



# **Impediments to Corporate Entrepreneurship: Evidence from Employees of Emerging Organisations in Construction and Manufacturing Industries in Gwanda Town, Zimbabwe**

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## **Abstract**

Corporate entrepreneurship plays a critical role in organizational systems. The study explored the challenges faced by corporate entrepreneurs in developing economies. The qualitative study revealed that corporate entrepreneurship in small and large corporations encounters impediments that hinder the generation of new ideas and lead to stagnation. The major impediments are corporate culture, unavailability of material and financial resources, fear of the unknown, incompetent employees, unavailability of corporate entrepreneurship legislation and policies, lack of goodwill and support from management and risk adversity on the part of the board of directors, management and employees.

**Keywords:** Corporate Entrepreneurship, Innovation and Creativity

## **1. Introduction**

Corporate entrepreneurship is an important dimension of upcoming organizations, industries, and economies. The way entrepreneurship is managed at national, regional and local levels shape the complexion and behavior of the economy of any country.

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Entrepreneurship is one essential ingredient for organizational success which has experienced a lot of impediments. Entrepreneurs all over the globe face countless challenges in today's ultra-competitive business environment which is characterized by change, uncertainty, ambiguity, and volatility. The ever-changing, unstable and sophisticated political, social, economic and technological environments make the work of organizational entrepreneurs difficult and complicated. Leadership and management systems for organizations also contribute to the problems faced by organizational entrepreneurs. Fortunately, though, contemporary times have developed more resources, strategies and tactics for entrepreneurs to use in tackling those problems. This paper discusses the challenges faced by organizational entrepreneurs in today's business and possible ramifications of limited corporate entrepreneurship activities to organizational performance, growth and stability. The main purpose of the study was to unearth work-related impediments, challenges, and problems to corporate entrepreneurship in the construction and manufacturing industries.

## **2. Literature Review**

Even though the debates surrounding the entrepreneurial concept that exists within organizational confines have become a hyped topic of discussions in the last three decades among both business practitioners and academics, very little if any consistency is reflected on the definition of entrepreneurship and corporate entrepreneurship (Sharma & Chrisman, 2007, Zahra & Covin 1995). Some scholars have defined corporate entrepreneurship by linking it to corporate venturing while others linked it to strategic renewal. Entrepreneurship which has its derivations from Richard Cantillon's seminal work dating back as early as 1734 is referred to as all the forms of activities executed outside the context of the organization. On the other hand, corporate entrepreneurship refers to all entrepreneurial activities performed within the context of a standing organization. Kurakto et al. (2011, p. 9) define entrepreneurship as all the activities that create institutions, change, innovation and wealth. It implies that entrepreneurship refers to all the activities that ignite the creation of organizations

and brings in innovative and new ways of doing business. Corporate entrepreneurship is, therefore, a procedure of creating value by bringing together an inimitable amalgamation of resources to utilize an opportunity. Nicolaou and Shane (2009) assert that “Entrepreneurs are highly creative individuals with a tendency to imagine new solutions by utilizing opportunities for profit or reward”. Entrepreneurs are catalysts for social, economic, organizational and technological changes within or outside organizations. The ability of entrepreneurs to innovate is intimately associated with born traits such as unreservedness and a penchant for risk-taking. The capabilities of innovating, introducing new technologies, increasing efficiency and productivity, or generating new products or services, are characteristic qualities of entrepreneurs (Nicolaou & Shane, 2009; Bates, 2004).

