Organizational Internal Factor and Corporate Entrepreneurship in Hospitality Firms in Rivers State

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Abstract: This study examined the relationship between organizational internal factors and corporate entrepreneurship of hospitality firms in Rivers State, Nigeria. Cross sectional research design was adopted in studying eight (8) of these firms. Our respondents were managerial employees constituting the population of the study. From the field survey, we retrieved and analyzed two hundred and twenty two (222) copies of questionnaire from the participants; Spearman’s rank correlation coefficient statistical tool was used to determine the relationship existing between the variables while the p-value obtained were used to test hypotheses developed for the study. Findings revealed the existence of significant relationship between the dimensions of organizational internal factors namely: top management support, work discretion and reward system and the measures of corporate entrepreneurship given as innovativeness and business growth. It was then concluded that practices directed at organizational internal factors is necessary for facilitating entrepreneurial activities within the organizations as this will ultimately enhance output levels. This gave rise to our recommendations for the hospitality firms and other business organizations operating in this era of intense competition; that they should put up strategies to support their employees to remain innovative by training them to a level of self empowerment (work discretion) so as to elicit good performance levels for the corporation.

Keywords: Organizational internal factors, top management support, work discretion, reward system and corporate entrepreneurship

Introduction

In this age of competitive business environment, frequent changes in technology and organizational climate, and increased demands for quality of goods and services have necessitated the need for improvement in corporate entrepreneurship practice. The extent to which organizations seek new ways of operations and improved in their level of service rendering will result in effective corporate entrepreneurship for organizational growth and profitability (Dyduch, 2008; Zoohori, Ghan & Zakeri, 2014).

Phan, Wright, Ucbasaran and Tan (2009) posit that firms that pursue corporate entrepreneurship gain financial benefits. Although, the reasons for engaging in corporate entrepreneurship may differ but the main motive lies in the ability to make high return on investment (Zahra & Gervis, 2000). Besides financial reasons, corporate entrepreneurial firms also seek non-financial benefits in form of gaining customer satisfaction, solidify strategies and to improve in operations (Ahmad, Nasurduin & Zaïd, 2012; Frese, Rousseau & Wiklund, 2014).
LaNafie, Nimran, Masadieq and Suyadi (2014) opines that when firms practice corporate entrepreneurship, it definitely result in growth and sustainability of the firms in a long-run. According to Dess and Lumpkin (2005) corporate entrepreneurship could be practiced through proactive-ness, innovativeness, and risk taking. Dess and Lumpkin (2005) found proactive-ness as an aspect of corporate entrepreneurship which serves as a critical mechanism that help firms to seek new opportunities to invest. They claimed that innovativeness provides the organization with the ability to generate new business ideas and research in new products and service development, enable firms to gain competitive advantage and realized business growth. While risk taking enable organizations to invest in the opportunity found and manage it effectively with the aim of maximizing sales growth, return on assets, return on investment and increased market share without fear of failure (Dess & Lumpkin, 2005). Hence, the importance of corporate entrepreneurship to achieve innovation and business growth cannot be overemphasized.

However, scholars over the years have examined factors that influence corporate entrepreneurship especially in the foreign environment than within Nigerian context (Chen & Cangahuala, 2010; Covin & Miles 1999; Maktabi & Babakhanian, 2015; Zahra, 1993; Zahra, Nielsen & Bonger, 1999; Zehir, Muceldili & Zehir, 2012). Most of these scholars found that firms that practiced corporate entrepreneurship through proactive-ness, innovativeness, and risk taking improves innovation and ensure business growth and survival (Chen & Cangahuala, 2010; Covin & Miles, 1999; Zehir, Muceldili & Zehir, 2012).

However, a careful review of streams of literature on this concept has revealed that amongst the factors that affect corporate entrepreneurship, greater attention has not been given to organizational factors especially within the internal environment of the organization. This implies that empirical studies in this area is still lacking in research. Hence, only few scholars have found that top management and their philosophies influence corporate entrepreneurship (Chaka, 2005). While others specifically stated that factors such as; reward systems and the ability to control, culture, the firm’s structure and managerial supports are main determinants (Covin & Slevin, 1991; Hisrich & Peters, 1986; Kanter, 1985; Kuratko, Hornsby, Naffziger & Montagno, 1993; Sathe, 1985).

