

A STUDY ON HOW THE 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. Corporate Entrepreneurship enhances a company's success by promoting product and process innovations. The empirical evidence provides that Corporate Entrepreneurship 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 based. In this regard, in-depth secondary data from like; Journal, books, published report was analyzed in the light of defined objectives.

OBJECTIVES

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

Following Issues have been Discussed

- Corporate Entrepreneurship, Service Quality and organizational performance
- Innovation Process in Organization & Role of Managers
- Entrepreneurial Orientation
- Service Delivery and External communication

- Entrepreneurial Barriers
- Conclusion

CORPORATE ENTREPRENEURSHIP, SERVICE QUALITY AND ORGANIZATIONAL PERFORMANCE

Corporate Entrepreneurship has been recognized as a potentially valuable means for promoting and sustaining organization performance, reward and corporate competitiveness over the past 3 decades. Entrepreneurial activeness help companies to develop new business that create revenue streams. The major goal of the Corporate Entrepreneurship 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. Corporate Entrepreneurship encompassed two major types of phenomena: New venture creation within existing organizations and the transformation of ongoing organizations through strategic renewal. Corporate Entrepreneurship 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. 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). For success of Corporate Entrepreneurship process, the following five factors should be considered wholly otherwise the appropriate planning for only one of them causes the failure in the Corporate Entrepreneurship's process: A) organization commitment to the concept of Corporate Entrepreneurship; B) Determining the Corporate Entrepreneurship model; C) Establishing entrepreneurial behavior; D) Identifying corporate entrepreneurs; E) Use compensation systems for stimulating Corporate Entrepreneurship.

Corporate Entrepreneurship activities enhance a company success by promoting product and process innovations. The empirical evidence is compelling that Corporate Entrepreneurship improves company performance by increasing the firm proactiveness and willingness to take risk and by pioneering the development of new product, process and service through enriching its competitiveness. The term corporate entrepreneurship is used to describe entrepreneurial behavior inside established medium-sized and large organizations. It embodies entrepreneurial efforts. 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 (SQ) is a comparison of Expect (E) about a service with Performance (P):

$$SQ = P - E$$

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:

- Customers' experiences with tangibles, reliability, responsiveness, assurance, and empathy aspects of service delivered by a firm;
- Technical and functional quality;
- Service product, service environment, and service delivery and
- Interaction quality, physical environment quality and outcome quality.

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

- **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.
- **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.
- **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.
- **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.
- **Employee Communication** means both informing customers in a language they are able to understand and also listening to customers.
- **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.
- **Access** is approachability and ease of contact.

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

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. The objective of corporate innovation is to strengthen corporations' external competitiveness and enhance internal capabilities through product or process innovation.

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. Kuratko *denotes the role of good managers* in Corporate Entrepreneurship act invitees and mentions that these managers are responsible to make an entrepreneurial strategic vision and stimulating the architecture of an entrepreneurship-oriented organization, but these managers have a weak understanding of implementing techniques and strategies of Corporate Entrepreneurship innovation. Middle managers can change the entrepreneurial flexible opportunities to the innovations compatible with the organization in a very specialized and sophisticated way. 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.

ENTREPRENEURIAL ORIENTATION

Growth Orientation

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. The corporate culture is one which celebrates caution and conformity, convention, protocol, rules and procedures. “*The culture that allows individuals to bring new ideas and tolerate risk is a key element of sustainable business performance*”. Entrepreneurial culture stimulates innovation, flexibility and performance. Entrepreneurially- oriented companies establish clear and meaningful core values and ensure they are shared within the organisation. 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. 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. It is 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. The conclusion was 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. Also as mentioned earlier, core values are critical for the entrepreneurial culture to be successful.

SERVICE DELIVERY AND EXTERNAL COMMUNICATION

Services are performance. This 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 has to be established. 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. The researcher points out that employees’ need to be empowered to perform, but they also need the good management, support system, technology and information.

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.

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.

CONCLUSIONS

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. 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. It is 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 witch lead to better *service quality* in the customer centric era.

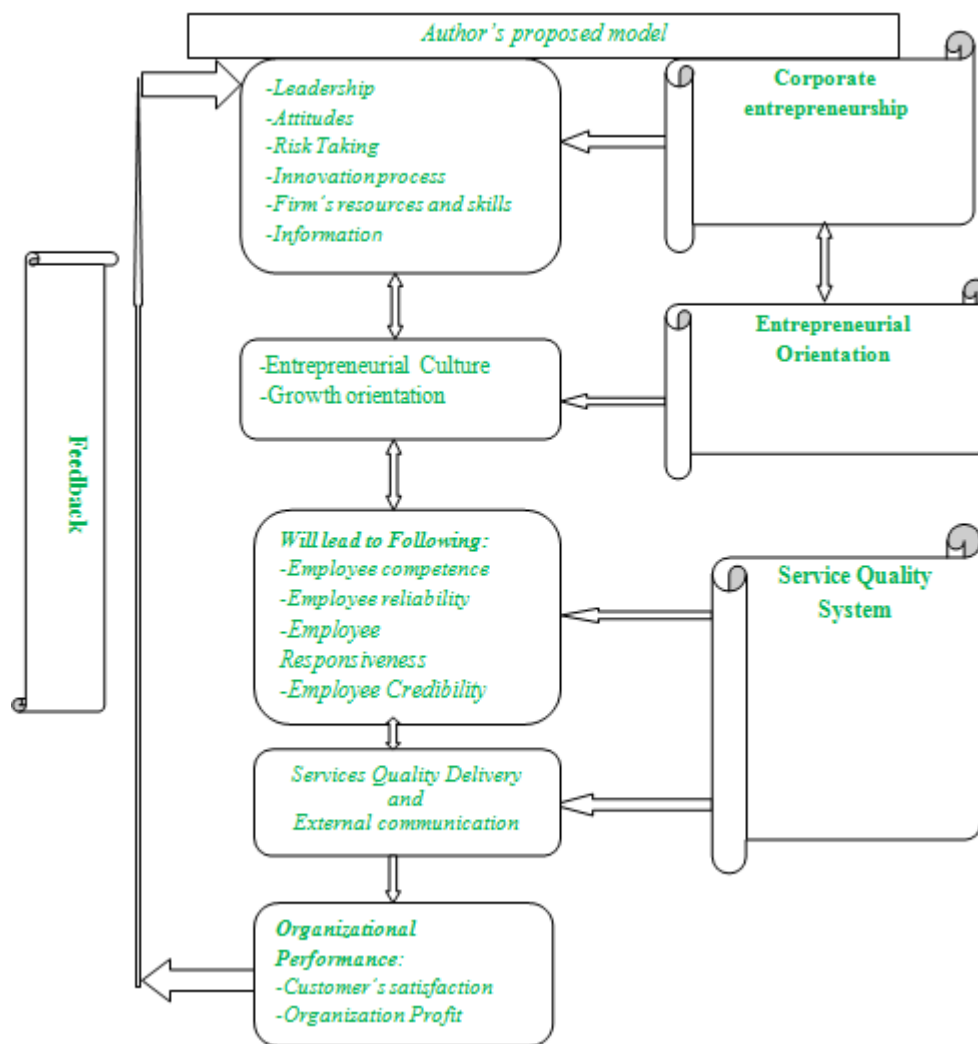


Figure 1

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