Corporate entrepreneurship is a term used to describe entrepreneurial behavior inside established organizations which involves the generation, development, and implementation of new ideas and behaviors within a company. Organizational entrepreneurs are creative workers with the potential and skill of rejuvenating established organizations or firms or products and services or create new business ventures within a corporate structure and traditions, norms and customs. Organizational entrepreneurs are involved in venturing which deals with new venture formation within a corporate environment, an innovation that involves the creation of new products, services and technology, reinventing existing products, services and technologies in a profitable manner (Nicolaou & Shane 2009). Maitei (2001) says “Organizational entrepreneurship also involves self renewal which involves the continual search for improved processes, ideas, markets and products within the whole organization or in individual units”. Organizational entrepreneurs predict and prepare for organizational transformation rather than react to it. The characteristics of successful corporate entrepreneurs include being initiative, innovative, creative, competitive, aggressiveness, risk-taking and boldness (Shoniwa et al., 2013). Corporate entrepreneurs’ innovation activities result in the creation of new products and services, systems and procedures, administration systems or employee management systems within organizations. Organizational entrepreneurs are employees who

are innovative, renew organizational products and service, proactive and maximize on all opportunities created by the business environment. Organizational entrepreneurship makes organizations remain competitive or gain a more competitive advantage. Those organizations that shy self-renewal are bound to fail and lose a significant market share (Gregory & Lumpkin 2009).

A study by Nyanga and Sibanda (2015) showed that organizational conflict is one of the factors that shape organizational entrepreneurship in various industries in Zimbabwe. Conflicts between employers and employees demoralize employees and reduce the level of job satisfaction among workers in the hospitality industry. Conflicts make employees shun participating in any business activities which give their organizations a competitive advantage. Nyanga et al. (2018) also observed that job satisfaction plays a critical role in promoting organizational performance and growth. If employees are not satisfied with their work they develop a tendency of not expending their skills and energy towards organizational entrepreneurship activities. A study by Izoku (2017) showed that organizational entrepreneurship can be propelled by rewarding employees for generating and implementing new ideas. For organizational entrepreneurship to be effective employees need to be given enough space to generate new ideas and implement them without fear of being punished for failing to realize the desired results. Fashu (2015) also said that for organizational entrepreneurship to glow in any industry or organization there is a need for employees to be provided with adequate resources that can be used by workers to bring change in the operations of organizations. A literature search has shown that there is a yawning knowledge gap on the impediments of corporate entrepreneurship in emerging organizations in the construction and manufacturing industries. Most studies that investigated issues on organizational entrepreneurship concentrated on methods of improving or propelling entrepreneurship in well-established organizations and a little study was done to establish stumbling blocks to organizational entrepreneurship. This paper is therefore very essential as it provides policy-makers, managers, supervisors and other stakeholders with new information on corporate entrepreneurship. The paper clarifies issues on how

entrepreneurship within organizations should be managed at sectional, departmental and corporate levels.

### **3. Research Methodology**

The study employed a purely qualitative research approach. The qualitative approach was opted for because the researcher wanted to get finer details of the participants' views and perceptions by asking respondents to elaborate and restate their views for clarity. The population of the study comprised all organizations in Gwanda town which were more than 1 year old but less than 10 years old in the construction and manufacturing industries. The researcher decided to study the construction and manufacturing industries because these are the industries that have faced serious growth challenges due to the lack of employee creativity and innovation. Most construction and manufacturing organizations have shut down or minimized operations because of the lack of creativity. Gwanda town is home to a number of newly established construction and manufacturing companies. Companies in the construction industry are mainly into house construction while those in the manufacturing industry are into the manufacturing of building material, detergents and soft drinks. Five (5) organizations were chosen to participate in the study. Those were selected using the snowball sampling technique where the researcher started by identifying two organizations in construction and manufacturing businesses in Gwanda town. The identified companies referred the researcher to other organizations that were in the same line of business. From the five (5) organizations twenty (20) participants were chosen using a purposive sampling method. The researcher decided to use purposive sampling because he wanted to choose people who were strategically positioned to generate new ideas that were required to rejuvenate organizations. Purposive sampling reduced the risk of choosing participants who had little knowledge about the subject under investigation. The twenty (20) participants comprised employees and managers of emerging organizations in the construction and manufacturing industries. Data was generated using a 21 item unstructured interview guide where participants were requested to respond to open ended questions. The use of unstructured interviews accorded the researcher an opportunity to

solicit totally unexpected data. Data were analyzed using thematic data analysis method.

