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CORPORATE ENTREPRENEURSHIP AS RENEWAL STRATEGY AFTER COVID-19: THE CASE OF SERBIA

Abstract: The main aim of the paper is to emphasize the role of corporate entrepreneurship in the strategic choice after Covid - 19 pandemic. Main proposition was that innovation and corporate entrepreneurship would be created a renewal and new growth. The study has been conducted on 287 managers and employees from various companies in Serbia. The Corporate Entrepreneurship Assessment Instrument (CEAI) has been used by written permission given by authors (Kuratko et al., 2014). The relevant statistical methods have been used for data analysis by SPSS 24.0 software. The results of factor analysis showed the key factors named management support, work discretion, rewards, and organizational boundaries from CEAI questionnaire that must be included into renewal strategy in Serbian companies. The limitation and future research agenda would be presented, too.

Keywords: strategy, corporate entrepreneurship, renewal, innovation, Serbia

1. INTRODUCTION

The Covid - 19 pandemic has brought the significant socio-economic changes throughout the world. In such circumstances, the managers have been forced to rethink strategies and business model. Corporate entrepreneurship can be critical to a company's success. In developing countries and transition economies, it is very important to reconsider adopting business strategies and processes that facilitate entrepreneurial attitudes, thinking and behavior. The renewal can be reached by seeking for something new in their functioning, new products, services, suppliers, customers, distribution channels, markets, new marketing, organizational and other technical and non-technical solutions.

Although, the term corporate entrepreneurship has introduced since '70-ies XX century there is no consensus about definition. Corporate entrepreneurship encompasses situations when managers were introducing new ideas into the company or changing the basic idea that covers the entire business. The corporate entrepreneurship emphasizes the increasing ability of the company to adopt and develop innovative and creative abilities. Entrepreneurship could be used for the competitive position improvement and organizational transformation, as well. Many authors point to the significance of the corporate entrepreneurship as a strategy of growth and way for acquiring and maintaining of the competitive advantage (Dess et al., 1999; Kuratko, 1993). Corporate entrepreneurship focuses on increasing the organization's ability to adopt innovative skills. The role of organizational culture is to accelerate the innovation process and promotion of entrepreneurial spirit.

In post Covid-19 era, it is necessary to possess the entrepreneurial capabilities and good interaction with the environment as well in order to acquire and maintain competitive position. In this paper, the authors stressed the importance of corporate entrepreneurship as renewal strategies.

The empirical evidence dominated by papers from U.S. authors (Kuratko et al., 1990; Antoncic & Hisrich, 2001; Zahra, 1993; Zahra, 2007; Hornby et al., 2002; Hornby et al., 2009; Li et al., 2009; Kuratko et al., 2014). The minor studies included transition economies (Yildiz, 2014; Rodriguez-Pena, 2021; Vizitiu et al., 2018; de Araujo Castro et al., 2020). Our study would contribute to aforementioned research gap. The subject of this study is assessment of five factors i.e. management support, work reinforcement, rewards, time availability and organizational boundaries in Serbia environment.

Beside introduction and conclusion part, this paper is structured into following sections. The next section is devoted to review of past research; followed by the research methodology, as well as research results and discussion.

2. REVIEW OF PAST RESEARCH

Recently, two papers have been published with extensive review of past research in domain of corporate entrepreneurship (Burger & Blazkova, 2020; Popowska, 2020). In this paper, the authors have been focused on the Corporate Entrepreneurship Assessment Instrument (CEAI), a research tool that can facilitate the enhancement of the crucial role that employees should play in corporate entrepreneurship activities (Hornsby et al., 2002).

Various studies pointed different benefits of using the CEAI such as following:

- Improving the entrepreneurial skills of individual employees as well as higher levels of job satisfaction (Van Wyk & Adonisi, 2011).
- A tool to develop elements of organizational culture (Ireland et al., 2009).
- To what extent an organization would successfully implement an innovative strategy, highlighting the areas of the internal work environment that should be improved in future (Kuratko et al., 2014).
- CEAI can be applied through various means to benefit many organizations looking for continuous growth and innovation based on corporate entrepreneurship (Kim & Park, 2020).

Some authors argued that CEAI provides a method to identify entrepreneurial limitations in organizations that could be destructive to the corporate entrepreneurial environment and demoralizing to employees (Van Wyk & Adonisi, 2011).

The CEAI was found to be a relatively stable instrument (Davis, 2006). The results of a research suggests that there are differences between the impact of CE in emerging economies such as the Colombian one and those from developed economies (Rodrigues-Pena, 2021). To reduce the development gap between emerging economy countries, such as Colombia, and developed countries, the author suggested that the leaders of industrial associations and universities should be the first to come up with efforts to find fields of technological development, which involve the creation of products with high added value, knowledge-intensive.

