enterprise: This involves implementing a management style and structure as well as determining the key variables for success. A control system must be identified so that any problem areas can be carefully monitored.

### **Creating an Intrapreneurial Climate in an Organization.**

According to Hisrich and Peters (2002) identified some characteristics of intrapreneurship environment which is a mix of factors and leadership characteristic.

1. Organization operates on frontiers of technology: Technology Leverage is the key to successful creation and intrapreneurship in organization. Since research and development are key sources for successful new product ideas, the firm must operate on the cutting edge of the industry technology.
2. New Ideas Encouraged: Encouraging and supporting new ideas in an organization is the way out of corporate failure.
3. Trial and Error Encouraged: A company wanting to establish an environment that allows mistakes and failure in developing new innovative products.
4. Failures Allowed: A company interested in establishing intrapreneurial spirit should accommodate failure in establishing a successful venture.
5. No Opportunity Parameters: An organization should make sure that there are no initial opportunity parameters inhabiting creativity in new product development. Most of time, an organization various 'turfs' are protected, frustrating attempting by potential intrapreneurs to establish new ventures.
6. Resources available and accessible: The Resources of the firm need to be available and easily accessible. If any organization wants to create intrapreneurial environment then it needs to put money and people resources on the line.
7. Multidiscipline team work approach: The open approach should be encouraged which involve participation by needed individual regardless of area is the antithesis of the typical corporate organizational structure.
8. Long- time horizon: An organization must establish a long time horizon for evaluating the success of the overall program as well as the success of each individual success. If a company is not willing to invest money without a guarantee of return for 5 to 10 years, it should not attempt to create an intrapreneurial environment.
9. Volunteer Program: The spirit of intrapreneurship cannot be forced upon individuals; it must be a volunteer basis.
10. Appropriate Reward System: The intrapreneur needs to be appropriately rewarded for all the energy, effort and risk taking expended in the creation of the new venture.
11. Sponsors and Champions available: A corporate environment favorable for intrapreneurship has sponsors and champions throughout the organization who not only support the creative activity and resulting failures but also have the planning flexibility to establish new objectives and directives as needed.

12. Support for top management: The intrapreneurial activity must be wholeheartedly supported and embraced by top management, both by their physical presence and by making sure that the personnel and the financial resources are readily and easily available.

### **The Forms of Intrapreneurs in an Enterprise.**

According to Desai (2008) Intrapreneurs can be broadly classified into (i) Innovating Intrapreneurs (ii) technical Intrapreneurs (iii) marketing Intrapreneurs (iv) manufacturing Intrapreneurs (v) financial Intrapreneurs (vi) service Intrapreneurs (vii) other Intrapreneurs in various facets of management activities. In addition, he asserted there are many Intrapreneurs in an organization as many activities. So that, these Intrapreneurs bring in new skills to move ahead of the competitors. Also Clifford Pinchot III advocates that the companies should learn to make use of the entrepreneurial talents within the organization if stagnation and decline were to be avoided.

### **Intrapreneurial Behavior**

According to Desai (2008) the Intrapreneurs should also possess certain leadership qualities. They are as follows;

1. The Intrapreneur should possess creativity and understanding of the internal and external environment.
2. He should be knowledgeable to analyze the environment
3. He should be a visionary leader; He should be a dreamer and seeker. The Intrapreneur has to work against all obstacles to achieve his vision.
4. He should be flexible and create management options
5. He should always strive to create something new.
6. The Intrapreneurs must encourage team work.
7. He should always use a multi-disciplined approach.
8. He should be a good diplomat.
9. He should encourage open discussion. The success depends on the degree of openness of the Intrapreneur.
10. He should be a motivator and builds a coalition of supporters.
11. He should have perseverance to attain his goals in spite of hurdles, “only by persistence will be Intrapreneur achieve success.

## **The different between corporate culture and Intrapreneurial culture.**

According to Hisrich and Peters (2002: 47) asserted there is a different between corporate culture and Intrapreneurial culture.

