TRANSFORMATION OF ENTREPRENEURIAL ORGANISATION WITH MEAGRE RESOURCES INTO DOMINANT INSTITUTION

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Abstract

Transformation is necessary for more competitiveness in any business organisation that wishes to dominate the market. The study is set to examine ways in which entrepreneurs with meagre resources could be transformed into bigger entities and become a dominant institution. Institutions such as schools and other business enterprises should imbibe entrepreneurial attitude involving creativity, innovation and drive in order to profitably take advantage of every available opportunity. Organisations are to work hard at creating, nurturing and sustaining an entrepreneurial culture that encourages innovative thinking. This paper further examined the concept of entrepreneurship, development of business and strategies to be adopted considering the meagre available resources. It went further to determine other requirements for organisation with little capital, qualities for success in small business. It also considered strategic direction, a situation in which organisations are to employ the use of SWOT analysis to pursue their goals. The paper concluded that the little capital available to small businesses is a source of challenge, as they continue to struggle with customers who are rational and want to get more value for their money, most especially in the face of current global competition. It is recommended that small businesses should not be scared away from the market but should continue to be consistent and adopt the right strategy resulting from environmental scanning.

Keywords: Entrepreneurial organisations, Meagre resources, Environmental scanning and Dominant institution

Introduction

The objective of this study is to discover how to transform an entrepreneurial organisation from available meagre resources into dominant institution. An entrepreneurial organisation are those organisations that promotes and supports entrepreneurial actions within the organisation, adjusting structure, management and process appropriately to achieve the required ability, speed, creativity, innovation and drive in order to profitably take advantage of available opportunities.

Kuratko (2000) point out as quoted in shepherd (2010) that the spirit of entrepreneurship that permeates the organisation is essential to ensure a continuous flow of innovation, and that entrepreneurship has become a specialised function of the organisation which has seen specific individuals or teams being appointed to drive and stimulate entrepreneurial activities that culminate in active change resulting from the creation of new ventures. Employees being well equipped with the right information are so paramount, as they are the people that will drive the mission to achieve the objective of the organisation. Conducive environment should also be created to spark out initiative and motivation and any negative outcome should be taken as integral part of success elements. In designing and managing the organisation strategies to be adopted, management should take into consideration the meagre resources available, which may not give the organisation cost advantage. Price reduction strategy should not be adopted instead service and other non- cost values should be provided to customers in most appropriate way.

Concept of Entrepreneurship

Entrepreneurship practices exist in most countries of the world, including Nigeria. Entrepreneurial practices have produced computer delivery services, fast foods, integrated and micro-processors among others. No organisation can grow or develop without efficient and effective entrepreneurial practices, which involves conceptualization, innovation, birth, growth and development of new business. Oghojafor, Dakare and Sulaimon (2011) are of the opinion that the total process of economic change in Nigeria will be the function of entrepreneurs available in the country. This statement can be extended to organisations.

Developing Entrepreneurial Workplace

Organisations must work hard at creating, nurturing and sustaining an entrepreneurial culture that encourages innovative thinking. Create an environment necessary to support and encourage entrepreneurship. Jim (2003) agrees that one of the keys to success for a small business owner is to surround you with employees who have an entrepreneurial spirit. They also added that an entrepreneurial employee exhibits four primary characteristics: Initiative -Taking action without being coaxed, Vision - Seeing beyond the obvious problem or solution, Courage -Willing to stand up for your convictions and Leadership - Being able to put these three together in a style that causes others to follow.

Jim (2003) asserts that in order to develop and maintain an entrepreneurial organization you must be prepared to support it with three key elements: Management style, Compensation and Environment. The employee's entrepreneurial skills should be built and developed through both formal and informal training/education.

1. Entrepreneurship organisation should be supported with right management style innovative, visionary, courageous elements.
2. Compensation should be proportionate with performance to serve as re-enforcement.
3. Employees with entrepreneurial spirit should be sieved out and encouraged with both monetary and other valuable incentives.
4. As the owner cannot acquire all the qualities needed to have competitive edge, those with these qualities leadership, brain power, creative energy, initiative, vision, should be used.

