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Address:

Institute of Economics-Skopje
Prolet 1
1000 Skopje
Republic of Macedonia
phone : +389 2 3115 076
fax : +389 2 3226 350
E-mail: eis@ek-inst.ukim.edu.mk

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On the path of development of the economic thought and building a wide network of research and professional cooperation with other countries in the world, we set new goals, criteria and challenges in order to improve the journal’s quality. In this regard, during 2010 and 2011, significant changes have been made in editorial policy, design and its availability to broader academic and professional public in the region and worldwide. As result of all this changes, starting from no. 3/2010 “Economic Development” will shift into international journal, will be published in English language and will be distributed in all countries of the region and worldwide.

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Original scientific paper

MARIJA MAGDINCEVA-SOPOVA¹

KIRIL POSTOLOV²

TANJA ANGELKOVA PETKOVA³

THE IMPACT OF CORPORATE ENTREPRENEURSHIP ON GROWTH OF THE COMPETITIVENESS OF ENTREPRISES

Abstract

The study and development of modern-corporate entrepreneurship is related to the meaning, the place and role of the concept of modern entrepreneurship in the operation of such enterprises that need to face the challenges imposed by the new conditions of operations. Global working conditions are forcing enterprises to act flexibly and constantly look for new ways of working and the concept of corporate entrepreneurship is a condition where enterprises apply new ways of working and relating enterprising. Enterprises are located in the new development phase which is characterized by discovering new job opportunities, introducing innovations, scientific discoveries, using modern technology in operation and change in the approach to employees.

In the applied part of the paper where a practical research was conducted through the method of a questionnaire which actually contains the elements of the model of corporate entrepreneurship such as autonomy, innovation, proactive, competitive aggression and risk-taking is the perceived

¹ PhD, University "Goce Delchev", Faculty of Tourism and Business Logistics – Stip
E-mail: marija.sopova@ugd.edu.mk

² PhD, University "Ss. Cyril and Methodius", Faculty of Economics- Skopje
E-mail: kirilp@eccf.ukim.edu.mk

³ PhD, University "Goce Delchev", Faculty of Tourism and Business Logistics – Stip
E-mail: tanja.angelkova@ugd.edu.mk

in terms of the presence of the model enterprises. The results of the survey show that changes are needed in terms of organizational requirements for supporting innovative approach in operation, competitive market positioning and underwriters. Based on the result, ways are proposed for the integration of modern entrepreneurial process to the current processes in enterprises because the application of the concept of corporate entrepreneurship creates conditions for competitive performance of enterprises and achieving a competitive position based on the ability and knowledge of employees, management or entrepreneur.

Key words: corporate entrepreneurship, entrepreneur, competitiveness, innovation.

JEL classification: L030

Introduction

New technological processes create conditions for great flexibility in operation. Competition and changes in market conditions are causing rapid changes in all enterprises. Every enterprise must be prepared to constantly monitor the dynamic trend of change. The basics of the successful operation of enterprises are gaining a competitive edge by supporting innovative organizational culture and successful change management. The innovative business environment and good management of change management are key factors that companies transform uncertainty into certainty. In global working conditions, entrepreneurship is not a natural creative process, nor are entrepreneur's persons that are predefined as a result of congenital characteristics they possess. The concept of corporate entrepreneurship involves a situation in which enterprises apply new ways of working, new ideas within enterprises and entrepreneurial philosophy that covers the entire operation (Covin and Miles, 1999).

1. CORPORATE ENTREPRENEURSHIP AND CORPORATE ENTREPRENEUR

Modern-corporate entrepreneurship occurs with the emergence of capitalism, but the highest growth was recorded in the phase of liberal capitalism. Learning and development of this phenomenon are related to the meaning, the place and role of the concept of modern entrepreneurship in the operation of enterprises as a need to confront the challenges which impose the new conditions in operation. Unlike the traditional concept of entrepreneurship, corporate entrepreneurship contains the developmental dimension of ideas, capital and risk. Concepts such as intra-entrepreneurship, intra-corporate entrepreneurship, intra-corporate entrepreneurs, innovative and entrepreneurial strategies, level of entrepreneurial success and entrepreneurial orientation, are also used to define the phenomenon of corporate entrepreneurship (Antonicic and Hisrich, 2004). The concept of entrepreneurship is expanding the notion of entrepreneurship and entrepreneur as an individual and owner of the enterprise in general and relationships in the enterprise that thrive on teamwork.

