



EMPLOYMENT & CORPORATE ENTREPRENEURSHIP

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ABSTRACT

Employment is a relationship between two parties. The relation between economic growth, social progress and environmental protection represents a key to development. Growth is not a means to an end: it is designed to serve people, promote development and reduce poverty. Due to social rigidities present in the system it does not provide a conducive environment to develop. The IT services sector in India is likely to nurture successful CE initiatives owing to its open culture and idea-intensive nature. In sum, Corporate Entrepreneurship would seem to depend both on the capabilities of operational level participants to exploit entrepreneurial opportunities and on the perception of corporate management that there is a need for entrepreneurship at the particular moment in its development. From the perspective of top management, Corporate Entrepreneurship is not likely to be a regular concern, none and end in itself. Rather it is a kind of "insurance" against external disturbances or a "safety valve" for internal tensions resulting from pressures to create opportunities for growth.

Key Words : Employment, Relations, Corporate, Entrepreneurs.

Employment is a relationship between two parties, usually based on a contract where work is paid for, where one party, which may be a corporation, for profit, not-for-profit organization, co-operative or other entity is the employer and the other is the employee. Employees work in return for payment, which may be in the form of an hourly wage, by piecework or an annual salary, depending on the type of work an employee does or which sector she or he is working in. Employees in some fields or sectors may receive gratuities, bonus payment or stock options. In some types of employment, employees may receive benefits in addition to payment. Benefits can include health insurance, housing, disability insurance or use of a gym. Employment is typically governed by employment laws or regulations or legal contracts.

The relation between economic growth, social progress and environmental protection represents a key to development. Growth is not a means to an end: it is designed to serve people, promote development and reduce poverty. Thus KfW supports qualitative growth that targets the promotion of economic, social and environmental aspects.

Creating jobs and incomes is crucial for development. Most developing countries struggle with high unemployment or underemployment. Many people can barely live from what they earn. This is why creating new jobs, but also improving incomes and working conditions for existing jobs, is hugely important. Pro-development integration into global trade as well as foreign direct investment can facilitate this process.

Innovations and technologies contribute to economic growth and employment, but also to overcoming other key problems of development. This also includes technologies for improving



environmental protection. This is how KfW promotes environmental protection and contributes to sustainable development.

Corporate Entrepreneurship is essential for Economic Development in this time. After the years of downsizing and restructuring, top managers are once again thinking about growth. But growth does not come as naturally or as automatically as it once did. The competitive landscape in many industries today is marked by intense competition among existing players and the emergence of many focused competitors targeting specific segments of the market. These changes have highlighted the need for companies to become more entrepreneurial. The essence of entrepreneurship is innovation leading to wealth creation and sustained growth of corporations. Recently there has been a growing interest in the use of corporate entrepreneurship as a means for corporations to enhance the innovative abilities of their employees and, at the same time, increase corporate success through the creation of new corporate ventures. Corporate entrepreneurship is ever more considered as a valuable instrument for rejuvenating and revitalizing existing companies. It is brought into practice as a tool for business development, revenue growth, and profitability enhancement and for pioneering the development of new products, services and processes. However, the creation of corporate activity is difficult since it involves radically changing internal organizational behaviour patterns. Corporate entrepreneurship refers to the process whereby the firms engage in diversification through internal development. Such diversification requires new resource combinations to extend the firm's activities in areas unrelated, or marginally related, to its current domain of competence and corresponding opportunity set. The major components of Corporate Entrepreneurship are new business venturing, innovativeness, self-renewal, proactiveness and risk-taking.

It can be used to improve competitive positioning and transform corporations, their markets, and industries when opportunities for value-creating innovations are developed and exploited. A key benefit of corporate entrepreneurship may be to push companies to employ a range of strategies, often in unique combinations. By doing so, companies build layers of advantage by combining distinctive bases for competitive superiority. Corporate Entrepreneurship is that Corporate Entrepreneurship is characterized by the following:

- The birth of new businesses within existing businesses.
- The transformation or rebirth of organizations through a renewal of key areas of business. Renewal or rebirth is entrepreneurial since it reflects a radical departure from historical and predominant structural patterns.
- Creation, innovation and renewal within an existing organization. The creation of an organization is entrepreneurial in that it entails fundamental, strategic and structural decisions.

In 1977-78, facing the unfriendly policies of the Government of India headed by Prime Minister Morarji Desai, foreign corporations such as Coca Cola and IBM pulled out of India. Ajim Premji, Chairman and Managing Director of Wipro Ltd. immediately recognized that the exodus of companies like IBM would create a market for Indian vendors of computers and software. According to the Global Entrepreneurship Monitor (GEM) programme, India's total entrepreneurial activity (TEA) index of 11.2% put it in ninth from the top. Indian companies – Infosys, Wipro, Bharti and Ranbaxy etc – recently reached the momentous \$1-billion mark in annual revenues. What is common across all these companies is that they are representative of the new Indian entrepreneurship – focused in thought, global in outlook, proactive in approach, and meticulous in execution. The companies came of age in the period immediately before economic liberalization and adroitly used the opportunities offered by deregulation to grow their businesses. At the same time, they built strong organisational capabilities. Clear vision and self-belief, team-based decision-making structures, the willingness to stretch just that extra bit, and the ability to learn from their experiences are other important characteristics of these companies. Nurturing corporate entrepreneurship calls for very careful management of various factors influencing the



environment around the new ventures and initiatives. Below are a few important factors to consider:

