

Strategic Intrapreneurship Practice and Sustainable Business Development in Nigeria Banking Sector

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Abstract

This study investigates the relationship between strategic intrapreneurship practice and sustainable business development in Nigeria banking sector. Intrapreneurship as a concept has gained fair attention over the past two decades (Antonic & Hisrich, 2003). But less consideration has been given to strategic intrapreneurial process to enhance sustainability of business development. The result also indicates that there is a moderate linear relationship between strategic intrapreneurship practice and business development ($r= 0.441$; $p<0.05$; $N=490$). The correlation is positive and significant at 5 per cent significant level which implies that as strategic intrapreneurship practice increases, business development also increases by the same degree. In the light of this result, the null hypothesis (H_0) which states that there is no significant relationship between strategic intrapreneurship practice and business development in the commercial banks is hereby rejected. In conclusion, recognizing the role and importance of intrapreneurship in business development, the study therefore, recommend that management should develop flexible policies as using stick and carrot, tolerance of risk and failure method as a means of organizational support to be able to achieve sustainable business development. It is suggested that further investigation be conducted on the same study considering the effect of environmental factors.

Keywords: *Intrapreneurship, strategic Intrapreneurship Practice, business development, Commercial Banks.*

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Background to the Study

The recent scenario in the commercial landscape has witnessed the increasing pressure exerted on organizations to compete towards organizational sustainability making businesses now to be cognizant of the fact that past economic success is no longer a guarantee of future success (Ahmad, Nasurdin and Zainal 2012).

However, to the knowledge of the researcher, related literature lacks conclusive evidence on the role of intrapreneurship in organizations. Developing intrapreneurship in organization is crucial as it requires an organization to grow and diversify its business, to satisfy and retain its best staff's. Due to rapid technological change, the ongoing economic/financial crisis and increasing international competition, the abilities of firms to change, improve and create new value have become ever more important.

Intrapreneurship is a concept with a high attraction equally to many scholars and managers in companies of any size nowadays (Menzel, Krauss, Ulijn, & Weggeman, 2006). Intrapreneurship can be broadly defined as entrepreneurship within existing organizations, and there is broad consensus both in academia and business practice about the relevance and the need of bringing entrepreneurship into the settings of established companies. And what Drucker (1985) in Menzel, et al (2006) stated some twenty years ago, that today's businesses, especially the large ones, simply will not survive in this period of rapid change and innovation unless they acquire entrepreneurial competence, still seems to hold true today. Intrapreneurship (entrepreneurship within existing organizations) is an important element in organizational and economic development. Scholars and practitioners have shown interest in the concept since the beginning of the 1980s due to its beneficial effect on revitalization and performance of firms (Bostjan and Robert (2011).

organizations are faced with constraints on available resources, both human and capital, as the need for innovation, quality and competencies is amplified in endeavours for competitive advantage and compliance with customer requirements. Today's business environment demand a strong focus on the external and internal business environment to find and work on entrepreneurial opportunities and risks to build new competitive advantages as well as to adapt the firm to a changing and turbulent world (Elza, Rodrigo, Joel, André and Leonardo 2014). The effectiveness and efficiency of financial institutions have been the long standing issues. However, excessive centralization of authority and bureaucratic rigidity has constituted one of the toughest and most challenging activities of these institutions, hence this continuous problem has created a more hostile and turbulent environment as the institutions constantly need to keep with the changing needs of the 21st century, yet the institutions play a vital role in the process of intensifying economic growth (Titus, 2014).). Indeed, this is the more reason why strategic intrapreneurship and sustainable business development is crucial to the success and survival of an organization now more than before (Essien, Adekunle and Oke-Bello, 2013).

According to Berthold (2011), it has been established that the concept of intrapreneurship in Nigerian service industries was a highly under researched field, hence very low expected awareness of intrapreneurship among the employees, management and the employers as a whole. Therefore, the aim of this study is to investigate the relationship between strategic

intrapreneurship and business development of the selected banks in Lagos State, Nigeria. the specific objective is to; i. determine the impact of strategic intrapreneurship practice on the sustainability of commercial banks business development in Lagos State Nigeria.

Research Question

What is the relationship between strategic intrapreneurship practice and sustainable business development in the commercial banks?

The following hypothesis was tested to provide answer(s) to the above mentioned question.

Ho; there is no significant relationship between strategic intrapreneurship practice and the sustainability of commercial banks business development in Nigeria.