The processes of corporate entrepreneurship are implemented within the existing way of work organization, regardless of its size, and these processes are not only creating new businesses, new ventures, but also extend to the development of new products, services, technologies, new management strategies and achieve a competitive position as innovation activities.

Enterprises are located in the new development phase that is characterized by discovering new job opportunities, introducing innovations, scientific discoveries, using modern technology in operation and change in the approach to employees. Successful enterprises connect knowledge and experience of the employees with the strategy and planned innovations due to improving profitability, growth and realize better results of operations.

The ability to create something new cannot possess every entrepreneur, but only those who have the knowledge and ability to implement the new ideas and ways of working. Corporate entrepreneurs are those employees who realize new business ventures, innovation of product or service, process innovation, risk taking and expressed competitiveness. The need for new products also supports the development of corporate entrepreneurship as it forces enterprises to think about the possibilities providing new products. Modern theory suggests that not enough only for new ways to combine resources, but it is necessary

to create new resources (Drucker, 1996). The basis for the application of the concept of corporate entrepreneurship in enterprises is the implementation of an adequate organizational structure that fosters entrepreneurial behavior and focus on innovation and flexibility to change and market demands. Corporate entrepreneurship is a new management philosophy that promotes to promote strategic agility, flexibility, continuous creativity to change the orientation of the administrative staff to intra- entrepreneurs. (Kraus & Kauranen, 2009). Enterprises that implemented the concept of corporate entrepreneurship, means that they are practicing entrepreneurial, innovative culture of behavior, and are willing to continuously introduce changes in the organizational structure ,as well as changes in the mindset of all employees, managers and employees of the company.

2. SPECIAL FEATURES OF CORPORATE ENTREPRENEURSHIP

Promotion of work is challenging, desired state and the basic goal of any enterprise. Enterprises continuously meet the challenges of rapid and constant change, new technology, globalization, global crises and so on. To survive and grow enterprises , they constantly seek new opportunities in the global market. Global operating conditions are forcing modern enterprises and entrepreneurs for constantly seeking new solutions to achieve or maintain their competitiveness which represents the basis for success of any enterprise. Corporate entrepreneurship, one of the important sub-areas of entrepreneurship, could also be described as a process by which an individual or group of individuals within the existing organization, creates a new organization or encourage the processes of renewal or innovation within the organization enterprises (Sharma & Chrisman, 1999). The corporate concept of entrepreneurship extends understanding of the concept of entrepreneurship and entrepreneur.

The modern understanding of the term entrepreneurship no longer recognizes entrepreneurship as an individual who is the owner of the enterprise, but as an enterprise in which teamwork is present.

The traditional concept of entrepreneurship defines entrepreneur as a person who is the owner and manager of the enterprise and who has enough resources to begin production. General, entrepreneurship involves

the creation of a new economic entity, established as the new product or service, which is different from the products or services offered elsewhere in the market. Unlike the traditional concept of entrepreneurship in which the entrepreneur is the sole owner of total activities beginning from the capital, idea, risk taking and else., corporate entrepreneurship is characterized by the enterprise or corporation is an owner, winner of all activities. The traditional notion an entrepreneur, defines entrepreneur as a creative person who takes advantage of opportunities to organize the production process, innovate and take risks. The modern notion of the entrepreneur defines entrepreneur as a person who has an innovative approach to addressing the challenges, possesses the capability for decision making and compliance work in a group. Corporate entrepreneurs always act creatively and innovatively. The main goal of these entrepreneurs is to find a solution to the emerging problems. Because of that corporate entrepreneurs always take highly risky, creative and innovative activities. Considering the extremely difficult job of solving emerging problems, corporate entrepreneurship is extremely innovative. Innovation, risk-taking and proactiveness are "original size" of corporate entrepreneurship (Covin and Slevin, 1986).

The traditional concept of entrepreneurship focuses on the individual, the entrepreneur who takes the overall risk in the operation apart from the modern entrepreneurial concept by which the risk of errors takes over the enterprise. Taking risk is tied to a willingness to transfer more resources to projects where there may be high costs of the mistakes (Miler and Friesen, 1978). Employees working in enterprises with corporate organizational culture are limited in terms of financial benefit which could make unlike traditional entrepreneurs who have no restrictions in terms of opportunities for reward. The decision-making process, the individual versus the traditional approach with the corporate team approach, defines the responsibility of operations.

