ESTABLISHING AN INTRAPRENEURIAL ORIENTATION AS STRATEGY: A FRAMEWORK FOR IMPLEMENTATION

by

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I dedicate this dissertation to the Almighty God who has given me the talents and grace to complete this study.

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Die onstuimige en onsekere omgewings waarin ondernemings hulle vandag bevind, dwing hulle om nuwe moontlikhede vir hul voortbestaan te ondersoek. ‘n Toenemende hoeveelheid ondernemings wend hulle in dié proses tot korporatiewe entrepreneurskap.

Hul pogings is dikwels nie suksesvol nie, omdat ‘n verkeerde benadering gevolg word in die vestiging van die dimensies van ‘n entrepreneuriiese oriëntasie, naamlik: ‘n gewilligheid om te innoveer; ‘n geneigdheid om onafhanklik op te tree; ‘n geneigdheid om risiko’s te neem; ‘n neiging om proaktief geleenthede te vind; en ‘n neiging om aggressief mee te ding.

Die vestiging van ‘n entrepreneuriiese oriëntasie is ‘n strategiese besluit wat sodanig bestuur moet word. Aangesien die verandering in die vestiging van ‘n entrepreneuriiese oriëntasie nie volgens die tradisionele strategiese bestuursproses kan geskied nie, is ‘n strategiese bestuursproses spesifiek vir hierdie doel nodig.

Bestuurswetenskaplikes stem oor die algemeen saam dat verskillende strategieë verskillende maniere van implementering vereis. Verder word die implementering van strategieë beskou as een van die vernaamste redes waarom die strategiese bestuurspoging van ondernemings misluk.

Hierdie studie beskryf ‘n navorsingsprojek wat daarop gerig is om die onderneming se vermoë te verhoog om strategieë vir die vestiging van ‘n intrapreneuriiese oriëntasie te ontwikkel en dit effektief te implementeer. Daar word in hierdie studie gebruik gemaak van die term ‘intrapreneuriiese oriëntasie’ omdat daar in hierdie geval spesifiek verwys word na die vestiging van ‘n entrepreneuriiese oriëntasie op die vlak van die bestaande
onderneming. Verder word 'n gedragsbenadering tot entrepreneurskap gevolg wat gerig is op die individu in die onderneming en nie op die entrepreneursie oriëntasie van die onderneming per se nie. Die vraag wat gevra word, is dus nie 'Wat maak die onderneming entrepreneuries nie?', maar 'Wat maak die individue in die onderneming entrepreneuries?' Die fokus op die individu help om die studie te beperk en is in lyn met die definisie van entrepreneurskap deur Stevenson en Jarillo (1990) wat in hierdie studie voorgestaan word. 'n Gedragsbenadering is ook aanlokkend, omdat gedrag bestuur kan word en heelwat bestuursinmenging dus moontlik is.

In hierdie studie is die teorie en praktyk van strategiese bestuur en entrepreneurskap as studievelde geïntegreer. Die studie neem die vorm van 'n literatuurstudie aan wat nie gerig is op tradisionele hipotese-toetsing nie, maar eerder die tegniese spesifikasies vir die ingrypingsproses wat nodig is om die organisasie se vermoë om 'n strategie suksesvol te ontwikkel en te implementeer, uiteen sit. Die studie identifiseer ook die dilemmas wat bestuur moet word om hierdie proses suksesvol te laat plaasvind.

Dit is teen hierdie agtergrond dat daar in hierdie studie 'n strategiese bestuursproses ontwikkel is waardeur bestuurders 'n intrapreneursie oriëntasie in hul ondernemings kan vestig. Spesiale aandag is gegee aan die implementering van hierdie strategieë. 'n Raamwerk is spesifiek vir hierdie doel ontwikkel wat gegrond is op die sewe-S model van die McKinsey-konsultasiegroep.

Kennis oor hoe die intrapreneursie oriëntasie van individue in 'n onderneming bestuur moet word, word toenemend belangrik omdat die omgewingstoestande wat so 'n oriëntasie vereis, drasties toeneem. Die voorgestelde raamwerk vir die implementering van strategieë vir die vestiging van 'n intrapreneursie oriëntasie kan as 'n konseptuele beginpunt hiervoor dien. Daar word ook gehoop dat dit tot verskeie belowende navorsingsrigtings kan lei.
CHAPTER 1

INTRODUCTION TO, PURPOSE OF AND MOTIVATION FOR THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

"The definition of every product and service is changing. Going soft, softer, softest. Going fickle, ephemeral, fashion. An explosion of new competitors, a rising standard of living in the developed world, and the ever-present ... new technologies are leading the way. No corner of the world is exempt from the frenzy."

— Tom Peters (1992) —

Today's managers, faced with rapidly changing and fast-paced competitive environments, are challenged to manage "discontinuities created by an interdependent global economy, heightened volatility, hypercompetition, demographic changes, knowledge-based competition, and demassification of some sectors accompanied by enormous growth in others" (Daft & Lewin, 1993:i). Such environmental conditions place intense demands on organisations to interpret opportunities and threats actively when making key strategic decisions. To cope with such challenges, existing larger firms are increasingly turning to corporate entrepreneurship as a means of growth and strategic renewal (Guth & Ginsberg, 1990).

Entrepreneurship involves a process of value creation in which an individual or team brings together a unique package of resources to exploit an opportunity. The key steps involved are: identifying opportunities, developing business concepts, determining needed resources, acquiring resources, and managing and harvesting the venture (Jones, Morris & Rockmore, 1995:86).
Corporate entrepreneurship (also termed intrapreneurship) involves extending the firm's domain of competence and corresponding opportunity set through new resource combinations that are internally generated (Burgelman, 1984).

Terms such as 'reinventing the corporation', 'the empowered organisation' and 'organisational renewal' are used to describe change efforts where entrepreneurship is a central ingredient. Research has shown that organisations that adopt an entrepreneurial posture in order to cope with the uncertain environment are characterised along dimensions such as unpredictability, dynamism and heterogeneity. These organisations enjoy superior performance (Covin & Slevin, 1988; Zahra & Covin, 1995).

The domain of entrepreneurship is no longer restricted in a conceptual sense to the process of creating an independent new venture (Wortman, 1987; Low & MacMillan, 1988). Lumpkin and Dess (1996:136) describe the essential act of entrepreneurship more appropriately as 'new entry'. New entry is the act of launching a new venture, either by a start-up firm, through an existing firm, or via 'internal corporate venturing' (Burgelman, 1983). With this in mind, they distinguish between entrepreneurship and entrepreneurial orientation. Entrepreneurship explains what entrepreneurship consists of, and entrepreneurial orientation describes how new entry is undertaken. Entrepreneurial orientation can therefore be defined as the processes, practices and decision-making activities that lead to new entry (Lumpkin & Dess, 1996:136).

However, the entrepreneurial orientation (also referred to as entrepreneurial posture) is not limited to the creation of new organisations, but exists in all actions that distinguish entrepreneurial behaviour from other types of business activity that might be undertaken to capitalise on an opportunity (Lumpkin & Dess, 1996:153). These actions also pervade the organisation at all levels (Covin & Slevin, 1991:7).
For more and more firms, the issue is not whether they should embrace entrepreneurship, but how they can encourage the dimensions of entrepreneurship such as innovation, risk-taking and proactive behaviour. An entrepreneurial orientation requires employees to think and act in new ways, taking individual responsibility for change while also co-operating with teams. Employees must be more opportunistic, creative and achievement-oriented, yet tolerant of ambiguity and willing to take risks (Jones, Morris & Rockmore, 1995:86).

Top management is the centre of any model of firm behaviour (Covin & Slevin, 1991:14). Accordingly, the values and philosophies of top management are essential variables in establishing entrepreneurial behaviour. In seeking to become entrepreneurially oriented, top management must participate in entrepreneurship activities and demonstrate through their active participation that they believe in the value of these activities (Covin & Slevin, 1991:15). By adopting an entrepreneurial orientation at top management level, the rest of the organisation can be provided with a powerful management development role model, one which will be emulated and hopefully perpetuated. The process of entrepreneurship must therefore start at the very top of the organisation (Quinn, 1979:26). Management must create, to the greatest extent possible, an organisational context that supports and helps to sustain an entrepreneurial orientation (Covin & Slevin, 1991:21).

The decision to adopt an entrepreneurial orientation must be considered a strategic choice (Khandwalla, 1987). Both entrepreneurship and strategic management constitute an opportunity set (Burgelman, 1983:1353). The major ways in which intrapreneurs act in an opportunity-seeking way, are by expanding current business and diversifying through internal development (Burgelman, 1983:1353). Since the opportunity set associated with the unused entrepreneurial resources cannot be known before it is applied, the process of corporate entrepreneurship cannot be subsumed under the traditional strategic planning approaches (Burgelman, 1983:1354).
Any particular strategic posture will be effective only if it is well implemented, and business practices and competitive tactics provide the means for this implementation (Covin & Slevin, 1991:14). However, there is general agreement in the strategy literature that different strategies require different ways of implementation (Waldersee & Sheather, 1996:105). This implies that a strategy for establishing an entrepreneurial orientation will require different actions from the change implementors.

This dissertation describes a research project aimed at increasing an organisation's ability to implement a strategy for establishing an entrepreneurial orientation effectively, and the organisation's ability to adapt to change. As the establishment of an entrepreneurial orientation will focus on the level of the existing firm, it will be termed *intrapreneurial orientation*. Establishing an intrapreneurial orientation will further be treated from a strategic management point of view, with the emphasis on the implementation phase of strategic management. As such, this study seeks to integrate theory and practice from the fields of strategic management and intrapreneurship. It is not a traditional hypothesis-testing study. Rather, its aim is to define more clearly the technical specifications for an intervention process that successfully develops an organisation's capabilities to implement strategy and learn. It also seeks to identify the dilemmas that must be managed to institutionalise such a process successfully.

### 1.2 PROBLEM STATEMENT

Entrepreneurship carried on in the pursuit of business opportunities leads to business expansion, technological progress and wealth creation (Lumpkin & Dess, 1996:135). Writers in both the scholarly literature (e.g. Covin & Slevin, 1991) and popular press (e.g. Peters & Waterman, 1982) have argued that entrepreneurship is an essential feature of high-performing firms. According
to Drucker (1985a), big businesses must be able to do the following three things: improve their existing practices; expand their current practices; and act innovatively. One of the biggest challenges facing organisations today, therefore, is the ability to develop their intrapreneurial ability.

Quinn's (1979:26) recommendations on promoting individual entrepreneurship in organisations imply that the entrepreneurial process is one that can be planned and one that must start at the very top of the organisation. Therefore, management must take the first step by creating conditions for the intrapreneur to be creative and innovative to the benefit of both parties. Management should find ways of establishing an intrapreneurial orientation in organisations and, in doing so, expose the innovative potential of their workers.

Having appropriate management systems is critical in order to utilise changes such as technological advancement and product innovation (Drury & Farhoornand, 1996:5–13). Much of the literature provides information about how to manage change, but change is often not tied explicitly and rigorously to business strategy (Beer & Eisenstat, 1996:599).

In tying change and strategy, problems with the implementation of strategies can result in failed strategies and abandoned planning efforts (Bourgeois & Brodwin, 1984). Putting strategies in action (strategic implementation) should therefore receive the necessary attention. Scant attention has been given before to how strategies should be implemented (Bourgeois & Brodwin, 1984).

Therefore, the problem that this dissertation wants to address is this: How should management manage the change when establishing an intrapreneurial orientation through the process of strategic management? And in doing so, how should management eliminate the problems associated with the implementation phase of strategic management?
1.3 PURPOSE OF THE STUDY

This study addresses two issues: The first issue is 'intrapreneurship', and the second 'strategic management'.

First, to avoid premature prescriptions about the nature of intrapreneurship, it is essential to assess intrapreneurship and evaluate its differences and links with entrepreneurship and entrepreneurial orientation. Second, it is important to link the establishment of an intrapreneurial orientation with the strategic management process. Both theory and research suggest that there is a relationship, since only top management can initiate an intrapreneurship culture change.

This study therefore undertakes to extend the theory of entrepreneurship and strategic management by providing a conceptual integration of the literature on entrepreneurship in organisations, on the one hand, and the literature on the implementation process of strategic management on the other. The basis for this integration is the five dimensions of an entrepreneurial orientation as identified by Lumpkin and Dess (1996), and an extended seven-S framework for implementing strategies as developed by the consulting group McKinsey & Co.

Lumpkin and Dess (1996) have identified five dimensions, namely autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness, to characterise and distinguish key entrepreneurial processes, that is, a firm's entrepreneurial orientation. An entrepreneurial orientation, as reflected in the organisational processes and decision-making style of a firm, can be a source of competitive advantage or strategic renewal, even for firms that are not involved in launching new ventures. In this respect, an effective entrepreneurial orientation may be an example of good strategic management (Lumpkin & Dess, 1996:153).
The motivation for using the McKinsey seven-S framework is that it includes elements of successful companies that have implemented many of Quinn's recommendations on promoting individual entrepreneurship (Peters & Waterman, 1982; Quinn, 1979).

The line of argument underlying the proposed integration is as follows: Studies have shown that organisations that want to survive in uncertain and turbulent environments must act both in a strategic and entrepreneurial way. Both these concepts are related to identifying and utilising opportunities. Recent research has concentrated on making the strategic process more entrepreneurial (Dess, Lumpkin & Covin, 1997). Although this research has touched on aspects relating to an entrepreneurial approach to strategy making, no study could be found that directly addresses the establishment and implementation of an intrapreneurial orientation as strategy.

1.4 MOTIVATION FOR THE STUDY

Numerous typologies to describe alternative perspectives of entrepreneurship have been developed (e.g. Webster, 1977; Schollhammer, 1982; Cooper & Dunkelberg, 1986). These classification systems typically depict differences in entrepreneurship as the result of various combinations of individual, organisational or environmental factors that influence how and why entrepreneurship occurs as it does. Although these efforts have served to point out the various dimensions of the entrepreneurial process, they have not led to any widely held consensus regarding how entrepreneurship should be characterised. This lack of consensus has impeded progress for researchers toward building and testing a broader theory of entrepreneurship, and has made it especially difficult for them to investigate the relationship between entrepreneurship and performance (Lumpkin & Dess, 1996:135). To overcome this problem, a distinction has been made between the concepts of
entrepreneurship and 'entrepreneurial orientation'. There is a need to explore the relationship between entrepreneurial orientation and other key constructs such as strategy, environment and organisational performance (Lumpkin & Dess, 1996:154). Researchers should investigate the processes through which entrepreneurial behaviour promotes a firm's competitive position and performance. This study wants to contribute to this investigation by looking at the relationship between and integration of intrapreneurial orientation and strategy.

According to Burgelman (1983:1353–1354), the process of corporate entrepreneurship cannot be subsumed under the traditional strategic planning approaches. Therefore, there is a need to develop a new strategic management approach for the process of corporate entrepreneurship. This study aims to make a contribution in this regard by treating the establishment of an intrapreneurial orientation as strategy and developing a framework for its implementation.

Several researchers have pointed to the need for integrating strategy with organisation design and behavioural change. Change initiatives, like new strategy formulation, do not actively integrate organisation and management considerations (Beer & Eisenstat, 1996:599). An attempt should therefore be made to rectify this deficiency in management practice. Furthermore, a great deal of knowledge exists about how various alternative designs fit different environments and strategies. However, there is very little empirical data about the problems organisations face in implementing strategic realignment (Beer & Eisenstat, 1996:599).

Despite three decades of research into strategic change, the process of strategy implementation remains poorly understood and the utility of strategic planning is being questioned (Ginsberg, 1988; Hamel & Prahalad, 1989; Reid, 1989). Much of the weakness in the strategy area appears to be attributable to failures in the implementation process rather than in the
development of the strategy itself (Beer, Eisenstat & Spector, 1990b; Woolridge & Floyd, 1990). Woolridge and Floyd (1990) note that "It can be much easier to think of a good strategy than it is to implement it".

Given the importance of entrepreneurship as subject in both the academic literature and popular press, further understanding of the process itself, as well as its relationship to other organisational-level constructs and performance, is an important and timely research objective (Dess, Lumpkin & Covin, 1997:678). The definitional question "What exactly is entrepreneurship?" is one of the recurring debates in the field of entrepreneurship. The term 'entrepreneurship' has evolved over time and is still evolving. Therefore, more research on entrepreneurship as proposed in this study can only enhance the developing nature of this field.

1.5 METHODOLOGY

The method of research used with this dissertation is that of a literature study. A literature survey has been conducted on the latest trends in the fields of entrepreneurship and strategic management. The primary source of information is articles as well as recently published books.

The information collected is described, analysed, interpreted and evaluated on a qualitative basis to develop a strategic change process for establishing an intrapreneurial orientation as strategy and to develop a framework for its implementation. Using this framework will enable management to intervene in the process of establishing an intrapreneurial orientation and guide them in successfully integrating their entrepreneurial and strategic management practices. It is hoped that the conclusions drawn and recommendations made at the end of the research will constitute a meaningful contribution to the latest research on entrepreneurship.
1.6 DIVISION OF THE STUDY

The theme of this dissertation is: formulating a strategic approach for establishing an intrapreneurial orientation in an organisation. This chapter (chapter 1) gives an introduction and background to the theme and explains the problem that led to the theme, the purpose of and motivation for the study, as well as the research method that will be followed.

