

The Study of Convergence of Corporate Entrepreneurship & Service Quality leads to Organizational Performance

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Abstract

In the emerging scenario of the business and competitive environment of the future, organizations must be flexible, adaptable, and more responsible to market needs. The nature of the paper is conceptual and link with corporate entrepreneurship to service quality which increase service related organizational performance. CE enhance a company's success by promoting product and process innovations .The empirical evidence provides that CE improves company performance by increasing the firm's pro-activeness and willingness to take risks, and by pioneering the development of new products, and services. Entrepreneurial orientation with innovation has provided core competitive advantage in an ever-changing market place. An organization's performance underlying market value will be determined by its ability to innovate. Management should promote a *entrepreneurial culture* and a climate within their organizations that is encouraging *innovation*, and pragmatic approach towards service delivery witch lead to better *service quality* in the customer centric era.

Keywords: Corporate Entrepreneurship, Service Quality and Innovation, Competitive Advantage.

Research Methodology

The nature of the paper is conceptual and issue based. In this regard, in-depth secondary data from like; Journal, books, published report was analyzed in the light of defined objectives.

Objectives

- 1.To understand the strategic benefits of corporate entrepreneurship and service quality.
- 2.To identify link between Corporate entrepreneurship and Service Quality.

Following issues have been discussed;

(A) *Corporate Entrepreneurship, Service Quality and organizational performance*

(B). *Innovation Process in Organization & Role of Managers*

(C) *Entrepreneurial Orientation*

(D) *Service Delivery and External communication*

(E) *Entrepreneurial Barriers*

(F) *Conclusion*

(A)-Corporate Entrepreneurship, Service Quality and organizational performance

Guth and Ginsberg (1990) stressed that CE encompassed two major types of phenomena: New venture creation within existing organizations and the transformation of ongoing organizations through strategic renewal. CE can be introduced as the potential tool in growth and the consolidation of competitiveness of the organization. Some others mentioned that CE can be used for optimizing the competitive position of the organizations, markets, industries and the opportunities to be exploited and development of value-added innovation. They also believe that the CE activities are meant as for the improvement of success of the firm, promotion of the innovation in products and the process (Sebora and Theerapvong, 2009). In deed the major goal of the CE can be defined as *generalizing a constant process of innovation, the strategic renewal and risky activities of the organization which subsequently can bring organizational growth, profit making and competitiveness*. The previous literature studied CE as the entrepreneurial behavior presented by organizations. From Kuratko and Morris perspective, the ability to prosper in turbulent conditions requires companies to focus on mastering five key characteristics: flexibility, adaptability, speed, aggressiveness, and innovativeness (Kuratko and Morris 2003). Also, Fry (1993) remarked that a manager seeking to apply successfully CE in his/her organization faces with five diverse but interrelated matters. For success of CE process, the following five factors should be considered wholly otherwise the appropriate planning for only one of them causes the failure in the CE's process:

organization commitment to the concept of CE; determining the CE model; establishing entrepreneurial behaviour; identifying corporate entrepreneurs; use compensation systems for stimulating CE (Fry 1993). Additionally other incentives that elicit entrepreneurial behaviour include: equity and equity equivalents; bonuses; salary increases and promotions; and recognition systems and rewards (Bhardwaj and Momaya, 2011). Zampetakis and Moustakis (2010), in their research results indicated that factors such as “reward systems”, “job rotation”, “training”, and “trial- period employment” foster CE. The term corporate entrepreneurship is used to describe entrepreneurial behavior inside established medium-sized and large organizations. It embodies entrepreneurial efforts. Corporate entrepreneurship involves employee initiative from below in the organisation to undertake something new. An innovation which is created by subordinates without being asked, expected, or perhaps even given permission by higher management to do so (Vesper (1984). According, to Chung and Gibbons (1997) Corporate entrepreneurship is an organizational process for transforming individual ideas into collective actions through the management of uncertainties.

