Entrepreneurship in the Development of an Agile Enterprise: Theoretical and Practical Aspects

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Acknowledgements
Literature studies in the area of agility were conducted within the research project “The agility of enterprises in the process of adapting to the environment and its changes,” financed by the National Science Centre (funds allocated on the basis of decision No. DEC-2013/11/D/HS4/03858).

Abstract
Given the growing importance of agility in contemporary organisations, it is imperative to investigate how to understand the characteristics of the agile enterprise. The aim of this article is thus to identify entrepreneurial behaviour in an agile enterprise and the strategic implications of agility. This paper draws on entrepreneurship and strategic management literature and a case study. The paper first examines the context of entrepreneurship and it then moved on to discuss the attributes of an agile enterprise. Then the issue under discussion is illustrated through a case study of Hortimex, an eminent representative of the leading food additives manufacturers in Poland. The findings of this case highlight the characteristics of agile enterprise in a contemporary business environment. It shows that attributes namely entrepreneurial resourcefulness and strategic leadership help to enhance the capability of a firm to compete in an increasingly intensified business environment.

Paper Type: Case Study

Keywords: Entrepreneurship, Agile Enterprise, Entrepreneurial Resourcefulness, Acuity, Strategic Leadership, Flexibility
1. Introduction

The rise of Internet signals the beginning of a new era: digital age. Unlike industrial age, the pace of change in the digital age is relentless and less predictable. As the rate of change is increasing, scholars highlight the significance of agility (Brueller et al., 2014; Fourné et al., 2014; Lewandowska and Sajdak, 2013; Weber and Tarba, 2014), which refers to the ability to be ahead of competitors and continuously adjust the strategic direction of the firm. This encompasses a set of entrepreneurial actions in conjunction with a series of strategic thinking, namely developing dynamic capabilities and remaining flexible in facing changes.

Entrepreneurial behaviour revolves around how entrepreneurs act and behave in the business environment. A closer examination of entrepreneurial behaviour suggests agility constitutes to an important part of entrepreneurship. Entrepreneurial activities are primarily based on the ability to mobilise the necessary resources in order to take advantage of market opportunities. An agile firm has to assess the adequacy of its resources; and, if necessary, build and develop the key resources internally or obtain the resources externally. This includes leveraging the knowledge and competencies of key business partners via building strategic networks or partnerships in order to enhance their capabilities.

The aim of this article is to identify instances of entrepreneurial behaviour in an agile enterprise and their impact on the adaptation of business enterprises to new challenges. Entrepreneurship has attracted growing interest in academic literature; however, there has been little research on analysing entrepreneurial behaviours in the context of agility. This paper draws upon insights from a case study, an agile enterprise which exhibit unique capabilities of agility.

The paper first examines different types of entrepreneurial activities and delineates the attributes of an agile enterprise. Then the issue under discussion is illustrated with the example of the Polish company Hortimex, an eminent representative of the world's leading manufacturers of food additives and ingredients. The company conducts business in a responsible manner and it respects the interests of society and the environment. And last but not least, the paper is closed with a concluding remark discussing the theoretical contribution and managerial implications of the paper.

2. Entrepreneurial behaviour – conditions for its occurrence

There are many different definitions of entrepreneurship in academic literature. While some scholars focus on the process of entrepreneurs (e.g. Alvarez and Barney, 2007; Hitt et al., 2001; Shane and Venkataraman 2000), some weight on the trait of entrepreneurs (e.g. Casson, 2014; Drucker, 1998; Timmons, 1989). Peter Drucker, for instance, claimed that entrepreneurs are committed to “systematic practice of innovation” (Drucker, 1998: 149). Others, such as Lumpkin and Dess (1996) and Hitt et al. (2001) highlight entrepreneurship is about new venture creation.