#### **4. Results and Discussion**

The study revealed that corporate culture is one of the principal challenges faced by corporate entrepreneurs in developed and developing economies. Organizations and industries develop cultures that are very difficult to change and alter. The developed traditions, norms and values are usually peculiar to organizations that have developed them and are engraved in workers to the extent that workers do not easily accommodate any deviations from the norm. The status quo which is established over the years is usually very difficult to break, which consequently stifles organizational entrepreneurship. Organizational culture usually resists any form of change that is injected into the organization. Contrary to the findings studies by Nyanga et al. (2011) have shown that culture is dynamic and can change anytime to embrace new ideas from various societies but the rate of the change is more often not slower than the rate of environmental changes. Nyanga et al. (2011) observed that one of the roles of society is to preserve the organizational culture and limit the entrance of all forms of cultural infiltrations. Managers and employees being members of society and also having developed their ways of doing things or conducting business have the responsibility of preserving organizational culture. Employees and managers do not easily accept change which disturbs the status quo thereby stifling corporate entrepreneurship. This becomes a limitation to organizational entrepreneurs and in that innovative and creative employees find it difficult if not impossible to innovate, maneuver and pioneer new ways of conducting business or introducing new products and services. For corporate entrepreneurship to be successful there must be smooth gel between corporate culture and the intended business ventures. The two variables have to gel because change is usually resisted by various stakeholders because of its potential to disturb the status quo. The transformation of the organization and its systems breeds uncertainty and fear of the unknown among employees and management. Usually, at the beginning, new corporate undertakings are unclear and as a result

present a significant measure of uncertainty (Nyanga et al. 2012; Vintergaard, 2006). For instance, when a new business or product is launched, there are often a number of changes that affect organizational structure, employees and employers. Such changes come with a lot of uncertainty, role ambiguity (Nyanga et al., 2012), role conflict and guessing of financial numbers which in turn make entrepreneurs' ideas and views unwelcome.

Incompetence, lack of skilled labor force and management is one of the major impediments of organizational entrepreneurship. Most SMEs that were established in Zimbabwe and other developing countries succumbed to environmental pressures and failed to grow and survive the pressure of local and international competition. Most companies failed to grow because most entrepreneurial initiatives failed to take off because of the lack of skilled and innovative labor force. Respondent 6 said, *"Poor employee resourcing systems used by an organization which results in the recruitment of unskilled and incompetent people do not create a good opportunity for corporate entrepreneurship."* Incompetent, unskilled and semi-skilled people work under instruction and supervision hence they contribute very little to corporate entrepreneurship. According to Mkandawire (1985), there are insufficient numbers of institutions providing the necessary training and practical exposure required to support organizational entrepreneurs. Contrary to Mkandawire's (1985) view Zimbabwe has a higher number of learning institutions whose responsibility is to develop the human capital for organizations. Participant 14 remarked, *"The Zimbabwean government introduced an education system which is meant to produce graduates with an appetite to innovate and create new products and services but unfortunately corporate entrepreneurship continues to slow down."* Participant 1 said, *"While most employees in organizations have acquired entrepreneurial skills at college they still show glaring entrepreneurship shortfalls and deficiencies. The unavailability of skilled labour hinders entrepreneurial activities in organizations."* The conception or rejuvenation of businesses requires the availability of innovative, creative workers with an appetite for bringing change and making organizations more efficient and effective. Innovation, creativity and invention are the key components of corporate entrepreneurship. Innovation requires eccentric thinking on the part of organizational entrepreneurs, and this eccentric thinking is

often met with umbrage by senior managers. Senior managers can resist the introduction of new products and services because of the lack of knowledge and skills. In the absence of adequate knowledge, skills and education coupled with a lack of collaborative relationships within an organization, it becomes difficult for organizational entrepreneurs to be innovative and creative. For an entrepreneurial activity to be accepted, it must demonstrate beyond any doubt its potential to increase the organization's market share and the value of shares. Education, knowledge, skills and collaboration advance a culture of free generation and sharing of views needed for incessant innovation across the organization.