Literature Review

Sustainable Business Development (SBD)

The concept of sustainable business development has received growing recognition, but it is a new idea for many business executives. According to Australian Graduate School of Entrepreneurship (AGSE 2013), Sustainable business development is the art of the societal marketing philosophy which aims to create value for consumers in the long term by providing superior value to consumers and its stakeholders by the adoption of six sigma and the bottom line (environmental, social and economic) approach. This pertains to create value superior than its competitors by focusing its resources on sustaining business strategies and activities.

WCED also emphasize that sustainable business development cannot be achieved by a single enterprise (or, for that matter, by the entire business community) in isolation. Sustainable business development is a pervasive philosophy to which every participant in the global economy (including consumers and government) must subscribe, if we are to meet today's needs without compromising the ability of future generations to meet their own. The intrapreneur role in sustaining business development is to create a product or process that under the guidelines of sustainable business development creates a sustainable business strategy that makes the company unique within its market (AGSE, 2013). The role of banks in contributing to sustainable business development remains indefinite.

Strategic Intrapreneurship (SI)

The intrapreneurship literature has some strategic content but not enough to describe intrapreneurial strategy (Dan 2009). At its simplest, strategic intrapreneurship is a process that coordinates set of activities that shape strategic vision or help enact a firm's strategy. In other words it fuels emergent and planned strategies. It is both resource and market based, and has as wide a reach as marketing in the organization. It resists definition because it is to challenge the new discovery and it is a company strategic posture (Coyne and Subramanian 1996 in Dan, 2009).

Valuable

Rareness

Imperfect Imitability

Organizational Exploitation

The use of Resource-based theory is relevant to strategic and intrapreneurial development because of the availability of resources and the willingness of the organisation management to strategically utilize such resources to train intrapreneurs, encourage research activities and embark on other meaningful venture creation that could enhance intrapreneurial development. This is because even with good strategic management intent in an organization it will be absolutely difficult to implement without the availability of resources.

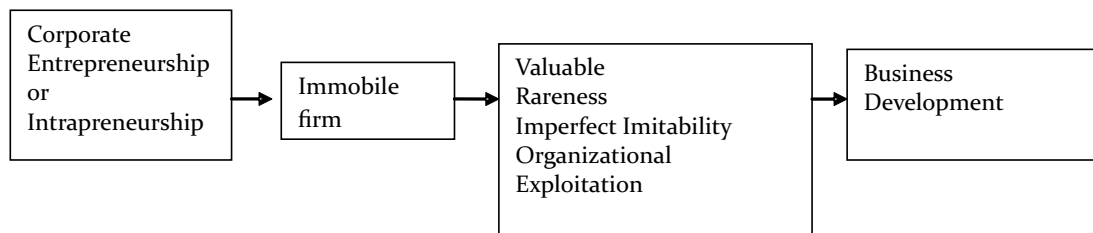


Figure 2.1 Relationship between Corporate Entrepreneurship, VRIO-Model and Sustainable

Competitive Advantage

Source: adapted from Elom & Nwekpa (2015) *Enhancing Nigerian Organizations' Competitiveness Through Corporate Entrepreneurship, the VRIO-Model Analysis*.

According to Dirisu, (2013), a high level of domestic rivalry exists in the Nigerian banking sector; and this has pushed top players in this sector to seek out ways to remain at the top and to continue to revitalize their trademark because according to Ugochukwu, (2011), an organization with scarce resources can achieve sustainable competitive advantage, if it is able to create value and its resources cannot be either imitated or easily replaced.

Strategic Intrapreneurship and Sustainable Business Development

A study on organizational resources and intrapreneurial activities: a cross-country study affirms that a firm is said to have a sustainable business advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy and if the resources are also difficult to imitate and substitute for, the result can be longer-term, sustainable advantage and performance (David & Urbano 2012). The more that responsible, sustainable business practice is perceived as integral to, and enhancing opportunities for business success, the better the chances of developing and sustaining social intrapreneurism in the organization communicating clearly how sustainability is integrated with the success of the business provides useful direction for social intrapreneur (David, Heiko, Elisa and Melody 2013)

Methodology

This study investigates the relationship between strategic Intrapreneurship practice and sustainability of business development in selected commercial banks in Nigeria. The research design adopted in this study was an empirical survey. The study was conducted by distributing questionnaires to the employees of the selected commercial banks. The correlational research design was used to determine the level of relationship or association exists between the variables.