One emerging field in entrepreneurship research is the focus on the opportunity-seeking behaviour of entrepreneurs. Scholars such as Shane and Venkataraman (2000) and Short et al. (2010) argue that the opportunity constitutes to the main part of
entrepreneurship. As Shane and Venkataraman (2000: 220) claim: "To have entrepreneurship, you must first have entrepreneurial opportunities". Likewise, Short et al. (2010: 40) state: "Without opportunity, there is no entrepreneurship". According to Kurczewska (2013), the term "opportunity" refers to the chances and possibilities to do something that has not been done yet, or has not been done in that sense or aspect, but is seen as viable, attractive and bringing value. Academic definitions of 'opportunity' refer to the common meanings of the term. In entrepreneurship literature, the most frequently cited definition of entrepreneurial opportunity can be found in the work of Shane and Venkataraman (2000). They characterise opportunities as "situations in which new goods, services, materials or methods of organization can be sold at a price higher than the price of their production" (Shane and Venkataraman, 2000: 220). Kurczewska (2013) also noted that opportunities are situations in which a business uses different kinds of resources, creating new relationships between methods of use and attainable objectives, believing that it will bring profit.

The aforementioned definitions graphically represent the position of researchers in the field of entrepreneurship, while pointing to its role in shaping an agile enterprise whose primary goal is the ability to adapt quickly to the environment through effective entrepreneurial activity, among other things. This confirms Kurczewska's argument (2013) that the speed of implementing an idea is of particular importance in today's fast-paced social developments, where the life cycle of products and services has been significantly shortened, and the level of technical and technological advancement is growing faster than ever before. The ability to identify the necessary resources to take advantage of market opportunities, and assess the adequacy of own resources as well as the potential ability to acquire resources from the environment are the basis for determining innovative needs (Sajdak, 2013).

Entrepreneurial orientation can partially explain the managerial process and operational activities that allow some companies to stay ahead of the competition (Wiklund and Shepherd, 2003). According to Lumpkin and Dess (1996), entrepreneurial orientation is a combination of five dimensions: proactiveness, innovativeness, competitive aggressiveness, risk-taking, and autonomy. While the first two characteristics are more concerned with forward-thinking, the latter three are related to change-oriented actions. Taking these five dimensions together, an organisation that has an entrepreneurial orientation is more likely to direct their attention and effort towards opportunity recognition and realisation (Wiklund and Shepherd, 2003). Table 1 illustrates the descriptions of each dimension in greater details.

**Table 1: Aspects of entrepreneurial orientation**

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<th>EO dimensions</th>
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<tr>
<td>Autonomy</td>
<td>refers to the ability and will to be self-directed in the pursuit of opportunities</td>
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<tr>
<td>Innovativeness</td>
<td>reflects a firm’s tendency to move beyond current practices and support novelty ideas that may result in new ways of doing things</td>
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<tr>
<td>Risk taking</td>
<td>refers to a firm’s willingness to depart from established practices into unknown field</td>
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<td>Proactiveness</td>
<td>refers to a firm’s capability to seize the initiative in the marketplace</td>
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<tr>
<td>Competitive aggressiveness</td>
<td>refers to a firm’s propensity to challenge its competitors to outperform industry rivals in the marketplace.</td>
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Source: (Lumpkin and Dess 1996)
The five dimensions of entrepreneurial orientation as outlined by Lumpkin and Dess (1996) indicates the relevance of agility. The concept of agility is deeply rooted in the strategic management (Sambamurthy et al., 2003). Strategic management calls for decisions to make among various strategic moves to gain competitive advantage in a disruptive environment (Hitt et al., 2001). Similar to entrepreneurship, the heart of strategic management is wealth creation. While entrepreneurship is more concerned with creation (Drucker, 1998; Lumpkin and Dess, 1996; Shane and Venkataraman 2000), strategic management revolves around developing capability and sustaining competitive advantage (Hitt et al., 2001; Porter, 1991; Sambamurthy et al., 2003).

The scholarly works in the field of strategic management, together with entrepreneurship literature, constitute some of contemporary view about strategic thinking and entrepreneurial behaviour. A combination of entrepreneurial behaviour and strategic thinking, theoretically, can help organisations to be more proactive in responding to the fast-changing business environment. In the following, the attributes of an enterprise will be discussed.

3. The attributes of an agile enterprise

Agility refers to the ability to react quickly and dexterously to changing markets and customer needs by producing high-quality products, reducing lead times and more importantly, reconfiguring and mobilising resources (Sambamurthy et al., 2003). Agile enterprises have the constant ability to facilitate changes in order to sustain competitive advantages and that include reconfiguring and developing competencies (Weber and Tarba, 2014).

