



# Entrepreneurship and Innovation

## Corporate entrepreneurship and Social Entrepreneurship

By Peninah Kanyua-Muguku



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## Course Objectives

- At the end of the course, you should be able to:
  - ✓ Examine the nature of corporate entrepreneurship.
  - ✓ Discuss factors contribution to and limiting corporate entrepreneurship
  - ✓ Describe how a corporation can embrace innovation and Entrepreneurship
  - ✓ Define and describe Social Entrepreneurship

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# Corporate Entrepreneurship



What are some corporates that you can describe as innovative?



Do established African firms innovate? Or is this a phenomenon for “startups”.

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## Apple buys a company every three to four weeks

By Justin Harper  
Business reporter, BBC News

🕒 24 February 2021 | 💬 Comments

WU NEWS EXCLUSIVE | DEALS

### Intel Is in Talks to Buy GlobalFoundries for About \$30 Billion

Move comes as Intel is launching a major push to become a chip manufacturer for others



IDENTITY & SECURITY

### Raising the bar in Security Operations: Google Acquires Siemplify



#### Ranked: The Most Innovative Companies in 2021

MARKETS TECHNOLOGY MONEY HEALTHCARE ENERGY MAPS MINING GREEN FEATURED COMPANIES REPORTS CHANNELS



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<https://www.visualcapitalist.com/ranked-the-most-innovative-companies-in-2021/>

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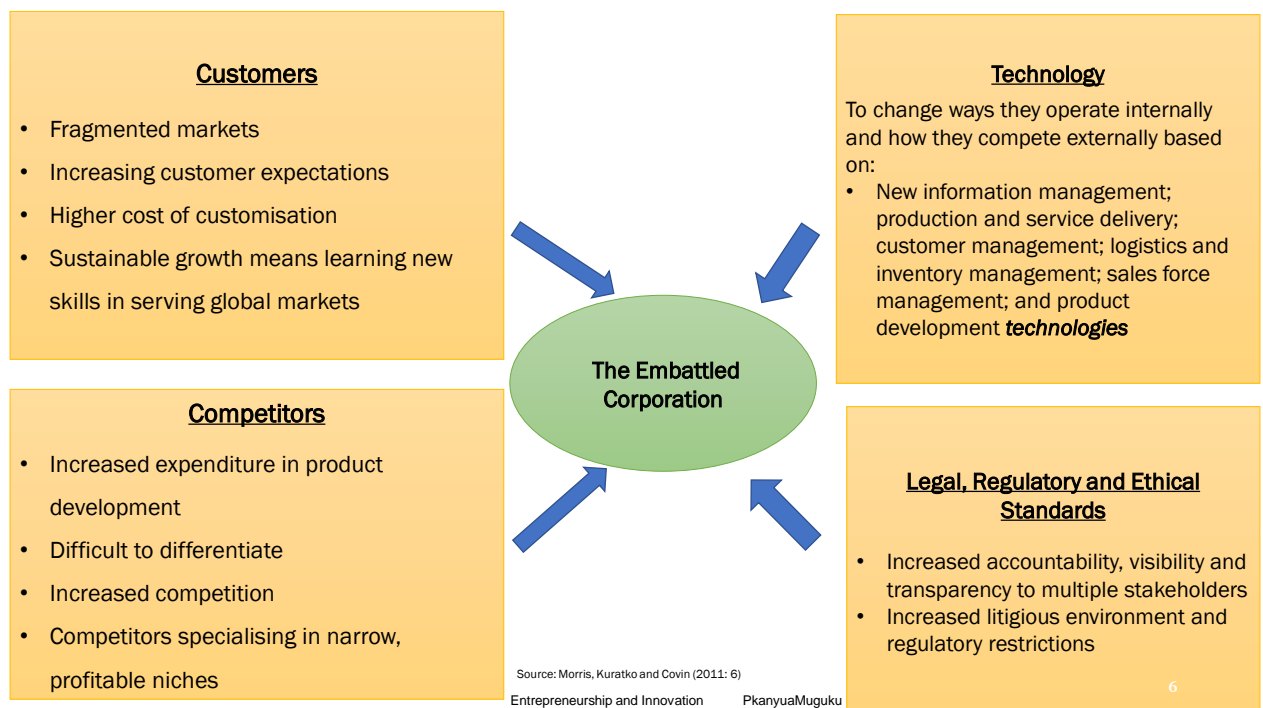
## The 'Embattled Corporation'



- Corporations are facing dramatic changes in the way they do business. Four dimensions have been recognised through which environmental turbulence has created a need for new management practices:
  1. Through *customers*
  2. Through *competitors*
  3. Through *technology*
  4. Through *legal, regulatory and ethical standards*

Source: Morris, Kuratko and Covin (2011: 6)

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Source: Morris, Kuratko and Covin (2011: 6)

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## What is Corporate Entrepreneurship?