Scope of the Study

The study focus on the relationship between strategic intrapreneurship practice and business development in four selected commercial banks in Nigeria with focus on their headquarters in Lagos because Lagos is considered the economic nerve centre of Nigeria. The banks were selected based on size, total capitalization and being among the twenty (20) commercial banks that survive the 2010 mergers and acquisition in the banking sector, operating in Nigeria (List of Financial Institutions, 2012), and they are widely spread in terms of branch and mostly concentrated in Lagos due to its commercial hub activities.

The total population is one thousand, one hundred and four (1,104) its comprised of those employees that are head of units and the non-managerial employees of the selected banks; such as, First Bank of Nigeria, Guaranty Trust Bank (GTB), United Bank of Africa (UBA), and Zenith Bank selected from the list of commercial banks in Lagos State, Nigeria (List of Financial Institutions, 2012). The sample size for the study is 200 and the target population for this study includes head of units or strategic units and the non – managerial staff of these selected commercial banks operating in the headquarters Lagos State. This was arrived at using the formular Cochran (1997) because most of the employees who engaged in intrapreneurial activities are within this bracket.

Method of Data Collection

Data were collected from retrieved questionnaire administered to respondents after completion. The study adopted the closed-ended questions using the modified six (6) Likert point scale. The research instrument contains two major sections of (A, & B). Section A on strategic intrapreneurship practice with twenty eight questions (28), Section B on business development with twenty two questions (22). Both sections A and B have six (6) point Likert-type scale for responses to specific items as follows; Strongly Agreed (coded 6); Agreed (coded 5); Partially Agreed (coded 4); Partially Disagreed (coded 3); Disagreed (coded 2); and Strongly Disagreed (coded 1). For both the dependent (business development) and independent (strategic intrapreneurship practice) variable, aside the demographic information, a total of fifty (50) questions were drawn for the respondents.

Method of Data Analysis

The data collected through questionnaire were analysed using statistical package for social science (SPSS version 21.0) for analysis. Descriptive analyses were performed on the data. The research hypotheses generated for the study were tested using simple linear regression analysis. Since the demographic data has nothing to do directly with the objective, research question and hypothesis, it was not included. The results of the analysis gotten there of are stated below.

Findings

Perception of Respondents on Strategic Intrapreneurship Practice

Strategic Intrapreneurship Practice (IP)	SA (%)	A (%)	PA (%)	PD (%)	D (%)	SD (%)	\bar{X}	SD
The vision and strategic objectives of your organization are taught to all.	54 (11.0)	200 (40.8)	130 (26.5)	65 (13.3)	15 (3.1)	26 (5.3)	4.28	1.228
Our leaders challenge the status quo and they inspire us to think and act in innovative ways.	32 (6.5)	88 (18.0)	189 (38.6)	109 (22.2)	20 (4.1)	52 (10.6)	3.69	1.299
Employees are allowed to choose / experiment the projects they want to work on.	125 (25.5)	111 (22.7)	156 (31.8)	32 (6.5)	28 (5.7)	38 (7.8)	4.32	1.462
Employees are allowed to make and execute decisions about their work processes without going through elaborate justification and approval procedures	59 (12.0)	116 (23.7)	135 (27.6)	112 (22.9)	41 (8.4)	27 (5.5)	3.92	1.332
Failure is something to be avoided in this organization at all cost.	25 (5.1)	144 (29.4)	193 (39.4)	59 (12.0)	33 (6.7)	36 (7.3)	3.92	1.243
Top management is receptive to staff (lower level employees) ideas, suggestions, and are taken seriously and valued.	29 (5.9)	133 (27.1)	123 (25.1)	106 (21.6)	46 (9.8)	53 (10.8)	3.66	1.401
The organization works according to the policies and guidelines informed.	23 (4.7)	124 (25.3)	134 (27.3)	100 (20.4)	51 (10.4)	58 (11.8)	3.58	1.398
Employees have to ask permission from a superior before performing a task in a different way.	32 (6.5)	128 (26.1)	128 (26.1)	113 (23.1)	42 (8.6)	47 (9.6)	3.70	1.369

Note: \bar{X} = mean, Std.Dev. = Standard Deviation, SA = Strongly Agree, A = Agree, PA = Partially Agree, PD = Partially Disagree, D = Disagree, SD = Strongly Disagree

