

PalArch's Journal of Archaeology of Egypt / Egyptology

CORPORATE ENTREPRENEURSHIP, STRATEGIC APPROACHES FOR GENERICS AND FIRM SUCCESS IN SMALL AND MEDIUM ENTERPRISES

Sitikantha Mishra, Bibhuti B Pradhan

Department of Management,

Siksha 'O' Anusandhan (Deemed to be University), Bhubaneswar, Odisha

Email Id- dean.shm@soa.ac.in, bibhutibhusanpradhan@soa.ac.in

Sitikantha Mishra, Bibhuti B Pradhan, Corporate Entrepreneurship, Strategic Approaches For Generics And Firm Success In Small And Medium Enterprises- Palarch's Journal of Archaeology of Egypt/Egyptology 17(2) (2020), 1-11. ISSN 1567-214X. Keywords: Entrepreneurship, Generic Strategies, Globalization, Manufacturing and Marketing

ABSTRACT:

Organizations have more and more adopted proactive management strategies to withstand vigorous competition in today's intensely dynamic market environment. Companies operate in a context that can influence the pursuit of strategies positively and negatively. Strategies offer a roadmap for the future of an organization as action paths to accomplish objectives; however, they do not inherently imply a competitive advantage for companies. Alternatively, the competitive advantage is a product of efficient execution of strategic strategies. The literature on the strategy is full of studies based on factors such as entrepreneurship and distinction at the strategic and cultural firm level. Research suggests these factors are significant long-term determinants of superior firm efficiency. Nevertheless, most of the works in this field have concentrated on big, multinational corporations. The impact of entrepreneurship and distinction on the financial results of small and medium-sized enterprises (SMEs) are still little understood. In the present research, using a sample of 70 SMEs from the Turkish Machinery and Equipment Manufacturing Industry, It was analysed that the impact of these three crucial factors on firm results the findings indicate that SME output is positively affected by competitiveness and differentiation in companies. The theoretical and organizational consequences of the results of the analysis are discussed.

INTRODUCTION

Small and medium-sized companies have increased their significance due to shifts in the strategic strategies of many of the big company (moving through empty fabrics giving up most of assembling jobs to subcontractor rather than having their own production line). SMEs are gaining very substantial earnings from this move. Growing significance of the SMEs has needed more thorough study of them. Even though crucial strategy literature has been developed for big, multinational corporations in recent years, the applicability of such a strategy literature to SMEs is

simply not an obvious question. SMEs have both benefits and drawbacks as competing with major corporations. The large literature on strategy for SMEs should therefore be shaped according to the characteristics that they have. SMEs usually have behavioural advantages [1], [2]. In material capital the drawbacks lied. Potential advantages include entrepreneurial mind set and risk-taking, inspiration and perseverance, empowered workers due to low level bureaucracy, specialization, versatility and customer proximity. Resource drawbacks are high costs due to scale disease economies, small area of operation, low level expertise and learning impact.

The aim of this study was to contribute to the creation of authentic strategy literature for SMEs. Two key concepts entrepreneurship and traditional strategic orientations that form the cornerstones of strategic perspective in literature will be discussed and their impact on organizational success in SMEs will be analysed. In today's world, companies have felt quite a lot of the need for quick understanding of emerging opportunities and risks while making strategic decisions and heading towards events such as knowledge-based competition, globalization and rapid change between sectors according to them. Both companies have sought to take advantage of changes in the food market by creative and constructive behaviours.

Theoreticians of management science have put forward the viability of an entrepreneurial approach to organizational success in strategic development. Both policy and culture concentrate on corporate practices that have a positive effect on the performance of the organisation. So, entrepreneurial culture needs to have a significant effect on success of SMEs [3]–[6]. Porter also claimed that generic strategy could be acceptable in the SME's under certain conditions. Of these reasons, the effect of the generic strategy on the performance of SMEs in terms of corporate entrepreneurship has been identified as key research subject.

1. Corporate entrepreneurship:

Research into contemporary entrepreneurship started with work by the economist Joseph Schumpeter (1883-1950). Schumpeter has claimed that the key agent of economic growth is entrepreneurs who stimulate new goods, new methods of production and economic activities, as well as other developments.