The results of pilot testing of CEAI in four Serbian organizations indicated possibility of implementation of questionnaire in transition environment (Kontic, 2011). Then, study expanded to 12 organizations and 355 respondents (Kontic, 2012). Another study embodied only public organizations in Serbia (Kontic & Vidicki, 2016), but became longitudinal study financed by Government of Vojvodina approved the implementation of CEAI in Serbian context (Kontic et al., 2017).

Corporate entrepreneurship strategy represents a firm's coordinated efforts towards entrepreneurship and is an overarching strategic approach that may be suitable for diverse types of organizations and industries. Yet, it remains on the knowledge frontier because the actual implementation of this strategy remains a challenge for many organizations. CES is built upon three internal elements: an entrepreneurial strategic vision, a pro-entrepreneurship organizational architecture, and entrepreneurial processes and behaviors (Kreiser et al., 2021).

3. RESEARCH METHODOLOGY

The research instrument was the original CEAI translated into Serbian language.

Five factors that indicate the existence of corporate entrepreneurship in the organization are (Kuratko et al., 2014):

- *Management Support* representing the highest level of readiness of managers to facilitate and promote entrepreneurial behavior and includes encouraging ideas and providing resources for entrepreneurial activities.
- *Work discretion*, which includes tolerance of failure, delegation of authority and responsibility to managers of medium level. It is important that employees are creative in the execution of their tasks.
- *Rewards/reinforcement*, which is the development and use of the reward system based on performance and highlighting significant achievements and praise.
- *Time availability* for the initiation of innovation by individuals and groups, as well as the structuring their affairs so as to implement short and long term goals of the organization.
- *Organizational boundaries* specify the expected results and developing mechanisms for evaluation, selection and implementation of innovations.

Considering the situation caused by Covid - 19 pandemic, the following steps were undertaken:

- The research team compiled a list of companies in Serbia where the team members had business contacts or friends in managerial positions (“survey insiders”),
- The selected companies were diverse with regard to ownership structure, industry and geographic location.

Research sample consisted of 287 respondents with categorical variables such as gender, age, educational level, work experience and hierarchical level in companies. The research took place during January to June 2020. The survey was conducted directly, i.e. the participants were aware they were participating in a survey, but the questions were not known ahead of time. This was important to avoid any behavioral bias in the responses. The majority of the “survey insiders” used their business contacts successfully. The response rate was outstanding – 98%.

For the purpose of data analysis, the factors were extracted according to Principal Component Analysis. After extracting the factors, Promax with Kaiser normalization as rotation method was applied.

4. RESULTS AND DISCUSSION

The results of reliability analysis showed that the CEIA questionnaire is adequate for investigating phenomena of corporate entrepreneurship in Serbian companies. Regarding the individual factors, the four of five factors have Cronbach’s Alpha higher than 0.60 (i.e. Management support - 0.930, Work discretion - 0.811, Rewards/Reinforcement - 0.793, and Organizational boundaries - 0.741). Only factor *Time availability* had Cronbach’s Alpha below the value of 0.60 (i.e. 0.564). This goes in line with other studies conducted in transition environments (Vizitiu et al., 2018; de Araujo Castro et al., 2020).

According to Kuratko et al. (2014), time availability embodied the initiation of innovation by individuals and groups, as well as the structuring their affairs so as to implement short and long term goals of the organization. To encourage innovation, it is important to provide employees the time to devote to solving long-term problems. Respondents in this study thought that they have no certain period of time reserved for creativity and innovation in their organizations.

To measure of how suited the data is for Factor Analysis, the Kaiser-Meyer-Olkin (KMO) Test and Bartlett’s Test have been running. The results were KMO=0.907, and Bartlett’s Test has been significant at level 0.01. Therefore, the data have been suited for the Factor analysis. Then, the Primary component analysis (PCA) has been used as a optimal method for revealing maximum number as well as characteristics of key factors. The items with loadings less than 0.3 have been excluded. The factor Time availability included 6 items. The results of PCA have been that 3 items had loading less than 0.3, and 2 items had negative values.

The last method that has been used was Promax factor rotation with Kaiser Normalization. The results of this research are presented in Table 1.