The typical corporate culture has a climate and reward system that favors conservative decision making while the typical culture Intrapreneurial culture has a relax climate and reward system that favors moderate risk taker. In addition, the Intrapreneurial culture gives room to develop, visions, goals, and action plans; to be rewarded for actions taken; to suggest, try and experiment, to create and develop regardless of the area and to take responsibilities and ownership. While corporate culture in restrictive environment is of course, not conducive to creativity, flexibility, independence or risk taking – the guiding principles of Intrapreneurs. Nevertheless, there are also differences in the shared values and norms of the two cultures. The traditional corporation is hierarchical in nature with established procedures, reporting systems, lines of authority and responsibility, instructions and control mechanisms. These support the present corporate culture and not encourage new venture creation. The culture of an Intrapreneurial firm is a stark contrast to this model. Instead of a hierarchical structure, an Intrapreneurial climate has a flat organizational structure with networking, teamwork, sponsors and mentors abounding close working relationships help establish an atmosphere of trust and counsel that facilitates the accomplishment of visions and objectives. Tasks are viewed as fun events, not chores, with participants gladly putting in the number of hours necessary to get the job done. Instead of building barriers to protect turfs individual make suggestions within and across functional areas and divisions, resulting in a cross-fertilization of ideas. Moreover, these two cultures produce different types of individuals and management styles. A comparison of traditional manager's entrepreneurs and Intrapreneurs reveals several differences. While traditional managers are motivated primarily by promotion and typical corporate reward, entrepreneurs and Intrapreneurs thrive on independence and the ability to create. The Intrapreneurs expect their performance to be suitably rewarded.

## **INTRAPRENEURIAL LEADERSHIP AND CHARACTERISTIC**

According to Hisrich R.D and Peters M.P (2002: 52) identified certain individual characteristic which constitute a successful intrapreneur.

1. Understands the environment: The individual must be creative and have a broad understanding of the internal and external environments of the corporation.

2. Visionary and Flexible: The person who is going to establish a successful new intrapreneurial venture must also be a visionary leader – a person who dreams great dreams.
3. Creates management options: The person must be flexible and create management options.
4. Encourages teamwork: The person must be a team player and use a multidiscipline approach.
5. Encourages open discussion: The person must adopt an open-door approach to develop a good team for creating something new.
6. Builds a coalition of supporters: Openness leads also to the establishment of strong coalition of supporters and encouragers. The intrapreneur must encourage and affirm each team member, particularly during difficult times.
7. Persists: throughout the establishment of any new intrapreneurial ventures, frustration and obstacles will occur but the person needs to persist.

### **Corporate Entrepreneurship and Strategic Management**

The strategic management process plays an important role in developing an entrepreneurial activity in an organization.

One of the corporate entrepreneurship strategies as was captured by Kuratko (2009) is through a vision directed; organization-wide reliance on entrepreneurial behavior that purposefully and continuously rejuvenates the organization and shapes the scope of its operations through the recognition and exploitation of entrepreneurial opportunity.

According to Zahra (1991) corporate entrepreneurship strategy is the process of Business model reconstruction within a firm to increase profitability and enhance a firm's competitive position or the strategic renewal of existing business.

Nevertheless, Burgelman (1984) portray Corporate Entrepreneurship Strategy as a process of extending the firm's domain of competence.

Corporate entrepreneurship is the end product of the interlocking activities of multiple participants. The role of entrepreneurial activity is to provide the required diversity. Whereas other logical process in Strategy can be achieved through planning and structuring, diversity in

strategy depends on experimentation and selection. Corporate entrepreneurship is to a great extent a social process in which innovation is socially constructed through a series of trial and error learning episodes (Vera de Van 1986).

### **Strategic Behaviors and Corporate Entrepreneurs**

Burgelman (1983) confirms that corporate entrepreneurship represents a vital source of strategic behavior while Autonomous Corporate entrepreneurship ventures are initiated by the owner or the other members of the organization.

The autonomous strategic behavior of middle manager is the driving force they provide: - the requisite diversity for strategic renewal. Top management actions and responses in relation to the autonomous strategic behavior of middle manager may significantly influence the frequency and success of entrepreneurial effort in the firm.

### **Conclusion**

The study concluded that there is a correlation between entrepreneurial activity and corporate growth. The study highlighted key high probability areas that stimulate entrepreneurial activity in an organization as strategic planning, intrapreneurship and corporate entrepreneurship.

### **Recommendation**

1. To allow a visionary leader to lead and manage an organization.
2. To design the selection and employment process to identify and employ only employee who belief in the vision of an organization and have ideas that will add value to the organization.
3. To establish a research and development department in an organization.
4. To encourage the development of strategic plan.
5. To encourage the re-engineering of an organization.
6. The visionary leader needs to secure the commitment of the top upper and middle management level.



7. In addition, ideas and general areas that top management is interested in supporting should be identified, along with the amount of risk money that is available to develop the concept further.
8. A company needs to use technology to make it more flexible.
9. The organization can firmly establish an intrapreneurial culture by using a group of interested managers to train employees as well as share their experiences.

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