Schumpeter describes entrepreneurship as a cycle of “creative destruction” in which entrepreneurs constantly alter the existing goods or methods of production with news or destruction. Schumpeter's work can be said to concentrate mainly on personal business behaviour, several researchers with Schumpeter suggesting that entrepreneurship is a case that needs to be taken up at firm level. Based on this perspective, it can be assumed that corporate entrepreneurship is a definition of actions and that all companies position themselves in a spectrum from “highly conservative” to “highly entrepreneurial.” Entrepreneur businesses are risk-takers, they are creative and constructive. Contrary to this, conservative companies are risk-adverse, less adventurous and more the philosophy of “wait and see.” A firm's place in this spectrum is due to its strong entrepreneurship.

Lumpkin and Dess have described corporate entrepreneurship as a “new entry” referring to the first entry of new or existing goods / services into new or developed market. Corporate entrepreneurship involves product creativity, risk-taking and positive behaviour; in addition, new career participation, entrepreneurship and

creativity in the company [3]–[7]. Corporate entrepreneurship creativity refers to organisation's consistency in terms of product creation and development, manufacturing methods, and organizational structures. Entering the new job is engaging in a new field of work with the expansion of new businesses in the new sector. Strategic renewal reflects shifts in the field of work or practice, improving the strategic strategy or enhancing market operations with all of them evolving. In a clearer word, strategic renewal involves both a firm-level strategy (such as evaluating product-market area) and a business-level strategy (such as identifying sources of sustainable competitive benefits). It is important to configure the corporate entrepreneurship on the appropriate basis, in particular examining the taking of managerial risk. A critical aspect of corporate entrepreneurship is the taking of managerial risk. Nevertheless, corporate entrepreneurship refers to the more detailed risk of the research and development project than to the risk. Singly high R&D spending will cause internal inefficiency, so excessive resource consumption to find out new product or technology instead of taking risks [8]–[11]. While most researchers have argued that high spending on R&D is causing further product and process innovation, Kocher and David have called for a more thorough analysis of this situation. Similarly, the amount of patent that a company has cannot bear high financial value and yield high income.

In particular, this idea can be followed up by organizational culture that promotes collective functional cooperation, allowing the business to adapt rapidly to the competition and offering workers the ability to use innovative skills. Given the possible contribution of corporate entrepreneurship, managers are usually reluctant to behave because of entrepreneurial practices that can lead to a reduction in productivity and a high risk of failure. The other reasons for this unwillingness are inability to raise the risk of being unemployed for managers triggered by entrepreneurial activities and adversely impacting the managers carrier.

2. *Generic strategies:*

Porter's generic business approaches have been extensively studied in terms of strategic marketing and literature on strategic management and generic approaches have gone up with dual approach. Generic approaches say, in the first approach, that companies are either looking for productivity or distinction on the large market. This approach indicates that the more productivity-focused organizations the less distinction they can apply. Although organizations concentrate on cost minimization in the overall cost leadership strategy; companies attach importance in differentiation strategy to achieving superior quality and identity across value chain (even if it requires significant costs). In the second approach it was argued that these two approaches could be used concurrently and profitably. According to this approach, strategy of differentiation includes an increase of the high quality of the product. This would undoubtedly mean maintaining higher costs in a number of functional areas to support the policy of differentiation. The availability of a premium product increases the market for the product of the company. Higher market demand offers greater corporate market share and lower costs by combined volume of production [12], [13]. Hall announced that the company has achieved considerable progress in unifying the higher costs associated with the transition and adjustment of products and services within the organizational boundary.