In chapter 2 the concept of the intrapreneurial orientation is placed in perspective. The relationships between intrapreneurship and entrepreneurship; and entrepreneurship and intrapreneurial orientation, among other things, are discussed. Workable definitions for entrepreneurship and intrapreneurship for the purpose of this study, is also proposed.

Managing the change and strategic process of establishing an intrapreneurial orientation is the theme of chapter 3. In this chapter, the approach to establishing an intrapreneurial orientation from a strategic management point of view is discussed. The link between intrapreneurship and strategic management will be clear from this chapter. A discussion is given of the strategic management process that an organisation can follow if it wants to establish an intrapreneurial orientation.

A framework for implementing a strategy for establishing an intrapreneurial orientation is developed in chapter 4. If this strategy is not implemented in the correct way, all attempts to establish an intrapreneurial orientation through strategic management will be in vain.

Chapter 5, the last chapter, contains a summary with conclusions and recommendations from the study.
CHAPTER 2

ENTRE-/INTRAPRENEURSHIP AND THE INTRAPRENEURIAL ORIENTATION CONSTRUCT IN PERSPECTIVE

2.1 INTRODUCTION

Today, there is a wealth of popular business literature describing a new 'corporate revolution' taking place owing to the introduction of entrepreneurial thinking into larger bureaucratic structures (Kuratko & Hodgetts, 1995:94). This new state is referred to as corporate entrepreneurship or intrapreneurship. Why has this concept become so popular? One reason is that it allows corporations to tap the innovative talents of their own workers and managers (Kuratko & Hodgetts, 1995:95).

The willingness of workers and managers to innovate is only one of the key dimensions of an intrapreneurial orientation (Lumpkin & Dess, 1996:136). The construct of entrepreneurial orientation, from which the term 'intrapreneurial orientation' stems, is a broader theory of entrepreneurship that has been developed in response to current deficiencies in the research of entrepreneurship. In order to fully understand the intrapreneurial orientation construct, it is necessary to investigate the broader issue of entrepreneurship.

The term 'entrepreneurship' is used widely and applied in many contexts. Researchers investigating entrepreneurship are still struggling, however, with issues such as how to define, study and develop entrepreneurship (Cunningham & Lischeron, 1991). One of the recurring debates in the field of entrepreneurship centres on the definitional question: What exactly is entrepreneurship?
This chapter will start with a discussion of the definitional problem of entrepreneurship. The developing nature of entrepreneurship will then be reviewed, and a workable definition of entrepreneurship will be proposed. Next, the latest view on the different types of entrepreneurs will be discussed, followed by an overview of the literature on intrapreneurship. Finally, the intrapreneurial construct and its key dimensions will be discussed.

The purpose of this chapter is not to advocate a new approach to entrepreneurship (i.e. the entrepreneurial orientation construct), but to understand entrepreneurship better as a complex issue and to show how this new approach can be applied to intrapreneurship. The significance of this chapter is that it forms the foundation of all the other chapters in this study.

2.2 ENTREPRENEURSHIP: A PROBLEM OF DEFINITION

The study of entrepreneurship has up to now been hampered by one main problem: no single agreed-on definition or model exists of what the entrepreneur is or does (Churchill & Lewis, 1986).

As no single agreed-on definition of entrepreneurship exists, defining and understanding entrepreneurship has created a challenge for academic researchers and writers (Cunningham & Lischeron, 1991:45). The term 'entrepreneurship' has been used for more than two centuries, but researchers and writers still continue to extend, reinterpret, and revise the definition (Bygrave, 1989).

Theorists cannot agree on who entrepreneurs are, what they do, or why they do it (Churchill & Lewis, 1986). This disagreement has been evident since the early use of the terms 'entrepreneur' and 'entrepreneurship' (Churchill & Lewis, 1986): Schumpeter (1936) saw the entrepreneur as an active, disequilibrating force; Kirzner (1979) sees the entrepreneur as a passive...
equilibrator; Schultz (1975) says that the entrepreneur has the ability to deal with disequilibrium; While most theorists see the entrepreneur as an individual, Evens (1949) thinks that the entrepreneurial concept is plural and should be treated as a group function, and Strauss (1944) sees it as a firm; Furthermore, Shapero and Sokol (1982) see entrepreneurship as an event, while Schumpeter (1936) implies the need for continuous recurrence.

There are a number of schools of thought that view the notion of entrepreneurship from fundamentally different perspectives (Cunningham & Lischeron, 1991:45). The term has been used to define a wide range of activities such as creating, founding, adapting and managing a venture. No single discipline provides the tools for managing an entrepreneurial venture (Stevenson, 1988). With such a variation of viewpoints, it is not surprising that consensus has not been reached about what entrepreneurship is.

The process of finding a common definition of entrepreneurship has been complicated by researchers who use definitions for 'entrepreneur' that reflect their own particular academic specialities or an accessible database (Sexton & Bowman-Upton, 1991:6). Different definitions of entrepreneurship resulted in different people and different organisations being studied. This led to myriad formulas for success (Bird, 1989:5). A further major weakness is that, in many cases, researchers from one discipline ignore entrepreneurship studies by researchers in other disciplines (Bull & Willard, 1993:184).

Although many have tried to quantify the effects of entrepreneurship, the task seems impossible. What can be done? Some feel the solution is to redefine the terms 'entrepreneur' and 'entrepreneurship' continually (Gartner 1988; Carland, Hoy & Carland, 1988; Low & MacMillan, 1988). Others have constructed elaborate models in an attempt to deal with entrepreneurship (Spann, Adams & Wortman, 1988). According to Bull and Willard (1993:185), the desire to invent a better definition has directed research efforts away from a useful theory of entrepreneurship. They suggest that it may perhaps be
necessary to reverse priorities: if a theory of entrepreneurship is developed first, it might resolve the definitional issue or render it somewhat irrelevant.

Will there ever be a commonly accepted definition of entrepreneurship? Bull and Willard (1993:186) believe that after more than two centuries of use, it is unlikely that an entirely new definition would be acceptable. The terms 'entrepreneur' and 'entrepreneurship' are very old and carry too much historical baggage (Hornaday, 1990:22). But, whatever the outcome, it seems as if this is a debate that will continue for some time in the future.

2.3 THE DEVELOPING NATURE OF ENTREPRENEURSHIP

Entrepreneurship as a field of research has been described as young, at a formative stage and still in its infancy (Sexton, 1982). Several researchers have commented that it is an evolving area of research and will be for some time in the future (i.e. Cunningham & Lischeron, 1991). Cunningham and Lischeron (1991) also noted that what is collectively known about entrepreneurship today is still fairly limited.

A variety of approaches for studying entrepreneurs and entrepreneurial behaviour have been explored. Unfortunately, most of the research to date suffers from the lack of a common definition of entrepreneurship, relies on small samples and employs unsophisticated analytical methods (Cooper & Dunkelberg, 1986; Kuratko & Hodgetts, 1995; Low & MacMillan, 1988).

In an effort to develop some common definition of 'entrepreneur' and 'entrepreneurship', researchers started by attempting to answer the question: Who is the entrepreneur?. After the fascination with this question faded and still no common definition was found, researchers focused their research on the entrepreneurial process by trying to answer the question: What does the entrepreneur do and why? In broad terms, research in the field of
entrepreneurship can generally be viewed as either trait-related or behaviour-related (Smart & Conant, 1994:30).

As it is impossible to touch on all aspects relating to the evolving field of entrepreneurship, this study will focus on these two broad approaches in discussing the developing nature of entrepreneurship. The trait approach and the behavioural approach in studying entrepreneurship are the topics of the next two subsections.

2.3.1 The trait approach to entrepreneurship

In an attempt to answer the question of who the entrepreneur is, much research has been directed toward identifying the psychological characteristics or psychological predisposition of the entrepreneur. Some researchers concur that entrepreneurs are at best difficult and, quite likely, impossible to profile (Gartner, 1985; Low & MacMillan, 1988), while others maintain that personality traits remain an important avenue for future study (Carland et al, 1988).

A review of the literature indicates that entrepreneurs (Sexton & Bowman-Upton, 1991:9):

- have a high need for achievement,
- have an internal locus of control — a belief that the outcome of events can be controlled, as opposed to a belief that they occur by chance or luck, and
- are risk-takers — enjoy involvement in activities with uncertain outcomes.

Other factors used to describe the entrepreneur include (Sexton & Bowman-Upton, 1991:9):

- creativity or innovation,
- self-confidence,
- needs for independence or autonomy,
- a strong commitment, and
• a high energy level.

The literature of entrepreneurship research reveals some similarities, as well as a great many differences, in the characteristics of entrepreneurs (Kuratko & Hodgetts, 1995:4). Through the years, many personological characteristics have been discarded, debunked or found to have been measured ineffectively (Shaver & Scott, 1991:39). Research has often been directed more towards defining the characteristics and/or demographics of a selected group. Conflicting results then often occurred when different groups of people were simply described as entrepreneurs (Sexton & Bowman-Upton, 1991:6). This has caused considerable confusion. Sexton and Bowman (1986) argue that empirical research has failed to agree on the characteristics that distinguish entrepreneurs from other business people. Gartner (1988) also comments that the entrepreneur described by these research efforts has become larger than life and a sort of "generic everyman"; some aspects of this description would fit almost anyone. In Gartner's opinion, this line of reasoning has outlived its utility.

In an effort to develop some common definition of the entrepreneur through the trait approach, researchers have developed a continuum of classes of entrepreneurs. When a differentiation is made, it is usually on the basis of function, orientation, intention or growth. This school of thought questions, among other things, the concept of ownership as a prerequisite for entrepreneurship. Must the entrepreneur be the founder of the organisation, or can the entrepreneur organise, manage and assume risks within a large organisation, i.e. a corporate entrepreneur or its derivation 'intrapreneur'? Perhaps a definition that includes ownership is too narrow (Sexton & Bowman-Upton, 1991:8).

Indeed, according to Schumpeter (1934), the key ingredient of entrepreneurship lies in the innovativeness of the individual and may not
involve ownership at all. Entrepreneurship, in this view, refers to the process of creating an opportunity (Cunningham & Lischeron, 1991:51).

In literature on entrepreneurship, a distinction is made between the characteristics of the following ‘classes of entrepreneurs’:

- An entrepreneur and a non-entrepreneur (Brockhaus, 1982; Brockhaus & Horwitz, 1986)
- An entrepreneur and a manager (Brockhaus, 1987)
- An entrepreneur and a corporate entrepreneur (intrapreneur) (McClelland, 1976)
- A successful entrepreneur and an unsuccessful entrepreneur (Brockhaus, 1982; Brockhaus & Horwitz, 1986)
- An entrepreneur and a small business owner (Carland, Hoy, Boulton & Carland, 1984)
- A successful entrepreneur and a manager (Brockhaus, 1982; Brockhaus & Horwitz, 1986)

The key distinguishing factor between an entrepreneur and the manager is risk-taking (Brockhaus, 1987). Entrepreneurs also tend to be opportunity-driven, whereas managers are resource-driven (Bird, 1989:328). McClelland (1976) reflects later development of the concept of entrepreneurship by suggesting that an entrepreneur need not be an owner (the intrapreneurship concept), while Carland et al (1984) make a clear distinction between small business owners and entrepreneurs.

A more detailed exposition of the distinctive characteristics of the traditional manager, the entrepreneur and the intrapreneur will be given later in this chapter.

The classes of entrepreneurs imply that entrepreneurship can take place in the context of an existing organisation as well as when an individual launches a firm.
2.3.2 The behavioural approach to entrepreneurship

Given the limited success and methodological difficulties inherent in pursuing the trait approach, a behaviour- or process-oriented approach has received increased attention in recent years. This approach looks at the entrepreneurial process in terms of the entrepreneur's activities rather than specific individual traits. As Gartner (1988) argues, the focus should be on what the entrepreneur does rather than on who the entrepreneur is. Further, he concludes that the entrepreneur is not "... a fixed state of existence, [but] rather ... a role that individuals undertake to create organization" (Gartner, 1988:28).

In creating those organisations, what the entrepreneur does consists of a variety of activities (Gartner, 1985).

Several entrepreneurship researchers have offered their versions of the activities of successful entrepreneurs. Table 2.1 shows the entrepreneurial activities as identified by Silver (1983) and Gartner (1986).

Table 2.1: Entrepreneurial activities

<table>
<thead>
<tr>
<th>ENTREPRENEURIAL ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Silver</strong></td>
</tr>
<tr>
<td>- Identify the opportunity</td>
</tr>
<tr>
<td>- Create the solution</td>
</tr>
<tr>
<td>- Plan the business</td>
</tr>
<tr>
<td>- Select the entrepreneurial team</td>
</tr>
<tr>
<td>- Produce and test-market the product</td>
</tr>
<tr>
<td>- Raise venture capital</td>
</tr>
<tr>
<td><strong>Gartner</strong></td>
</tr>
<tr>
<td>- Locate a business opportunity</td>
</tr>
<tr>
<td>- Accumulate resources</td>
</tr>
<tr>
<td>- Market products or services</td>
</tr>
<tr>
<td>- Make the product/provide the services</td>
</tr>
<tr>
<td>- Build an organisation</td>
</tr>
<tr>
<td>- Respond to government and society</td>
</tr>
</tbody>
</table>

Source: Silver (1983) and Gartner (1986)
What is the entrepreneurial process? *The entrepreneurial process involves all functions, activities and actions associated with perceiving opportunities and the creation of organisation to pursue them* (Bygrave, 1993:257).

The entrepreneurial process requires both an *entrepreneurial event* and an *entrepreneurial agent*. This event refers to the conceptualisation and implementation of a new venture. The agent is an individual or group that assumes personal responsibility for bringing the event to fruition (Morris & Lewis, 1995:32).

The entrepreneurial event is the extent to which an organisation/individual demonstrates entrepreneurial attitudes and behaviour (Morris & Lewis, 1995:32). An entrepreneurial attitude refers to the willingness of an individual or organisation to embrace new opportunities and take responsibility for effecting creative change. This willingness is sometimes referred to as an 'entrepreneurial orientation'. An entrepreneurial behaviour includes the set of activities required to evaluate an opportunity, define a business concept, assess and acquire the necessary resources and then to operate and harvest a venture (Bird, 1988).

Any number of entrepreneurial events can be produced in a given time period (Wortman, 1987; Stevenson & Jarillo, 1990). Accordingly, entrepreneurship is not an either/or determination, but a question of 'how much' and 'how often'.

Some of the important characteristics of the entrepreneurial event are the following (Bygrave, 1993:257):
- It is initiated by an act of human volition.
- It is at the level of the individual firm.
- It is a change of state.
- It is a discontinuity.
- It is a holistic process.
- It is a dynamic process.
It involves numerous antecedent variables.
Its outcomes are extremely sensitive to initial conditions.
It is unique.

The essence of entrepreneurship is the entrepreneur. Therefore, a model of entrepreneurship must recognise the importance of human volition (Bygrave, 1993:257). The act of becoming an entrepreneur is a change from one state (that without the venture) to another (that with the venture). It is a discontinuity (as opposed to a smooth change). It is holistic (the components depend on one another to such a high degree that you cannot understand the whole process simply by examining each of its components separately). And it is incredibly sensitive to a multitude of antecedent variables (tiny changes in any one of myriad input variables can produce huge changes in the outcome) (Bygrave, 1993:257).

Cunningham and Lischeron (1991:55–57) see entrepreneurship as a reiterative process of personal evaluating, planning, acting and reassessing which encourages people to take on responsibility for creation and innovation. This process involves creating the idea, assessing one's personal abilities and taking action now and in the future. It assumes that entrepreneurs have the responsibility for the venture, or share some of the risks and rewards of it. This entrepreneurial process can be illustrated as follows:

Figure 2.1: The entrepreneurial process

Source: Adapted from Cunningham and Lischeron (1991:57)
Cunningham and Lischeron (1991:55) suggest that entrepreneurship might be viewed as a reiterative process and that each entrepreneurial school might provide insights into different aspects of the phenomenon. Our knowledge of the entrepreneur cannot be obtained by focusing on the criteria of only one school of thought. An understanding of entrepreneurs and their ventures requires criteria from each facet of the overall process: entrepreneurs' personal perspective, their ways of identifying opportunities, their methods of acting and managing, and their mechanisms for adapting and reassessing.

Although there are numerous methods and models that attempt to structure the entrepreneurial process, one further approach is worth mentioning, namely a multidimensional approach (Kuratko & Hodgetts, 1995:24).

The multidimensional approach is a more detailed process approach to entrepreneurship. In this view, entrepreneurship is a complex, multidimensional framework that emphasises the variables of individual(s), environment, organisation and venture process. Figure 2.2 depicts the interaction of the four major dimensions of this entrepreneurial process.
2.3.3 A proposed definition of entrepreneurship

Research on entrepreneurship has defined entrepreneurship in two fundamentally different ways (Krackhardt, 1995:53). On the one side, entrepreneurship is a property or quality of the firm itself. For example, entrepreneurial firms are typically thought of as small (Aldrich & Austen, 1986), fast-growing (Drucker, 1985a), and organic and network-based rather
than mechanistic or bureaucratic (Birley, 1986). These distinctions give the entrepreneurial firm an advantage that is not available to other forms of organisation. In particular, entrepreneurial firms are thought to be more innovative (Backman, 1983), flexible and adaptable (Birch, 1987). This perspective implies that entrepreneurial firms, as they grow, will eventually lose their competitive advantage that allowed them to succeed in the first place (Krackhardt, 1994).