Fourné et al. (2014) found three key dynamic capabilities which enable multinational enterprises to operate successfully across the globe, and these include: sensing local opportunities, enacting global complementarities, and appropriating local value. These capabilities allow multinational enterprises to discover new opportunities and to sustain competitive advantage. On the other hand, Sambamurthy et al. (2003) argue that agility comprises of three interrelated capabilities; customer agility, partnering agility, and operational agility. Sambamurthy et al. (2003) maintain that timely operations, interactions with customers, and collaboration with business partners can add significance to agility. Combining the works of Fourné et al. (2014) and Sambamurthy et al. (2003), it can be argued that agility involves a series of actions taken by an enterprise to coordinate internal and external environments.

First, the concept of operational agility as proposed by Sambamurthy et al. (2003) reflects one of the dynamic capabilities advocated by Fourné et al. (2014): enacting global complementarities. In particular, both Fourné et al. (2014) and Sambamurthy et al. (2003) highlighted the importance of leveraging resources to ensure operational efficiency, namely: cost-efficient, timely, and high-quality. Together, the studies of Fourné et al. (2014) and Sambamurthy et al. (2003) suggest an integrated and flexible approach to the internal environment.

Second, an understanding of regional market conditions and adaptation to local values (Fourné et al., 2014) mirrors the need to co-opting customers in opportunity discovery and commercialisation (Sambamurthy et al., 2003). The main argument is that
products and service offerings should be market-driven, and perhaps more importantly, an agile organisation should develop entrepreneurial acuity to pursue and commercialise market opportunity.

Third, Sambamurthy et al. (2003) refer ‘partnering agility’ as ability to leveraging the knowledge and assets of suppliers, distributors, or manufacturers through alliances. Similarly, Fourné et al. (2014) maintain the importance of partnering to maintain global market presence. The underlying similarity is that, it is necessary to leverage key assets to mitigate the negative effects of scarce resources. To exploit market opportunity, it is necessary for enterprises to have access to key resources. Scarce resources certainly pose a challenge to organisations and thus partnering represent an attractive option for companies to take full advantage of commercialisation.

Thus, achieving agility affects the ability of an enterprise to build a competitive advantage in order to fulfil market requirements more rapidly and effectively in a turbulent environment. If a company is capable of swift responses and possesses appropriate competencies, it can exploit the opportunities which occur in the economic environment and in this way attain an advantageous position in relation to its competitors.

The concept of agile enterprise has primarily been used to explain how organisations develop and maintain competitive advantage through mobilising resources. An agile enterprise not only reacts to changes but also initiate changes. Therefore, the key to understanding agile enterprise is to determine how enterprise coordinates their resources, and more importantly, what are the attributes of the agile enterprise. Enterprises need a set of competencies which allow them to exploit the market opportunity and respond to the fast-changing business environment promptly. The author conceptualises these attributes as follows:

**Acuity** is concerned with the routines an enterprise created in order to observe and analyse market conditions, including long-term strategic planning, periodic SWOT analysis, market research and consumer research. These are necessary activities to shape and reinforce the competitive advantage of an enterprise. In addition to identifying market opportunities through conducting strategic analyses, companies should utilise early warning systems or developing their own effective methods of analysing market environment for their business operations (Trzcieliński 2011). A good market analysis is the foundation of innovation and creativity. One common approach is to work with customers in order to better understand consumer needs as well as explore potential market opportunities (Sambamurthy et al., 2003). Such market-driven innovation or consumer-centric innovation is characterised by the level of engagement with consumers as well as validated market needs. Another key dimension is the operational activity related to information technology. The adoption of information technology – namely Customer Relationship Management, Search Engine Optimisation and social media – is particularly important in the digital age and thus digital marketing activities and IT strategy considered as an essential part of operations in contemporary organisations. While digital marketing activities are related to attracting new customers, customer knowledge management is about keeping existing customers satisfied. In short, the role of IT in the contemporary business environment is influential especially in the light of acuity.
Flexibility refers to the ability to reconfigure existing resources and the ability to modify the necessary measures as well as manage changes (Trzcieliński 2011). This implies allowing room for errors and improvement especially for manufacturing firms. The so-called flexible manufacturing system is a type of production process that allows changes to be made in a timely fashion in order to manufacture different products at different volumes of production (Krupski 2008). The main emphasis of a flexible manufacturing system is its efficiency and the ability to accommodate changes. To a great extent, the concept of operational agility proposed by Sambamurthy et al. (2003) has an emphasis on flexibility in that it maintains the capability of organisations to execute the identification and implementation of changes, enabling the organisations to reconfigure quickly and modify existing processes in responding to changes. Moreover, the function of IT in business agility is substantial in a digital age. Information technology is an enabler of operational agility since it determines the capacity of a firm in processing and storing information. Firms are increasingly dependent on information technology as a competitive tool to facilitate such agility (Sambamurthy et al., 2003).