Entrepreneurial culture accelerates innovative creativity, risk taking and organizational learning and the basic characteristics of the conservative culture are controlled, numerous rules and avoiding the risk of errors (Atuahene-Gima and Ko. A., 2001).

Corporate entrepreneur shares the results of operations with team members and traditional entrepreneur faces uncertainty in operation regardless of employee involvement in decision-making and performance results. Employees who participate in the process of corporate entrepreneurship within the enterprise must possess specific individual skills to successfully integrate existing and new knowledge and identify, evaluate and embrace entrepreneurial

opportunities (Heyton & Kelly, 2006). Corporate entrepreneurship is a process of continuous learning, the ability to deal with problems and learning problems. The ability to identify the causes of problems allows corporate entrepreneurship not only be able to cope with the problems but also to learn from them. Corporate entrepreneurial behavior is a response to the constant changing environment. Corporate entrepreneur constantly learns to adapt decision-making to dynamic processes.

3. APPLICATION OF CORPORATE ENTREPRENEURSHIP

The modern concept of entrepreneurship today represents a continuous creative process, whose main objective is the implementation of innovation and new ways of working in enterprises in order to improve the effectiveness of operations and solving emerging problems, meeting the needs of consumers and society. The concept of work in modern enterprises is based on the entrepreneurial concept of work that is based on accepting the risk of errors, creativity, innovation and activity and responsibility of every employee in the enterprise to achieve organizational goals. In the modern conditions of work, entrepreneurship is not innate, inherited characteristic of certain undertakings. All enterprises regardless of and activity performed must encourage entrepreneurship as a universal process. Size enterprises are not limiting in terms of the application of innovation and entrepreneurial initiative (Drucker, 2005). Large enterprises must encourage corporate entrepreneurship to overcome problems faced in everyday work. Enterprises who want to succeed in complex and dynamic environment apply entrepreneurial organizational structure and entrepreneurial management. Entrepreneurial management concept is the basis of entrepreneurial oriented enterprise. Corporate entrepreneurship as a modern concept is represented in those enterprises that support innovation and creativity of employees. The existence of an organizational culture that encourages innovation provides conditions for the application of the concept of corporate entrepreneurship. Entrepreneurial behavior and encouraging of entrepreneurship organizational culture allows businesses to improve operations. Corporate entrepreneurship enables enterprises to be future-oriented, integration model of entrepreneurship in the processes and procedures in the enterprise, flexibility and creating a business climate that prioritizes innovation. Enterprise management has

a major role in understanding the necessity of applying the concept of corporate entrepreneurship. Competitive aggressiveness and entrepreneurial orientation of the enterprise are activities of top management (Antoncic and Hisrich, 2004). Implementation of innovative activities in the operation can realize only self-motivated employees who have a positive attitude towards constant changes in operation. Successful enterprises unite the previously acquired knowledge of employees with work plan and future strategy for work that contributes to creating a new ability of the enterprise that can enhance performance, increase profitability and facilitate the development of the enterprise. From the management of enterprises are expected to encourage employees to constantly reveal original values for consumers and new ways to reduce operating costs and continually improve the knowledge, skills and abilities they possess. The identity of enterprise that applies corporate entrepreneurship varies according to five key elements: autonomy, innovation, proactive, competitive aggression and risk-taking (Dess, Lumpkin and Eisner, 2007).

Enterprises possess a certain degree of freedom in operation, regardless of whether the enterprise is working on identifying or implementing new activities or attempts. Autonomy as a feature of corporate entrepreneurship means independence and free access to the implementation of business activities.

Enterprises that practice the concept of corporate entrepreneurship encourage employees to innovative and creative behaviors. Innovation is the specific instrument of entrepreneurship which uses the resources of the new capacity to create wealth (Reynolds, 2001).

Proactive enterprises constantly follow new trends and try the fast and most efficient way to find a solution to the emerging problems. As a basic feature of corporate, entrepreneurial orientation, pro-activeness is aimed at constantly finding new opportunities in conditions where rapid development of technology leads to the emergence of new competitors.

Competitive aggressiveness is encouraged by the development of a positive attitude towards the need of constant change and basis for change is the innovative activity and orientation towards competitive market positioning. Well-off enterprises basically have the courage to be first to market in such conditions (Suarez & Lanzolla, 2005). The constant support of new ideas, innovative activity, creation of innovation and trying to be dominant in the market, express competitive aggressiveness of the enterprise as an element characteristic of corporate entrepreneurship.

