CHAPTER 1

INTRODUCTION

1.1 OVERVIEW

The whole world is visualising to be entrepreneurial in every way. The dynamic and changing nature of business due to science and technology, poses challenges for organisations to be entrepreneurial for sustaining business growth. Employers aspire to maximise the organisational performance by profits and productivity, whereas, employees are interested only to maximise intentions to maximise earnings through compensation, benefits and so on. A novel idea and approach of Entrepreneurial Orientation for Employees (EOE) to synchronise and benchmark the employer-employee expectations will facilitate a win-win proposition in the augmentation of individual as well as organisational growth in industry.

In order to face the challenges in an ever changing business environment, employers need to resort to EOE, as it is considered as one of the areas where the employer can focus their effort for the better performance of employees in their organisation. The traditional role of employees as order takers from employers, without owning any responsibility towards the job is expected to vanish, when the employees are trained to think and act like entrepreneurs as the need arises for an innovative EOE approach. This research initiative is an attempt to focus and empirically develop and measure a business dynamics EOE model and the impact of EOE training in an
organisation with special reference to Chennai, India using a case study method.

1.2 NEED FOR THE STUDY

Any research anticipates offering a solution to an identified problem. A research study of this nature is the need of the hour, as this will facilitate the employer as well as employee a win-win situation. Employees need to be imparted an Entrepreneurial Orientation training, which is essential for those who aim for a prospective career and avenues for growth in any organisation. On the other hand, from the management perspective, any organisation aims for profitability and growth as a contribution of its employees. Therefore, the approach of EOE Training to orient the employees with entrepreneurial characteristics to enhance their performance is needed. Employees empowered with EOE will contribute to the growth of the organisation.

1.3 SCOPE OF THE STUDY

Studies with reference to Entrepreneurial Orientation (EO) had been undertaken by researchers in the past in Europe, the US, UK and other developed countries and the environment in which they survive is quite different from the countries which are developing like India and so on. Hence with this perspective to undertake studies in the context of developing nation offers ample scope for research and also to gather research insights in these geographies. The study will also generate avenues which will offer extension/additional scope in future at unexplored regions of the world over a period of time.
1.4 PROBLEM DEFINITION

Research studies in the past have undertaken their work with the Entrepreneur as the unit of analysis. It is essential to synchronise and optimise the intentions of employers and the aspirations of employees in an organisation. An innovative methodology is essential to offer solutions to the problem of employees’ expectations like incentives, compensations and benefits, with the demand of the employers’ specifications like growth, profitability, sustainability and long term survival of the organisation. In order to match the diverse needs of both employees and employers it is essential to offer a solution to this problem, and hence this research initiative offers a methodology in which both the employers and the employees are benefited. Hence, EOE will offer a solution to the varying needs of the employee-employer paradigm, where the growth and development of the individual employees will facilitate the development and growth of the organisation.

1.5 CATEGORISATION OF LITERATURE

The review of the literature section shall contain the following categorisation pertaining to this research thesis. In Chapter 2 the topics in, 2.3) Entrepreneurship, 2.4) Entrepreneurial Orientation, 2.5) Intrapreneurship, 2.6) Business Dynamics and 2.7) Entrepreneurial Orientation for Employees (EOE) will be discussed.

There are a vast number of terms to describe the concept of entrepreneurship within the existing organisations. These terms include intrapreneuring / intrapreneurship (Antoncic and Hisrich 2001), Kuratko, Montagno and Hornsby (1990), Pinchot (1985), entrepreneurship in the views of Miller (1983), corporate entrepreneurship, internal corporate venturing
Burgelman (1983), Guth and Ginsberg (1990), corporate venturing, 
Biggadike (1979), strategic renewal, Guth and Ginsberg (1990), 
entrepreneurial posture Covin and Slevin (1991), entrepreneurial orientation 
Lumpkin and Dess (1996) and entrepreneurial intensity by Morris and 

Definitions, wherever appropriate are derived with the starting 
point of a clear and broadest definition which are based on Gartner (1988), 
Schumpeter (1926), Stopford and Baden-Fuller (1994), Zahra (1996). Sharma 
and Chrisman (1999) have undertaken a major effort in clarifying the terms 
and definitions associated with entrepreneurship. Within entrepreneurship, 
they have distinguished between independent entrepreneurship and 
entrepreneurship within an organisation. This distinction is helpful in the 
context of this study and is based on Collins and Moore (1970).

Entrepreneurship has long been associated with risk-taking 
individuals starting a new business. The first known use of the term 
entrepreneurship is by Cantillon (1734), who describes entrepreneurship as 
self-employment with uncertain returns in the views of Sharma and Chrisman 
(1999). In today’s literature, the Austrian economist Joseph Alois Schumpeter 
is often seen as the intellectual father of the modern interpretation of 
entrepreneurship. Antonecic and Hisrich (2001), Bernier and Hafsi (2007), 
Burgelman (1984), Covin and Slevin (1991), Lumpkin and Dess (1996), 
Miller (1983). Schumpeter (1926) defines an entrepreneur as a person “whose 
function it is to carry out new combinations [of resources]” that result in new 
products, processes, markets, sources of supply, and re-organisation. These 
new combinations are at the heart of the evolutionary process of creative 
destruction, in which existing structures are continuously replaced with new 
one. Resources are shifted from old combinations to new ones, and entire 
industries are replaced. This process is driven by entrepreneurs, who renew
production structures by exploiting an invention or, more generally, creating an untested combination. Schumpeter thus established innovation as the key aspect of entrepreneurship, maintain, Lumpkin and Dess (1996).