On the other side, entrepreneurship has been defined as a **behavioural characteristic of employees and managers in the firm**, not a characteristic of the firm itself. People who are entrepreneurial take advantage of opportunities to acquire added value (for themselves or for the firm). These researchers have championed the idea of "corporate entrepreneurship" (Burgelman, 1983) or "intrapreneurship" (Pinchot, 1985) as an embodiment of entrepreneurial advantage in a large corporate environment. McClelland (1961) argues that entrepreneurial behaviour is embedded in an individual's personality, stemming from his or her upbringing. From this perspective, it is argued that one can observe entrepreneurial behaviour in what would otherwise be characterised as a large bureaucratic firm. This approach to entrepreneurship implies that an organisation can presumably maintain its entrepreneurial behaviour among its employees/managers (Kanter, 1983, 1989).

Although a single definition of entrepreneurship does not exist (Kuratko & Hodgetts, 1995) and a commonly accepted definition is likely to go unfulfilled into the future (Low & MacMillan, 1988), a guiding definition of entrepreneurship is proposed for the purposes of this study. Based on the **behaviouralist view** of entrepreneurship, the following definition by Stevenson and Jarillo (1990:23) is favoured in this study:
Entrepreneurship is a process by which individuals - either on their own or inside organisations - pursue opportunities without regard to the resources they currently control.

There are three main components to the Stevenson and Jarillo definition (Krackhardt, 1995:54):

- First, individuals are the unit of analysis and not the firm.
- Secondly, the behaviour in which individuals claim to be interested is the pursuit of opportunities. The term 'opportunity' can be defined as a "future situation which is deemed desirable and feasible" (Stevenson & Jarillo, 1990:23).
- Thirdly, the definition modifies the kinds of opportunities that are considered to be truly entrepreneurial. These opportunities are those pursued "without regard to the resource they [the entrepreneurs] currently control" (Krackhardt, 1995:54). The pursuit of opportunities to which one has sufficient formal authority to assign resources without having to bargain for them, is therefore excluded from the domain of entrepreneurship. It is this aspect that is distinguishing entrepreneurship from mere rational economic behaviour or mundane managerial skill (Krackhardt, 1995:54).

A behavioural approach to entrepreneurship is favoured in this study because "behaviors rather than attributes are what give meaning to the entrepreneurial process" (Covin & Slevin, 1991:8). An individual's psychological profile does not make a person an entrepreneur. Rather, entrepreneurs are known through their actions. Similarly, non-behavioural organisation-level attributes, such as organisational structure or culture, do not make a firm entrepreneurial. An organisation's actions make it entrepreneurial. In short, behaviour is the central and essential element of the entrepreneurial process (Covin & Slevin, 1991:8).
2.4 DIFFERENT TYPES OF ENTREPRENEURS

The assumption that there is one kind of person who could succeed in entrepreneurship has been debunked by studies showing that there are actually four types (Miner, 1997:66), namely the:

- personal achiever entrepreneur,
- empathic supersalesperson entrepreneur,
- real manager entrepreneur, and
- expert idea generator entrepreneur.

Table 2.2: The four types of entrepreneurs

<table>
<thead>
<tr>
<th>TYPES OF ENTREPRENEURS</th>
<th>CHARACTERISTICS</th>
</tr>
</thead>
</table>
| **Personal achiever**  | • Need to achieve  
                          • Desire for feedback  
                          • Desire to plan and set goals  
                          • Strong personal initiative  
                          • Strong personal commitment to his/her organisation  
                          • Belief that one person can make a difference  
                          • Belief that work should be guided by personal goals, not those of others |
| **Empathic supersalesperson** | • Capacity to understand and feel with another  
                                    • Desire to help others  
                                    • Belief that social processes are very important  
                                    • Need to have strong positive relationship with others  
                                    • Belief that a sales force is crucial to carrying out company strategy |
| **Real manager**       | • Desire to be a corporate leader  
                          • Decisiveness  
                          • Positive attitude to authority  
                          • Desire to compete  
                          • Desire for power  
                          • Desire to stand out from the crowd |
| **Expert idea generator** | • Desire to innovate  
                                • Love of ideas  
                                • Belief that new product development is crucial to carrying out company strategy  
                                • Good intelligence  
                                • Desire to avoid taking risks |

Source: Adapted from Miner (1997:57–63)

Persons who possess more than one strong pattern are called complex entrepreneurs (Miner, 1997:64). Multiple patterns are particularly frequent when personal achievers or real managers are involved. In his evaluation of
the effectiveness of the four personality types as predictors of subsequent success, Miner (1997:66) has found that a complex entrepreneur has a much more positive influence on the success of the company than just one of the types. One type of entrepreneur may also be more in demand at a certain time and another type less (Miner, 1997:66).

Miner's (1997) research has contributed to the research on entrepreneurship mainly because it shows the following:

- A wide range of people have the capacity to achieve entrepreneurial success — not everybody, but many more than was previously thought.
- Entrepreneuring and managing are not the same thing, although they may show a degree of overlap. Effective managers have a place in entrepreneurship, especially in larger enterprises and corporate ventures. But real managers are only one kind of entrepreneur. Many entrepreneurs are unlikely to become effective managers, although they may do well in other capacities within the corporate world (Miner, 1997:66).
- The type of person an individual is determines the route he or she should follow. This may involve taking over a family business, purchasing a firm, operating a new corporate business, starting a business or serving in a turnaround capacity for an existing business unit (Miner, 1997:55).

2.5 INTRAPRENEURSHIP: AN OVERVIEW OF THE LITERATURE

Zahra (1991:260) observes that authors use many terms to refer to different aspects of corporate entrepreneurship: "intrapreneurship" (Pinchot, 1985), "corporate venture" (Ellis & Taylor, 1987) and "internal corporate venture" (Burgelman & Sayles, 1986). Regardless of the label, corporate entrepreneurship/intrapreneurship refers to the process of creating new business within established firms to improve organisational profitability and enhance a company's competitive position (Carrier, 1996:7).
Intrapreneurship has grown in importance over recent years because large firms wishing to compete are looking for the characteristics of flexibility, growth and innovation more generally associated with entrepreneurship (Stevenson & Jarillo, 1990).

It is mainly because of the following three problems that a need for intrapreneurship has arisen (Kuratko & Hodgetts, 1995:96). There is:
- a rapidly growing number of new and sophisticated competitors,
- a sense of distrust in the traditional methods of corporate management, and
- an exodus of some of the best and brightest people who are leaving corporations to become small-business entrepreneurs.

The current emphasis on intrapreneurship serves only to heighten the complexity of the definitional problem of entrepreneurship. Based on the definition by Stevenson and Jarillo (1990:23), the following definition of intrapreneurship is proposed for the purpose of this study:

**Intrapreneurship is a process by which individuals inside organisations pursue opportunities without regard to the resources they currently control.**

Despite the lack of a clearly accepted definition of the term, an analysis of the literature on intrapreneurship reveals two main trends in the research (Carrier, 1996:7):

- The first of these trends is concerned principally with the individuals who implement innovations in the firms that employ them. The authors who subscribe to this approach fall into two groups. The first group presents intrapreneurship as a set of psychological characteristics and personal attributes. Many of these authors seem to believe that the psychological profiles of intrapreneurs and entrepreneurs are fairly similar, even though the contexts in which they act are different. The second group
concentrates on the roles and functions of intrapreneurs, and presents them as visionaries, change agents, corporate entrepreneurs and champions of innovation.

- The second trend identified in the intrapreneurship literature is concerned with the intrapreneurial process, the factors leading to its emergence, and the conditions required. Some of the authors using this approach present intrapreneurship as an organisational mode, characterised by the factors of freedom and autonomy, allowing employees to innovate. Other authors view intrapreneurship as a managerial strategy aimed at stimulating entrepreneurial behaviour among employees or even at helping employees to become entrepreneurs with the support of the organisation through a process of spinning-off.

The two main trends in intrapreneurship will now be discussed by first examining the question of who the intrapreneur is, after which the intrapreneurial process will be discussed.

2.5.1 Who is the intrapreneur?

There are definite similarities between the definitions of entrepreneurship and intrapreneurship. The only major difference is that intrapreneurship takes place within an organisation (Kuratko & Hodgetts, 1995:28). The major thrust of intrapreneuring, then, is to create or develop the entrepreneurial spirit within corporate boundaries, thereby allowing an atmosphere of innovation to prosper (Kuratko & Montagno, 1989:83–86).

Intrapreneurship has been suggested by many as a method of stimulating innovation and using the creative energy of employees by giving them the resources and independence they need to innovate within the firm (Carrier, 1996:5). Intrapreneurship is almost always synonymous with innovation initiated and implemented by employees (Carrier, 1996:7).
Intrapreneurs are not necessarily the inventors of new products or services, but are those persons who can turn ideas or prototypes into profitable realities. They are the people behind a product or service. They are team builders with a commitment and a strong desire to see their ideas become a reality (Kuratko & Hodgetts, 1995:113).

In order to answer the question 'who is the intrapreneur?' it is necessary to examine the difference between the characteristics of the traditional manager, entrepreneur and intrapreneur. This is illustrated in the following table.

Table 2.3 The characteristics of the traditional manager, entrepreneur and intrapreneur

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Traditional manager</th>
<th>Entrepreneur</th>
<th>Intrapreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time orientation</td>
<td>Responds to quotas and budgets; weekly, monthly, quarterly, and annual planning horizons; the next promotion or transfer.</td>
<td>Uses end goals of 5- to 10-year growth of the business as guides. Takes action now to move to next step along the way.</td>
<td>End goals of 3 to 15 years, depending on the type of venture. Urgency to meet self-imposed and corporate timetables.</td>
</tr>
<tr>
<td>Tendency to action</td>
<td>Delegates action. Supervising and reporting take most energy.</td>
<td>Gets hands dirty. May upset employees by suddenly doing their work.</td>
<td>Gets hands dirty. May know how to delegate, but when necessary does what needs to be done.</td>
</tr>
<tr>
<td>Skills</td>
<td>Professional management. Often business-school-trained. Uses abstract analytical tools, people management and political skills.</td>
<td>Knows business intimately. More business acumen than managerial or political skill. Often technically trained if in technical business. May have had formal profit and loss responsibility in the company.</td>
<td>Very much like the entrepreneur, but the situation demands greater ability to prosper within the organisation. Needs help with this.</td>
</tr>
<tr>
<td>Attitude towards courage and destiny</td>
<td>Sees others as being in charge of his or her destiny. Can be forceful and ambitious, but may be fearful of others' ability to do him or her in.</td>
<td>Self-confident, optimistic, courageous.</td>
<td>Self-confident and courageous. Many intrapreneurs are cynical about the system but optimistic about their ability to outwit it.</td>
</tr>
<tr>
<td>Focus of attention</td>
<td>Primarily on events inside corporation.</td>
<td>Primarily on technology and marketplace.</td>
<td>Both inside and outside. Sets insiders on needs of venture and marketplace, but also focuses on customers.</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Traditional manager</td>
<td>Entrepreneur</td>
<td>Intrapreneur</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------</td>
<td>--------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Use of market research</td>
<td>Has market studies done to discover needs and guide product conceptualisation.</td>
<td>Creates needs. Creates products that often cannot be tested with market research. Potential customers do not yet understand them. Talks to customers and forms own opinions.</td>
<td>Does own market research and intuitive market evaluation, like the entrepreneur.</td>
</tr>
<tr>
<td>Attitude toward status</td>
<td>Cares about status symbols.</td>
<td>Happy sitting on an orange crate if job is getting done.</td>
<td>Considers traditional status symbols a joke. Treasures symbols of freedom.</td>
</tr>
<tr>
<td>Attitude towards failure and mistakes</td>
<td>Strives to avoid mistakes and surprises. Postpones recognising failure.</td>
<td>Deals with mistakes and failures as learning experiences.</td>
<td>Sensitive to need to appear orderly. Attempts to hide risky projects from view in order to learn from mistakes without political cost of public failure.</td>
</tr>
<tr>
<td>Decision-making style</td>
<td>Agrees with those in power. Delays making decisions until a feel of what bosses want is obtained.</td>
<td>Follows private vision. Decisive, action-oriented.</td>
<td>Adopt at getting others to agree with private vision. Somewhat more patient and willing to compromise than the entrepreneur but still a doer.</td>
</tr>
<tr>
<td>Who serves</td>
<td>Pleases others.</td>
<td>Pleases self and customer.</td>
<td>Pleases self, customers and sponsors. Dislikes the system but learns to manipulate it.</td>
</tr>
<tr>
<td>Attitude towards the system</td>
<td>Sees system as nurturing and protective; seeks position within it.</td>
<td>May rapidly advance in a system; then, when frustrated, may reject the system and form his or her own company.</td>
<td>Works out problems within the system but learns to manipulate it.</td>
</tr>
<tr>
<td>Problem-solving style</td>
<td>Works out problems within the system.</td>
<td>Escapes problems in large and formal structures by leaving and starting over alone.</td>
<td>Works out problems within the system, or bypasses them without leaving.</td>
</tr>
<tr>
<td>Family history</td>
<td>Family members worked for large organisation.</td>
<td>Entrepreneurial small-business, professional or farm background.</td>
<td>Entrepreneurial small-business, professional or farm background.</td>
</tr>
<tr>
<td>Relationship with parents</td>
<td>Independent of mother; good relations with father but slightly dependent.</td>
<td>Absent father or poor relations with father.</td>
<td>Better relations with father, but still stormy.</td>
</tr>
<tr>
<td>Socio-economic background</td>
<td>Middle class.</td>
<td>Lower class in some early studies, middle class in more recent ones.</td>
<td>Middle class.</td>
</tr>
<tr>
<td>Education level</td>
<td>Highly educated.</td>
<td>Less well educated in earlier studies; some graduate work but not Ph.D. in later ones.</td>
<td>Often highly educated, particularly in technical fields; sometimes not.</td>
</tr>
<tr>
<td>Relationship with others</td>
<td>Perceives hierarchy as basic relationship.</td>
<td>Perceives transactions and deal-making as basic relationship.</td>
<td>Perceives transactions within hierarchy as basic relationship.</td>
</tr>
</tbody>
</table>

Source: Kuratko & Hodgetts (1995:118–119)
What essentially distinguishes intrapreneurship from entrepreneurship in most cases, if not all, is first and foremost the context in which the entrepreneurial act takes place (Carrier, 1996:7). Entrepreneurs innovate for themselves, while intrapreneurs innovate on behalf of an existing organisation. This difference in context generates a number of other differences for the actors concerned, with regard to autonomy, type of risk, and anticipated rewards.

Entrepreneurs select themselves, while intrapreneurs must be selected or, in some cases, be recognised by or impose themselves on the organisation. Intrapreneurs operate under some form of corporate accounting system, with reporting relationships to hierarchical superiors; entrepreneurs stand alone. Intrapreneurs do not personally face the financial risks that entrepreneurs do, nor do they foresee the same rewards. As a result, their experiences and behaviours differ somewhat from those of the entrepreneurial sole proprietor or partner. Differences in perceptions of risk, resource availability and autonomy might be expected to influence decision-making, relationships, commitment and other behaviour. Likewise, the individuals who choose the career of corporate entrepreneur over that of an independent entrepreneur might need different competencies to succeed. For example, corporate entrepreneurs need to be fairly skilled at corporate politics (MacMillan, 1983).

2.5.2 The intrapreneurial process

Intrapreneurial activities can focus on strategic redirection, organisational duplication, product development and operational efficiency, as illustrated in the following diagram (Cunningham & Lischeron, 1991:54–55):
Strategic intrapreneurship may require the involvement of key professionals and managers who have an understanding of market conditions. The goal is to develop new markets by adding to the existing corporate facilities. Organisational intrapreneurship may require the commitment of a cross-section of people as they take responsibility for duplicating the organisation's tasks in other regions or divisions. Product intrapreneurship might involve people who are familiar with product development and market conditions. The goal is to develop new products by capitalising on existing corporate facilities. Operational strategies focus on improving the quality and efficiency of the services offered.

Hornsby, Naffziger, Kuratko and Montagno (1993:29–37) propose the following three-step approach to the intrapreneurial process:

- The intrapreneurial process starts with a precipitating event which provides the impetus to behave intrapreneurally when other conditions are conducive to such behaviour (Kuratko & Hodgetts, 1995:120). The following types of precipitating events can be identified: hostility (threats to a firm's mission through rivalry), dynamism (instability of a firm's market because of changes) and heterogeneity (developments in the market that create new demands for a firm's products) (Zahra, 1991:259–285)

- The second step in the intrapreneurial process is the decision to act intrapreneurally. This decision occurs as a result of an interaction
between organisational characteristics, individual characteristics and some kind of precipitating event (Hornsby et al., 1993:29–37).

The *organisational* characteristics include (Hornsby et al., 1993:29–37):

- management support
- work discretion
- rewards/reinforcement
- time availability
- organisational boundaries

*Individual* characteristics include (Hornsby et al., 1993:29–37):

- risk-taking propensity
- desire for autonomy
- need for achievement
- goal orientation
- internal locus of control

- The next step after the decision to act intrapreneurially, is to develop an effective business plan, after which the intrapreneurial idea can be implemented.

The implementation and ultimate success of the intrapreneurial idea depend on two factors. First, is the organisation able to provide the needed resources? Second, can the intrapreneur overcome the organisational and individual barriers that may prohibit the new project?