Service quality is a way to manage business processes in order to ensure total satisfaction to the customer on all levels (internal and external) It is an approach that leads to an increase of competitiveness, effectiveness and flexibility of the entire organization. The efficiency of the whole system is possible only if we monitor and analyze the demands of the customers, as well as define and control the process and implement constant improvements. Quality is a complex term, made up of several elements and criteria. When mentioning service quality most researchers always referred to two schools of thought that dominate the extent thinking. One is Nordic school of thought based on Grönroos's (1984) two-dimensional model. And the other is the North American school of thought based on Parasuraman et al.(1988) five dimensional SERQUAL model. Besides this, there are other relevant significant conceptual and empirical works, which focused on service quality, and can be summarized as:

- (1) Customers' experiences with tangibles, reliability, responsiveness, assurance, and empathy aspects of service delivered by a firm (Parasuraman et al., 1988);
- (2) Technical and functional quality (Grönroos, 1984);
- (3) Service product, service environment, and service delivery (Rust and Oliver, 1994); and
- (4) Interaction quality, physical environment quality, and outcome quality (Brady and Cronin, 2001)

In nut shell following dimensions are important for delivering services quality:

1. **Employee Competence** is the possession of the required skills and knowledge to perform the service. For example, there may be competence in the knowledge and skill of contact personnel, knowledge and skill of operational support personnel and research capabilities of the organization.

2. **Employee Credibility** is the factors such as trustworthiness, belief and honesty. It involves having the customer's best interests at prime position. It may be influenced by company name, company reputation and the personal characteristics of the contact personnel.
3. **Employee Reliability** is the ability to perform the promised service in a dependable and accurate manner. The service is performed correctly on the first occasion, the accounting is correct, records are up to date and schedules are kept.
4. **Employee and Responsiveness** is to the readiness and willingness of employees to help customers in providing prompt timely services, for example, mailing a transaction slip immediately or setting up appointments quickly.
5. **Employee Communication** means both informing customers in a language they are able to understand and also listening to customers. A company may need to adjust its language for the varying needs of its customers. Information might include for example, explanation of the service and its cost, the relationship between services and costs and assurances as to the way any problems are effectively managed.
6. **Employee Knowing the customer** means making an effort to understand the customer's individual needs, providing individualized attention, recognizing the customer when they arrive and so on. This in turn helps in delighting the customers i.e. rising above the expectations of the customer.
7. **Access** is approachability and ease of contact. For example, convenient office operation hours and locations.

The above discussion shows that both Corporate Entrepreneurship and service Quality are different concepts but have profound impact on the organizational performance.

(B)-Innovation process in organization & Role of Manager

Innovation For an organization, “innovation” is not only limited to innovation of technology or product, as it also involved process, strategy, organization structure and so forth. Drucker (19 74) suggested that “innovation is not an exclusive terminology for technology and it should also be a vocabulary for economics and society” and its scope includes changes in management knowledge or economic systems. The objective of corporate innovation is to strengthen corporations’ external competitiveness and enhance internal capabilities through product or proc

ess innovation (Geroski, 1994). Froehle et al.(2000) believed that innovation is comprised of technology, organization and regularized developmental steps. Chapman et al.(2003) proposed that innovation is the product of technology, knowledge and relationship network. Guan et al.(2006) suggested that

