

## Chapter 2

# The Role of Organizational Culture on the Development of Corporate Entrepreneurship and Achievement of High Organizational Performance

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### **ABSTRACT**

*Entrepreneurship is important for organizations facing rapid change in industry, market structure, customers' needs, technological advancements, and societal values. Entrepreneurship draws from a wide range of skills capable of enhancement to add value to a targeted niche of human activity. On the other hand, corporate entrepreneurship is also viewed as acting entrepreneurially within the confines of an established organization. Relevant to that is the organizational culture, which is the set of values and beliefs behind individuals' attitudes, behavior, and performance within organizations. For organizational excellence to succeed, it needs to be supported and driven by top management whose role is to empower and enable employees toward excellence through continuous improvement.*

### **INTRODUCTION**

Competitive advantage is a key aspect of organisational survival in the era of globalization that we are living in nowadays. I believe that the concept of entrepreneurship even though is not a new concept; is becoming a vital factor for organisations who want to achieve high performance through the adoption of a creative and innovative culture. There are various definitions and classifications of entrepreneurship either individual entrepreneurs, group entrepreneurs or organisational entrepreneurship. Chirani and Hasanzahed (2013) posited that organisations are shifting towards corporate entrepreneurship out of necessity that has been highlighted by the rapid increase of new competitors in the market. This shift

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was triggered by the lack of trust in the traditional production methods and the increase in individual entrepreneurs who are leaving organisations to work by themselves.

The purpose of this paper is to examine the impact of corporate entrepreneurship on organisational culture as a means of achieving high organisational performance providing competitive advantage for organisational survival in such a global era. Accordingly, a literature survey is conducted tracing the origin of the concept of entrepreneurship starting from Schumpeter's (1942) creative destruction concept, followed by characteristics of entrepreneurial behaviour, followed by providing the link between entrepreneurship and corporate entrepreneurship.

Furthermore, the research explains the corporate entrepreneurship innovation process and finally provides suggestions on how to integrate corporate entrepreneurship with organisational culture by proposing the suitable leadership style to guarantee high organisational performance.

## **WHAT IS ENTREPRENEURSHIP?**

This section defines the term entrepreneurship and the traits of an entrepreneur as a means of setting the scene for explaining corporate entrepreneurship and the role it plays in enhancing organisational performance.

The term Entrepreneur has been used initially by Austrian American Economist Joseph A. Schumpeter (1883-1950) in which he explained that entrepreneurs are the main agents for economic growth through the creation of new methods of production i.e. creating innovations which stimulated economic evolution. Furthermore, Schumpeter introduced the concept of "creative destruction" which means that entrepreneurs continually substitute or destroy existing products or methods of products with new ones. Nevertheless, there is a positive result from this creative destruction which is creating new technologies and new products to fit the continual change in customers' needs e.g. technological advancements in the telecommunication field (e.g. computers, telephones and internet), the transportation field (e.g. automobiles, airplanes .etc....) the production field and the medical field. Moreover, creative destruction also helps overall economic improvement (Schumpeter, 2011 and Schumpeter, 1942 in Cox and Alm, 2008).

Entrepreneurship is the willingness to take risks and develop, organize and manage a business venture in a competitive global marketplace that is constantly evolving. Entrepreneurs are pioneers, innovators, leaders and inventors. Erkkila (2000) identified entrepreneurs by the following traits: flexible, creative, autonomous, problem solver, need to achieve, imaginative, believe in control on one's destiny, leadership, working hard, initiative, persuasive and moderate risk taker.

Tony et al (2018) reiterated that entrepreneurship is doing a new thing or transforming an existing business concept into a new venture with the aim of high growth; hence, it contributes immensely by creating new jobs, reducing poverty and generating income for both governments and individuals. Furthermore, the authors (Tony et al. 2018, p. 127) provided the following acronym to the term entrepreneurship.

- **E**:xamine needs, wants, and problems.
- **N**:ote and narrow down the possible opportunities to one specific "best" opportunity.
- **T**:otal commitment with high work ethics.
- **R**:eliable and passionate.
- **E**:nterprising personality and behaviour.
- **P**:roactive and pragmatic.

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