The intrapreneurial process described above can be illustrated graphically as follows:
2.6 THE INTRAPRENEURIAL ORIENTATION CONSTRUCT

Numerous classification systems have been developed to depict differences in entrepreneurship as the result of various combinations of individual, organisational or environmental factors that influence how and why entrepreneurship occurs as it does (Cooper & Dunkelberg 1986; Schollhammer, 1982; Webster, 1977). Although these efforts have served to point out the various dimensions of the entrepreneurial process, they have not led to any widely held consensus regarding how to characterise entrepreneurship. This has led to the building and testing of a broader theory of entrepreneurship, namely the construct of entrepreneurial orientation (Lumpkin & Dess, 1996:135).

The distinction between entrepreneurship and entrepreneurial orientation is comparable to the one made in the strategic management literature between content and process (Lumpkin and Dess, 1996:135). The early strategy literature equated entrepreneurship with going into business, and the basic "entrepreneurial problem" (Miles & Snow, 1978) was to address the principal question of strategy content: What business shall we enter? The answer to this question determined a firm's domain and guided its product-market...
relationships and resource deployments. As the field of strategic management developed, however, the emphasis shifted to entrepreneurial processes, that is, the methods, practices, and decision-making styles managers use to act entrepreneurially.

Entrepreneurship is defined here as new entry. That is, new entry explains what entrepreneurship consists of, and entrepreneurial orientation describes how new entry is undertaken (Lumpkin & Dess, 1996:136).

An entrepreneurial orientation therefore refers to the processes, practices and decision-making activities that lead to new entry (Lumpkin & Dess, 1996:136). It emerges from a strategic-choice perspective which asserts that new-entry opportunities can be successfully undertaken by 'purposeful enactment'. Therefore, it involves the intentions and actions of key players functioning in a dynamic generative process aimed at new-venture creation.

The key dimensions that characterise and distinguish key entrepreneurial processes — that is, a firm's entrepreneurial orientation — include (Lumpkin & Dess, 1996:136):

- a propensity to act autonomously,
- a willingness to innovate,
- a willingness to take risks,
- a tendency to be aggressive toward competitors, and
- a tendency to be proactive relative to marketplace opportunities.

Lumpkin & Dess (1996:136) suggest that these dimensions may vary independently, depending on the environmental and organisational context. This is consistent with Gartner's (1985:697) perspective regarding new venture formation: "The creation of a new venture is a multidimensional phenomenon; each variable describes only a single dimension of the phenomenon and cannot be taken alone ... entrepreneurs and their firms vary widely; the actions they take or do not take and the environments they
operate in and respond to are equally diverse — and all these elements form complex and unique combinations in the creation of each new venture."

To answer the question of what it is that makes a firm entrepreneurial, Lumpkin and Dess (1996:152) argue that any firm that engages in an effective combination of autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness is entrepreneurial. Therefore, an entrepreneurial orientation, as reflected in the organisational processes and decision-making style of a firm, can be a source of competitive advantage or strategic renewal, even for firms that are not involved in launching new ventures. In this respect, an effective entrepreneurial orientation may be an example of good strategic management (Lumpkin & Dess, 1996:153).

In this study the question is not 'What makes a firm entrepreneurial?' but 'What makes the individuals in the firm intrapreneurial?'. This question is consistent with the view outlined in the proposed definition of entrepreneurship/intrapreneurship as an individual behaviour as opposed to a firm behaviour. When using the term 'entrepreneurial organisation', this study refers to the entrepreneurial behaviour of the individuals inside the firm and not to the behaviour of the firm per se. The essence of entrepreneurship, as stated earlier in this chapter, is the entrepreneur (Bygrave, 1993:257). The human characteristic of the entrepreneurial event may therefore not be ignored. As the entrepreneurial behaviour of individuals will take place in the existing firm, the entrepreneurial orientation will be termed intrapreneurial orientation.

The five dimensions of an intrapreneurial orientation will be discussed next.

2.6.1 Dimensions of an intrapreneurial orientation

Lumpkin and Dess (1996:139) believe that there is a fundamental set of dimensions that underlies nearly all entrepreneurial processes. They identify
the following key dimensions that characterise an entrepreneurial orientation, namely a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities (Lumpkin & Dess, 1996:136). These dimensions will be treated as part of the intrapreneurial orientation and clarified in the next five subsections.

**Innovation**

The critical factor to distinguish entrepreneurs from non-entrepreneurial managers and, in particular, small business owners is innovation (Carland et al, 1984:357). The entrepreneur is characterised by a preference for creating activity, manifested by some innovative combination of resources for profit.

Entrepreneurs are among the more creative of organisational players (Bird, 1989:35). It is their business to generate or add value and innovate. Schumpeter (1934) was first to point out the importance of the new values created by entrepreneurs. Schumpeter’s idea was later extended and specified by Carland et al (1984) as well as Bird (1989:36), saying that entrepreneurs:

- introduce new goods,
- introduce new services,
- introduce new methods of production,
- open new sources of supply,
- open new markets, and
- reorganise industry (this would include buying a firm or acting as a 'turnaround' CEO).

Innovation refers to "an idea, practice or product perceived as new by the individual" and also implies "commercialisation of ideas and/or the implementation and change of existing systems, products and resources" (Bird, 1989:39). According to Drucker (1985b), innovation is the specific
function of entrepreneurship and defines what is entrepreneurial and what is managerial. Innovation also refers to the process of "bringing inventions into use" (Schon, 1967:1).

Innovativeness reflects a firm's tendency to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes. Although innovations can vary in their degree of 'radicalness', innovativeness represents a basic willingness to depart from existing technologies or practices and venture beyond the current state of the art (Kimberley, 1981). There are numerous methods by which to classify innovations, but perhaps the most useful distinction is between product-market innovation and technological innovation. Until recently, most research focused on technological innovativeness, which consists primarily of product and process development, engineering, research, and an emphasis on technical expertise and industry knowledge (Cooper, 1971). Product-market innovativeness suggests an emphasis on product design, market research, and advertising and promotion (Miller & Friesen, 1978). In either case, innovativeness is an important component of an entrepreneurial orientation because it reflects an important means by which individuals pursue new opportunities.

**Risk-taking**

Much of the entrepreneurial literature has included risk-taking as a major characteristic of the entrepreneur (Cunningham & Lischeron, 1991:48). Entrepreneurs prefer to take moderate risks in situations where they have some degree of control or skill in realising a profit. They do not prefer situations which involve either extremes of risk or certainty (McClelland, 1961).

Numerous investigators have reported inconsistencies in the risk-taking propensity of individuals who engage in new entry (e.g. Brockhaus, 1982).
Most studies of intrapreneurially related risk-taking have also only focused on individuals and not firms. This means that an individual’s aversion to a specific new-venture opportunity may be overcome by either careful study and investigation or confidence in a good idea. The result may be that, at the level of the firm, risks are taken that would not be taken by a firm member (Lumpkin & Dess, 1996:143).

In spite of the gap in research on effectively operationalising firm-level risk-taking, attempts have been made to measure risk-taking at firm level. Miller’s (1983) approach measures risk-taking at firm level by asking managers about the firm’s proclivity to engage in risky projects and managers’ preferences for bold versus cautious acts to achieve firm objectives. Venkatraman (1989) used a similar approach, asking managers about the extent to which they followed tried and tested paths or tended to support only projects in which the expected returns were certain.

It is a widely held view that risk-taking is what distinguishes the term ‘entrepreneur’ from the term ‘manager’ (Brockhaus, 1987).

Miles, Arnold and Thompson (1993:20) argue that, from a behavioural perspective, those who would make decisions under conditions of risk may not choose to do so under conditions of uncertainty (i.e. without knowledge of the underlying probabilities). If a hostile environment is characterised more by uncertainty and less by risk, then a risk-taking entrepreneur will be less likely to make decisions.

**Proactiveness**

Proactiveness refers to processes aimed at anticipating and acting on future needs by seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, and strategically eliminating operations which are in the mature
or declining stages of the life cycle (Lumpkin & Dess, 1996:144). Therefore, a proactive individual or firm is a leader rather than a follower, through having the will and foresight to seize new opportunities, even if not always the first to do so.

**Competitive aggressiveness**

Competitive aggressiveness refers to the propensity of individuals or firms to challenge their competitors directly and intensely in order to achieve entry or improve position, that is, to outperform industry rivals in the marketplace. Competitive aggressiveness is characterised by responsiveness, which may take the form of head-to-head confrontation. Competitive aggressiveness also reflects a willingness to be unconventional rather than rely on traditional methods of competing. Porter (1985) recommends three approaches for aggressively pursuing existing firms, namely:

- doing things differently, that is, reconfiguration,
- changing the context, that is, redefining the product or service and its market channels or scope, and
- outspending the industry leader.

Activities aimed at overcoming rivals may include (Lumpkin & Dess, 1996:146):

- setting ambitious market-share goals and taking bold steps to achieve them, such as cutting prices and sacrificing profits, or
- spending aggressively compared to competitors on marketing, product service and quality, or manufacturing capacity.

**Autonomy**

What is needed for entrepreneurship to occur within organisations is the freedom for individuals and teams to exercise their creativity and champion promising ideas. Therefore, an important impetus for new-entry activity is the
independent spirit necessary to further new ventures. As such, the concept of autonomy is a key dimension of an entrepreneurial orientation (Lumpkin & Dess, 1996:140).

Autonomy refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion. In general, it means the ability and will to be self-directed in the pursuit of opportunities. In an organisational context, it refers to action taken free of stifling organisational constraints. Therefore, even though factors such as resource availability, actions by competitive rivals or internal organisational considerations may change the course of new-venture initiatives, these are not sufficient to extinguish the autonomous entrepreneurial processes that lead to new entry: Throughout the process, the organisational player remains free to act independently, to make key decisions and to proceed (Lumpkin & Dess, 1996:140).

In promoting intrapreneurship, many large firms have engaged in changes in organisational structure, such as flattening hierarchies and delegating authority to operating units (Pinchot, 1985). These moves are intended to foster autonomy, but the process of organisational autonomy requires more than a design change. Firms must actually grant autonomy and encourage organisational players to exercise it (Quinn, 1979). In some firms, the process involves champions who promote entrepreneurial activity by shielding the new-venture innovators from organisational norms or resource constraints that might cause the new enterprise to be rejected. Therefore, the exercise of organisational autonomy is often characterised by a two-stage process involving a project definition that is carried out by autonomous organisational members and a project impetus that is carried out by champions who sustain the autonomous efforts (Bower, 1970). In an organisational setting, it is often the champions who play the most entrepreneurial roles by scavenging for resources, going outside the usual lines of authority and promoting risk-taking
on behalf of new ideas and promising breakthroughs (Kanter, 1983; Peters & Waterman, 1982).

2.7 CONCLUSION

The intrapreneurial orientation construct, as a broader theory of entrepreneurship, can be explained only against the background of the evolving nature of entrepreneurship as a field of study.

In exploring the nature of entrepreneurship, this chapter started by explaining the definitional problem of entrepreneurship. A historical picture was presented of how entrepreneurship developed, based on the two broad categories into which the existing literature on entrepreneurship can be grouped, i.e. that reflecting the trait approach and that reflecting the behavioural approach. In addition, a proposed definition of entrepreneurship for the purpose of this study was given.

The chapter continued with a discussion of the latest view on the different types of entrepreneurs. Intrapreneurship as one of the focus areas of this study was then placed in perspective by giving an overview of the literature on intrapreneurship, discussing who the intrapreneur is and what the intrapreneurial process looks like.

This all formed the basis for the discussion of the intrapreneurial construct. The intrapreneurial construct focuses on the individual behaviour of entrepreneurs in the existing firm, i.e. intrapreneurs. Underlying the entrepreneurial behaviour of intrapreneurs are five key dimensions, namely innovation, risk-taking, proactiveness, competitive aggressiveness and autonomy. This chapter concluded with a discussion of each.
The purpose of this chapter was to provide a foundation for further chapters that build on the dynamic and developing discipline of entrepreneurship. The interaction between the fields of entrepreneurship and strategic management will be the theme of the next chapter.
CHAPTER 3

MANAGING THE CHANGE AND STRATEGIC PROCESS OF ESTABLISHING AN INTRAPRENEURIAL ORIENTATION

3.1 INTRODUCTION

Organisations are faced with increasing levels of turbulence in their environments: more intense competition, an increasingly global marketplace, rapidly changing technology, a more diverse work force, the transition from an industrial to a knowledge economy, more demanding customers, and a more demanding group of other constituents (Higgins, 1996:27). The more dynamic, hostile and heterogeneous the environment, the higher the level of innovation, risk-taking and proactive behaviour that is needed (Miller & Friesen, 1982). Change is therefore a catalyst for entrepreneurial activity (Morris & Lewis, 1995:38).

According to Miles, Arnold and Thompson (1993:12), entrepreneurial orientation is a key consideration to explain on logical grounds how an enterprise can respond to an increasingly hostile environment. Smart and Vertinsky (1984) also argue that the entrepreneurial orientation is not only a function of the entrepreneurial personality but may also be consciously adopted as a strategic response to environmental uncertainty.

Just as the decision to adopt an entrepreneurial orientation must be considered a strategic choice (Khandwalla, 1987), so the decision to establish an intrapreneurial orientation should also be considered a strategic choice.

Large corporations often fail to integrate intrapreneurship into their strategies (Joni, Bell & Mason, 1997:53). If executives do not view them as critical to the future, intrapreneurial efforts will not get the attention they require.
In this chapter the integration between the fields of intrapreneurship and strategic management will be illustrated. This will be done by examining the establishment of an intrapreneurial orientation as a strategic change process. This examination, and the understanding that it seeks to develop, point to some important implications for managing an organisation.

3.2 THE NEED TO MANAGE INTRAPRENEURIAL BEHAVIOUR STRATEGICALLY

The difference between an effective manager and a corporate entrepreneur seems to lie in the attitude of the manager. Entrepreneurship is an attitude to general management that leads to growth through the recognition and exploitation of opportunities (Sexton & Bowman-Upton, 1991:270).

Alertness to opportunities is one dimension of intrapreneurial activity. Such strategic behaviour provides the means for extending the organisation's activities and discovering opportunities (Ellis & Taylor, 1987).

Sexton and Bowman-Upton (1991:11) suggest that it seems reasonable that business ownership, as an essential defining factor of entrepreneurship, could be replaced with a propensity for growth; and if propensity for growth requires an ability to recognise and exploit opportunities, the definition of entrepreneurship may be broadened to include the original concept of the recognition of an opportunity.

The concept of the entrepreneur as one who recognises and exploits opportunities is not new. Schumpeter stressed this aspect in 1934, and Kirsner expanded on the concept in 1959 (Sexton & Bowman-Upton, 1991:12). In defining the entrepreneur, a growing number of researchers now emphasise opportunity recognition and exploitation rather than ownership and control of resources. Dissatisfaction with the status quo and the ability to
recognise an opportunity exploit it and make the business grow set the entrepreneur apart from a small-business person or from the typical manager in a larger organisation. Entrepreneurship, in reality, is an approach to general management that begins with opportunity recognition and culminates with the exploitation of the opportunity (Sexton & Bowman-Upton, 1991:12).

It is not the position but the approach that differentiates the entrepreneur from others.

There are indications that large corporations have been unsuccessful in creating intrapreneurs or an entrepreneurial climate. Many managers involved in intrapreneurial ventures often leave the company, sometimes in frustration, to start their own entrepreneurial venture (Knight, 1988). Their departure may indicate that entrepreneurial forces might be at odds with normal managerial activity, or that conventional organisations have not been able to use the intrapreneurship model to their best advantage.

The success of the intrapreneurial model seems to depend not only on the abilities of operational-level participants to exploit entrepreneurial opportunities, but also on whether managers in the overall corporate structure see the need to exploit these opportunities.

Corporations have to stabilise and offer the opportunities that permit growth in order to have people who act as entrepreneurs (Miner, 1997:66). There is therefore a need to develop policies that will help innovative people realise their full potential (Kuratko & Hodgetts, 1995:98).

In making recommendations on the advancement of individual entrepreneurship in organisations, Quinn (1979:26) implies that the entrepreneurial process is one that can be planned and that "the process must start at the very top of the organisation".
Steps that organisations can take to help restructure corporate thinking and encourage an intrapreneurial environment include the following (Burgelman, 1983:1349-1363):

- Early identification of potential intrapreneurs
- Top management sponsorship of intrapreneurial projects
- Creation of both diversity and order in strategic activities
- Promotion of intrapreneurship through experimentation
- Development of collaboration between entrepreneurial participants and the organisations at large

In organisations where entrepreneurship/intrapreneurship is lacking as a strategic goal, the culture does not support risk-taking, searching for opportunities and innovation (Cornwall & Perlman, 1990:66).

Entrepreneurial organisations or those with an intrapreneurial orientation are organisations in which particular behavioural patterns are recurring. These patterns pervade the organisation at all levels and reflect the top managers' overall strategic philosophy on effective management practice (Covin & Slevin, 1991:7).