Meagre Resources Strategies

There are strategies that small business can adopt to dominate in the market place. Among those strategies, small business should endeavour on providing the best customer experience, in form of valued services. The creation of relative convenience and appreciative responses will elicit repeat purchase from customers/consumers. The repeat purchases will translate to high sales volume and profit and cumulatively tend towards dominance in the market place.

Haga (2017) pointed out that small businesses maintain the technological lead in the international marketplace as well as drive the economy into new dynamics. Indeed, small firms are essential in determining the fiscal conditions of the country and equivalently significant in playing role in the health of the local populace. These characteristics of small business, autonomy, quick decision making and flexibility, when appropriately applied will contribute immensely to dominancy sought for by small business.

Other Requirements for Organization with Little Capital

i. Businesses with little resources are susceptible to the vagaries of environmental factors and changes, so it is imperative for small business managers to be sensitive to such changes taking place.
ii. There should be timely response and effective adaptation to change
iii. There is need for accurate marketing information

iv. There should be effective and efficient utilization of human resources through adequate compensation to enhance. productivity
v. Capital should be sought at minimum cost.
vi. There is need to take advantages of government assistance and other measures aimed at supporting and encouraging small business.

Qualities for Success in Small Business

Murad and Rula (2015) enumerate most important entrepreneurs' characteristics that have been identified by many researchers that ensure business success: need for achievement, self-confidence, initiative, independency, responsibility, risk taking propensity and experience. They also:

i. Are well-rounded individuals that devote attention to wide range of issues
ii. Possess effective communication skill and capable of inspiring confidence in others.
iii. Are very resilient and able to absorb shocks
iv. Pay attention to minute details
v. Are future oriented in addition to maintaining proper records
vi. Do not embark on pre-mature expansions that are counterproductive.

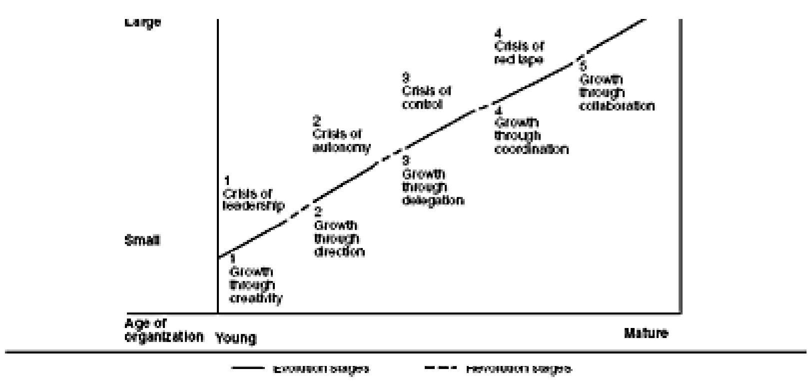
Also they are required to:

i. fit the right attitude
ii. maintain good health
iii. have some drive
iv. be resourceful
v. always show perseverance
vi. get the right level of education

Stage of Development Theories

According to the influential theory of Neil and Virginia (1983), growth is part of the natural evolution of a firm. The authors identify five stages of growth: existence, survival, success, take-off and resource maturity. In each stage of development a different set of factors is critical to the firm's survival and success. Growth thresholds may exist as obstacles to the transition from one stage to another. Accordingly, in the take-off stage – most relevant in a study of rapid growth – there are two major concerns or obstacles to firm growth: the ability of the owner to (a) hire new people and (b) delegate responsibility. The business will also need enough cash to satisfy the greater demand for financial resources brought about by growth.

EXHIBIT 1



Source:
Entrepreneurial management

The Five Stages of Small Business Growth
By Neil and Virginia 1983

Determinants of Small Firm Growth

The theories discussed so far all recognize that the attitudes and abilities of the business owner have an important impact on small firm growth and will be reflected in strategic choices and the ways in which he or she operates the business. Mosharref, Yusnidah and Mohan (2016) in reviews of thirty three previous studies published in several academic research journals for the period of 2006-2014 on factors that affect growth or performance of small business observed then focusing specially on owner manager characteristics; firm related characteristics; financial resources and external environment.