Entrepreneurial Resourcefulness is related to the ability to turn weaknesses into strengths or convert market threats into opportunities by taking full advantages of available resources. Resourceful entrepreneurs often proactively seek alternatives to accomplish their goals; they improve existing products and process in order to increase productivity and performance. In agile enterprises, resourcefulness involves the ability to assess the adequacy of resources, build and develop existing resources, and leverage key assets from business partners. Entrepreneurial Resourcefulness also related to the capability to innovate. Building sustainable relationships with key stakeholders – such as suppliers, distributors, and customers – is a cornerstone for business success (Sambamurthy et al., 2003). From an economic perspective, relationship building reduces marketing cost because loyalty customers repeat their purchase over time. Similarly, a good relationship with suppliers reduces procurement cost since suppliers often give trade discounts for their loyal customers. From the resource-based view, relational capital is considered as ties between various firms, allowing firms to facilitate resource exchange (Lavie, 2006).

Strategic leadership is defined as the ability to improve long-term viability and maintain its short-term financial stability, without disrupting daily operations at the same time (Rowe, 2001). It is concerned with stability and preservation of existing orders and yet advances the organisations to the next level (Rowe and Nejad, 2009). In other words, it is a combination of visionary leadership and strategic thinking.

4. Research Method

To gather information about the agile enterprise, the author adopted a qualitative design methodology, primarily personal in-depth interviews with key respondents in the food industry. In addition to interviews, the author used secondary data from various sources, including the corporate website (www.hortimex.pl) and documents. Face-to-face interviews were conducted with the president and co-owner of the company in January and February 2015 and the respondents were asked open-ended questions. The interviews were recorded and transcribed, and the transcripts were coded subsequently.
5. Case Study

Hortimex is a medium-sized family business with 35 employees. It was established in 1988, originally an exporter of vegetables from Poland. As the company was slowly developed, the company began to manufacture its own product lines, such as beverage concentrates. In 1993, the company started to focus on food additives and initiated local sales point network. Nowadays, the company has partnered with many leading food ingredients manufacturers.

The mission of the company is to develop a market in Poland for the products and solutions offered by their partners and to share their knowledge of additives in food production and consumption. In short, Hortimex aims to support food producers in the process of creating unique food products. Based on its knowledge and experience, the company offers its clients – food producers in Poland – technology consultation and assistance in choosing the most effective solutions. Additionally, the company offers a series of services related to market development together with distribution and after-sale services. Product distribution is an important element in its business activity. Owing to its cooperation with renowned logistics operators, the company provides high-quality service as well as safe and punctual delivery.

The service offering of Hortimex includes a range of products and services supporting the creation and production of diverse and unique foods. The service offering is based on seven key elements (see Table 2).