3.3 THE NATURE OF STRATEGIES IN ESTABLISHING AN INTRAPRENEURIAL ORIENTATION

An enterprise comprises a collection of discrete but interrelated economic activities, and their strategies describe the configuration of these activities (Porter, 1991). Similarly, Covin (1991) suggests that strategy comprises individual business practices and competitive tactics. He argues that strategy characterises an organisation's competitive orientation and can be conceptualised as a pattern of business-related decisions. To understand these patterns, a number of strategy typologies have been developed (Porter, 1980; Miles & Snow, 1978; Covin, 1991).
The support for specific aspects of these strategy typologies is unclear (Waldersee & Sheather, 1996:107). Two core strategy types associated with an organisation's success can, however, be identified. The first strategy type emphasises the innovative aspects of the organisation's activities. This kind of strategy is commonly referred to as a Prospector (Miles & Snow, 1978), Differentiator (Porter, 1980) or Entrepreneurial strategy (Covin, 1991). The approach with this strategy is characterised by differentiation through product offerings that are considered unique along dimensions such as design, brand image, service and features, and involves minimising customer sensitivity to price rather than competing on cost, while seeking out new markets and products (Waldersee & Sheather, 1996:107). The second core strategy type emphasises stability. This kind of strategy pursues an approach of Defender (Miles & Snow, 1978), Cost Leader (Porter, 1980) or Conservative (Covin, 1991). It aims to achieve cost leadership through an advantage such as tight cost control in stable product areas by producing higher quality, superior service or lower prices. This kind of strategy has concern for asset use, employee productivity and discretionary expenses (Segev, 1989).

The strategy type proposed in this study is the entrepreneurial strategy. Although the purpose of establishing an intrapreneurial orientation does not directly lead to new product offerings, it certainly can be the indirect result of these offerings.

Carrier (1996:13) notes that when intrapreneurial strategy is developed, it should be preceded by positive recognition of the presence of intrapreneurs in the organisation, which acts as a trigger for the manager's strategic process. In this sense, the strategy does not create the intrapreneur but is reactive and aimed at incorporating intrapreneurial energies positively. It could be said that the strategy is contingent rather than deterministic (Carrier, 1996:13).
When an intrapreneurial strategy is created, the ethos of the original enterprise often changes dramatically (Kuratko & Hodgetts, 1995:104). Traditions are set aside in favour of new processes and procedures. Some people thrive in an intrapreneurial environment, whereas others dislike it intensely.

The four critical steps in an intrapreneurial strategy are the following (Kuratko & Hodgetts, 1995:104):

1. Developing the vision
2. Encouraging innovation
3. Structuring for an intrapreneurial climate
4. Developing venture teams

According to Burgelman (1983:1354), Penrose (1968) calls the opportunity-seeking behaviour in a firm the pool of unused resources existing at any given moment in the firm's development. To the extent that the content of the opportunity set associated with the unused entrepreneurial resources cannot be known in advance of their application, it would seem that the process of corporate entrepreneurship can hardly be subsumed under the traditional strategic planning approaches.

Top managers recognise that they cannot build entrepreneurial organisations on a model of top-down direction and delegation (Ghoshal & Bartlett, 1995:89). Rather, they are committed to encouraging bottom-up ideas and initiatives. A bottom-up entrepreneurial process can only occur when frontline management's role is transformed from implementor to initiator and when senior management's role is to provide a context in which entrepreneurship can happen (Ghoshal & Bartlett, 1995:89).

What is necessary is a renewal process that is designed to challenge a company's strategies and the assumptions behind them. Renewal is the one organisational process in which top management has a direct role to play,
because someone must resolve the healthy conflicts and challenges that are cultivated within an organisation (Ghoshal & Bartlett, 1995:94–95).

Mintzberg (1989:201) also comments that the innovative firm must respond continuously to a complex, unpredictable environment and can therefore not rely on deliberate strategy. Strategy is not formulated consciously in one place but is rather formed by the specific actions taken in many places (Mintzberg, 1989:201).

In the operating 'adhocracy', a project team is never quite sure what it will do next. The strategy never really stabilises totally but is responsive to new projects which involve the activities of many people. Strategy evolves as decisions are made (Mintzberg, 1989:201).

In the administrative adhocracy, there is a concentration on fewer projects, with the result that strategy formulation takes place in a more organised manner. With their activities so varied, it is questionable whether adhocracies formulate strategies at all.

The innovative organisation seems to function without strategic focus at times, as this might be the way to keep itself innovative — by periodically cleansing itself of some of its existing strategies (Mintzberg, 1989:201).

Mintzberg (1989:201) suggests a model for strategy formation in an adhocracy. This model comprises the following six points:

- The process of strategy formation can be over-managed. It is important to let patterns emerge rather than to force artificial consistency upon an organisation.
- Management cannot always plan where its strategies will emerge, even less plan the strategies themselves.
Emergent strategies can sometimes displace existing strategies. This is not necessarily a disadvantage as these strategies might be better than the existing planned strategies.

Once strategies are recognised as valuable, they can be preserved by the organisation.

New strategies, which may be emerging continuously, tend to pervade the organisation during periods of change, which might lead to the destruction of the organisation's production capacity.

To manage the process is not to preconceive strategies but to recognise their emergence and intervene when appropriate.

Mintzberg’s (1989) explanation of the adhocracy emphasises the formulation of strategies. The formulation of strategies is important when managing the establishment of an intrapreneurial orientation. It is for this reason that Mintzberg’s contribution in this regard is valuable.

3.4 THE CHANGE PROCESS

Kotter (1995:59) proposes eight steps in managing change in an organisation. Table 3.1 gives an exposition of these steps.
Table 3.1: Eight steps to transforming an organisation

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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| 1    | Establishing a sense of urgency  
- Examining market and competitive realities  
- Identifying and discussing crises, potential crises or major opportunities |
| 2    | Forming a powerful guiding coalition  
- Assembling a group with enough power to lead the change effort  
- Encouraging the group to work together as a team |
| 3    | Creating a vision  
- Creating a vision to help direct the change effort  
- Developing strategies for achieving that vision |
| 4    | Communicating the vision  
- Using every vehicle possible to communicate the new vision and strategies  
- Teaching new behaviours by the example of the guiding coalition |
| 5    | Empowering others to act on the vision  
- Getting rid of obstacles to change  
- Changing systems or structures that seriously undermine the vision  
- Encouraging risk-taking and non-traditional ideas, activities and actions |
| 6    | Planning for and creating short-term wins  
- Planning for visible performance improvements  
- Creating those improvements  
- Recognising and rewarding employees involved in the improvements |
| 7    | Consolidating improvements and producing still more change  
- Using increased credibility to change systems, structures and policies that do not fit the vision  
- Hiring, promoting and developing employees who can implement the vision  
- Reinvigorating the process with new projects, themes and change agents |
| 8    | Institutionalising new approaches  
- Articulating the connections between the new behaviours and corporate success  
- Developing the means to ensure leadership development and succession |

Source: Kotter (1995:59)
The change process goes through a series of phases that, in total, usually require a considerable length of time. Skipping steps only creates the illusion of speed and never produces a satisfying result (Kotter, 1995:59).

**Phase 1: Establishing a sense of urgency**

Change, by definition, requires creating a new system, which in turn always demands leadership. Phase one in a renewal process typically goes nowhere until enough real leaders are promoted or hired into senior-level jobs. Leadership is needed to establish a sense of urgency. When the urgency rate is not pumped up enough, the transformation process cannot succeed and the long-term future of the organisation is put in jeopardy. According to Kotter (1995:62), the urgency rate is high enough when about 75% of a company's management is honestly convinced that business-as-usual is totally unacceptable. Anything less can produce some serious problems later in the process.

**Phase 2: Forming a powerful guiding coalition**

The coalition needed to guide the change process should be pretty powerful — in terms of titles, information and expertise, reputations and relationships (Kotter, 1995:62). In both small and large organisations, a successful guiding team may consist of only three to five people during the first year of a renewal effort. But in big companies, the coalition needs to grow to the 20-to-50 range before much progress can be made in phase three and beyond. Senior managers always form the core of the group. But sometimes you find board members, a representative from a key customer or even a powerful union leader. Because the guiding coalition includes members who are not part of senior management, it tends to operate outside the normal hierarchy by definition.
**Phase 3: Creating a vision**

The guiding coalition needs to develop a picture of the future that is relatively easy to communicate and appeals to customers, stockholders and employees (Kotter, 1995:63). A vision goes beyond the numbers that are typically found in five-year plans. A vision says something that helps clarify the direction in which an organisation needs to move. Eventually, a strategy for achieving that vision is developed.

**Phase 4: Communicating the vision**

Transformation is impossible unless hundreds or thousands of people are willing to help, often to the point of making short-term sacrifices. Employees will not make sacrifices, even if they are unhappy with the status quo, unless they believe that useful change is possible. Without credible communication, and a lot of it, the hearts and minds of the troops are never captured (Kotter, 1995:63).

Executives who communicate well incorporate messages into their hour-by-hour activities. In a routine discussion about a business problem, they talk about how proposed solutions fit (or do not fit) into the bigger picture. They also use all existing communication channels to broadcast the vision. They also learn to 'walk the talk' — they consciously attempt to become a living symbol of the new corporate culture. Communication comes in both words and deeds, and the latter are often the most powerful tool. Nothing undermines change more than the behaviour of important individuals that is inconsistent with their words (Kotter, 1995:64).

**Phase 5: Empowering others to act on the vision**

To some degree, a guiding coalition empowers others to take action simply by successfully communicating the new direction. But communication is never
sufficient in itself. Renewal also requires the removal of obstacles. Too often, an employee understands the new vision and wants to help make it happen. But an 'elephant' is in the person's head, and the challenge is to convince the individual that no external obstacle exists. But in most cases the blocks are very real. Sometimes the obstacle is the organisational structure: narrow categories can seriously undermine efforts to increase productivity and make it very difficult even to think about customers. Sometimes compensation of performance-appraisal systems makes people choose between the new vision and their own self-interests. Perhaps worst of all are bosses who refuse to change and who make demands that are inconsistent with the overall effort.

In the first half of a transformation no organisation has the momentum, power or time to get rid of all obstacles. But the big ones must be confronted and removed. If the blocker is a person, it is important that he or she be treated fairly and in a way that is consistent with the new vision. But action is essential, both to empower others and to maintain the credibility of the change effort as a whole.

**Phase 6: Planning for and creating short-term wins**

Real transformation takes time, and a renewal effort risks losing momentum if there are no short-term goals to meet and celebrate. Most people will not go on the long march unless they see compelling evidence within 12 to 24 months that the journey is producing expected results. Without short-term wins, too many people give up or actively join the ranks of those people who have been resisting change.

Creating short-term wins is different from hoping for short-term wins. The latter is passive, the former active. In a successful transformation, managers actively look for ways to obtain clear performance improvements, establish goals in the annual planning system, achieve the objectives, and reward the
people involved with recognition, promotions and even money. Commitments to produce the short-term wins help keep the urgency level up and force detailed analytical thinking that can clarify or revise visions.

**Phase 7: Consolidating improvements and producing still more change**

Until changes sink deeply into a company's culture, a process that can take five to ten years, new approaches are fragile and subject to regression.

Instead of declaring victory, leaders of successful efforts use the credibility afforded by short-term wins to tackle even bigger problems. They go after systems and structures that are not consistent with the transformation vision and have not been confronted before. They pay great attention to who is promoted, who is hired, and how people are developed. They include new reengineering projects that are even bigger in scope than the initial ones. They understand that renewal efforts take not months but years.

**Phase 8: Institutionalising new approaches**

Change sticks when it becomes 'the way we do things around here', when it seeps into the bloodstream of the corporate body. Until new behaviours are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed.

According to Kotter (1995:67), two factors are particularly important in institutionalising change in corporate culture. The first is a conscious attempt to show people how the new approaches, behaviours and attitudes have helped improve performance. When people are left to make the connections on their own, they sometimes create very inaccurate links. The second factor is taking sufficient time to make sure that the next generation of top management really does personify the new approach. If the requirements for promotion do not change, renewal rarely lasts. One bad succession decision
at the top of an organisation can undermine a decade of hard work. Poor succession decisions are possible when boards of directors are not an integral part of the renewal effort.

3.5 THE CONCEPT OF STRATEGIC CHANGE

Strategy is fundamentally concerned with managing change (Cunningham, 1995:25). Almost every aspect of management includes some explicit or implicit managing of change.

Organisations are more aware than ever before of the need both to cope with change and to manage the process of change (Cunningham, 1995:25). However, there is considerable confusion about what managing change is and how best to do it.

The current interest in improving the management of change is in developing learning organisations (Cunningham, 1995:25). A learning organisation is seen to be one that can learn and change continually. The emphasis has shifted from changing an organisation from one state to another towards creating organisations that are continuously able to transform themselves through learning.

Strategic change can be defined as a difference in the form, quality or state over time in an organisation's alignment with its external environment (Van de Ven & Poole, 1995). An organisation's alignment with its external environment is defined as the "... fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objective" (Hofer & Schendel, 1978:25). Change in this alignment encompasses (a) changes to the content of a firm's strategy, as defined by its scope, resource deployments, competitive advantages and synergy (Hofer & Schendel, 1978), and (b) changes to external environment
and organisation brought about to initiate and implement changes in the content of strategy. Furthermore, changes in such alignment can occur at the business, corporate and collective levels of the organisation (Ginsberg, 1988). However, organisational changes that do not result in changes in the content of a firm’s strategy are not included within the domain of strategic change (Rajagopalan & Spreitzer, 1996:50).

Before the strategic change in establishing an intrapreneurial orientation can be examined, the strategic management process should be examined to establish whether it can possibly contribute to the development of a model to manage such a change process.

3.6 THE STRATEGIC MANAGEMENT PROCESS

Empirical studies of the strategic management process have found that:

- strategy formulation and implementation are intertwined and an incrementally evolving process (Murray, 1978:960–971),
- different organisational contexts are associated with different strategic processes (Miller & Friesen, 1982:1–25), and
- intended strategies are often different from realised strategies (Mintzberg, 1978:934–948).

Previous studies have also recognised the fact that the strategic process involves the interlocking strategic activities of managers at different levels in the organisation (Bower & Doz, 1973).

Various models of the strategic management process exist. While there are differences between them, many tend to follow the pattern described by Thompson (1990:28). The strategic management process as described by Thompson (1990:28) is of particular value because of his emphasis on innovation and excellence in implementing strategies as two of the three
aspects of strategic management — the third being the existence of a strategy that is concerned with the establishment of a clear direction for the firm and a means of getting there (Thompson, 1990:3). No model could be found which emphasises all five dimensions of an intrapreneurial orientation. Therefore, Thompson's model of the strategic management process seems appropriate for the purpose of this study. Figure 3.1 illustrates the strategic management process according to Thompson (1990:28).

Figure 3.1: The strategic management process

1. Appraising current situation and current strategy (SWOT analysis)
2. Determining desirable changes to objectives and/or strategies
3. Searching for and choosing suitable courses of action
4. Implementing changes
5. Monitoring progress: ongoing appraisal

Source: Adapted from Thompson (1990:28)
The five steps in the strategic management process according to Thompson (1990:28) should be very helpful in developing a model to manage the establishment of an intrapreneurial orientation strategically.

3.7 A PROPOSED MODEL TO MANAGE THE ESTABLISHMENT OF AN INTRAPRENEURIAL ORIENTATION STRATEGICALLY

Since no model could be found to manage the establishment of an intrapreneurial orientation, various models for the management of innovation were investigated. Struwig (1991:148) found that the categories for managing innovation compared favourably with the strategic management process as proposed by Thompson (1990:28). The following categories in managing innovation could be identified (Struwig, 1991:148):

- Analysis
- Strategy
- Planning
- Implementation
- Review of results
- Evaluation and plan modification

Table 3.2 illustrates the fit between the strategic management process and the categories for managing innovation.
Table 3.2: The fit between the strategic management process and the categories in the management of innovation

<table>
<thead>
<tr>
<th>THE STRATEGIC MANAGEMENT PROCESS</th>
<th>CATEGORIES IN THE MANAGEMENT OF INNOVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Appraising the current situation and current strategy (SWOT analysis)</td>
<td>1 Analysis</td>
</tr>
<tr>
<td>2 Determining desirable changes to objectives and/or strategies</td>
<td>2 Strategies</td>
</tr>
<tr>
<td>3 Searching for and choosing suitable courses of action</td>
<td>3 Planning</td>
</tr>
<tr>
<td>4 Implementing changes</td>
<td>4 Implementation</td>
</tr>
<tr>
<td>5 Monitoring progress: on-going appraisal</td>
<td>5 Review of results</td>
</tr>
<tr>
<td>6 Evaluation and plan modification</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Struwig (1991:149)

In analysing Table 3.2, a model for managing the establishment of an intrapreneurial orientation strategically can be developed. A representation of the proposed model is given in Figure 3.2.
The proposed steps in managing the establishment of an intrapreneurial orientation strategically will be discussed in the following paragraphs.

**Step 1: Appraising the current intrapreneurial orientation of employees**

The first step in managing the establishment of an intrapreneurial orientation strategically will be to assess the current intrapreneurial orientation of employees. The current innovative, risk-taking, pro-active, competitive-
aggressive and autonomous behaviour of employees should therefore be investigated.

To assess the entrepreneurial orientation of firms, Covin and Slevin (1988) have developed a nine-item entrepreneurial orientation scale, and Smart and Conant (1994) have developed a six-item entrepreneurial orientation scale.

Table 3.3 contains the nine items that Covin and Slevin (1988) developed to describe and measure the degree of entrepreneurial orientation for their sample of 334 small manufacturers.