LaNafie et al., (2014) shared the same view that these factors are responsible for corporate entrepreneurship and in their study they include; top management support, supportive organizational structure, resource availability, reward system and work discretion (LaNafie et al., 2014). While the more recent study by Zohoori et al. (2016) used management support, organizational values, economic environment, work independency, empowerment, financial control, environmental influence; monitoring and organizational communication (Zohoori et al., 2016). Their study found significant relationship between these variables and corporate entrepreneurship.

Although, their study was conducted in the foreign environment and as environment differs, their finding may not provide an effective generalization to cover the domestic environment like Nigeria, especially with regards to hospitality firms in Port Harcourt. This has created the need to examine how these factors may affect corporate entrepreneurship within Nigerian context focusing on hospitality businesses in Port Harcourt with a view to encourage hospitality business operators to develop the propensity for innovativeness in order to increase profitability, business growth and survival.
Literature Review

Theoretical Framework

Technology-Organization-Environment Framework (TOE)

The framework was based on three components: the external environment, the technology and the organization. However, present study is mainly concerned with the organizational component. The organizational context explains the nature of an organization such as the size of the firm, the extent of centralization, formalization, the complexity of its managerial structure, and the amount of free resources (time) available within the firm (Arpaci, Yardinci, Ozkan & Turetken, 2012). It is assumed that the extent to which employees will participate in corporate entrepreneurial activities will largely depend upon the degree of centralization and amount of free time they have in their respective organizations.

Job Characteristics Theory

The theory is based on five job dimensions; these include skill variety, task identity, task significance, autonomy and feedback. These job dimensions are assumed to trigger three different psychological states which in turn will lead to different outcomes (Hackman & Oldham, 1976). However, in this study, we are only concerned with only one dimension of the model, and that is autonomy. Autonomy refers to the extent to which a job allows employee independency, discretion or freedom in terms of schedule of work or determination of procedures in execution of the work (Robbins et al., 2013). It is assumed in present study that if employees are given substantial autonomy on their work, it will lead them to take entrepreneurial risks on behalf of their organization.

Concept of Organizational Internal Factors

This group includes all those factors (top management support, reward system and work discretion) etc. contained in the organization, as a commercial entity, within it, internally. The organization can influence this group of factors (Jones, 2004). The changes in any of these factors will inevitably lead to changes in the organizational structure and corporate entrepreneurship. Internal factors are those, as the title itself says, which have an internal impact on the organization, inside the organization, and the organization can influence them mostly.

Top Management Supports and Corporate Entrepreneurship

The value of top management support has been recognized by many researchers over the years. Raghunathan (1992) sees top management support as a critical factor for entrepreneurial motivation and development. The future development of an organization as well as the capacity of firms to explore the business environment rests on the extent to which top management support employees in the organization. Young and Jordan (2008) posit that top management involves the ability of senior management or other knowledgeable managers spent more time and efforts to set plans and follow up the outcomes and motivate employees to take initiatives in developing ideas and accomplish tasks. This implies that within the context of entrepreneurship management or top managers must provide necessary mechanisms that can spur employees on to engage in innovative ideas and task accomplishment.
Elenkov, Judge and Wright (2003) have a strong point made on this concept that top management support services as a vital issue to address and maintain it in fullest sense in a competitive business environment and in decision making concerning the organizational performance.

It might be effective to say that many employees in the organization does not possess the required knowledge of business creation, and for this reason top management owe it to provide the employees which good working environment, improves employees task delivery and encourage innovative ability that will drive the organization toward achieving its goals. Manna (2012) plainly explain that top management owe it to fully set and implement the organizational principles and structure of the organization in such a way that it delivers the values of employees in order to create a synergy and compatibility between the employees and the organization. This implies that the duty of top management is as vital as creating a successful organization.

Sharma and Rai (2003) also noted top management support appears to be the most vital element in ensuring innovation in the organization as their core role involve nourishing employees in training, motivating and leading their desires toward the firm’s goals. This implies that top management ensures that knowledge is made available to employees that spur them, utilize it to the advancement of the organization. Furthermore, top management supports their employees through empowerment, creativity and innovation.