Covin and Covin also claimed that the company's success is dictated by strategic methods and strategies implemented by entrepreneur business. What degree of enterprise level of the company influences the success of SMEs in terms of generic strategy? For example, what degree the cost-based approaches affect SME efficiency. Strategies that give importance to innovation and introduction of new products generally demonstrate adherence to the competitive entrepreneurial advantage. However Dess noted that strategies focused on cost management and process reformation were more suitable for large enterprises using economies of scale as a competitive advantage. Smallbone, Leig, North has reported that the performance of entrepreneurial organizations implementing cost leadership strategy is proportionally lower. Yet some work indicated that companies are showing high success in shifting the cost leadership and using creative approach to decision taking. Differentiation approaches rather than cost-leadership approaches respond to market activities. Differentiators need to have strong marketing skills, creative imagination, and product engineering and good teamwork across functional areas to be effective. Developments have been seen in the literature linked to conventional strategy for achieving sustainable competitive advantage by incorporating differentiation strategies and cost leadership with value added. Dadzie et al and Ortega further argue that the strategy of distinction increases firm efficiency.

METHODOLOGY

1. *Field Study on Corporate Entrepreneurship, Generic Competitive Strategies, and Firm Performance in Small and Medium-Sized Business Organizations:*

In the survey applied to SMEs; effects of differentiation strategy and cost leadership strategy with corporate entrepreneurship on these organizations' firm performance will be attempted to examine with heuristic approach (without formal hypothesis developed). Being an acceptable general approach in literature; in this study, organizations with workers fewer than 500 were evaluated as SMEs. Work was done on small and medium-sized enterprises operating in the machinery and equipment industry in Turkey and it was calculated that 453 firms had this function. Questionnaire approach was applied to data collection. The questionnaire answered by the company's general manager, assistant managers or marketing managers was required with a view to raising the error rate to a minimum amount. As a result of the interview a part of the questionnaire was answered; critical part was added by email. Survey questions were built using the scales from literature related to them. In the face-to-face interview; there was also a pre-test of the questions. The overall cost leadership and differentiation strategy survey questions were prepared using the research of Homburg, Krohmer and Workman and survey questions related to corporate entrepreneurship, using the studies of Borringer and Bluedorn. Questions related to generic approaches were measured on a scale generated as 'very small (1) and very high (7);' performance-related questions were measured on a scale generated as 'very bad (1) and very good (7);' questions related to corporate entrepreneurship were measured on a scale generated as 'strongly disagreeable (1) and strongly accepted (7)' In order to participate in the study, data can be obtained from 75 out of 453 contact firms operating in the machinery and equipment manufacturing industry (5 of them were not used for assessment because of such a lot of room in the survey). When survey features were evaluated, 56 firms at the level of general manager and assistant manager and 14 firms at the level of marketing,

development or accounting manager were also working for their business for a long time (average=11 years). This situation has increased the confidence in getting knowledge and experience of strategic priority. Comparison of the firms reacting to the survey was made late or early in order to assess the potential impact of lowering in the rate of return on bias of results and there was no difference in statistics. SPSS software analyses data obtained using survey form. The tests were classified before evaluation; data pertaining to the questions needed to be checked. Questions relating to the variables used in the survey were subjected to factor analysis and were listed as variables. The goal is to evaluate the degree to which each variable can be connected to relevant structural understanding. Ideal for this; every query will lean to its own high-coefficient factor, thus associating it with other lower-coefficient factors. After that, classification variables were subjected to the test of reliability (Alphas). The result of factor analysis pertaining to corporate entrepreneurship was given in Table 1. Every variable has leaned to a related factor with a sufficiently high coefficient. Similarly, in Table 2 questions related to common approaches (Porter's distinction and overall cost leadership strategy) were clustered into two factors and finally, performance-related problems were clustered under a specific factor. The result of factor analysis pertaining to firm performance is shown in the Table 3.

Table 1. Factor Analysis of Corporate Entrepreneurship

Factor analysis of corporate entrepreneurship	Factor
We give support to entrepreneurial activities as an administration.	.64
We have an innovation experience as a top level management	.84
Risks well calculated and handled carefully are encouraged.	.71
We consistently increase the our ability of managing the innovation and entrepreneurship	.66

Table 2. Factor Analysis of Generic Strategy Variables

Factor analysis of generic strategy variables	Factor
Differentiation strategy	
Creating customer value through services supporting the products	.73
Creating special product or brand image	.75
Advantage of selling product with higher price than in the market	.53
Advertising	.57
Adapting products to changing needs of customers	.62
Cost leadership strategy	
Working with lowest costs as a result of gaining efficiency of activities	.57
Try to gain cost advantage in supply of raw material	.80
Gaining economies of scale	.85