<table>
<thead>
<tr>
<th>Key elements of the offer</th>
<th>Description</th>
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<tr>
<td>Balanced portfolio of products</td>
<td>The company’s offer includes over 500 different kinds of ingredients and food additives. Besides representing products under exclusivity agreement, Hortimex purchases a range of products on the open market from verified suppliers.</td>
</tr>
<tr>
<td>Consulting</td>
<td>Hortimex cooperates with customers on launching more than 150 new products annually. The company provides effective advice on food technology as well as the use of additives and ingredients in food production.</td>
</tr>
<tr>
<td>Experience of partners</td>
<td>The company organises around 100 meetings each year, allowing its partners and clients to exchange knowledge and networking. Thus cooperation with Hortimex means contact with the leaders in the field of food additives</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>The company guarantees the confidentiality of the data it receives. Only the data which is necessary to ensure proper operations will be transferred to selected partners.</td>
</tr>
<tr>
<td>Retail network</td>
<td>The company supplies more than a thousand clients in Poland. These are food producers from various segments of the Polish food industry</td>
</tr>
<tr>
<td>Logistics</td>
<td>The products offered by the company may be sent to end users directly from suppliers, or in convenient packages that are shipped daily from the warehouse located in Modla Królewska near Konin</td>
</tr>
<tr>
<td>Quality</td>
<td>Complaints on the quality of supplies concern less than 1% of completed shipments; whereas quality complaints are below 0.01% of the volume of products sold. The company provide its stakeholders with assurance that its products are safe, and this includes certified ISO 9001:2008 and HACCP. The company receives high marks during external audits.</td>
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Essentially, Hortimex offers a range of service to food manufacturers – especially food ingredients or food additives – to develop a market presence in Polish, which
include launching their products, distributing their products, sampling and feedback, networking, and providing them with good customer service even after transactions are made. The company particularly welcomes manufacturers of food ingredients or additives interested in entering the Polish market, especially those who wish to build long-term relationships. The contribution and efforts of Hortimex’s partners are highly appreciated and they are welcomed to facilitate resource exchange with the company, especially in sharing knowledge about the market, operations, and finance (see table 3).

Table 3: Benefits from the cooperation with Hortimex

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<tr>
<th>Categories</th>
<th>Descriptions</th>
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<tr>
<td>Market development</td>
<td>Hortimex helps its clients and partners to develop their market presence in Poland. This includes networking with their existing clients and also establishing contacts with other industry players</td>
</tr>
<tr>
<td>Launching products</td>
<td>The company has experience in launching products with varying degrees of specialisation, including specialty products and commodities.</td>
</tr>
<tr>
<td>Joint visits</td>
<td>The partners of Hortimex have the opportunity to approach their targeted customers directly because Hortimex organises annual meetings and its partners may present their latest innovative achievements</td>
</tr>
<tr>
<td>Sampling and feedback</td>
<td>The company delivers samples of products promptly: 80% of them are sent to its clients within three days after the order has been placed and qualified feedback is attached</td>
</tr>
<tr>
<td>Transparency</td>
<td>The company is committed to establish and maintain credibility because it recognises the significance of transparency to corporate reputation.</td>
</tr>
<tr>
<td>Customer care</td>
<td>The company aims to provide the highest customer services to its clients, before, after, and during the process of transaction.</td>
</tr>
<tr>
<td>Distribution</td>
<td>The company understands the importance of product availability and thus it offers both shipments from the warehouse and direct deliveries from producers to consumers</td>
</tr>
<tr>
<td>After sales service</td>
<td>The company cares about customer satisfaction even after the transaction has been completed. Complaints are handled quickly and objectively, with an emphasis to the genuine interests of all parties</td>
</tr>
<tr>
<td>Financial security</td>
<td>The company insures 98% of its sales and it adopts a ‘trust but verify’ approach in doing business. Products are offered to clients whose financial condition is carefully verified. This allows the company to minimise the financial risk</td>
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At the early stage of Hortimex, the company adopted a transaction-based relationship with its suppliers where the supplier relationship was solely based on the flow of goods and cash. However, after a detailed analysis of the business model and a value proposition analysis, the owners of the company realised that it would be more appropriate to reposition its strategic direction and see suppliers as their main clients. Such transformation of the business model also implies a change in perception of the company's competitive efforts at two levels – strategic and operational. The strategic level refers to the choice made by a partner, a manufacturer of ingredients or additives to sign an exclusive distribution deal. In this way, the company becomes an external sales representative for such a partner. In contrast, competition at the operational level concerns with competing in the context of the quality of service, prices, and relationships. Hortimex considers the operational level as secondary, and highlights the key importance lies at the strategic level.
Strategic leadership
In the beginning of the 1990s, the company produced syrups for beverages; then it imported citric acid from Germany and resold it to other companies. The company owner understands the importance of future thinking and long-range planning when running a business. A good business idea and working business model do not guarantee a continuous success; it requires continuous change, evolution and improvement. In 1993, Hortimex focused on food additives and began to construct a network of local sales representatives. It also started to cooperate with the manufacturers of ingredients or food additives. The current president admits that his father's open-minded attitude and his ability to create a vision for conducting business was a key element in the objectives and development strategy for the company. Being the main initiator of the changes in the company, now he tries to inspire his team to be more open to innovation, and at the same time implement as many new ideas as possible. The CEO says that the company's development and activities require a constant analysis of the business model. He suggests: "[We should] persevere in assessing what our value proposition is and to whom it is directed. What is the offer content? As long as we properly make such an analysis, the chances of surviving in the market are much higher."