According to Vande Ven (1993), top management also display keen consideration towards employees needs and provide motivating incentives which is critical to employees motivation to advance his/her potentials to solve problems that might help the organization to succeed. As Jung, Chow and Wu (2003) noted, a good number of researchers have put efforts in examining the concept of top management support and how it helps employees to improve in their performance and tasks accomplishment (see; Ryan & Tipu, 2013; Smith & Tushman, 2003). However, the concept of top management support is still gaining consideration in this present competitive business environment. Thus, top management is important in employees’ motivation to engage in entrepreneurial activities as well.

H01: Top management support has no significant relationship with corporate entrepreneurship of hospitality firms in Rivers State.

Work Discretion
One of the internal factors that motivate staff in the organization to engage in corporate entrepreneurship practice is work discretion (Zoboori, Gani & Zakeri, 2016). Hornsby et al. (2002) referred to it as work independency. Staff is motivated by granting them work discretion as they experience the capacity to make same decision affecting them in operations without the presence of top management. It has been found that when staff are given the opportunity to carry out operations, it improves their level of job involvement and innovativeness (Chen & Cangahuala, 2010). However, LaNafie, Nimran and Suyadi (2014) found that work discretion is one way of allowing staff to control jobs and make decisions concerning such jobs.

Work discretion which is freedom to work, autonomy or work independency (Hornsby et al., 2002; Zohoori et al., 2016) empowers staff to develop innovative abilities and improves organizational operations of corporate entrepreneurship. In this way, work discretion is similar to decentralization that gives greater work autonomy to staff. Not only that work discretion
provides great autonomy but it allow staff to face the challenges associated with tasks accomplishment, then improves staff quality of decision making. It has also been noted that work discretion improves staff efficiency and maximizes the use of group or team and individuals level of capabilities and skills necessary for effective corporate entrepreneurship practice (Chen & Cangahuala, 2010).

The extent to work discretion improves staff morale in corporate entrepreneurship practice has been attributed to risk taking propensity (Chen & Cangahuala, 2010), and the middle managers are those capable of taking such risk for the purpose of corporate entrepreneurship. However, LaNafie et al. (2014) noted that high level much work discretion could lead to inappropriate job handling as the effectiveness of work discretion could be militated by poor level of work coordination and failure of top level managers to support decentralization (LaNafie et al., 2014). This implies that management owes it to monitor or support work discretion as the staff is operated the opportunity to carry out task at an autonomy level.

**H02: Work discretion has no significant relationship with corporate entrepreneurship of hospitality firms in Rivers State.**

**Reward System**

Aside from top management support s means for motivating employees towards innovative, proactive and risk-taking behaviour, rewards system is another viable means of motivating employees to the development of entrepreneurial behaviour. Reward system is the provision of monetary and non-monetary benefits by management as means of motivating productive behaviors in the organization (Griffin, 2005).

An organizational reward system is a formal and informal mechanism by which employee’s performance is defined, evaluated and rewarded. Any reward system that is planned toward improving employees job performance stand the chance to motivate and direct the desire behavior towards improving productivity (Griffin, 2005).

The organizational reward system influences decision makers by suggesting what choices have better personal payoffs. Robbins, Judge and Vohra (2011) found that when organization reward risk aversion, managers are more likely to make conservative decision that improves organizations as well as individual performance. In a real sense, organization needs their employees to work effectively at a high level and to make it worth their effort to do so. Griffin (2005) found that when reward are planned with high level of task delivery, employees will see it fit to improve their performance in order to achieve the awards associated. In such situation, the interest of employees may be aligned with the objectives of the organization. Although, it has been observed that the economic condition can affect many organizations in rewarding employees especially when economic condition is very poor.

The organizational reward systems could be looked at from two aspects which includes the intrinsic and extrinsic reward systems. Weihrich, Cannile and Koontz (2011) posit that the intrinsic reward comprises of some inner benefits such as, self-actualization, satisfaction, feeling of accomplishment etc while the extrinsic reward will include pay, recognitions, allowances etc.