- Corporate entrepreneurship is the term used to describe entrepreneurial behaviour in an established, larger organisation. It can be defined as:
  - “the development of new business ideas and opportunities within large and established corporations” (Birkinshaw, 2003: 46).
  - *The ‘developments’ include innovations of all types and new business through venturing.*
- **Independent entrepreneurship** is the process whereby an individual or group of individuals acting *independently*, create a new organisation.
- **Corporate entrepreneurship** is the process whereby an individual or a group of individuals, *in association with an existing organisation*, create a new organisation or instigate renewal or innovation within that organisation.

## Characteristics of Corporate Entrepreneurship



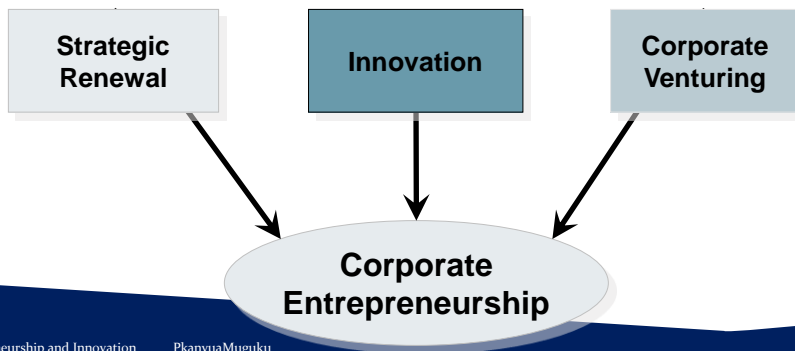
- The creation of new business units by an established firm
- The development and implementation of entrepreneurial strategic thrusts
- The emergence of new ideas from various levels in the organisation

## Three ways in which corporates practice Entrepreneurship



- Strategic renewal- Organization changes its long-term strategy. Example, Netflix shift from DVD rental to streaming.
- Innovation- Organization comes up with new products/services or improves on existing products and services.
- Corporate venturing – Organization acquires innovative “startups”.

### The Corporate Entrepreneurship Process



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## Corporate Venturing



- Concerned with:
  - The need for larger firms to manage new, entrepreneurial businesses separately from mainstream activity
  - Investment by larger firms in strategically important smaller firms
  - Organisation structures needed to encourage new businesses
- Key to Success
  - Strong relationship with core competencies of venturing company - effective synergy
    - or
  - Acquiring skills, technologies or customers that compliment the strategic direction of venturing company - effective knowledge transfer

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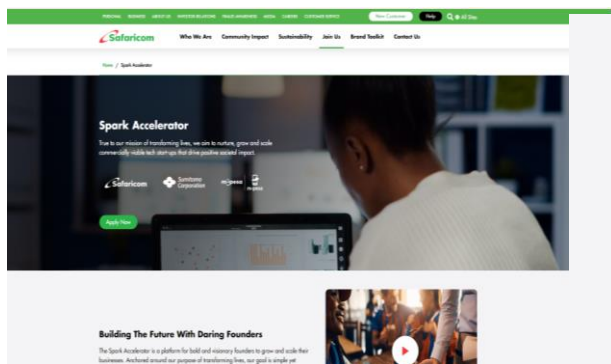
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## Advantages and Disadvantages of Corporate Venturing



- Advantages
  - Facilitates innovation and knowledge import
  - External sources of finance may be easier to access
  - Facilitates creation of semi-autonomous units with their own cultures, incentives and business models
  - Often involves highly motivated staff
- Disadvantages
  - Requires investment, normally equity, which can be risky
  - Requires investment in venture mechanisms that set up venture management and networks that search out, evaluate and generate deal flows
  - Investing company will not be in complete control of innovation