technological innovation is the combination of knowledge and technologies from different fields of specialization for the sake of product innovation and that the improvement in technological innovation capabilities would strengthen an organization's competitiveness. Athanassopoulos et al.(2001) also have identified innovation as an aspect for the assessment of customer satisfaction. According, the findings of *Hornsby and colleagues that a positive relationship between managerial support and entrepreneurial action is more positive for senior- and middle-level managers than it are for lower-level managers.* Furthermore, they also observed that managerial level provides a structural ability to "make more of" organizational factors that support entrepreneurial action (Hornsby et al., 2009). Kuratko *denotes the role of good managers* in CE act invitees and mentions that these managers are responsible to make an entrepreneurial strategic vision and stimulating the architecture of an entrepreneurship-oriented organization (Sebora and Theerapvong, 2009), but these managers have a weak understanding of implementing techniques and strategies of CE innovation. Middle managers can change the entrepreneurial flexible opportunities to the innovations compatible with the organization in a very specialized and sophisticated way (Goldsby, 2006). Middle manager provides the impetus for different type of entrepreneurial opportunities. Entrepreneurial opportunities from lower organizational levels and attend primarily to these that along with entrepreneurial orientation of the firm.

(C)-Entrepreneurial Orientation

-Growth orientation

"Growth brings problems. Top management feels the overarching responsibility for the safeguarding of assembled resources [...] tracking whether commands are executed and feedback is provided to management becomes the goal of the control system for many initially entrepreneurial firms" (Stevenson and Jarillo, 1986:17).

Entrepreneurial management should be maintained as to become responsible organization by pushing responsibility downward, creating an appropriate sense of scarcity of resources, freedom of decision making, providing proper planning, and adequate feedback for decision makers.

-Entrepreneurial culture

Entrepreneurial culture is a pattern of basic assumptions invented and designed to assist people to learn to cope with the problems of external adaptation and internal integration (Morris *et al* 2008; Covin and Miles 1999). Rauch *et al* (2009) suggested that the influence of corporate entrepreneurship on business performance may vary as a function of cultural norms. Venter *et al* (2008) differentiate between entrepreneurial culture and corporate culture. In their differentiation they define corporate entrepreneurship culture as the polar opposite of a conservative corporate culture. The corporate culture is one which celebrates caution and conformity, convention, protocol, rules and procedures (Venter *et al*

2008). “*The culture that allows individuals to bring new ideas and tolerate risk is a key element of sustainable business performance*” (Wang 2008). Entrepreneurial culture stimulates innovation, flexibility and performance (Lumpkin and Dess 1996). Entrepreneurship should be encouraged in an organisation by creating an appropriate entrepreneurial culture and fostering an entrepreneurial climate (Venter *et al* 2008). Entrepreneurially- oriented companies establish clear and meaningful core values and ensure they are shared within the organisation (Morris *et al* 2008). Entrepreneurial organisations are guided by their vision. Firms successful at a sustained form of corporate entrepreneurship tend to have cultures and systems supportive of innovation (Covin and Miles 1999). An entrepreneurial organisation empowers its people and gives them freedom to decide and act by devolving decision-making authority (Morris *et al* 2008; Wang 2008). They found that culture is an important controlling instrument for corporate entrepreneurship, because it provides a space for taking risks and a certain degree of immunity from failure. favourable company culture encourages employees to try out new ideas, even if they fail. The belief is that mistakes can be learned from. . Entrepreneurship culture encourages learning through information sharing, commitment and accountability (Morris *et al* 2008). Zahra, et al (1999) believed that the culture that reinforces communication and sharing of knowledge within the organisation is a crucial element of success in encouraging the implementing of new ideas. Sub-cultures exist in an organisation, with each culture having its dominant values and assumptions (Zahra *et al* 1999). They concluded that understanding the key values of these cultures and recognising the key powerful elements within them can lead to successful innovations. Entrepreneurial firms are more prone to having a market-driven culture by constantly updating, improving and changing business processes, products and services that eventually create more value for customers (Agca at al 2009). As mentioned earlier, core values are critical for the entrepreneurial culture to be successful.