**H03: There is no relationship between reward system has no significant relationship with corporate entrepreneurship of hospitality firms in Rivers State.**
Concept of Corporate Entrepreneurship

Corporate entrepreneurship is one of the most important variables or factors that drive many individuals or firms to succeed in business growth, and survival. It is an activity or activities that involve either informally or formally generation of new business and ideas that enables the creation of wealth to the organization and the society (Dess, Lumpkin & McGee, 1999; Zahra, 1991).

The idea of corporate creation has gained recognition over the years and researchers have developed keen interest in examining the extent to which corporate entrepreneurship could be enhanced to ensure profitable business operation (Hult and Ferrell, 1997; Irland et al., 2009; Lumpkin & Dess, 2001; Zhang, 2008).

Corporate entrepreneurship is defined by scholars based on their views on the subject matter. For instance, Hitt, Ireland and Hoskisson (2005) defined corporate entrepreneurship as a process whereby individual or a group in an existing organization creates a new venture or develop an innovation. This definition focused attention on individuals or that create knowledge of new business in an organization. This implies that the entrepreneurs may employees or managers found within existing firms.

Zahra (1991) posit that corporate entrepreneurship involve activities that formally or informally performed with the aim to create business ideas that is new in addition to the existing business operations. Although the main focus is on creation and production of new products and services in new market or existing market. All of their efforts must channel towards survival. With this in mind, many scholars now entertain the belief that organizations will need to be entrepreneurial and operate in such a way as entrepreneurs operates to survive the competitive business environment firms find itself today (Harley & Hult, 1998; Hitt et al., 2005; Zhang, 2008). The formal aspect of corporate entrepreneurship may focus on strategic arrangement by the organization to train key employees in developing entrepreneurial innovative mind set toward new opportunities found and profitable investment (Ireland et al., 2009). While the informal aspect may concern individual’s ability to create new business ideas within the organizational setting.

There are other scholars’ definitions (see Cunningham & Lischeron, 1991; Ireland, Kurako & Covin, 2003; Morris, 2001; Pinchot, 1985). Despite no generally acceptable definition, the meaning of entrepreneurship capture two important elements such as creation and generation of new business ideas which will definitely involve innovation in process products, and services.

Whatever meaning attached to corporate entrepreneurship the main idea is that it is essential in today’s business operation for survival. Scholars over the years have determined different aspect of corporate entrepreneurship to include: management, support, organizational boundaries, reward, reinforcement, time availability and work direction; Dyduch (2008) also support these elements in his work in measuring corporate entrepreneurship on organizational performance. Hornsby, Kuratko and Montagno (1999) was with the view that corporate entrepreneurship involves those elements that managers or organizational leaders possessed which can ensure effective corporate entrepreneurship (management, support, work discretion, availability of resources, organizational structure and recruitment (Hornsby et al., 1999).

The benefits of corporate entrepreneurship include: strategic renewal, satisfying customer value and growth increase (Ireland et al., 2009; Zampetakis & Moustakis, 2010). Each of these
elements must be provided and managed by organizational leaders or managers effectively. In a specific situation, where corporate entrepreneurship is measured, certain criteria variables are used of which their absence denotes no corporate entrepreneurship practice. But in a deep understanding they constitute the existence of corporate entrepreneurship.

**METHODOLOGY**
This study adopted a cross sectional survey research design in studying eight (8) hospitality firms which forms our accessible population, however our study units include the managerial employees (managers at all levels) of the firms having that our unit of analysis is at the organizational level and such employees we elicit our information making up a total number of two hundred and twenty two (222). The human resource department provided us the needed information. A census was conducted for the study; there was no need for sampling as we included all as our study objects. The instrument with which we elicited data from the respondents is the questionnaire (222 copies of questionnaire) and was analyzed using Spearman’s rank correlation statistical tool.