- **Insight and foresight :** Company leadership needs to have an insight into the existing capabilities of the organization and also have the foresight of where it aspires to be in future. To make entrepreneurship an advantage over the competition, the organization must identify the needs of "tomorrow's customers" or "tomorrow's needs of current customers."
- **Commitment:** The most important factor for fostering entrepreneurship in an organization is commitment from the sponsors, the entrepreneur and his team. Access to capital, approvals, deviation from the current rules and collaboration with other teams in the organization all need firm support from on highs.
- **Reward new thoughts:** The best way to encourage entrepreneurial employees is to reward them for success, however small that success may be. One major misconception is that employees look for money as reward but money is not the only reward that these employees are looking for. They aspire for recognition, promotion and increased autonomy. Punishment suppresses creativity and innovation.
- **Keep learning:** Faster learning is a good substitute for better planning. Even if an organization is capable of delivering, external factors might change. These factors can be very dynamic and change from day to day. So, it is better to drive the initiative by vision and not be too fixed to the original plan. Seek feedback, keep learning from day-to-day incidents and tweak the plans accordingly.
- **Learn and restart:** Not all the initiatives started by an organization succeed. Even the biggest organizations and the best leaders have had bad falls. The organization should not consider a failure as a setback.

In modern business, one of the primary tasks of the business leader is to foster an environment in which entrepreneurial thinking is encouraged and readily takes places. Promoting this culture by freely encouraging creativity (and thereby innovation), business leaders motivated toward corporate entrepreneurship must continuously strive to exude and build trust, embracing the risk to fail and inspiring those around them to take similar calculated risks. Set a broad direction for achievement, reevaluating it periodically for any new information that may have surfaced in regard to changes in the business environment, including competitive products and markets in which the firm is operating. Reinforce efforts across the entire organization that coincides with the current plan for achievement. The task of a leader or senior manager is often that of the analyst, continuously promoting strategy while making adjustments based on their beliefs related to organizational goals and the feedback they receive from business units.

CEOs talk about growth; markets demand it. But profitable organic growth is difficult. When core businesses begin to flag, research suggests that fewer than 5% of companies regain growth rates of at least 1% above gross domestic product. Creating new businesses, or corporate entrepreneurship, offer one increasingly potent solution. According to a recent survey, companies that put greater emphasis on creating new business models grew their operating margins faster than the competition.

While some companies go to the extent of allowing employees to develop internal start-ups, others make it a point to take serious note of their suggestions. What more, company annual performance appraisals have started giving much weight age to innovation and creativity displayed by individuals at the work-place. Another reason, they believe it is the best way to retain talented staff. "Otherwise, most of them will just quit and develop these ideas on their own. It helps the company gain a new value proposition and at the same time the employee is well compensated," says Ganesh Natarajan, CEO, Zensar Technology. Born in 1976, HCL has a 3 decade rich history of inventions and innovations. In 1978, HCL developed the first indigenous micro-computer at the same time as Apple and 3 years before IBM's PC. This micro-computer virtually gave birth to the Indian computer industry. Today, HCL sells more



PCs in India than any other brand. Vismaya Firodia, vice president, Kinetic India, says that one of their recent models, the Zing, was an idea that came from one of their employees.

- HUL's research & development base, one of the largest in Indian industry, helps achieve this mission, with novel products and new processes.
- Ranbaxy is among the few Indian pharmaceutical companies in India to have initiated its research program in the late 70's.
- The Infosys management team has emphasized excellence in delivery, whether it be onsite or offshore.
- Dr. Reddy's laboratories are working at becoming the leading Indian healthcare company admired globally for innovation and quality.
- Wipro Ltd. has a long history of innovation and intrapreneurship. Wipro's first brush with corporate entrepreneurship could be traced way back in late seventies when it started its Information Technology business.

The volume and diversity of research on the topic of Corporate Entrepreneurship is already impressive. At the same time, many important issues are largely unexplored. There is a need to develop a comprehensive framework for studying the predictors and outcomes of Corporate Entrepreneurship. There is a need to explore how the relevant environmental dimensions of the proposed model influence Corporate Entrepreneurship. Corporate entrepreneurs should focus on-

- Create the right environment for success
- Ensure that entrepreneurs have access to the right skills
- Ensure that entrepreneurs have access to "smart" capital:
- Enable networking and exchange: Entrepreneurs learn from experience - theirs and that of others.

The wheels of India's bureaucracy still turn too slow for entrepreneurs, the educational system is not good at promoting entrepreneurial skills and attitudes, Indian institutes have not been as good as multinationals in R&D transfer, and India's physical infrastructure ranks lowest among the countries surveyed in the report. Due to social rigidities present in the system it does not provide a conducive environment to develop. The IT services sector in India is likely to nurture successful CE initiatives owing to its open culture and idea-intensive nature. In sum, Corporate Entrepreneurship would seem to depend both on the capabilities of operational level participants to exploit entrepreneurial opportunities and on the perception of corporate management that there is a need for entrepreneurship at the particular moment in its development. From the perspective of top management, Corporate Entrepreneurship is not likely to be a regular concern, none and end in itself. Rather it is a kind of "insurance" against external disturbances or a "safety valve" for internal tensions resulting from pressures to create opportunities for growth.

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