## Spark Accelerator by Safaricom



### Benefits Of Spark Accelerator



#### Access To Product and Technology Support

- Access to Daraja and M-PESA Open APIs
- AWS Activate credits up to \$25K
- Technical advisory & mentorship
- Business development support



#### Access To Market

- Go to Market Support
- Access to Safaricom and M-PESA Customer Base of over 30 Million Customers
- Access to Safaricom Partner Network
- Networking and Events



#### Access To Capital

- Investor Readiness
- Access to Funding from Safaricom and Leading Venture Capital Funds

## Strategic Renewal



- Concerned with
  - Sustained Regeneration
    - The need form large firms to adapt to an ever-changing environment
  - Domain Redefinition
  - Organizational Rejuvenation
    - Changes in systems, structures and cultures that encourage entrepreneurship – entrepreneurial architecture
    - Leadership and strategies that encourage entrepreneurship
  - Business Model Reconstruction

## Strategic Renewal



The four actions framework is used for building a new customer value curve and to eliminate or break the trade-off between differentiation and low cost, Startups need to ask four vital questions:

1. Eliminate: Which of the factors that the industry takes for granted could be eliminated?
2. Reduce: Which factors could be reduced below the industry's standard?
3. Raise: Which factors should be raised well above the industry's standard?
4. Create: Which factors should be created that the industry has never offered?

Yellow Tail created a new market adopting this approach:

1. Eliminate: Enological terminology and distinctions; ageing qualities; above-the-line marketing
2. Reduce: Wine complexity; wine range; vineyard prestige
3. Raise: Price versus budget wines; retail store involvement
4. Create: Easy drinking; ease of selection; fun and adventure

## Strategic Renewal



Yellow Tail was marketed as an uncomplicated, fruity wine that was instantly appealing to the mass of alcohol drinkers. It was sold as a social drink, not for wine drinkers. By dramatically reducing the range of wine characteristics, Yellow Tail simplified a wine choice many consumers had traditionally seen as overwhelming and intimidating.

Yellow Tail removed all technical jargon from the bottles and created a striking, simple and non-traditional label. It leapfrogged its competitors and grew its market by bringing in non-wine drinkers to offer an entirely new experience, making the existing rules of competition irrelevant. In just two years, Yellow Tail emerged as the fastest-growing brand in the histories of both the Australian and the American wine industries, and the number-one imported wine into the United States, surpassing the wines of France and Italy.

<https://thestartupfactory.tech/insights-from-yellow-tails-blue-ocean-strategy-for-startups/>

## Reengineering Corporate Thinking



Steps that will help innovative people to develop an entrepreneurial mindset:

- **Management support** This is the extent to which the management structure itself encourages employees to believe that innovation is, in fact, part of the role set for all organisation members. Some of the specific conditions that reflect management support include quick adoption of employee ideas, recognition of people who bring ideas forward, support for small experimental projects and seed money to get projects off the ground.
- **Autonomy/work discretion** Workers have discretion to the extent that they are able to make decisions about performing their own work in the way they believe is most effective. Organisations should allow employees to make decisions about their work process and should avoid criticising them for making mistakes when innovating.
- **Rewards/reinforcement** Rewards and reinforcement enhance the motivation of individuals to engage in innovative behaviour. Organisations must be characterised by providing rewards contingent on performance, providing challenges, increasing responsibilities and making the ideas of innovative people known to others in the organisational hierarchy.



## Reengineering Corporate Thinking



- Steps that will help innovative people to develop an entrepreneurial mindset:
- **Time availability** The fostering of new and innovative ideas requires that individuals have time to incubate ideas. Organisations must moderate the workload of people, avoid putting time constraints on all aspects of a person's job and allow people to work with others on long-term problem solving.
- **Organizational boundaries** These boundaries, real and imagined, prevent people from looking at problems outside their own jobs. People must be encouraged to look at the organization from a broad perspective. Organizations should avoid having standard operating procedures for all major parts of jobs, and should reduce dependence on narrow job descriptions and rigid performance standards

## Corporate Innovator's Commandments



1. Come to work each day willing to give up your job for the innovation.
2. Circumvent any bureaucratic orders aimed at stopping your innovation.
3. Ignore your job description, do any job needed to make your innovation work.
4. Build a spirited innovation team that has the "fire" to make it happen.
5. Keep your innovation "underground" until it is prepared for demonstration to the corporate management.
6. Find a key upper level manager who believes in you and your ideas and will serve as a sponsor to your innovation.
7. Permission is rarely granted in organizations, thus always seek forgiveness for the "ignorance" of the rules that you will display.
8. Always be realistic about the ways to achieve the innovation goals.
9. Share the glory of the accomplishments with everyone on the team.
10. Convey the innovation's vision through a strong venture plan.