**Operational Measures of Variables**
The dimensions of organizational internal factors include top management support, reward system and work discretion (Chaka, 2008; Lee & Lim, 2009). Top management support will be measured using 7 item statements by Chaka (2008) on a Likert’s 5-point scale ranging from strongly agree to strongly disagree. Where strongly will score 5-point, agree will score 4-point, neutral will score 3 point, disagree will score 2-point, strongly disagree will score 1-point. Sample items for top management support will include; My organization is quick to use improved work methods. My organization is quick to use improved work methods that are developed by workers. Sample items for reward system will include; My manager helps me get my work done by removing obstacles. The rewards I receive are dependent upon my work on the job. Sample items for work discretion will include; I feel that I am my own boss and do not have to double check all of my decisions. This organization provides the chance to be creative and try my own methods of doing the job.

On the other hand, corporate entrepreneurship was measured with innovation and business growth (Bezzina, 2010).

**Results and Data Analyses**

<table>
<thead>
<tr>
<th>Spearman’s Top Mgt Support</th>
<th>Correlation Coefficient</th>
<th>Top Mgt Support</th>
<th>Work Discretion</th>
<th>Reward System</th>
<th>Corporate Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>222</td>
<td>1.000</td>
<td>.790**</td>
<td>.883**</td>
<td>.881**</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
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</tbody>
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*Correlations are significant at the .01 level (2-tailed).*
### Discussion of Findings

i. The result of the tested H0\(_1\) revealed the existence of a significant relationship between top management support and corporate entrepreneurship; (rho = .814**, p = .001); in a study by Manna (2012) plainly explained top management support as a factor in ensuring apt implementation of organizational principles and policies in such a way that value is delivered; synergy and compatibility is created between the employees and the organization. This goes on and births innovativeness in the organization and the corresponding increase in output levels.

ii. The result of the tested H0\(_2\) indicated that work discretion has significant relationship with corporate entrepreneurship among employees of hospitality firms as reported in the study; (rho = .607**, p = .000). One of the internal factors that motivate staff in the organizations to engage in corporate entrepreneurship practice is work discretion asserted Zoboori et al. (2016). Hornsby et al. (2002) corroborated the view by referring it to work independency; such that staff is motivated when granted work discretion as they experience the capacity to make same decision affecting them in operations without the presence of top management; this way, they remain innovative thus promoting favorable results in the organization.

iii. The result of the tested H0\(_3\) indicated that reward system also has significant relationship with corporate entrepreneurship among employees of hospitality firms as reported in the study; (rho = .747**, p = .002). aside top management support as means of motivating employees towards innovative, proactive and risk-taking behaviour, rewards system is another viable means of motivating employees to the development of entrepreneurial behaviour stated Griffin (2005).

iv. An organizational reward system is a formal and informal mechanism by which employee’s performance is defined, evaluated and rewarded. Any reward system that is
planned toward improving employees job performance stand the chance to motivate and direct the desired behavior towards improving productivity (Griffin, 2005).

Conclusion
Empirical findings from data analyzed predicate the following conclusions relative to the scope of our study;

Top management support directly relates with corporate entrepreneurship; top management support implies supporting employees through empowerment, creativity and innovation; this implies that top management ensures that knowledge is made available to employees that spur them to utilize it to the advancement of the organization.

Accordingly, work discretion is significantly related with corporate entrepreneurship as it concerns goal attainment even as evidenced in literature and from practical evidences; work discretion connotes independency; staff is motivated by granting them work discretion as they experience the capacity to make same decision affecting them in operations without the presence of top management.

Similarly, reward system had significantly reported a strong influence on corporate entrepreneurship; any reward system that is planned toward improving employees job performance stand the chance to motivate and direct the desired behavior towards improving output levels in the organization.

Recommendations of the Study
The following recommendations come about as a result of prior findings and conclusions reached relative to the variables studied, thus;

i. Business organizations operating today should strive to lend support to operations of the organization as it concerns the employees; because through them, innovativeness is ensured by training, motivating and leading their desires toward corporate goals.

ii. Business organizations should ensure a culture that promotes work discretion among workers because through this, staff is given the opportunity to carry out operations, thus improving their level of job involvement and innovativeness.

iii. Reward systems should be closely examined so that through such systems; job performance of employees is improved, through the system also employees are motivated and directed to elicit the desired behavior towards improving productivity within the system.

References