Source: Researcher's Field Survey Result, 2016

Perception of Respondents on Business Development

Sustainable Business Development	SA (%)	A (%)	PA (%)	PD (%)	D (%)	SD (%)	\bar{X}	SD
Our organisation's managers have the skills, commitment and courage to be effective champions of intrapreneurial initiatives.	153 (31.2)	157 (32.7)	117 (23.9)	34 (6.9)	10 (2.0)	19 (3.9)	3.88	1.305
The creation of innovative ideas is a regular occurrence in our organization	39 (8.0)	151 (30.8)	128 (26.1)	131 (26.7)	23 (4.7)	18 (3.7)	3.58	1.398
Our organisation places a strong emphasis on new and innovative products and services	18 (3.7)	91 (18.6)	198 (40.4)	109 (22.2)	44 (9.0)	30 (6.1)	3.54	1.509
Our organisation's philosophy is "if the system is working, why innovate?"	68 (13.9)	128 (26.1)	108 (22.0)	110 (22.4)	19 (3.9)	57 (11.6)	3.86	1.453
The organisation encourages individuals that have different views to those of the company to stimulate innovation.	51 (10.4)	87 (17.8)	177 (36.1)	95 (19.4)	33 (6.7)	47 (9.6)	3.56	1.405
Organization are more interested in preserving resources rather than taking the risk to innovate when there is opportunity, having little or no concern for innovation.	46 (9.4)	157 (32.0)	157 (32.0)	89 (18.2)	16 (3.3)	25 (5.1)	3.68	1.403

Note: \bar{X} = mean, Std.Dev. = Standard Deviation, SA = Strongly Agree, A = Agree, PA = Partially Agree, PD = Partially Disagree, D = Disagree, SD = Strongly Disagree

Source: Researcher's Field Survey Result, 2016

Testing of Hypothesis

Re-statement of Research Objective, Question and Hypothesis

Hypothesis 1 (H_{01}): There is no significant relationship between strategic intrapreneurship practice and business development in the commercial banks in Nigeria.

Hypothesis was also tested using the correlation analysis. The data for the variables that is strategic intrapreneurship practice and business development in the commercial banks were obtained by adding the items for each of the variable to create new variable. The result of the correlation analysis is presented in table below

Correlation analysis between strategic intrapreneurship practice and Business Development in the Commercial Banks

Correlations		Intrapreneurship Practice	Business development
Intrapreneurship Practice	Pearson Correlation	1	.441**
	Sig. (2-tailed)		.000
	N	490	490
Business development	Pearson Correlation	.441**	1
	Sig. (2-tailed)	.000	
	N	490	490

** . Correlation is Significant at the 0.01 level (2-tailed).

Interpretation

The table shows the result of the correlation analysis between strategic intrapreneurship practice and business development in the commercial banks using Pearson's Product Moment Correlation (PPMC). The result indicates that there is a moderate linear relationship between strategic intrapreneurship practice and business development ($r=0.441$; $p<0.05$; $N=490$). The correlation is positive and significant at 5 per cent significant level which implies that as strategic intrapreneurship practice increases, business development also increases by the same degree. In the light of this result, the null hypothesis (H_0) which states that there is no significant relationship between strategic intrapreneurship practice and business development in the commercial banks is hereby rejected.

The findings of this study revealed that there is significant relationship between strategic intrapreneurship practice and business development in the commercial banks. The result is supported by Hanns, Mine, and Katerina, (2007) who find positive relationship between paradigmging intrapreneurship and firm performance, which is usually measured in terms of growth and profitability.

Conclusion and Recommendation

This study contributes to the theory of strategic intrapreneurship practice by conceptualizing and explaining the circumstance in which it can occur in an organization. This study provides an empirical investigation of a key relationship between strategic intrapreneurship and the sustainability of business development and found that there was a moderate linear relationship between strategic intrapreneurship practice and business development. The intrapreneurial mode of strategy is an important mode used by organizations, driven by inventive employees. Therefore, strategic intrapreneurship for the organizations in this study is a dynamic process through which employees generate entrepreneurial strategies in an emergent manner. Recognizing the role and importance of intrapreneurship in business development, management should develop flexible policies as using stick and carrot, tolerance of risk and failure method as a means of organizational support. It is suggested that further investigation be conducted on the same study considering the effect of other factors.

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