(D)-Service Delivery and External communication

Services are performance. These performance may be people- based or equipment based or both people and equipment-based performance tend to be standardsied.connection between the standard and specific act and behaviours of the employee have to be established. Service quality refers to the place in which the service is delivered to the customer. Service organizations face four quality challenges: to deliver superior services to satisfy their customers, to achieve higher customer satisfaction than their competitors, to retain customers in the long run, and to gain market share; with the latter three being dependent on the first (Marwa, 2005). Hence, their continuous quest for delivering services of superior quality has compelled service providers to frequently assess their performance in relation with changing customer requests as their firms need to keep pace with shifts in the market place. Service providers must be proactive in

collecting, collating and assessing their customers' service preferences against perceptions, to establish the extent to which customers requirements are being met by the services they provide and subsequently take corrective measures to sustain service quality

According to the experts with reference to the specific nature of service delivery, "empowerment becomes a very important issue to organizations to producing services" In that, the customers and the employees are engaged simultaneously in the production of service. In this regard, organization in choosing how best to serve its customers. In order for the management to trust that employees are successful in dealing their customers, the management has to give the employees the authority and necessary support to succeed at it. Gronrosse (2001:349) points out that employees' need to be empowered to perform, but they also need the good management, support system, technology and information. Middle managers can change the entrepreneurial flexible opportunities to the innovations compatible with the organization in a very specialized and sophisticated way (Goldsby, 2006). Communication plays a vital role as interaction and dialogue between provider and customer. Customer is not able to have information about the service prior to purchase. That is, customers generally have a list of attribute with varying weights on which an expected performance is sought from the service. In this regard, organization established performance parameters of communication for the customers.