Concept of Strategy

Strategy is defined in many ways based on the view and experience of the authors. Quinn, Mintzberg and Ames (2011), describe strategy as those that determine the overall direction of an enterprise and its ultimate viability in the light of the predictable and unpredictable and the inevitable changes that may occur in it most important surrounding environment. Chandler (1962) defined strategy as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals. Corporate strategy is the pattern of major objectives, purposes, or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be Andrews, (1971). A strategy is a commitment to undertake one set of actions rather than another Oster, (1999). Strategy is management's game plan for growing the business, staking out a market position, attracting and pleasuring customers, competing successfully, conducting operations, and achieving targeted objectives, Mintzberg, Lampel, Quinn and Ghoshal (2002) reviewed the concepts relative to strategy and grouped them into five categories, including strategy as plan, ploy, pattern, position and perspective.

Based on the above definitions, the strategy for business organizations can be defined as identifying an organization's long-term objectives or goals while considering the business environment, by matching its' internal resources to the environmental variables and taking relevant actions for achieving the planned objectives or goals. Another term 'Tactic' has been used in the discipline of strategic management. It is argued that the main difference between Strategy and Tactic lies in the scale of action or the perspective of the leader (Mintzberg et al., 2002). Strategy defines a set of goals or objectives for the organization on a continuing basis. Tactics are of short-duration and adaptive actions for achieving limited goals. In other words, strategies may be considered as advanced statements to guide the organization's action. Nevertheless, the two items are often used interchangeably. The Tactic to the chief executive officer may be a Strategy to a department manager.

In practice, developing a strategy is a complex process since all factors affecting strategic decision should be considered. Thus, Thompson and Strickland (2003) suggests that an effective strategy should incorporate three elements, namely customer needs, customer groups to be served, and the competencies the firm needs to deliver value. In order to deliver this value and accomplish organizations' goals, firms need to be clear about their strategic intent and set up audacious goals, for example being dominant in certain market. Strategic intent occurs when a firm wants to pursue an ambitious strategic objective and concentrates its competitive resources on that. Sometimes, the executives may not be clear about the existing successful strategy which is clear to others. Normally, strategies represent in management level how the firm will pursue the organization mission and strategic vision. Thompson and Strickland (2003) point out that whether a firm's strategy is good or not relies on its competences, internal consistency, rationale, and suitability to the situation. They further suggest two empirical indicators of strategy performance: whether the company is achieving its stated financial and strategic objectives and whether the company is an above average performer.

Alternative Strategic Direction

There are a number of strategic directions which business can pursue. These strategies are determined by environmental demands as disclosed by SWOT analysis and objective being pursued by the organisation.

1. Do nothing strategy: i.e. status quo. This strategy ensures continuation of existing direction in the long term, it may not be beneficial but in the short term or interim it may be appropriate.
2. Withdrawal or removal strategy: using this strategy the concerned organisation has to remove itself from the industry, due to decline in demand if there is adverse competitive pressure, environmental changes or opportunity cost that indicate the other business activities, after a more appropriate strategic direction. This approach is a strategy of assets realisation and resources development.
3. Consolidation: consolidation occurs when a dominant industry organization aim at stability in order to accumulate reserve for future activities. Consolidation is achieved by cutting down cost or increased prices with aim of obtaining a better margin this simply is followed to maintain a current market share.
4. Integration strategy: there are vertical and horizontal integration strategies. The vertical integration strategy involves forward and backward integration.

   Forward integration involves gaining ownership or increasing control over distributions channels and retailers. Backward integration is a strategy for seeking ownership or increasing control of organisation suppliers. Backward integration is appropriate when company's current suppliers are not reliable or inadequate. Sometimes the price may be moderate but supply may not meet up with demand. Horizontal integration usually tends towards competition; it refers to strategy or seeking ownership or increase of control over organisation competitors. It is the most significant trend in the strategic management of today. It can come in form of merger or acquisition

5. Intensive strategy: this comprises market penetration, market development and product development. This is because they require intensive effort to improve the company's competitive position particularly in the existing product.

