

MARKETING

Nurturing entrepreneurship in the firm

If one looks at local firms in the private sector that are of any size, it becomes clear that in the beginning these were often the result of a vision held by an individual that was successful in starting a venture and nurtured its growth. The challenge for many such family firms comes when the second and third generation of the original founder start to assume responsibility for direction and must ensure that the original business continues to prosper.

It is often the case that the descendants of the original entrepreneur do not have the same vision. How can an organisation ensure its continued entrepreneurial spirit? Contrary to the situation with independent start-ups, the assumption implicit in much of the writings on management is often that the continued entrepreneurship of the firm results from teamwork, collective action, and a cooperative spirit. Teams have one great problem in that the final result can often be a compromise among the team members. It is jokingly said that the camel was an animal decided upon by a committee.

Entrepreneurship can only result from individuals within the organisation that champion a concept, persist in overcoming internal and external obstacles, and accept responsibility for failure. This person, often referred to as the corporate entrepreneur, is the employee who does not risk his own resources but nonetheless undertakes significant risk in that he

The last twenty years or so have seen many individuals who have decided to take the plunge and set up business on their own. Indeed, when we talk of entrepreneurship we often think of the individual who decides to set up on his own by opening some shop or commencing some importation venture. Yet companies within them must also have people who are entrepreneurs. These people are essential if the company is to ensure continued growth and success, writes Albert Caruana.

is tying his career prospects to the failure or success of the venture he champions. It is clear that such individuals are not primarily risking their own resources and consequently the rewards in case of success are similarly limited in that the major part of the benefit goes to the organisation.

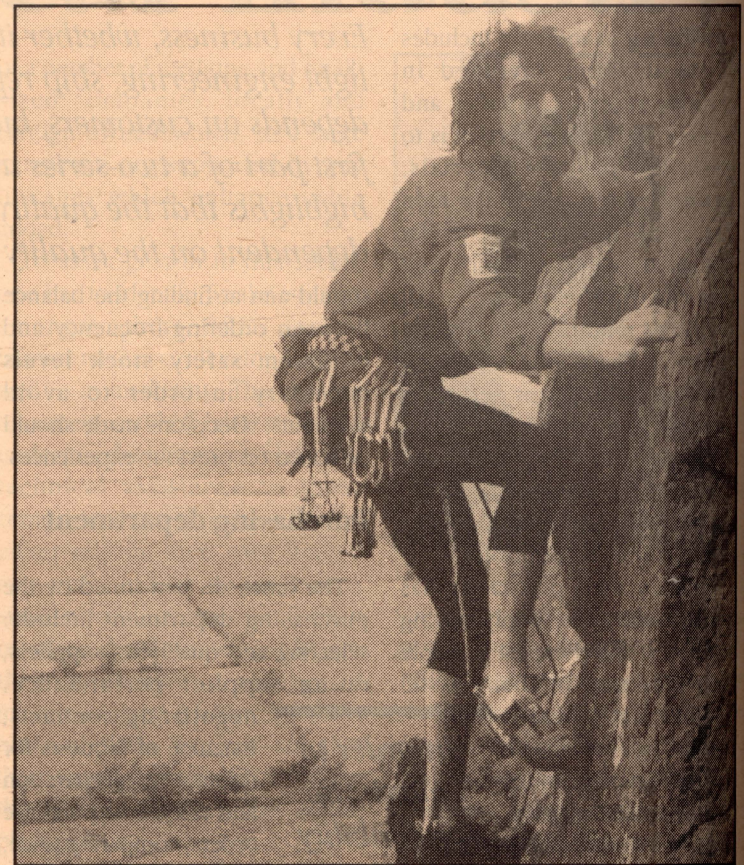
Characteristics

Entrepreneurship has been defined as the process of creating value by bringing together a unique package of resources to exploit an opportunity. Put like this it is clear that this applies to organisations of any size be they government or private. Research has shown that entrepreneurship has three key factors.

The first concerns the element of innovation. This refers to the firm's capability in developing novel or unique products, services or processes. It requires addressing questions dealing with such issues

as: What is the rate of new product and services introduced by your firm relative to competitors? Do we seek to continuously improve our firm's method of production and delivery? The second aspect focuses on risk taking. It involves questions relating to the willingness of key executives to grab opportunities having a reasonable chance of costly failures. It also involves a consideration of whether top management primary concern is for steady growth and stability and whether its approach is characterised by cautious, pragmatic, step at a time adjustments to problems. A final aspect considers the proactiveness of the approach adopted by the firm and its ability in identifying and taking advantage of opportunities that present themselves. Does top management seek unusual and novel solution to problems making use of consultants, brainstorming and so on?

Do we have a 'live and let live'



Taking risks is a vital aspect of entrepreneurship.

attitude towards competitors? The three elements of innovation, risk taking and proactiveness together determine the level of entrepreneurship that is to be found in a particular organisation at any point in the firm.

Individualism

What are the factors that determine the level of entrepreneurship in an organisation? In the case of individual start-ups it is clear that it is the individual that is the prime mover in the success of the venture. The corporate entrepreneur is without doubt a most desirable type of person to have in an organisation. An important issue is whether it is the individual or the collectivity of the team that is critical in enhancing entrepreneurial behaviour by the firm. Research on firms in the USA on this issue by Professor Mike Morris and his colleagues suggests that entrepreneurship is highest under conditions of balanced individualism-collectivism and declines in highly individualistic and more collectivistic environments.

Structures

It would seem that the type of organisational structure adopted is also a major influencer of the level of entrepreneurship in a firm. However, the type of structure adopted by a firm is contingent on the level of stability of the market the organisation is operating in.

Bureaucratic organisations are characterised by tight central control, rigid procedures, and a conformist philosophy - omniscience at the top and compliance at the bottom.

In the terms civil, military and religious service, the notion of service refers to a super ordinate authority. In the case of the military the super ordinate authority is the nation, in the case of the church it

is God, while in the case of the civil service it is the ruler. This may explain why the civil service has tended not to be too concerned with the service you and I receive! Bureaucracy has today taken on a derogatory meaning. However, bureaucracy represents one of the best methods of organisation when the organisation faces a stable, predictable environment.

As the environment becomes increasingly turbulent, it becomes critical that alternative forms of organisation are adopted that enable the firm to cope with the changes in the market. These generally involve a relaxation of central control and the delegation of increased autonomy to units.

It is this increased autonomy that can provide the necessary space for corporate entrepreneurship to develop and enable the firm to exploit the opportunities that arise out of the changes taking place in the market.

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Bank of Valletta Opening of New Sub-Branch at Triq il-Madonna tal-Gilju, Mqabba

Bank of Valletta
wishes to inform the general public that the
new Mqabba Sub-Branch
will be officially inaugurated on
Saturday 18th March 1995.

The Sub-Branch which will offer a
wide range of banking services including
Cashlink ATM facilities
will open to the public from
Monday 20th March 1995.



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