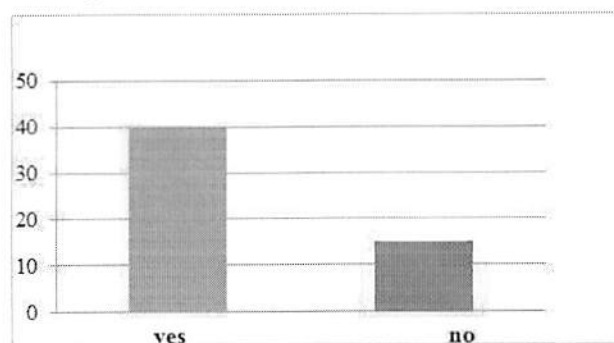
Risk taking is the basis for determining the identity of the entrepreneur. As a component of corporate entrepreneurship, taking risks is identified with the desire to succeed and the ability to foresee opportunities. The entrepreneur is the bearer of responsibility, but always tries to minimize the risk and predict in advance.

4. METHODOLOGY AND RESEARCH RESULTS

In order to perceive and determine whether the enterprises in the Republic of Macedonia represent the concept of corporate entrepreneurship a practical research was conducted. Through the method of questionnaire consisting of five questions which actually represent the model of corporate entrepreneurship is expressed by the presence of elements such as autonomy, innovation, proactive, competitive aggression and risk-taking were 70 enterprises in private ownership in the Republic of Macedonia were examined. From the surveyed enterprises, 55 showed interest in it and fill in the questionnaire and the other did not show interest for responding the questions. The results from the research are presented graphically.

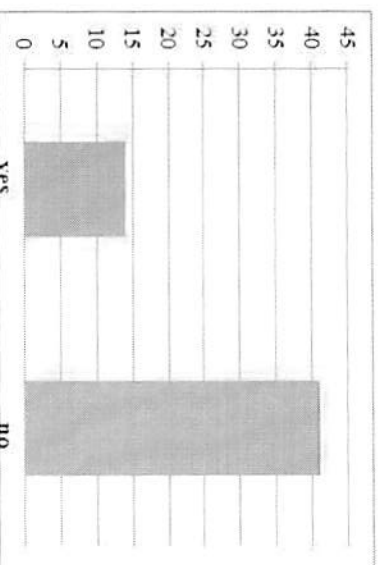
According to the descriptive statistics and the total number of observations received on each issue, we concluded that on the first question - Is the management independent in making decisions about business operations?, 43 surveyed managers said that they are fully independent and autonomous decision-makers in the enterprise operations and 12 managers responded that decisions are made in consultation with the owners.

Figure 1: Is the management independent in making decisions about business operations?



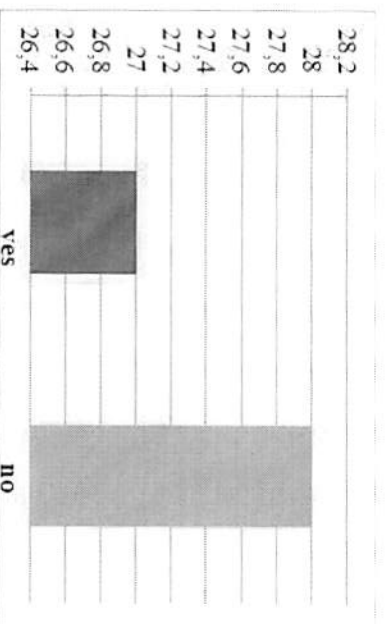
The second question - Do you encourage innovation among employees by providing financial resources for innovation?, the majority of respondents 41 said they do not provide financial resources for innovation and 14 managers responded that the enterprise has a special fund for financial innovation.

Figure 2: Do you encourage innovation among employees by providing financial resources for innovation?