Flexibility
Hortimex conducts an ongoing analysis of their business model and organisational performance, so that they can deftly adapt as well as reconfigure existing process and operations. When asked about the process of designing a product, Hortimex replies: "One has an idea or feels the lack of an unspecified product; we also try to analyse vital trends. For example, there is an interesting ingredient that can be used (e.g., palatinose). In this case, using their competence, intuition and inspiration our employees create concepts for new products based on this ingredient. We do not design foods; instead, we help those who do. In the future I would like our company to be associated with designing products that consist of only natural ingredients."

Acuity
Research on acuity found that perceptual acuity is a prerequisite for organisational performance and growth (Tang and Rothenburg, 2009); suggesting organisations need to develop acuteness to recognise and exploit market opportunities and also attitudes towards risk-taking. In relation to that, the CEO of Hortimex says that "opportunities will always arise, and intuition tells us how to take advantage of them. If they do come, the managers must decide whether they are interested in developing new directions – paths that haven't been walked yet. A good decision needs monitoring, market analysis, competition, trends."

Entrepreneurial Resourcefulness
One of the key attributes of an agile enterprise is the ability to mobilise the necessary resources in order to exploit business opportunity. This involves developing one’s own resources or acquiring them from the environment. Hortimex demonstrates its commitment and willingness to innovate and undertake new projects, even if it lacks adequate resources, especially in terms of financial and human capital. The staffs hold brainstorming sessions to find possible solutions. Signing cooperative agreements in order to gain business opportunities is problematic. The president of the company says: "Horizontal cooperation poses a problem. I notice a lack of confidence,
companies are afraid; they are distrustful of each other. This also results from the values they accept. Our model of cooperation with partners is based on trust, as evidenced by the exclusivity agreement; we are with them for good or bad. However, many companies hold other values – they are much more wary than we are.”

6. Conclusions
To a large extent, the success of a company is determined by the ability to respond effectively and quickly to the external environment is especially important in a fast-changing business environment. The case study of this paper provides an interesting illustration of an agile enterprise which is both entrepreneurial minded and resourceful in competing for the in an increasingly dynamic environment.

The novelty and innovativeness of this case study give a new perspective to our current understanding of entrepreneurship thus far. The main focus of this paper was the entrepreneurial behaviour in identifying changes arises from the external environment and implementing changes. It involves a series of changes in management, daily operations, marketing, and other business functions. As such, entrepreneurial qualities namely risk-taking behaviour, innovativeness, and willingness to take new challenges become an essential part of leading the company forward.

This article presents the attributes of an agile enterprise, extend the current view of enterprise agility. First, *acuity* refers to the routines of a company in recognising market opportunity and threats. The case study presented in this paper demonstrates that the company conduct constant ‘health check-up’ and implement necessary changes. Second, *flexibility* refers to the capacity to initiate and adapt changes. This implies an agile enterprise should allow time and resources for unintended changes such as unscheduled production or delays. Third, *entrepreneurial resourcefulness* in an agile company is the ability to identify necessary resources in order to exploit market opportunities. This involves decisions to developing company’s own resources, acquiring resources from the others, and sharing resources with others. Finally, *strategic leadership* refers to the ability to transcend the company to the next level without disrupting financial health of the company. In the presented case, the owner of the company has both entrepreneurial behaviour and strategic thinking, which subsequently allows the company to develop a balanced portfolio.

7. References