Kanter (1982, 1983 and 1985) proposed that organisational members be empowered (especially middle managers); he viewed Corporate Entrepreneurship (CE) as a way to gain competitiveness. Similarly, Pinchot (1985) who coined the term intrapreneurship, explains how employees can ensure innovation within organisations as expressed by Covin and Miles (1999). Finally, Drucker (1985) observes a “shift from a ‘managerial’ to an ‘entrepreneurial’ economy” in the United States. He also propagated that, innovation and entrepreneurship are essential in existing organisations, including business and public service institutions as well as in society and the economy.

Rauch et al (2009) was of the view that Corporate Entrepreneurship gained increasing acceptance as a way for organisations to innovate, fulfill their customers’ needs, and stay competitive. CE has been analysed from many different perspectives and at different levels. The concept of Entrepreneurial Orientation, herein after referred in short as EO, is particularly widely accepted and a cumulative body of knowledge is developing around it. “EO represents the policies and practices that provide a basis for entrepreneurial decisions and actions. Thus, EO may be viewed as the entrepreneurial strategy-making processes that key decision makers use to enact their firm’s organisational purpose, sustain its vision, and create competitive advantage(s).”

An organisation which assumes responsibility for a specific amount of risks signals that it is ready to accept the consequences for the ambiguity on the outcomes of future prospects as viewed by Hughes and Morgan (2007).
Thus, in the context of small business owners it is recommended that a positive orientation towards risk is important when faced with unavoidable risk, as opined by Krauss et al (2005). Nevertheless, successful entrepreneurs are individuals who take calculated risk in the views of Kuratko and Hodgetts (2007).

How is risk-taking related to organisational performance? The results are mixed, some have a positive relationship, but others are negative. A Meta-analysis investigating the relationship between risk-taking and organisational performance, found a positive correlation between the two elements. Rauch et al (2004) and Davis (2007) investigating this dimension, found that risk-taking and organisational performance produced a curvilinear relationship. This indicates that organisations adopting a modest level of risk-taking were the highest performers when compared with their counterparts who assume very high or very low levels of this dimension in the views of Kreiser et al (2002). The clarification for this phenomenon is found in another study in Australia which found that risk-taking which involved taking calculated risks had a positive impact on the firm’s performance, but taking risks which was considered as a daring actions was considered as detrimental to the firm’s performance as identified by Coulthard (2007). Nevertheless, a longitudinal study of risk-taking and performance in Canadian ICT firms revealed that all three dimensions of EO were needed in an organisation, but the levels at which they were required varied as the organisation developed as expressed by Fouda (2007).

1.6 RESEARCH OBJECTIVES

The objectives of the research study are listed as below:

1. To identify the entrepreneurial characteristics needed for EOE,
2. To examine the level of existence of entrepreneurial characteristics essential for EOE among employees pre-EOE training,

3. To study the level of EOE among employees post-EOE training,

4. To develop, simulate and validate a business dynamics model in EOE and

5. To anlayse the performance of the employees pre-EOE and post-EOE training.

1.7 RESEARCH FRAMEWORK

The review of literature was undertaken to identify the problem and prompted the preparation of a firm ground to identify the research problem and to propose an innovative solution. The research gaps could be identified by the literature review. This facilitated the classifications of literature for the study undertaken. The research strategy for the empirical research was formulated to tackle the research objectives and the questions which are to be answered. The sampling methodology was arrived at to employ the case study method. The EOE Metrics were used in the EOE training intervention and also in the development, testing and validation of the business dynamics EOE model. The result of the research initiative is the two important and pioneering benchmark indices, namely, the EOE Performance Index (EOEI) and the Organisational Performance Index (OPI). The results were summarised and a few suggestions are offered along with the contributions of the study at the end of the thesis. The research framework for the study is given in Figure 1.1.
1.8 OUTLINE OF THE THESIS

The thesis is presented in six chapters. Chapter 1 introduces the topic of the dissertation, and sets the stage for the solution of the research problem based on the objectives of the study. The research frame work for the study is also presented in this section. Chapter 2 takes the reader through an in-depth discussion of the pertinent literature; mainly about Entrepreneurship, Entrepreneurial Orientation, Intrapreneurship and the Business Dynamics discipline. These assist in the construction of a theoretical framework and the research gap, which is presented at the end of this chapter. Chapter 3 gives the description and outlines the research methodology adopted for the Pre-EOE Training analysis, with the focus on the research of this study, as well as the elaboration of the sample characteristics. The survey approach used and the method for data collection and the sampling technique used for the research study are explained. This chapter also describes the statistical tools used for the study and the hypothesis testing process. Chapter 4 presents the Entrepreneurial Orientation for Employees - A Case Study. The EOE Training module design and the administration of the EOE Training programme are also presented. This chapter also contains the data analysis and interpretation of the empirical research results. The pre-EOE and the
post-EOE scores are compared using suitable statistical techniques which are mentioned in Chapter 3 and also presents the discussion on the findings. Chapter 5 presents the detailed description of the Business Dynamics EOE Model from the stage of its construction using the Systems Approach Framework in Management, Causal Loop Diagram (CLD), to theoretical interpretations and testable propositions. The validation and testing of the Business Dynamics EOE Model was done by formulation of few Dynamic Hypotheses, by incorporating suitable policy issues to be studied and tested, are discussed. Using Vensim Software, PLE (Personal Learning Edition), evaluation of results were done with the help of Sensitivity analysis on the Business Dynamics EOE Model, are also discussed in this chapter. Finally, Chapter 6 presents the Conclusions. The salient features of the summary of the results from the previous chapters are presented. The limitations of the study during the course of this research work are also mentioned in this chapter. The Contribution of the study is discussed along with the final remarks, which include suggestions to various categories. Finally, the chapter ends with a summary and directions for further research.