## Video

How can companies continue to thrive in times of change

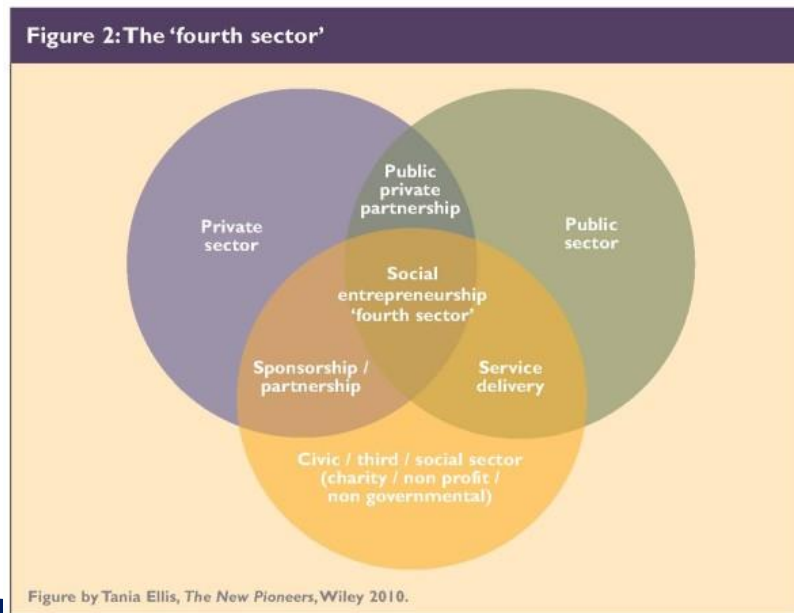
[https://www.ted.com/talks/patrick\\_forth\\_how\\_can\\_companies\\_continue\\_to\\_thrive\\_in\\_times\\_of\\_change](https://www.ted.com/talks/patrick_forth_how_can_companies_continue_to_thrive_in_times_of_change)

## Social Entrepreneurship -Awakening the Human conscience

The SDGs

<https://www.youtube.com/watch?v=HW76iOQ7qVQ>





## What is social entrepreneurship?

- Peter Drucker defines entrepreneurship in this way; “The entrepreneur always searches for change, responds to it, and exploits it as an opportunity”.
- The social entrepreneur is different from the entrepreneur in that their motivation is a social mission. This is either by solving a social issue or initiating social change.
  - **Social Enterprises can be for profit or not for profit.**
- Per the Social Enterprise Coalition, Social Enterprises are “...businesses trading for social and environmental purposes. Social enterprises are distinctive because their social and/or environmental purpose is absolutely central to what they do - their profits are reinvested to sustain and further their mission for positive change.”
- What is not included in the social entrepreneurship tent?
  - Social Service provision- Provision of necessary services to individuals and families in need. Examples. children's home, welfare services
  - Social Activism- shines light on social injustice- Think St. Teresa (Mother Teresa)
    - Not all social issues can be solved through a business approach

## Difference between business and social enterprise



- Most social entrepreneurs create hybrid organizations.
  - Think Muhammad Yunus (Grameen Bank) Was a combination is social entrepreneurship and social activism.
  - Some social enterprises have a profit generating arm and a social service arm.
- Difference between business and social enterprise
  - Social enterprises have a social objective. The primary objective of a social enterprise is to maintain and improve social conditions in a way that goes beyond financial benefits created for the organization's founders, managers, employees, or customers. Businesses have a profit focus and seek to maximize returns for shareholders

## THE SOCIAL ENTERPRISE SPECTRUM



		Purely Philanthropic	←————→	Purely Commercial
Motives, Methods, and Goals		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
Key Stakeholders	Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