The study also found out that most organizations' corporate entrepreneurs experience the challenge of inadequate financial resources to support entrepreneurship initiatives. There are some entrepreneurial activities that need to be supported by financial resources to buy stationery, travel, and subsistence and others, of which inadequacy of such stifles innovation and creativity. Most organizations in developing countries do not have access to financial resources to fund entrepreneurial activities within their organizations. Most businesses do not meet the requirements to obtain working capital from banks for example most people do not have collateral security to secure working capital from financial institutions. The unavailability of adequate financial resources make most corporate in developing countries to lag behind in product research and development, which consequently lead to low organizational entrepreneurship. The other underlying impediment to corporate entrepreneurship is that most developing countries' venture capital market is still in its formative stages which make the work of an organizational entrepreneur difficult. Organizational entrepreneurs face significant obstacles in gaining access to money to help them to start new business lines or improve existing business lines and to enable it to thrive and expand. This view is echoed by several authors (Awosika, 1997; Isimbadi, 2006) who observed that discriminatory laws or practices related to financing and credit hinder entrepreneurs from accessing finances to boost their businesses. Most organizational entrepreneurs are limited by the lack of funding to inject and implement new ideas in the business. Respondent 11 said,

*“Organization’s new business ventures such as new Strategic business units (SBUs) require funding and to be financially supported by the parent organization or from financial institutions for them to become a cash cow for their organizations.”*

The study also revealed that a significant number of organizations in Africa and other developing economies operate in geographically remote areas thereby making it difficult for employees to have access to information communication technology (ICT) systems and gadgets. Through ICT employees get to know local and international customers’ needs, which in turn makes organizational entrepreneurs, develop products and services that meet their needs. Corporate entrepreneurs have limited access to new information and communication technologies (ICTs) due to the exorbitant costs that are associated with acquiring the equipment and setting up the ICT infrastructure. Organizational entrepreneurs use inappropriate and outdated technology hence they do not have access to important information about their organizations, business lines and other related information. Respondent 4 said, *“Most organizations in developing countries and also in fairly small towns like Gwanda have limited access to state of the art ICT equipment such as software used in product development and market analysis. The shortage or unavailability of state of the art ICT equipment makes it difficult for corporate entrepreneurs to be creative and generate new ideas.”* Corporate entrepreneurs need to be supported with state of the art ICT equipment so that all entrepreneurship activities become ICT driven.

Most employees have a multiplicity of roles and responsibilities which they are expected to perform at their workplaces. The multiplicity of roles coupled with role ambiguity makes organizational entrepreneurs end up with limited time to innovate and invent new business lines because of their generally busy schedules. Failure by most managers to delegate tasks and responsibilities to their junior employees makes them become fully committed and chocked by their work to the extent that they end up restricting their efforts to their job descriptions thereby not concentrating on entrepreneurship. Most organizational entrepreneurs do not receive adequate support from family, friends and workmates thereby eroding the enthusiasm and zeal in them to

be creative and innovative. Support from workmates, family members and friends boost organizational entrepreneurs' self-esteem and confidence which in turn transform them into risk-takers with the capacity of generating new ideas that make the organization gain a competitive edge. One of the respondents remarked, *"Most organizational entrepreneurs face the problem of having time to be creative and innovative because they are understaffed hence their workload does not permit them to do other things outside their job descriptions."* Participant 12 also said, *"Corporate entrepreneurs lack motivation and support from management and workmates to perform their entrepreneurial responsibilities."* Inadequate time and lack of support and motivation are some of the major ingredients to organizational entrepreneurship in developing countries.