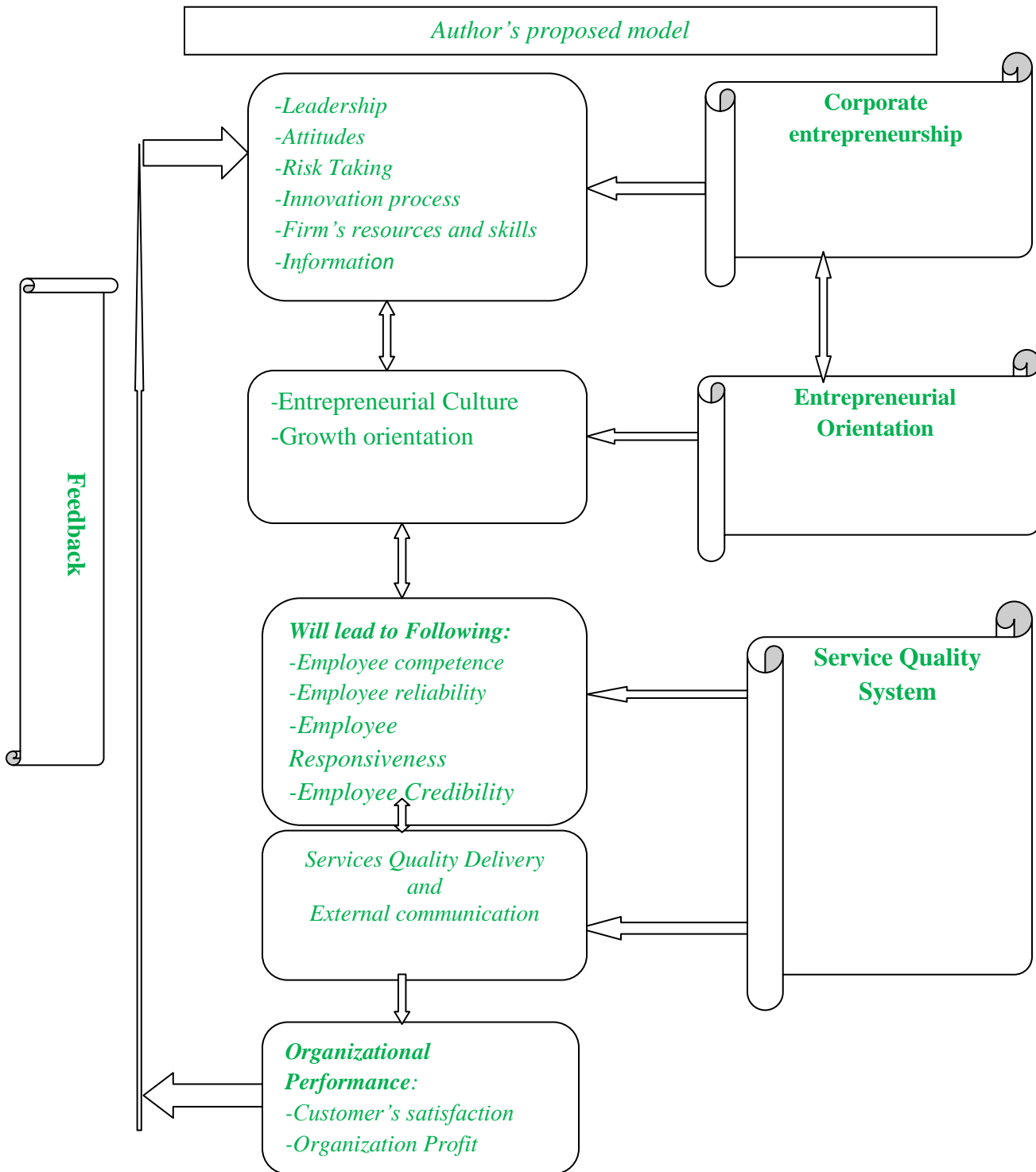
(E)Entrepreneurial Barriers

Typical barriers of entrepreneurial activities are described as well as innovation dilemmas that organizations solve. The innovation process is not linear, but six components of innovative behavior may be identified, together with specific roles employees play when moving the idea forward from idea creation to implementation. Important factors influencing the success of entrepreneurial behavior are discussed, involving the role of middle managers and reward systems. Recommendations for fostering entrepreneurial behavior and innovation are provided together with a simple inventory for measuring employee perception of managerial and organizational support for To effectively facilitate the development of entrepreneurship, organizations need to focus on such key factors as top management support, longer time horizons, resources, rewards, more flexible organizational structures, and a culture that is conducive to corporate entrepreneurship activity. The willingness of top management to facilitate, promote, and support entrepreneurial activity in the organization can take many forms, such as championing innovative ideas, providing necessary resources or expertise, or institutionalizing the corporate entrepreneurship activity within the organization's systems and processes. The company culture influences behavior within organizations that affects daily operations. The concept of culture describes a range of activities and features that are associated with organizational life. New employees

must be effectively integrated into the organization if they are to become useful members of the team. Existing employees must be able to adjust and adapt to structural and cultural changes necessary for growing in a dynamic environment.

(F)Conclusion

Corporate leaders know they can no longer expect established markets to simply keep on delivering, year after year. Now, they are looking for that growth from new markets, products and services. To effectively facilitate the development of corporate entrepreneurship, service quality organizations need to focus on such key factors as top management support, longer time horizons, Empowering employee, recognition resources, rewards, more flexible organizational structures, and a entrepreneurial culture that is conducive to corporate entrepreneurship and service quality activity. The willingness of top management to facilitate, promote, and support entrepreneurial activity in the organization can take many forms, such as championing innovative ideas, providing necessary resources or expertise, or institutionalizing the corporate entrepreneurship activity within the organization's systems and processes. New employees must be effectively integrated into the organization if they are to become useful members of the team. Existing employees must be able to adjust and adapt to structural and cultural changes necessary for growing in a dynamic environment. Culture also influences a number of aspects of organizational activity including how people interact. From a management perspective, culture occurs organically, naturally, and informally. Babakus and Boller (1992) also empirically assessed the scale proposed by Parasuraman et al. (1988) and suggested that the number of service quality dimensions is dependent on the service being offered. An organization's performance underlying market value will be determined by its ability to innovate. Management should promote a *entrepreneurial culture* and a climate within their organizations that is encouraging *innovation*, and pragmatic approach towards service delivery which lead to better *service quality* in the customer centric era.



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