## The bottom of the pyramid (BOP)



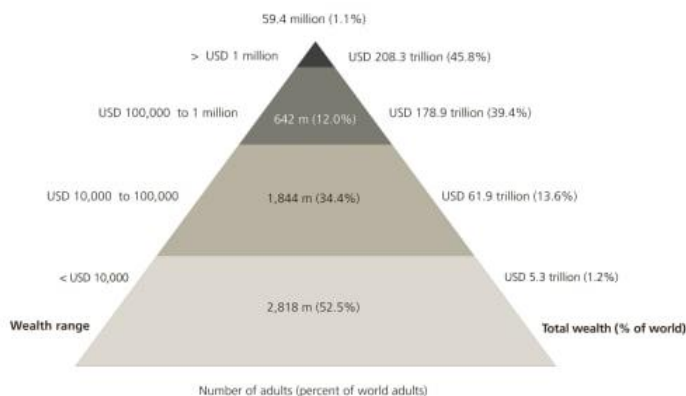
- Most Tier 4 people live in rural villages, or urban slums and shantytowns, and they usually do not hold legal title or deed to their assets (e.g., dwellings, farms, businesses)
- They have little or no formal education and are hard to reach via conventional distribution, credit, and communications. The quality and quantity of products and services available in Tier 4 is generally low.”
- In the past, the BOP population was not profitable. However, this is changing. Multinational corporations have modified their products to meet the needs of this product. Examples, the dollar menu, Bamaba 50, Blueband Kadogo.
  - There are still challenges within the BOP that have not been addressed by corporations or government entities. Issues such as lack of credit, lack of housing, unemployment, access to basic needs, etc.
  - Social entrepreneurs seek to address gaps that are often ignored by the commercial ventures and are not effectively addressed by government.

## The bottom of the pyramid (BOP)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2023



To learn more about opportunities in this space, look at the UN Sustainable Development Goals



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global Wealth Databook 2023

BOP:

- In developed countries, about 20 percent of adults fall within this category. For the majority, membership is usually transient. In contrast, more than 90 percent of the adult population in India and Africa falls within this range. For many residents of low-income countries, life membership of the base tier is the norm rather than the exception.

## Four Elements of Social Entrepreneurship

(by Jeffrey A. Robinson, Ph.D.)



Four aspects that can help in determining if your venture is “social entrepreneurship”

1. Social impact-
  - what social impact does your organization want to make on society?
  - At what level does your organization want to make an impact and to what degree?
2. Social innovation
  - What new (or improved) approach will your venture use in addressing the social/environmental issue?
  - An understanding of limitation of existing approaches and barriers to social change can aid in crafting a better approach

## Four Elements of Social Entrepreneurship



3. Sustainability
  - Financial viability sets apart sE ventures from traditional approaches to social issues
  - Consider how your venture is positioned to fulfill its mission in the long-term.
  - Consider fee-for-service or earned-income models that allow for sustainability
4. Measurement
  - Ability to measure and document social impact is a key measure of se venture success
  - Set up indicators that can signal you to change approach
  - Use appropriate measurement tools

## Social Entrepreneurs as Agents of Change



1. Adopting a mission to create and sustain social value. Social impact trumps profit focus. The Social entrepreneur looks for ways to create lasting social impact.
2. Recognizing and relentlessly pursuing new opportunities to serve that mission. Where others see problems, the entrepreneur see opportunity. The SE focuses on his/her vision in order to achieve their goals.
3. Engaging in a process of continuous innovation, adaptation and learning. SE look for innovative ways to ensure that their ventures create social value and obtain needed resources.
4. Acting boldly without being limited to resources currently in hand. They figure out how to do more with less and how to attract resources from others.
5. Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

## Activity



10 Min Social Entrepreneurs: Pioneering Social Change

[https://www.youtube.com/watch?v=jk5LI\\_WcosQ](https://www.youtube.com/watch?v=jk5LI_WcosQ)

- Kipato Unbranded
  - Kipatounbranded.com
- Bidhaa Sasa
  - Bidhaa.co.ke
- Deevabits Green Energy
  - <https://www.deevabitsgreen.com/>
- Sanergy
  - <https://www.youtube.com/watch?v=F8DdU6Me6gI>