The other setback faced by organizational entrepreneurs is the lack of goodwill and reluctance by senior management to embrace innovative ideas (Awosika, 1997; Shoniwa et al., 2013). Senior managers are often unwilling and uncomfortable to accept new innovative thoughts and ideas because the changes are generally viewed as a departure from the norm. Employees, managers and board of directors are risk-averse hence most of them do not undertake organizational entrepreneurship activities and initiatives. People are generally afraid of failure hence they avoid taking the risk of starting something new for the organization. It's extremely easy to get dejected when one fails to meet the expected target. Self-doubt creeps in, and one feels like giving up thereby stifling entrepreneurial efforts. For an organizational entrepreneur to rejuvenate the organization and generate new ideas, he needs to be fully supported and assisted by senior management and workmates. Most managers are afraid of failing hence they prefer to maintain the status quo and block any form of innovation employees may attempt to bring on board. Most organizations do not have innovation or entrepreneurship policies or strategies that clearly outline how entrepreneurship should be managed and how it is rewarded. Lack of policy and strategy results in the failure of the employees and management to embrace entrepreneurial activities in the organization. Furthermore, most organizations do not have collective bargaining platforms that propel the development of policies that enhance entrepreneurial activities. Failure to establish a friendly collective bargaining environment is

contrary to Nyanga and Tapfumanei (2019) who observed that collective bargaining is a catalyst for dispute resolution, innovation and organizational growth. Most managers do not create an environment that gives workers the freedom to experiment with new ideas without the fear of being reprimanded by senior management in case their innovative ideas do not yield expected results (Awosika, 1997). Management creates internal barriers that impede entrepreneurial efforts in organizations. Such activities and practices bar employees from becoming innovative and creative. Participant 17 said, *“Unfavorable laws and regulations put in place by an authority such as the state or the organization can impede organizational entrepreneurship.”* For instance, in Zimbabwe employee management is guided by the Labour Act Cap 28: 01, companies are guided by the Companies Act and organizational policies and regulations. Policies and regulations are a limitation to organizational entrepreneurs in the sense that they restrict entrepreneurs from introducing new systems and ideas. Environmental laws also restrict organizational entrepreneurs from setting up businesses in certain geographical areas for instance when establishing farming ventures investors are restricted from setting it in wetlands thereby making laws an impediment to entrepreneurship.

## **5. Conclusions and Recommendations**

The following conclusions were made: 1) Organizational entrepreneurship is very essential for the survival, growth and development of any organization. The business environment has become more dynamic, volatile, uncertain and ambiguous than before, hence it requires employees who are innovative and creative. 2) Entrepreneurship within organizations faces many limitations and impediments which include among others risk averseness, lack of skills and knowledge, organizational culture, unfavorable policies and regulations, lack of support from senior management, lack of adequate financial and material resources. 3) Perseverance, insistence and intelligence are some of the key partners to organizational entrepreneurship. Organizational entrepreneurship faces a number of challenges and meets a number

of obstacles; hence for it to be successful it requires people who can persevere, determined, skilled and intelligent.

The following recommendations were made:

- Organizations should develop innovation and creativity policies and strategies which clearly outline how organizational entrepreneurship is managed. Such a move empowers workers to engage in corporate entrepreneurship without fear of failure and victimization.
- Organizations should motivate organizational entrepreneurs for generating new ideas by giving them innovation and creativity financial and non-financial rewards.
- The government of Zimbabwe is applauded for introducing innovation hubs at almost all state-run universities with the main purpose of promoting entrepreneurship and corporate entrepreneurship. Organizations should educate their employees on how the hubs work and how they can benefit their organizations.
- Organizations should provide employees with adequate resources that can be used to implement incubated ideas by organizational entrepreneurs.

### **5.1 Limitations and Further Scope of the Study**

One of the limitations of the study was funding. The researcher had to finance the research using his own resources because of the lack of funding. Limited funding resulted in the researcher reducing the geographical coverage of the study to Gwanda town, the capital city of Matabeleland South province, although it could have covered a larger area. Future studies should, therefore, consider covering a larger geographical area such as Matabeleland South province other than confining the study to one urban center, Gwanda town. A study that covers a larger geographical area helps the researcher to reveal a full picture of corporate entrepreneurship activities in the country. Further studies should also emphasize on strategies of promoting corporate entrepreneurship in emerging construction and manufacturing organizations.

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