Table 3. Factor Analysis of Firm Performance

Factor analysis of firm performance	Factor
Adapting company strategy	.62
Adapting company products and/or services	.79
Reacting quickly to new market threats	.81
Achieving the customer satisfaction	.58
Securing desired market share	.80
Attracting new customers	.79
Financial performance - profitability	.63

RESULT AND ANALYSIS

Research has asserted that application as a 1) corporate entrepreneurship, 2) generic approaches closely linked to each other, both in terms of reciprocal relationships and their parallel impact on corporate performance, have moved on very complex processes. To better understand the nomological features of these relationships, the most appropriate approaches assume would be without creating any formal

hypothesis exploratory analysis with approaches of correlation analysis. After this study has been carried out; the impact of each three strategic applications on firm results will be attempted to reveal with a heuristic intent through regression model.

Table 4. Pearson Correlation Table of All Variables Used In Modal.

	Mean	St.Dev.	1	2	3	4
(1)Corporate entrepreneurship	5.66	.84				
(2)Differentiation strategy	4.94	1.13	.39**			
(3)Cost leadership strategy	5.84	.96	.08	.16		
(4)Performance	5.39	.84	.61**	.44**	.14	
** P < .01 ; * p < .05						

Table 4 presented descriptive statistics related to the variables of the study and the coefficient of correlation between variables. As shown, the degree of entrepreneurship has appeared at high level in firms participating in research (average of questions regarding corporate entrepreneurship 5.66). Significant relationship (.61 * *) is the presence between the degree of entrepreneurship and success of companies. In other words the efficiency has been greatly influenced by corporate entrepreneurship. This result is in the same direction with Covin and Slevin result when they showed higher performance in the strategic propensity of small businesses in the area where the rivalry is intense undertaking role. That is why this matter will be put to more thorough review and the findings gathered will be addressed with all the information. Some influential innovations are as follows: 1) the relationship (.39 * *) between the level of corporate entrepreneurship and the distinction is important. 2) Differentiation approach has had a strong and statistically relevant impact on firm results (.44 * *). 3) Essential relationship cannot be identified between distinction and cost leadership. 4) There is no connection between strategy and success on cost leadership (.14).

The results obtained are in accordance with the relevant literature and with the expectations. Positive output effect of the differentiation strategy harmonizes with Walker and Ruekert and Pelham's arguments. Test results have shown that the findings of Pelham have not been established with any connection between cost leadership strategy and efficiency. This situation is the indication that SMEs with entrepreneurial characteristics will bring more value to their customers with differentiation strategy rather than cost leadership strategy. As argued by Smallbone, Leig and North, SMEs switching cost leadership strategy could rationally have lower performance as a result. This finding did not suit the findings of Dess, Lumpkin and Covin in the sense of companies having characteristics of entrepreneurship linked to the positive impact of the success strategy of cost leadership. Corporate entrepreneurship has appeared in this research as a factor positively influencing firm efficiency. It will be possible to arrive at the extremely useful information as a result of an in-depth study in this topic. Regression analysis was applied with this opinion

to decide whether or not there is any connection between corporate entrepreneurship with generic strategies and results in Table 5.

Table 5. Regression Analysis Table Showing the Interaction of Corporate Entrepreneurship and Generic Strategies with Performance.

Dependent variable: Performance			
Independent variable	Std.β	t value	Sig.
Corporate entrepreneurship	.508	4.430	.000**
Differentiation strategy	.221	2.408	.020*
Cost leadership strategy	.119	1.234	.223
R ² = .428 F(d.f.) = 14.712 (3.52)			
** P < .01 ; * p < .05			

As shown in the table, R² value representing the percentage of explanation of variance of output variable being a model based variable appeared as .428 and F value appeared as 14.712 and model showed statistical significance even at 0.000 P. There is a significant relationship between differentiation strategy, entrepreneurship and firm results, and the relationship is in the direction predicted. Although differentiation and entrepreneurship have positively affected firm performance, the overall cost leadership approach and results have not been significantly linked. This result exposed the current relationship between distinction and entrepreneurship, as opposed to Dess, Lumpkin, and Covin findings.