Table 3.3: Item composition of the Covin and Slevin entrepreneurial orientation scale

<table>
<thead>
<tr>
<th>ITEM COMPOSITION OF THE COVIN AND SLEVIN ENTREPRENEURIAL ORIENTATION SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A cultural emphasis on innovation and R&amp;D</td>
</tr>
<tr>
<td>2. A high rate of new-product introduction</td>
</tr>
<tr>
<td>3. A bold and innovative product development effort</td>
</tr>
<tr>
<td>4. An initiative, proactive posture</td>
</tr>
<tr>
<td>5. A tendency to be the first to introduce new technologies and products</td>
</tr>
<tr>
<td>6. A competitive posture toward competitors</td>
</tr>
<tr>
<td>7. A strong proclivity for high-risk, high-return projects</td>
</tr>
<tr>
<td>8. An environment that requires boldness from the firm to achieve its objectives</td>
</tr>
<tr>
<td>9. When faced with risk, the firm adopts an aggressive, bold posture</td>
</tr>
</tbody>
</table>

Source: Miles, Arnold & Thompson (1993:16–17)

Smart and Conant (1994:33) developed the following six-item scale to measure entrepreneurial orientation:
Table 3.4: Item composition of the Smart and Conant entrepreneurial orientation scale

<table>
<thead>
<tr>
<th>ITEM COMPOSITION OF THE SMART AND CONANT ENTREPRENEURIAL ORIENTATION SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A propensity to take risk</td>
</tr>
<tr>
<td>2. A tendency to engage in strategic planning activities</td>
</tr>
<tr>
<td>3. An ability to identify customer needs and wants</td>
</tr>
<tr>
<td>4. A level of innovation</td>
</tr>
<tr>
<td>5. An ability to persevere in making your vision of the business a reality</td>
</tr>
<tr>
<td>6. An ability to identify new opportunities</td>
</tr>
</tbody>
</table>

Source: Smart and Conant (1994:33)

Although the entrepreneurial orientation scales developed by Covin and Slevin (1988) and Smart and Conant (1994) were developed to measure the entrepreneurial orientation of firms, it is believed that it can be successfully adapted to measure the intrapreneurial orientation of employees. This belief is based on the fact that there is no real difference between the dimensions of the entrepreneurial orientation of firms and those of the intrapreneurial orientation of employees. As was explained in chapter 2, the only difference is that the dimensions of an entrepreneurial orientation are reflected in the organisational processes and decision-making style of the firm, while the dimensions of the intrapreneurial orientation are reflected here in the processes and decision-making styles of the individuals in the firm.

Based on the items of the entrepreneurial orientation scales developed by Covin and Slevin (1988) and Smart and Conant (1994), the following nine items are proposed to measure the intrapreneurial orientation of individuals in a firm:
Table 3.5: Proposed item composition of an intrapreneurial orientation scale

<table>
<thead>
<tr>
<th>PROPOSED ITEM COMPOSITION OF AN INTRAPRENEURIAL ORIENTATION SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A culture of innovation</td>
</tr>
<tr>
<td>2. An ability to identify new opportunities</td>
</tr>
<tr>
<td>3. A high rate of new-idea introduction</td>
</tr>
<tr>
<td>4. An initiative, proactive posture</td>
</tr>
<tr>
<td>5. A propensity to take risk</td>
</tr>
<tr>
<td>6. A competitive posture</td>
</tr>
<tr>
<td>7. When faced with risk, an aggressive, bold posture is adopted</td>
</tr>
<tr>
<td>8. A tendency to engage in strategic planning activities</td>
</tr>
<tr>
<td>9. An ability to persevere in making a vision a reality</td>
</tr>
</tbody>
</table>

Management can use the proposed items of an intrapreneurial orientation scale to assess the current intrapreneurial orientation of the employees. The firm's current efforts to promote an intrapreneurial orientation and the abilities of their major competitors to establish an intrapreneurial orientation should also be investigated. Only after analysis of the current intrapreneurial orientation of employees and all the firm's strengths, weaknesses, threats and opportunities in establishing an intrapreneurial orientation will management be in a position to establish specific strategies for establishing an intrapreneurial orientation.

**Step 2: Formulating strategies for establishing an intrapreneurial orientation**

Before any strategy can be formulated, it is important to establish the importance of establishing an intrapreneurial orientation in the overall objective of the firm. Management should first establish how strongly the establishment of an intrapreneurial orientation features in the firm's mission
statement. A strong emphasis on intrapreneurship in the firm's mission statement would indicate the importance of well-developed strategies for establishing an intrapreneurial orientation in order to achieve the firm's overall objective.

Depending on the outcome of the analysis of the firm's current position with regard to an intrapreneurial orientation, strategies should be formulated to address the firm's opportunities and threats.

According to Mintzberg (1994:107), the strategy-making process should be capturing what the manager learns from all sources (both the soft insights from his or her personal experiences and the experiences of others throughout the organisation and the hard data from market research and the like) and then synthesising this learning into a vision of the direction that the business should pursue.

The strategies for establishing an intrapreneurial orientation will differ from firm to firm depending on the individual analysis of each firm.

**Step 3: Developing a plan for establishing an intrapreneurial orientation**

If the firm wants to be successful in its pursuit of the strategies, there should be a separate, comprehensive plan to establish how the firm would approach the establishment of an intrapreneurial orientation.

This plan should focus on successfully leveraging the cultural components to execute and sustain the desired changes. The action plan should also include the people involved, time frames and resources needed. Effective implementation requires adherence to all facets of the action plan. Failure to stick to the plan will send strong messages to the organisation that
management is not serious about changing, and the commitment needed to implement and sustain change will be lost (Galpin, 1996:85).

**Step 4: Implementing strategies for establishing an intrapreneurial orientation** in the proposed model for managing the establishment of an intrapreneurial orientation strategically is a focal area of this study and will be discussed in detail in the next chapter.

**Step 5: Reviewing results**

After implementation has begun, it is important to measure the results of the changes (Galpin, 1996:85). Reliable measurement is needed to measure the results credibly without guesswork. Measurement also provides a way to track progress. By determining what to measure and how to measure it, the organisation can clearly see whether it is on track for achieving its change goals.

Measurements used should build a complete picture of the effectiveness of changes through a combination of quantitative and qualitative measures. Behavioural observations of employees and management are one measure of effectiveness that goes beyond financial data. Behaviours can be counted, described and summarised to draw conclusions about the changes made, such as improved customer service, enhanced teamwork or better communication (Galpin, 1996).

Management and employee feedback can also help determine the impact of changes made (Galpin, 1996). Managers and employees are often the best sources for learning about shifts in perceptions about job satisfaction, what changes are made or are not working well, and what impact the changes are having on customers.
The following guidelines by Galpin (1996:89) can help establish effective measures of change:

- **Set specific, numeric expectations:** Any activity can be measured in time, units, money or customer satisfaction.

- **Keep it simple:** Keeping it simple helps people understand the measurement used. It also helps people stay focused as they work toward the goals of the change effort.

- **Be creative:** Don’t fall for the lure of using the ‘same old measurement for the same old issues’.

- **Involve managers and employees in designing their own measures:** Managers and employees are often a big help in designing credible and creative approaches to measurement. Involving them in designing measures also encourages their commitment and buy-in to making change happen.

- **Determine the frequency of measurement:** Define how frequently measurement will take place. Will it be hourly, daily or weekly? Measuring too often will put unneeded pressure on people. Measuring too infrequently will cause people to forget about the change.

- **Establish responsibility for keeping score:** Measurement is nothing more than scorekeeping. By keeping score regularly, people can assess their progress against a given standard and have a point of comparison against themselves, other teams and/or competitors. Determine who will be responsible for keeping score. Rotating the responsibility will help people stay aware of the score and prevent one person from ‘burning out’ on tracking the process. For individual goals and measurement, each person can be assigned the responsibility of keeping his or her own score.

To help ensure that change goals are achieved once implementation and measurement have begun, it is essential to continue managing the cultural components to reinforce and embed change in day-to-day operations. Change that is not continually managed will not yield sustained results (Galpin, 1996).
Step 6: **Evaluating and modifying the plan**

The strategic management process should be evaluated and modified if needed. After all the information has been obtained regarding the success of the strategic management process, the necessary modifications should be made and the whole process should start again.

### 3.8 CONCLUSION

Increasing environmental uncertainty has focused greater attention on a firm's entrepreneurial/intrapreneurial orientation (Miles & Arnold, 1991:49). Establishing an intrapreneurial orientation constitutes change, and change should be managed strategically.

After considering the strategic management process and the process of managing innovation, a model for managing the establishment of an intrapreneurial orientation strategically has been proposed.

Formulating and implementing strategies for establishing an intrapreneurial orientation are two of the steps in this model.

Formulating strategies is a direct result of the SWOT analysis of a firm and includes an analysis of the current intrapreneurial orientation of employees in the firm. A proposed item composition of an intrapreneurial orientation scale has been developed for this purpose. Strategies will differ from firm to firm depending on the results of the individual analysis.

Implementing the formulated strategies in the process of managing the process of establishing an intrapreneurial orientation strategically is the main
theme of this study. In the next chapter, this issue will be examined, and a framework for the implementation of such a strategy will be developed.
CHAPTER 4

IMPLEMENTING STRATEGIES FOR ESTABLISHING AN INTRAPRENEURIAL ORIENTATION: A FRAMEWORK

4.1 INTRODUCTION

Two modes of competing can be identified, namely creating a unique and superior business strategy and excelling at strategy implementation (Egelhoff, 1993:49). Both these modes of competing constitute strategic behaviour and can influence or alter the firm's strategic position in its competitive environment. The overall strategic management of a firm needs to be viewed as some combination of these two modes of competing, although it appears that most firms tend to emphasise one more than the other. However, Egelhoff (1993:49) advises firms in the increasingly global competitive system to shift their way of competing from relying on superior strategy to developing superior strategy implementation capabilities.

The difficulties that organisations experience in developing the capability to implement a new strategic trust are evident from an examination of how they manage change (Beer & Eisenstat, 1996:597). Too often organisations employ top-down 'programmes' such as total quality, employee involvement, incentive compensation, structural change and, more recently, reengineering (Beer, Eisenstat & Spector, 1990a; Shaffer, 1988). Yet these programmes often fail to yield benefits proportional to the financial and human investment made in them. Seventy per cent of all organisations report that TQM has not lived up to their expectations (Spector & Beer, 1994). An equally large percentage of companies are failing to get the benefits promised by reengineering (Hall, Rosenthal & Wade, 1993). The result is often cynicism and lowered commitment to change. In other words, even if the need for a new strategic direction is perceived at the top, the inability to create an
organisation capable of implementing it is a serious barrier (Beer & Eisenstat, 1996:598).

One of the reasons for implementation failure could be that many organisations use fixed implementation paths. As Argyris (1989) notes, traditions in organisations may restrict the range of implementation actions adopted by managers: "Companies develop routines for implementing strategy. These are commonly accepted practices so much a part of every day life that those who use them take them for granted." Different implementations are, however, needed for different strategies (Waldersee & Sheather, 1996).

In this chapter, a framework will be proposed for implementing a strategy for establishing an intrapreneurial orientation. This is the fourth step in the proposed model to manage the establishment of an intrapreneurial orientation strategically.

The framework proposed in this chapter will attempt to develop a better understanding of implementation imperatives involved in establishing an intrapreneurial orientation.

4.2 CREATING A CLIMATE FOR INTRAPRENEURIAL BEHAVIOUR

The decision to behave entrepreneurially is based on more than personal characteristics and individual differences. The interaction of personal characteristics with other important perceptions of situational factors needs to be better understood.

Naffziger, Hornsby and Kuratko (1994:33) have identified five major categories of variables that are believed to influence interactively an individual's decision to behave entrepreneurially. These variables are:
an entrepreneur's personal characteristics,
the individual's personal environment,
the relevant business environment,
the specific business idea, and
the goals of the entrepreneur.

Management can contribute to an individual's decision to behave intrapreneurially mainly by creating a suitable business environment.

There is a need to develop policies that will help innovative people realise their full potential (Kuratko & Hodgetts, 1995:98). Management finds it hard to implement policies that encourage freedom and unstructured activity — intrapreneurship (Kuratko & Hodgetts, 1995:98). Four steps in establishing intrapreneurial thinking are:

- the presence of explicit goals — these need to be mutually agreed upon by worker and management so that specific steps are achieved;
- a system of feedback and positive reinforcement — this is necessary in order for potential inventors, creators or intrapreneurs to realise that there is acceptance and reward;
- an emphasis on individual responsibility — confidence, trust and accountability are key features in the success of any innovative programme;
- rewards based upon results — reward systems that enhance and encourage others to take risks and to achieve must be established.

The obstacles to corporate entrepreneuring are usually based on the ineffectiveness of traditional management techniques applied to new-entry development (Kuratko & Hodgetts, 1995:96). Although this is unintentional, the adverse impact of a particular traditional management technique can be so destructive that the individuals within an enterprise will tend to avoid corporate entrepreneurial behaviour. The following table provides a list of
traditional management techniques, their adverse effects (when the technique is rigidly enforced) and the recommended actions to change or adjust the practice:

Table 4.1: Sources of and solutions to obstacles in corporate venturing

<table>
<thead>
<tr>
<th>Traditional management practices</th>
<th>Adverse effects</th>
<th>Recommended actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enforce standard procedures to avoid mistakes</td>
<td>Innovative solutions blocked, funds misspent</td>
<td>Make ground rules specific to each situation</td>
</tr>
<tr>
<td>Manage resources for efficiency and ROI</td>
<td>Competitive lead lost, low market penetration</td>
<td>Focus effort on critical issues, for example market share</td>
</tr>
<tr>
<td>Control against plan</td>
<td>Facts ignored that should replace assumptions</td>
<td>Change plan to reflect new learning</td>
</tr>
<tr>
<td>Plan long term</td>
<td>Non-viable goals locked in, high failure costs</td>
<td>Envision a goal, then set interim milestones, reassess after each</td>
</tr>
<tr>
<td>Manage functionally</td>
<td>Entrepreneur failure and/or venture failure</td>
<td>Support entrepreneur with managerial and multidiscipline skills</td>
</tr>
<tr>
<td>Avoid moves that risk the base business</td>
<td>Missed opportunities</td>
<td>Take small steps, build out from strengths</td>
</tr>
<tr>
<td>Protect the base business at all costs</td>
<td>Venturing dumped when base business threatened</td>
<td>Make venturing mainstream, take affordable risks</td>
</tr>
<tr>
<td>Judge new steps from prior experience</td>
<td>Wrong decisions about competition and markets</td>
<td>Use learning strategies, test assumptions</td>
</tr>
<tr>
<td>Compensate uniformly</td>
<td>Low motivation and inefficient operations</td>
<td>Balance risk and reward, employ special compensation</td>
</tr>
<tr>
<td>Promote compatible individuals</td>
<td>Loss of innovators</td>
<td>Accommodate 'boat rockers' and 'doers'</td>
</tr>
</tbody>
</table>

Source: Sykes & Block (1989:161)

In order to gain support and foster excitement for new-venture development, managers must remove the perceived obstacles and seek alternative management actions to support corporate entrepreneurs (Sykes & Block, 1989:159–167).

After recognising the obstacles, managers need to adapt to the principles of successful innovative companies. Quinn (1985:73–84) has established the following factors that are apparent in large corporations that are successful innovators:
- **Atmosphere and vision:** Innovative companies have a clear-cut vision and the recognised support for an innovative atmosphere.

- **Orientation to the market:** Innovative companies tie their visions to the realities of the marketplace.

- **Small, flat organisations:** Most innovative companies keep the total organisation flat and project teams small.

- **Multiple approaches:** Innovative managers encourage several projects to proceed in parallel development.

- **Interactive learning:** Within an innovative environment, learning and investigation of ideas cut across traditional functional lines in the organisation.

- **Skunkworks:** Every highly innovative enterprise uses groups that function outside traditional lines of authority. This eliminates bureaucracy, permits rapid turnaround and installs a high level of group identity and loyalty.

Quinn (1979:19–30) has identified a number of critical characteristics of the system of individual entrepreneurship in the capitalist societies:

- The planning-budgeting process should be converted from its primary role of resource rationing to one in which opportunity-seeking becomes important too.

- Control and motivation systems must be redesigned to support entrepreneurial goals.

- Entrepreneurial teams should be given the opportunity to engage in 'skunkwork' — outside the formal procedural structures.

- Entrepreneurial talent must be recruited which, in turn, requires a revamping of selection procedures and criteria.

- The organisation must learn to be content with 'winning a few' and should try to achieve this through the entrepreneurs' careful building of credibility for their activities.
4.3 THE EFFECTIVE IMPLEMENTATION OF AN ENTREPRENEURIAL STRATEGY

Managers and academics alike agree that the effective implementation of strategy is about defining what needs to be achieved and about motivating capable people to want to achieve it (Campbell, 1995:146).

Research in the fields of organisational behaviour and development suggests three principles that should characterise change processes if they are to result in effective strategy implementation and organisational adaptation (Beckhard, 1969; Beer, 1980; Beer & Walton, 1990; Beer, Eisenstat & Spector, 1990a; Bennis, Benne & Chin, 1961; Bennis, 1969; Burke, 1982 - from Beer & Eisenstat, 1996).