   Market penetration: this seeks to increase the market shares of the existing product or service in the present market through greater marketing effort. It involves increase in the number of sales person or sales representative, increase in advertising expenditure, offering extensive sales promotion, and other promotional tools or activities. Market development: this involves the introduction of the present product or services in the new geographic area. Many domestic organisations are striving hard to carry their products abroad. Expansion into the world market is however not a guarantee for success. What is most important is to allow great care in quality control and provision of consumer service.

a. Product development: in product development this is based on the fact that there is need for the organisation to continue to generate new product. The purpose of this is to meet the changing needs of the consumer. In an attempt to develop product, organisation should be conscious of two major errors that most of the companies face in product development. "Go error and drop error"

-A go error is an error that organisation committed during product development by allowing a bad idea to move to next stage of product development.

-While a drop error is error that the company committed by not allowing good idea to move to next product development

6. Diversification strategy: generally there are three types of diversification strategy namely: (a) concentric (b) horizontal (c) conglomerate. Diversification strategy are becoming less popular, this is because organization are finding it more difficult to manage diverse business activities. However diversification is still an appropriate and successful strategy.

A. Concentric e.g. going into production of different types of pencil, the two products require the same types of marketing and technological energy.

B. Horizontal, this strategy is not as risky as other diversification because the organization will be familiar with its present customers.

C. Conglomerate, this strategy entails adding new unrelated products or services. This diversification is practised partly in expectation of profit from break up or breaking. This means that the company assets are worth more separately than when they are working together (synergy)
7. Defensive strategy: like Joint venture is strategy when two or more companies form temporary partnership for the purpose of capitalizing on some opportunities. It is considered as defensive because the organization is not undertaking the product alone.
8. Retrenchment: it occurs when organization regroup through cost and assets reduction to reverse the declining sales. It is sometimes called turn around or re-organizational strategy. Retrenchment can be selling off land and building for the needed cash, closing absolute business or reducing the number of employees and expensive control system.
9. Divesture: this strategy involves the sales of division or department or unit or sales of part of the organization. The purpose of this strategy is to save capital and use that money for the department that are bringing reasonable sales.
10. Liquidation: it is a strategy that involves selling of company assets for their tangible worth. Liquidation is recognition of defeat and it can be emotional difficult strategy. However it is better to stop operation than to lose large sum of money.
Base on the point where the business is in the product life's cycle or organisation life cycle the business can if the environment dictate adopt expansion strategy to achieve the business objective.

Expansion Strategy
This is a strategy of expansion when a business aimed at high growth by substantially or broadening the scope or more of its business. This may be in terms of respective customers group, functions and alternative technology in order to improve its overall performance.

Reasons for Expansion Strategy
A. It may be as a result of it becoming imperative when the environment opportunities increase.
B. The strategist may also expand their business in order to meet the changing needs in the environment due to a change in customer taste.
C. It may be as a result of experience from the competition particularly those that are in the same type of business.
Stability Strategy: is also an expansion strategy which is usually adopted by a business when it attempts to improve the performance by marginally changing one or more of its business in terms of their respective customers group, functions, and alternative technologies in order to improve the overall strategy.

Conclusion
The difficulty in operating small business is well known fact because of the competitive nature of business environment. The fact of the little capital available with small business is another source of challenge, as they will be grappling with cost disadvantage and customers are so rationale that they always want more value for their money.

Recommendation
The intelligent competitors are there coupled with some multi- national corporations in the local/domestic market as a result of globalization, (Advanced telecommunication and transportation system) that seems when they sneeze the small business will develop hay fever. Upon all these disadvantages, the advantages of small business are there, flexibility, quick decision making in the face of ever and quick changing environmental factors that dictate trend and right strategy to adopt. So small business should not be scared away and should try to be consistent and cumulatively the dominance in the market will emerge.

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