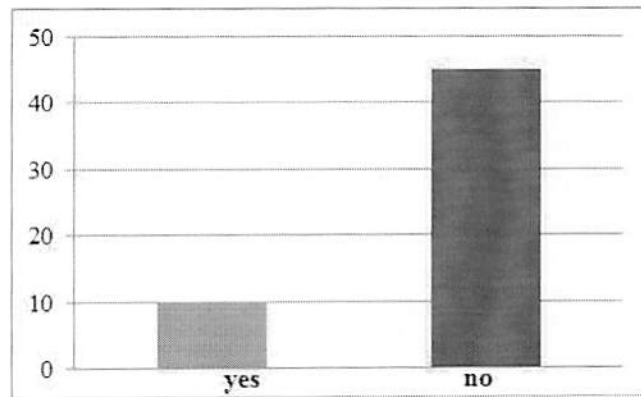
The third question - Do you follow new trends and behavior among competing enterprises? 28 managers of surveyed enterprises said they constantly monitor developments in competing enterprises and 27 managers responded that they work in the usual way of working.

Figure 3: Do you follow new trends and behavior among competing enterprises?



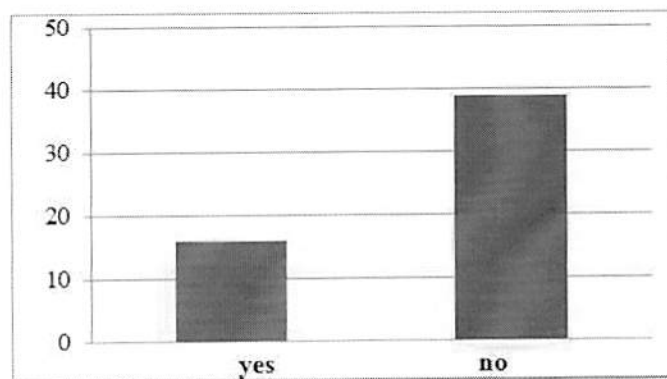
The question –Do you dominate the market and the environment in which you work? 45 managers responded that they do not dominate the market and in the environment in which they work and 10 managers believe that their enterprise has a dominant market position.

Figure 4: Do you dominate the market and the environment in which you work?



The fifth question – Do you take risks in your business operations? 15 managers responded that they undertake risk operations and 40 managers responded that they do not take risks in business.

Figure 5: Do you take risks in your business operations?



According to the results of the survey on the representation of the model of corporate entrepreneurship enterprises in the country, it is noted that the management of most enterprises surveyed, is an independent operation

but in terms of taking risk is limited or does not take risks in business. Almost half of the surveyed companies are trying to follow the developments in the environment in particular activities and business processes in competitive enterprises. Management of a small number of companies is trying to motivate the employees to introduce innovative ways of working by providing funding for innovation.

Conclusion

The dynamic trend of changes in the environment causes changes in the way the organization of work and the concept of entrepreneurship. Modern managers are predicting on time the future developments and therefore introduce changes in the entrepreneurial orientation of the enterprise. The traditional model of entrepreneurship replaces the modern model of corporate entrepreneurship that contributes to achieving positive organizational outcomes. Therefore, this concept is the subject of study and research on various aspects and dimensions.

Enterprises that implement the corporate model of entrepreneurship have certain organizational features that allow the model of corporate entrepreneurship to be applied. Corporate entrepreneurial orientation integrates the entrepreneurial process with other processes in enterprises and corporate entrepreneurs, continuously promote processes of change and innovation within the enterprise. The application of the concept of corporate entrepreneurship creates conditions for competitive performance of the enterprise and achieving competitive position based on the ability and knowledge of management or the modern entrepreneur but also advancing the knowledge of all employees. In this regard, important precondition or model for implementing a corporate entrepreneurship and corporate entrepreneurship orientation in enterprises are: encouraging constructive, open communication between staff at all levels, encouraging individual creativity, encouraging teamwork, constructive approach to solving problems, decentralized organizational structure that provides an open approach to the application of models of innovation, the existence of organizational resources for research and development and organizational mechanisms for adjusting the enterprises and employees to the changes.

The results of the conducted survey on the representation of the model of corporate entrepreneurship within enterprises in the Republic of Macedonia

according to the presence of features such as autonomy, innovation, proactive, competitive aggression and risk-taking show that changes are needed in terms of organizational conditions to support innovative approach to business, competitive market positioning and underwriters.

In order to overcome and improve the situation determined by the introduction of new modern models of corporate entrepreneurship that will increase the competitiveness of enterprises, as possible conclusions and recommendations one can set: constant enhancement of the motivation of employees to work in flexible working environment, by constantly encouraging creativity and innovation of the employees, constantly monitoring new trends and ways of working, and trying to establish a special financial fund for innovation in enterprises and integration of the concept of corporate entrepreneurship in the model of work organization.

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