- **The change process should be systemic.** Organisations are complex and highly interdependent open systems (Beer, 1980; Katz & Kahn, 1978; Waterman, Peters & Phillips, 1980 - from Beer & Eisenstat, 1996). Research has also shown that the strategy, structure, leadership and behavioural characteristics of the organisation must be aligned (Lawrence & Lorsch, 1967; Miles & Snow, 1978 - from Beer & Eisenstat, 1996). The interdependence of various organisational design elements — particularly the requisite alignment or "fit" between the softer elements of people, leaders, and values, and the "harder" elements of technology, strategy and structure — accounts for the failure of uni-dimensional interventions. The change process must, therefore, focus on both strategy and organisation, structure and behaviour, analysis and emotion, internal organisational arrangements and the context in which the organisation operates (Beer & Eisenstat, 1996:598).

- **The change process should encourage the open discussion of barriers to effective strategy implementation and adaptation.** A realistic and implementable plan for change cannot be developed unless all
impediments are taken into account. Only when they are can all components of the organisational system be made to "fit", particularly structural or technical solutions and management behaviour. This means that issues that are normally hidden because they are threatening or embarrassing must be surfaced (Argyris, 1990, in Beer & Eisenstat, 1996:598).

- **The change process should develop a partnership among all relevant stakeholders.** The delicate adjustments in roles and responsibilities between key stakeholders that are needed to enact a new strategy can only take place through mutual influence. In effect, members of the organisation must "self-design" their organisation (Mohrman & Cummings, 1989).

The organisational change and innovation literature suggests that the primary antecedent of an organisation's climate for implementation is managers' support for implementing the innovation (Klein & Sorra, 1996:1074). Two possible reasons why managers fail to support the implementation of innovations are the following (Klein & Sorra, 1996:1074):

- First, innovation adoption decisions are often made by executives at corporate headquarters without the participation or input of local, lower-level managers. Left out of this decision-making process, local managers may not be inspired to create a strong climate for innovation implementation.
- Second, managers may support innovation implementation, but they may lack an in-depth understanding of innovation.

Research done by Beer and Eisenstat (1996:603) has revealed six recurring barriers to strategy implementation:

- Poor interfunctional/divisional co-ordination, for example, the non-existence of defined cross-functional teams of individuals with the responsibility and accountability for managing each of the division's diverse product lines and
product development initiatives (an undifferentiated functional organisational structure).

- Unclear or conflicting strategic priorities.
- A top-down management style, for example decisions in certain areas that could not be made without the president's input.
- Difficulties in how the top team works together, for example ineffective top team meetings.
- Poor vertical (up and down) communication.
- Deficiencies in career development and management competence.

Since improved co-ordination underlies most major strategic initiatives, learning how to manage the barriers is becoming essential (Beer & Eisenstat, 1996:603).

Some of the changes resulting from the introduction of a new strategy include (Beer & Eisenstat, 1996:603):
- the installation of cross-functional product development teams,
- changes in structure,
- improvement in the effectiveness of deficient functional organisations,
- changes in roles of key executives,
- changes in top team effectiveness,
- changes in management style,
- staffing changes,
- improvements in interfunctional co-ordination.

The type of strategy managers are implementing may potentially influence the implementation actions they adopt (Waldersee & Sheather, 1996:118). When faced with implementing an entrepreneurial strategy, managers tend to:

- be more participative and persuasive in their leadership style,
- focus on the specialist staff who are crucial to innovation,
- focus on technology,
- restructure the organisation.
4.4 A FRAMEWORK FOR IMPLEMENTING STRATEGIES FOR ESTABLISHING AN INTRAPRENEURIAL ORIENTATION

The widely recognised McKinsey Seven-S model is a useful framework for addressing the formulation and implementation of business strategies (Waterman, Peters & Phillips, 1980). The McKinsey Seven-S categories were also used to group together the 49 characteristics that innovative firms share, to form the Innovation Quotient Inventory (IQI) test. (This test is used for assessing the innovative performance of companies (Higgins, 1996:28).) The McKinsey Seven-S model therefore seems like a suitable framework to use in addressing the implementation of strategies in establishing an intrapreneurial orientation.

The six S's that need to be considered along with the seventh 'S' of strategy are: structure, systems, skill, style, staff and superordinate or shared values. Table 4.2 contains an explanation of the Seven-S Framework.

Table 4.2: An explanation of the Seven-S Framework

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Plan or course of action leading to the allocation of a firm’s scarce resources, over time, to reach identified goals.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>Salient features of the organisation chart (for example functional and decentralised) and how the separate entities of an organisation are tied together.</td>
</tr>
<tr>
<td>Systems</td>
<td>Proceduralised reports and routinised processes (such as meeting formats), et cetera.</td>
</tr>
<tr>
<td>Skills</td>
<td>Distinctive capabilities of key personnel and the firm as a whole.</td>
</tr>
<tr>
<td>Style</td>
<td>Characterisation of how key managers behave in achieving the organisation’s goals; also the cultural style of the organisation.</td>
</tr>
<tr>
<td>Staff</td>
<td>'Demographic' description of important personnel categories within the firm (for example, engineers and entrepreneurs). ‘Staff’ is not meant in line-staff terms.</td>
</tr>
<tr>
<td>Shared values</td>
<td>The significant meanings or guiding concepts that an organisation imbues in its members.</td>
</tr>
</tbody>
</table>

In chapter 3 the strategy issue in establishing an intrapreneurial orientation was explained. The remaining six S's will now be discussed in view of how these issues should be addressed in implementing such a strategy.

4.4.1 Structure

Organisational structure is sometimes defined as the arrangement of workflow, communication and authority relationships within an organisation. Structure can be operationally defined in several ways. For example, the formalisation and centralisation of a firm are indicative of its structure, as is the extent to which the firm is organic or mechanistic. Structure can also be defined in terms of the organisation of departments or work units, like functional structure, product structure and matrix structure. Structure can have a major impact on an organisation's entrepreneurial activity.

In order to analyse the organisation and its relationship to the proposed strategy, management can ask the following questions relating to the structure of the organisation:

- What is the organisation's structure? How decentralised is it?
- What are the lines of authority and communication?
- What are the roles of task forces, committees or similar mechanisms?

Source: Aaker (1995:332)

Khandwalla (1977:426) argues that wherever there is a strong entrepreneurial orientation there ought to be an organic orientation. This is because risk-taking managements usually seize opportunities and make commitments of resources before fully understanding what actions need to be taken. Unless management is flexible, the organisation will not be able to adapt itself to the evolving situation.
Covin & Slevin (1991:18) have noted that an 'appropriate' structure for a firm with an entrepreneurial posture will often include *decentralisation of decision-making authority, minimal hierarchical levels or structural layers, free-flowing communication channels, and closely integrated R&D, manufacturing and marketing functions.*

Structure also relates to the formation of teams. In this regard, Higgins (1996:28) advises firms that want to behave innovatively to use *cross-functional and customer/supplier new-product teams,* while Quinn (1985) states that large firms that are successful innovators make use of *skunkworks* (groups that function outside traditional lines of authority).

Structural design can play a significant strategic role. Drucker (1994) has observed that "(t)he simplest organization structure that will do the job is the best one. What makes an organization structure 'good' are the problems it does not create. The simpler the structure, the less that can go wrong".

*Structural* features that should be employed in implementing strategies for establishing an intrapreneurial orientation therefore include:

- an overall simple and flexible structure,
- decentralised decision-making authority,
- minimal hierarchical levels/structural layers,
- free-flowing communication channels,
- closely integrated R&D, manufacturing and marketing functions,
- cross-functional and customer/supplier new-product teams,
- skunkworks.
4.4.2 Systems

In analysing the organisation and its relationship to the proposed strategy, management can ask the following questions relating to the systems of the organisation:

- How are the budgets set?
- What is the nature of the planning system?
- What are the key measures used to evaluate performance?
- How does the accounting system work?
- How do product and information flow?

Source: Aaker (1995:332)

Systems must be designed to enable the organisation to obtain and retain staff with the skills that are needed to implement the strategic plan successfully (Thompson, Fulmer & Strickland, 1992:444), but also to assist staff to behave intrapenuerially. Such systems include the following:

- **Recruitment and selection systems**: The importance of recruiting and selecting managers who are capable of implementing the chosen strategy is obvious (Thompson, Fulmer & Strickland, 1992:444). In describing firms with an innovation strategy, Lodahl and Mitchell (1980:191–192) observe that "(o)ne way of minimising the difference between innovative ideals and the pre-existing ideals of new members is to organize the recruitment process so as to attract those who favor the innovations and to select only those whose ideals are most likely to fit in with the innovative enterprise".

- **Retention systems (socialisation systems)**: The recruitment and selection of key human resources is not enough. The retention of key people is essential (Thompson, Fulmer & Strickland, 1992:445). Orientation and training programmes can be particularly useful
mechanisms for reinforcing the values that are critical to the successful implementation of a strategy (Thompson, Fulmer & Strickland, 1992:445).

- **Reward systems:** Considerable evidence suggests that an intrapreneurial orientation can be either promoted or stifled by the incentives and disincentives (Quinn, 1985). Reward systems, both positive and negative, can be especially useful as ways of reinforcing the values and behaviours that an organisation needs to be successful in implementing the chosen strategy (Thompson, Fulmer & Strickland, 1992:446). A key step in any reward system is the evaluation system used to measure an individual's performance (Thompson, Fulmer & Strickland, 1992:446). Behaviours reflecting each of the dimensions of an intrapreneurial orientation can be encouraged or discouraged depending upon the characteristics of the organisation's reward systems (Covin & Slevin, 1991:21). Senior managers can create 'speculative funds' pools for high risk–high return projects. Organisational employees at all levels can be rewarded for identifying and suggesting realistic paths for exploiting competitors' product line deficiencies or other areas of vulnerability.

- **Control systems:** Except for reward systems that can serve to motivate intrapreneurial behaviour, control systems that support entrepreneurial goals should also be implemented (Quinn, 1979).

- **Innovation management information systems:** It is not enough just to have a management information system (MIS); part of it must be dedicated to the intrapreneurial efforts of the organisation. Higgins (1996:28) suggests the establishment of innovation management information systems (IMIS). These include systems that scan the environment for new opportunities, market conditions, technological changes, best practices and competitors' actions. They also help employees exchange information internally, and they report on organisational innovation performance. An IMIS should be both formal and
informal in nature and should be part of the organisation's overall MIS. Specific resources must be dedicated to the innovation/intrapreneurial effort and specific objectives must be established.

- **Competitor analysis**: Competitor analysis is another handy system for establishing an intrapreneurial organisation (Higgins, 1996:29). Competitor analysis is concerned with what competitors are doing, what they are going to do, and how those actions will affect the company. Typical of such issues are a competitor's current and future strengths, weaknesses, opportunities and threats (SWOT); its purposes (vision/strategic intent, mission, goals and objectives); its strategies; and how well it implements those strategies. More specifically, with respect to innovation/intrapreneurial efforts, the firm should determine competitors' SWOTs in innovation/intrapreneurial efforts; benchmark their creative activities; determine which of the major types of innovation/intrapreneurial strategies they are following and how they implement them; and learn what successes — product and process innovations — their strategies have produced.

- **Probable product/service line extensions analysis**: Analysis of probable product and service line extensions should also be done (Higgins, 1996:29). Signals of technological leaps should be carefully monitored. Benchmarked items might include patents filed, product and process research and development expenditure levels, and capital expenditures. A firm would analyse this information to see what weaknesses existed and where it might be able to gain an advantage over a competitor.
System features that should therefore be employed in implementing strategies for establishing an intrapreneurial orientation include the following:

- A recruitment and selection system that aims to attract and select those whose ideas are most likely to fit in with those of the enterprise.
- A retention system which will reinforce the needed values through, for example, orientation and training programmes.
- A reward system, both positive and negative, which will reinforce the needed values and behaviour — special attention should be given to the evaluation system that will be used.
- Control systems that support entrepreneurial goals.
- Innovation management information systems that will assist employees in identifying opportunities.
- Competitor analysis to enable employees to be informed about the innovations and innovation strategies that their competitors follow.
- Probable product/service line extensions analysis to enable employees to identify opportunities that will give the company a competitive advantage.

4.4.3 Skills

A firm's ability to engage in entrepreneurial behaviour will depend, in part, on its resources and competencies (Covin & Slevin, 1991:15). The type of resources and capabilities possessed by a firm will also affect entrepreneurial activity.

Strategy researchers and consultants, Hamel and Prahalad (1989), have identified two distinct perspectives on how to implement the basic model of strategic management, namely the strategic fit model and the leveraging resources approach:
• The strategic fit model suggests that a firm should adjust its strategy according to the fit between its strengths and weaknesses and the threats and opportunities in its external environment. In this model, ambitions should be trimmed to match available resources.

• The leveraging resources approach, in contrast, suggests that resources should be leveraged to achieve seemingly unreachable goals, as embodied in the term 'strategic intent'. Strategic intent encompasses not only unfettered ambition but a management process that, according to Hamel and Prahalad (1989), includes "... focusing the organization's attention on winning; motivating people by communicating the value of the target; leaving room for individual and team contributions; sustaining enthusiasm by providing new operational definitions as circumstances change; and using intent consistently to guide resource allocations". By leveraging its resources, a firm increases its strengths or looks for ways to use them to overcome weaknesses and threats and take advantage of opportunities.

In short, strategic fit is a conservative interpretation of strategic management, whereas leveraging resources is an aggressive interpretation. The strategic fit model appears to be more popular in Western firms, and leveraging resources is more popular in Japan (Higgins, 1996:31). It is the Japanese firm's focus on strategic intent that has made them more powerful than the Western firms. Higgins (1996:31) suggests that companies that want to achieve innovation should follow the leveraging resources approach to achieve seemingly unobtainable objectives.

In establishing an intrapreneurial orientation, managers should acquire the skills in following the leveraging resources approach. For managers who have not yet translated a strategic intent into work group action, this may also entail learning a new skill (Higgins, 1996).
According to Sykes and Block (1989:161), the traditional management practice of managing functionally results in new-venture failure and should be replaced with management action supporting the intrapreneur with *managerial and multidiscipline skills*.

*Skills* that should be employed in implementing strategies for establishing an intrapreneurial orientation therefore include the following:

- Managers need to acquire skill in following the leveraging resources approach to implementing this strategy.
- Managers must acquire the skill of translating strategic intent into work group action.
- Intrapreneurs should be equipped with managerial and multidiscipline skills.

### 4.4.4 Style

Questions relating to the management *style* of the organisation that management can ask in order to analyse the organisation and its relationship to the proposed strategy include the following:

- What is the dominant management style?
- How is conflict resolved?

Source: Aaker (1995:332)

Creating an effective vision or strategic intent does not stop with a clever slogan or statement. It requires appropriate implementation efforts. The corporate vision or strategic intent must be conveyed to every employee by the managers. Each firm will develop its own style for translating the corporate vision or strategic intent, and so will each individual manager (Higgins, 1996:30).
Waldersee and Sheather (1996) propose that the management style needed for effective implementation of a strategy should not only be consistent with the competencies required by the strategy (the so-called strategy-style matching theory as proposed by Slater (1989)), but should also include situational factors.

From the perspective of the organisation, autonomous strategic behaviour provides the raw material — the requisite diversity — for strategic renewal. As such, autonomous strategic behaviour is conceptually equivalent to entrepreneurial activity — generating new combinations of productive resources — in the organisation (Burgelman, 1983:1350).

In looking at organisational innovation, Mastenbroek (1996:8) comments that the balance between autonomy and interdependence behaviour in organisations has developed toward more and stronger interdependence as well as more autonomy. This implies that better steering was developed in close relationship with more self-organisation. External controls become internalised as self-discipline. The tension between the two impulses of autonomy and interdependence can be expressed as follows:

Figure 4.1: The tension balance: autonomy-interdependence

![Figure 4.1: The tension balance: autonomy-interdependence](image)

Source: Mastenbroek (1996:9)

If managed correctly, the balance between autonomy and interdependence becomes a source of energy and vitality and provides an ongoing dynamic toward commitment and dedication. Examples of successful balances
include networks of fairly autonomous units that blend into network organisations but also retain their autonomy as independent firms; organisations termed as 'learning organisations' which share, stimulate, cooperate and compete with others; and organisations that maintain both centralised and decentralised relationships within their organisation (Mastenbroek, 1996:9).

In order to ensure enduring change, in the form of a sustainable competitive edge, management needs a balance between steering and self-organisation (Mastenbroek, 1996:10). This can only be obtained when steering is done in such a way that something of lasting value is developed in the organisational web of relations. More responsibility should also be combined with more adequate steering. This approach is summarised in the following figure:

Figure 4.2: The balance between steering and self-organisation

To support change, management must display a concrete behaviour. Their management style needs to be consistent with steering and self-organisation. Figure 4.3 provides a compact overview.
This means that management must:

- clarify frameworks,
- let people fill in their own responsibility,
- coach for results,
- guide toward team goals.

Source: Mastenbroek (1996:13)

In order for a company to successfully employ corporate entrepreneurship in their organisation, their rules and plans must be flexible (Sykes & Block, 1989:161). Instead of enforcing standard procedures, specific ground rules should be made for each situation. Control should not be exerted against plans, but plans changed to reflect new learning.

The management style that should be employed in implementing strategies for establishing an intrapreneurial orientation therefore includes a management style that:

- is consistent with steering and self-organisation,
- is consistent with the competencies required by the strategy as well as the situational factors involved,
- reflects flexibility toward rules and plans.

### 4.4.5 Staff

With regard to the staff issue in the organisation, management can ask the following questions in analysing the organisation and its relationship to the proposed strategy:
What are the skills, knowledge and experience of the firm's employees?  
What is their depth and quality?  
What are the employees' expectations?  
What are their attitudes toward the firm and their job? 

