

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

The concept of corporate entrepreneurship has been around for at least 20 years. Broadly speaking, it refers to the development of new business ideas and opportunities within large and established corporations. For large companies, creating new businesses is the challenge to the day. Many companies are going up and down while running their business. Successful business companies have realized that downsizing and cutting cost are not effective. The companies also found that they can't grow rapidly by taking over the rivals, promotion and moving into developing countries. In order to be successful, they must look into two directions at once, with one face that is focusing on the old and seeking out the new. The companies have to be innovating, they must create, develop, be an opportunist, and innovative.

A Corporate Entrepreneur is a key to sustainable competitive advantage for large organizations of the changing business environment that is not simply lowering costs or restructuring for efficiency. However, it's a risky proposition. Companies need to act in an entrepreneurial manner, they need to be adaptable, creative, flexible, speedy, innovative, and opportunistic and risk-taking. Corporate Entrepreneurship labels / labeled as " Intrapreneurship " is a term used to describe entrepreneurial behavior inside established mid-sized and large organizations. It's about the ability of an organization to make opportunities, to innovative and to do things differently. In order to, in developing an organization and a strategic capability, the companies need to embrace and action it. Getting people to act like entrepreneurs inside large organizations isn't enough. Corporations today need to identify and empower people that are entrepreneurial by nature, with the passion and imagination to create the new and different in meaningful ways.

The Researcher decides to conduct research at Brastagi Manhattan, because the researcher realized that the Brastagi Supermarket Manhattan is still starting to growth of the business. Although Brastagi Supermarket Manhattan gets the support from other branches but it has a rival which is SMARCO Supermarket located in Ringroad City Walk that is located near Brastagi Supermarket Manhattan. Brastagi Supermarket Manhattan is one bigger retailer company in Medan, it sells daily need goods which are traditional, local and imported stuff. The success of Brastagi Supermarket is proved by many successful branches in Medan.

According to Othman and Md Shuaib (2015):

The relation between corporate entrepreneurship and organizational performance can be said briefly that corporate entrepreneurship activities and orientations can be considered important predictors of organizational performance. To improve efficiency and productivity, corporate entrepreneurship is a response strategy. To survive and thrive, enterprises need to create and continually renew a spirit of disciplined corporate entrepreneurship as the source for continuous generation of disruptive innovation (product and service) that the rules of competitive landscape in their favors. There is an adequate empirical evidence that corporate entrepreneurship is closely linked to improve enterprise performance.

The researcher realized that corporate entrepreneurship has been increasingly recognized as an important way to ensure the continuing and sustainability of the organization. This is important to create the entrepreneurial culture of corporate entrepreneurship that is dynamic, flexible and competitive in order to cope with intense competition and challenging market. However, many organizations are unaware of when and how an organization should do any changes in order to develop and encourage corporate entrepreneurship. Moreover, corporate entrepreneurship often conflicts with traditional management. Besides that, the adoption of corporate entrepreneurship model for higher education in the public sector can help colleges and universities to build capacity and cope with a dynamic and challenging environment. Therefore, commitment is needed to build the corporate entrepreneurship capability and organizational internal factors are needed to support the organization to become the intrapreneur.

Realizing the important role of Corporate Entrepreneurship in the company arouse the researcher eagerness to conduct research at Brastagi Supermarket which is located at Manhattan Times Square. The research aims for the writing of dissertation “The **Relationship of Corporate Entrepreneurship Towards Organizational Performance at Brastagi Supermarket Manhattan**”.

### **1.2 Problem Limitation**

Regarding to the limitation of time, ability and knowledge, the researcher only focuses on the relationship of corporate entrepreneurship towards an organizational performance at Brastagi Supermarket Manhattan by investigating Corporate Entrepreneurship performance in the organization and to find out the relationship Corporate Entrepreneurship towards Organizational Performance and the best way to improve Organizational Performance in the company.

In this research paper, the writer limits the scope on Corporate Entrepreneur that affects the organizational performance at Brastagi Supermarket Manhattan. The writer focuses on Corporate Entrepreneur indicators which are Management Support, Rewards System, Organizational Structure, Resource Availability and Risk. For Organizational Performance the writer emphasis on non-financial performance. The Non-Financial performance sub-indicators are employee satisfaction, innovation performance and customer satisfaction.

### **1.3 Problem Formulation**

The research is focused on the following research questions:

1. How is a Corporate Entrepreneurship being applied at Brastagi Supermarket Manhattan?
2. Is there any significant relationship between Corporate Entrepreneurship towards Organizational performance at Brastagi Manhattan?
3. How does Corporate Entrepreneurship contribute in improving organizational performance in Brastagi Supermarket Manhattan?

### **1.4 Objective of the Research**

Therefore the following keys are formulated for this research.

1. To analyze the indicator of Corporate Entrepreneur and Organization Performance at Brastagi Supermarket Manhattan.
2. To identify relationship between Corporate Entrepreneurship and Organizational Performance at Brastagi Supermarket Manhattan.
3. To find out the influence of Corporate Entrepreneurship towards Organizational Performance and the best way to improve Organization Performance at Brastagi Supermarket Manhattan.

### **1.5 Benefit of Research**

Significance research can be divided into two:

For the Theoretical, this research is to identify the relationship between Corporate Entrepreneur towards Organizational Performance, and to gain knowledge by examining how the Corporate Entrepreneur has influence Organizational Performance, and to find out the contributing of Corporate Entrepreneur to improve organizational performance at Brastagi Supermarket Manhattan.

For practitioners, there are some practical decisions can be taken related to the result of the research that are:

- a) This research can be useful to the company, research is expected to provide useful information to organization about how corporate entrepreneur contributing in organizational performance.
- b) For the reader, this research is to provide insight and knowledge about the influence of corporate entrepreneur at Brastagi Supermarket Manhattan towards organizational performance.

### **1.6 Systems of Writing**

The systematic outline of writing in this research will be as following:

#### **Chapter I: INTRODUCTION**

In this chapter, the researcher describes about the Background of Study, Problem Limitation, Problem Formulation, Objectives of Research, Benefits of the Research provide benefits for two parties:

Theoretical Benefits and Practical benefits for the organization and reader, and System of Writing.

### **Chapter II: LITERATURE REVIEW**

In this chapter, the researcher will declare some theories that are related to the topic such as corporate entrepreneur and organizational performance. In this chapter the writer should mention what the similarities and differences are between this study and previous study. This chapter also consists of hypothesis that states the logical relationship between two variables, Research model and Framework of thinking.

### **Chapter III: RESEARCH METHOD**

In this chapter, the researcher explains the Research Design, Research Object, Methods of collecting the data, and the way of analyzing the data.

### **Chapter IV: DATA ANALYSIS AND DISCUSSION**

In this chapter consists of brief history of the company, organization structure, data presentation and data analysis.

### **Chapter V: CONCLUSION**

This chapter contains the conclusions as the results of the whole study and the problems faced in this research. It also includes recommendations for overcome the problem, and the limitation in doing the research.