Table 1: The key factors of the corporate entrepreneurship in Serbian companies

Factors and items	Factor loadings (cor)
Factor 1. Management support	
People are encouraged to talk to employees in other departments of this organization about ideas for new projects.	0.722
This organization supports many small and experimental projects, realizing that some will undoubtedly fail.	0.632
Those employees who come up with innovative ideas on their own often receive management encouragement for their activities.	0.621
Upper management is aware and very receptive to my ideas and suggestions.	0.572
Many top managers have been known for their experience with the innovation process.	0.549
Individual risk takers are often recognized for their willingness to champion new projects, whether eventually successful or not.	0.532
A promotion usually follows from the development of new and innovative ideas.	0.524
Senior managers encourage innovators to bend rules and rigid procedures in order to keep promising ideas on track.	0.522
Factor 2. Work discretion	
This organization provides the freedom to use my own judgment	0.638
This organization provides the chance to do something that makes use of my abilities.	0.630
I have the freedom to decide what I do on my job.	0.588
I almost always get to decide what I do on my job.	0.582
Harsh criticism and punishment result from mistakes made on the job.	0.565
Factor 3. Rewards and reinforcement	
My supervisor will give me special recognition if my work performance is especially good.	0.953
My manager would tell his/her boss if my work was outstanding.	0.573
The rewards I receive are dependent upon my innovation on the job	0.512
There is a lot of challenge in my job.	0.500

Factor 4. Organizational boundaries	
During the past year, my immediate supervisor discussed my work performance with me frequently.	0.649
I clearly know what level of work performance is expected from me in terms of amount, quality, and timelines of output.	0.574
On my job I have no doubt of what is expected of me.	0.571

Extraction method: Principal component analysis

Rotation method: Promax with Kaiser Normalization

Source: Authors' calculation

The four of five factors from original CEAI questionnaire have to include into the renewal strategy in Serbian companies. It goes in line with the results of the recent studies conducted in developing countries (Vizitiu et al., 2018; de Araújo Castro et al., 2020; Galván Vela et al., 2020). Why Time availability has not been recognized as relevant factor in Serbia, Romania or Latin America? Does national culture play a role?

According to Hofstede's (2001) characteristics of national culture, the answer to the question why Time availability has not been recognized as a relevant factor in Serbia and in other countries with similar cultures i.e. Romania, Mexico, Cuba has to be looked in the combination of the factors of national culture high power distance and uncertainty avoidance with low individualism. This is a theme of another study that author will conducted.

In domain of the factor Work discretion, the results have been twofold. The respondents had freedom in their work, from one side. From other side, the harsh criticism and punishment have been frequently used by observed managers. It can be concluded that in observed sample, a motivational approach named Carrot and stick has been used. Managers were offering a "carrot" (a reward for good behavior) and a "stick" (a negative consequence for poor behavior).

There are several benefits of the carrot and stick leadership style such as the followed (Husseain et al., 2017):

- Fostering of the commitment of the employees to goals and objectives;
- Communication of leaders' commitment to strategy;
- Fostering of close working relationship between the leader and the employees who need to be present all or most of the time to monitor.
- Enhancement of effective communication between the leader and the employees;
- Allows for shared knowledge behavior in companies.

Opponents of carrot and stick theory, which is widely used in all aspects of social life, pointed to the following arguments (Davis, 2014; Asal et al., 2018):

- Cost intensive nature of the carrot and stick leadership in implementation,
- An eliciting compliance and cooperative behaviours of employees, and
- In conflict situations this strategy can be destructive to the companies.

In long time period, the carrot and stick leadership is not appropriate style because they will derogated the organizational culture, blocked the innovation, and the most effective employees will be the company.

To generate renewal of the observed companies, it is important to support innovation, communicate to employees, clearly defined tasks and lead them by its own example.

CONCLUSION

In developing economies, it is very important to reconsider adopting business strategies and processes that facilitate entrepreneurial attitudes, thinking and behaviour. The renewal can be reached by adopting the concept of corporate entrepreneurship. The results of this study revails existing problems regarding innovation and entrepreneurship in Serbian companies. The standardization and routine have been wide spread into Serbian companies, especially in state owned. This could be potential barrier to introduct the concept of corporate entrepreneurship.

The results of factor analysis showed that the key factors from CEAI questionnaire, such as management support, rewards, organizational boundaries and work discretion, that must be included into renewal strategy in Serbian companies. The development of new and innovative ideas from employees have to be supported by top and middle-level managers. This includes financial as well as non-financial rewards. The carrot and stick leadership style can lead to positive effects in the short period of time. The negative effects on organizational culture have been evidenced. Therefore, we suggest proactive leadership in order to generate renewal in Serbian companies.

This is the first extended use of CEAI, conducted with permission of authors, in Western Balkan countries. There are cross-cultural differences in the process of validation of research instrument constructed in one national culture investigating phenomena in different national culture. The characteristics of Anglosaxon culture are different from organizational culture in Serbian organizations. Although, research sample included organizations from various sector of Serbian economy, study focused on one transition environment. The cross-cultural differences can be reason why time availability had not been recognized as relevant factor for Serbian companies.

Future study will extended to other Western Balkan countries i.e. The North Macedonia, Bosnia and Herzegovina, Montenegro.

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