CONCLUSION

Research has tried to reveal the relationship between entrepreneurship and success at the business. Inventions collected have shown a close relationship between success and degree of corporate entrepreneurship in SMEs. In other words, SMEs' success has been positively influenced by the key framework of corporate entrepreneurship consisting of creativity, proactivity, risk-taking and not avoiding from experiment. The differentiation strategy has also positively impacted efficiency. This can be claimed that SMEs concentrate on current product and processes instead of concentrating on creativity, constructive and opportunities evaluation and differentiation realization. It has been shown that SMEs coordinating with this concept was inappropriate. Since these small and medium-sized companies have tried to improve their output by specializing in one or more goods, and as a result high costs arising from entrepreneurial activities can lead to a decline in results.

Furthermore, in the short run, SMEs seeking to increase the level of entrepreneurship have anticipated output increase. However, efficiency gains in the short run should not be associated with a rise in the level of corporate entrepreneurship. It may typically take a long time to produce income from entrepreneurial practices and processes. SMEs should settle entrepreneurial culture to their business, but avoid activities like high and not as accurately measuring risk as possible, according to the results gathered from these findings. SMEs inclining activities that can be considered in the context of

entrepreneurship (1) should have a prominent differentiation-based strategic propensity and (2) should view these activities as a long-term activity and make an effort to carry out cultural and institutional change that supports these activities within the organization. Otherwise practices with entrepreneurial characteristics may have the opposite of expectation a negative impact on firm results.

REFERENCES

- [1] J. Brustbauer, "Enterprise risk management in SMEs: Towards a structural model," *Int. Small Bus. J. Res. Entrep.*, 2016.
- [2] N. Rehman, S. Razaq, A. Farooq, N. M. Zohaib, and M. Nazri, "Information technology and firm performance: mediation role of absorptive capacity and corporate entrepreneurship in manufacturing SMEs," *Technol. Anal. Strateg. Manag.*, 2020.
- [3] V. Bouchard and A. Fayolle, *Corporate entrepreneurship*. 2017.
- [4] A. Turró, D. Urbano, and M. Peris-Ortiz, "Culture and innovation: The moderating effect of cultural values on corporate entrepreneurship," *Technol. Forecast. Soc. Change*, 2014.
- [5] D. F. Kuratko, "Corporate Entrepreneurship & Innovation," in *The Wiley Handbook of Entrepreneurship*, 2017.
- [6] J. C. Goodale, D. F. Kuratko, J. S. Hornsby, and J. G. Covin, "Operations management and corporate entrepreneurship: The moderating effect of operations control on the antecedents of corporate entrepreneurial activity in relation to innovation performance," *J. Oper. Manag.*, 2011.
- [7] D. F. Kuratko and D. B. Audretsch, "Clarifying the domains of corporate entrepreneurship," *Int. Entrep. Manag. J.*, 2013.
- [8] T. M. Zellweger, R. S. Nason, M. Nordqvist, and C. G. Brush, "Why do family firms strive for nonfinancial goals? An organizational identity perspective," *Entrep. Theory Pract.*, 2013.
- [9] S. C. Morrish, M. P. Miles, and M. J. Polonsky, "An exploratory study of sustainability as a stimulus for corporate entrepreneurship," *Corp. Soc. Responsib. Environ. Manag.*, 2011.
- [10] M. Dodgson, "Exploring new combinations in innovation and entrepreneurship: Social networks, schumpeter, and the case of Josiah Wedgwood (1730-1795)," *Ind. Corp. Chang.*, 2011.
- [11] M. G. Biniari, "The emotional embeddedness of corporate entrepreneurship: The case of envy," *Entrep. Theory Pract.*, 2012.
- [12] R. Tanwar, "Porter's Generic Competitive Strategies," *IOSR J. Bus. Manag.*, 2013.
- [13] L. Liu *et al.*, "Deep Learning for Generic Object Detection: A Survey," *Int. J. Comput. Vis.*, 2020.