Source: Aaker (1995:332)

Burgelman (1983:1353) stresses the importance of the middle-level "manager champion" in addition to the more familiar operational-level "product champion" role in implementing a new business idea. Expansion of current business and diversification through internal development are the major ways in which the opportunity-seeking behaviour of organisational participants can assert itself. Kirzner (1979:104) has also expressed the view that executives, to the limited extent to which they do possess discretionary freedom of action, are able to act as entrepreneurs and implement their ideas without becoming owners themselves at all.

Traditionally, firms promoted individuals who were compatible with the organisation. In order for intrapreneurship to prosper, however, a firm must accommodate 'boat rockers' and 'doers' (Sykes & Block, 1989:161).

Higgins (1996:30) notes that staff should be provided with time for reflection. Quiet time, or time for reflection, often helps increase levels of intuition and creativity. Really good ideas often come when people have had time to reflect on what they are doing, or when they have thought through a problem and let their minds wander, rather than straining for a solution. Studies of the brain show that reflection tends to produce more ideas than rational problem-solving. The left hemisphere becomes inactive and the more intuitive, right hemisphere takes control.
Staff features that should be employed in implementing strategies for establishing an intrapreneurial orientation therefore include the following:

- Employees on all levels of the enterprise must be given the freedom to act entrepreneurially.
- Staff should be provided with time for reflection.
- 'Boat rockers' and 'doers' must be accommodated.

4.4.6 Shared values

Aaker (1995:332) has compiled the following questions with regard to the shared values that management can ask in analysing the organisation and its relationship to the proposed strategy:

- Are there share values that are visible and accepted?
- What are these shared values and how are they communicated?
- What are the norms of behaviour?
- What are the significant symbols and symbolic activities?

Source: Aaker (1995:332)

Shared values are closely related to the organisational culture and norms of behaviour. Aaker (1995:328) suggests that organisational culture is the central issue and that shared values, norms of behaviour, and the symbols and symbolic activities used to develop and nurture the shared values and norms form the three elements of an organisational culture. This is illustrated by Figure 4.4.
Organisational culture, according to Wheelen and Hunger (1988), can be defined as the shared set of values, beliefs, attitudes, expectations and assumptions, passed from one generation of employees to the next, that determine the norms for appropriate behaviour within the organisation. An organisation's ability to develop and maintain an entrepreneurial orientation is contingent upon that organisation's culture (Covin & Slevin, 1991:16). Consistent with this point, Cornwall and Perlman (1990:66) have written that "(c)ulture is a key determinant of, and the first step in fostering, entrepreneurial activity within an organization".

Just as culture may affect entrepreneurial orientation, it is likely that entrepreneurial orientation will help to shape an organisation's culture (Covin & Slevin, 1991:17). The strategic managers have an impact on organisational culture through both their substantive and symbolic actions (Peters & Waterman, 1982). By encouraging innovation and risk-taking, these managers help to create a culture, the norms of which in turn support an entrepreneurial orientation.
Culture can help or hinder the process of establishing an intrapreneurial orientation. How? If norms are widely shared and strongly held by members of the organisation, this actively promotes the generation of new ideas and helps in implementing new approaches. What are these norms? The following table contains a list of norms that are most frequently cited in innovative organisations (Thompson, Fulmer & Strickland, 1992:446):
Table 4.3: Norms that promote innovation

<table>
<thead>
<tr>
<th>Norms to promote creativity</th>
<th>Norms to promote implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Risk-taking</strong></td>
<td><strong>1. Common goals</strong></td>
</tr>
<tr>
<td>• Freedom to try things and fail</td>
<td>• Sense of pride in the organisation</td>
</tr>
<tr>
<td>• Acceptance of mistakes</td>
<td>• Teamwork</td>
</tr>
<tr>
<td>• Allow discussion of 'dumb' ideas</td>
<td>• Willingness to share the credit</td>
</tr>
<tr>
<td>• No punishments for failure</td>
<td>• Flexibility in jobs, budgets, functional areas</td>
</tr>
<tr>
<td>• Challenge the status quo</td>
<td>• Sense of ownership</td>
</tr>
<tr>
<td>• Forget the past</td>
<td>• Eliminate mixed messages</td>
</tr>
<tr>
<td>• Willingness not to focus on the short term</td>
<td>• Manage interdependencies</td>
</tr>
<tr>
<td>• Expectation that innovation is part of your job</td>
<td>• Shared visions and a common direction</td>
</tr>
<tr>
<td>• Positive attitudes about change</td>
<td>• Build consensus</td>
</tr>
<tr>
<td>• Drive to improve</td>
<td>• Mutual respect and trust</td>
</tr>
<tr>
<td></td>
<td>• Concern for the whole organisation</td>
</tr>
<tr>
<td><strong>2. Rewards for change</strong></td>
<td><strong>2. Autonomy</strong></td>
</tr>
<tr>
<td>• Ideas are valued</td>
<td>• Decision making responsibility at lower levels</td>
</tr>
<tr>
<td>• Respect for beginning ideas</td>
<td>• Decentralised procedures</td>
</tr>
<tr>
<td>• Build into the structure: budgets, opportunities, resources, tools, time and promotions</td>
<td>• Freedom to act</td>
</tr>
<tr>
<td>• Top management attention and support</td>
<td>• Expectation of action</td>
</tr>
<tr>
<td>• Celebration of accomplishments</td>
<td>• Belief that you can have an impact</td>
</tr>
<tr>
<td>• Suggestions are implemented</td>
<td>• Delegation</td>
</tr>
<tr>
<td>• Encouragement</td>
<td>• Quick, flexible decision making</td>
</tr>
<tr>
<td></td>
<td>• Minimise the bureaucracy</td>
</tr>
<tr>
<td><strong>3. Openness</strong></td>
<td><strong>3. Belief in action</strong></td>
</tr>
<tr>
<td>• Open communication and shared information</td>
<td>• Do not be obsessed with precision</td>
</tr>
<tr>
<td>• Listen better</td>
<td>• Emphasis on results</td>
</tr>
<tr>
<td>• Open access</td>
<td>• Meet your commitments</td>
</tr>
<tr>
<td>• Bright people, strong egos</td>
<td>• Anxiety about timeliness</td>
</tr>
<tr>
<td>• Scanning, broad thinking</td>
<td>• Value getting things done</td>
</tr>
<tr>
<td>• Force exposure outside the company</td>
<td>• Hard work is expected and appreciated</td>
</tr>
<tr>
<td>• Move people around</td>
<td>• Empower people</td>
</tr>
<tr>
<td>• Encourage lateral thinking</td>
<td>• Emphasis on quality</td>
</tr>
<tr>
<td>• Adopt the customer's perspective</td>
<td>• Eagerness to get things done</td>
</tr>
<tr>
<td>• Accept criticism</td>
<td>• Cut through the bureaucracy</td>
</tr>
<tr>
<td>• Do not be too sensitive</td>
<td></td>
</tr>
<tr>
<td>• Continuous training</td>
<td></td>
</tr>
<tr>
<td>• Intellectual honesty</td>
<td></td>
</tr>
<tr>
<td>• Expect and accept conflict</td>
<td></td>
</tr>
<tr>
<td>• Willingness to consult others</td>
<td></td>
</tr>
</tbody>
</table>

Source: Thompson, Fulmer and Strickland (1992:457)

For a strategy to be implemented successfully, it requires an appropriate culture (Thompson, Fulmer & Strickland, 1992:459). As firms' strategies change, the culture also needs to be realigned to reflect the new direction.
Rowe, Mason, Dickel and Snyder (1989) distinguish between four types of organisational cultures, namely a quality, creative, productive and supportive culture. These four types of organisational cultures are illustrated in the organisational cultural model in Figure 4.5.

Figure 4.5: Organisational cultural model

Source: Rowe et al. (1989)

To establish an intrapreneurial orientation, a creative culture is needed. This means that the organisation must be an open system where achievement is measured by what is achieved and must have a social (integrative) orientation.

Actions relating to the creation of shared values that should exist when strategies for establishing an intrapreneurial orientation are implemented therefore include the following:
4.5 THE EFFECTIVENESS OF IMPLEMENTATION

Implementation effectiveness in this dissertation means the consistency and quality of organisational members’ adoption of an intrapreneurial orientation. According to Klein and Sorra (1996), the implementation effectiveness of innovation is a function of (a) the strength of an organisation’s climate for implementing that innovation, and (b) the fit of that innovation to targeted users’ values. Since innovation is one of the dimensions of an intrapreneurial orientation and related studies are “extremely rare” (Klein & Sorra, 1996:1056), the assumption is made that the model of measuring implementation effectiveness of innovation can be applied directly to measuring the implementation effectiveness of a strategy for establishing an intrapreneurial orientation.

Klein and Sorra (1996) have developed an integrative model of the determinants of the effectiveness of organisational implementation as depicted in Figure 4.6.
Klein and Sorra (1996:1059) argue that implementation effectiveness results from the dual influence of an organisation's climate for implementing a given innovation (in this case the strategy of establishing an intrapreneurial orientation) and the perceived fit of that innovation (intrapreneurial orientation) to targeted users' value.

4.5.1 Climate for implementation

A variety of innovation, implementation, organisational and managerial policies, practices, and characteristics that may influence innovation use have been identified (Klein & Sorra, 1996:1059). These include:

- training in innovation use,
- user support services,
- time to experiment with the innovation,
- praise from supervisors for innovation use,
- financial incentives for innovation use,
• job reassignment or job elimination for those who do not learn to use the innovation,
• budgetary constraints on implementation expenses,
• user-friendliness of the innovation.

An organisation has a strong climate for implementing a given innovation if the following conditions, for example, are met (Klein & Sorra, 1996: 1060):
• Training regarding innovation use is readily and broadly available to targeted employees (ensuring skill).
• Additional assistance in innovation use is available to employees following training (ensuring skill).
• Ample time is given to employees so they can both learn about the innovation and use it on an ongoing basis (ensuring skill, removing obstacles).
• Employees’ concerns and complaints regarding innovation use are responded to by those in charge of the innovation implementation (removing obstacles).
• The innovation itself can be easily accessed by the employees (removing obstacles).
• Employees’ use of the innovation is monitored and praised by managers and supervisors (providing incentives for use and disincentives for innovation avoidance).

The stronger an organisation’s climate for implementing a given innovation, the greater will be the employees’ use of that innovation, provided employees are committed to innovation use. The employees’ commitment to innovation use indicates the limits of climate.
4.5.2 Innovation-values fit

Employees' commitment to the use of an innovation is a function of the perceived fit of the innovation to employees' values (Klein & Sorra, 1996:1062). Innovation-values fit describes the extent to which targeted users perceive use of the innovation to foster the fulfilment of their values (Klein & Sorra, 1996:1063). Innovation-values fit can be good, poor or neutral:

- Innovation-values fit is good when targeted innovation users regard the innovation as highly congruent with their high-intensity values.
- Innovation-values fit is poor when targeted innovation users regard the innovation as highly incongruent with their high-intensity values.
- Innovation-values fit is neutral when targeted users regard the innovation as either moderately congruent or moderately incongruent with their low-intensity values.

4.5.3 The effects of implementation climate and innovation-values fit on innovation use

The implementation effectiveness of innovation can be predicted when the influence of the implementation climate and the innovation-values fit are combined. Table 4.4 illustrates the effects of the employees' affective responses and innovation use when combining implementation climate and innovation-values fit.
Innovation implementation may therefore result in one of three outcomes (Klein & Sorra, 1996:1070):

- Implementation is effective, and use of the innovation enhances the organisation’s performance.
- Implementation is effective, but use of the innovation does not enhance the organisation’s performance.
- Implementation fails.

When implementation is effective and innovation use enhances performance, the organisation’s implementation climate is strengthened. Managers’ and supervisors’ support for innovation implementation increases, yielding likely improvements in implementation policies and practices.

When implementation is effective but innovation use does not enhance performance, the organisation’s climate for implementation declines.

Table 4.4: Implementation climate and innovation-values fit: Effects on employees’ affective responses and innovation use

<table>
<thead>
<tr>
<th>Innovation-value fit</th>
<th>Poor</th>
<th>Neutral</th>
<th>Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong implementation climate</td>
<td>Employee opposition and resistance</td>
<td>Employee indifference</td>
<td>Employee enthusiasm</td>
</tr>
<tr>
<td>Compliant innovation use, at best</td>
<td>Adequate innovation use</td>
<td>Committed, consistent, and creative innovation use</td>
<td></td>
</tr>
<tr>
<td>Weak implementation climate</td>
<td>Employee relief</td>
<td>Employee disregard</td>
<td>Employee frustration and disappointment</td>
</tr>
<tr>
<td>Essentially no innovation use</td>
<td>Essentially no innovation use</td>
<td>Sporadic and inadequate innovation use</td>
<td></td>
</tr>
</tbody>
</table>

Source: Klein and Sorra (1996:1066)
When implementation fails, an implementation climate, which has in all likelihood always been weak, weakens further unless — in response to initial signs of implementation failure — managers demonstrably increase their support for innovation implementation by changing the organisation's implementation policies and practices to better support implementation.

4.6 CONCLUSION

Today, many organisations are at a crossroads. They can either choose to acquire innovation and intrapreneurial ability and make it their core competency, or they can stagnate and watch market share and profits decline. Understanding the future is important, but creating the future is even more so. If firms are to survive and prosper in the twenty-first century, they must assess their innovation capabilities and then take strategic action to improve their innovation/intrapreneurial skills.

When organisations adopt a strategy for establishing an intrapreneurial orientation, they do so with high expectations, anticipating improvements in organisational productivity and performance. However, the adoption of such a strategy does not ensure its implementation. The organisational challenge is to create the conditions for acting intrapreneurially (innovative, proactive, autonomous, risk-taking and competitive-aggressive behaviour). These conditions involve the creation of appropriate strategies, structure, systems, skills, management style, staff and shared values. Only then is an organisation likely to achieve the intended benefits of the strategy of establishing an intrapreneurial orientation.

The conditions for implementing a strategy for establishing an intrapreneurial orientation have been included in a framework that can assist management to implement it effectively in their own organisations. This framework can be illustrated as follows:
Figure 4.7: Framework for implementing a strategy to establish an intrapreneurial orientation

**STRUCTURE**
- Simple and flexible
- Decentralised decision-making
- Minimal hierarchical structure/structural layers
- Free-flowing communication channels
- Closely integrated R&D, manufacturing and marketing
- Cross-functional & customer/supplier teams
- Skunkworks

**SYSTEMS**
- A recruitment and selection system
- A retention system
- A reward system
- Control systems
- Innovation management information systems
- Competitor analysis
- Probable product/service line extensions analysis

**SKILL**
- Management skill in leveraging resources
- Management skill in translating strategic intent in work group action
- Equip intrapreneurs with managerial and multidiscipline skills

**STYLE**
- Management style consistent with steering and self-organisation
- Management style consistent with competencies of strategy and situational factors
- Management style that reflects flexibility

**STAFF**
- All employees must have freedom to act entrepreneurial
- Time for reflection
- Accommodate 'boat rockers' and 'doers'

**SHARED VALUES**
- Innovation and risk-taking are encouraged
- Norms that include:
  - risk-taking
  - rewards for change
  - openness
  - common goals
  - autonomy
  - belief in action
- An open and integrative organisation
CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

In this research, the approach taken was subjectivist and interpretative, in the sense that it was aimed at integrating theories and practice from the fields of entrepreneurship and strategic management with a view to explore a phenomenon that has received very little attention so far: implementing a strategy for establishing an intrapreneurial orientation.

To do this, it was necessary to explain the intrapreneurial orientation construct — as a broader theory of entrepreneurship — against the background of the evolving and complex nature of entrepreneurship as field of study. The five key dimensions underlying the intrapreneurial orientation are:

- autonomy — independent action and self-direction,
- innovativeness — new ideas, experimentation and creativity,
- risk-taking — venturing into uncertainty and committing assets,
- pro-activeness — acting in anticipation of future problems or needs,
- competitive-aggressiveness — strongly challenging competition to achieve entry or improve position.

The growing interest in the study of entrepreneurship is a response not only to the belief that entrepreneurial activity will result in positive macroeconomic outcomes but also to the belief that such activity can lead to improved performance in established organisations. Management needs to change the behaviour of employees to be consistent with these five dimensions. Only then can the organisation benefit from the many advantages that can be derived from it.
The behavioural approach to entrepreneurship as proposed in this study is appealing because behaviour is manageable (Covin & Slevin, 1991:8). Firm-level entrepreneurial behaviour is affected by and therefore can be managed through the creation of particular organisational strategies, structures, systems and cultures. As such, a behavioural approach to entrepreneurship allows for considerable managerial intervention.

As the adoption of an intrapreneurial orientation is a strategic choice, and strategy fundamentally concerns managing change, the process of establishing an intrapreneurial orientation is a change process that should be managed strategically. The approach followed in this study, was first to discuss the change and strategic management process, after which the establishment of an intrapreneurial orientation as a strategic change process was examined. This resulted in the following proposed strategic management process for establishing an intrapreneurial orientation:
The first step of the proposed model for managing the establishment of an intrapreneurial orientation strategically requires an appraisal of the current intrapreneurial orientation of employees in the enterprise. As no intrapreneurial orientation scale could be found, the following item composition for an intrapreneurial orientation scale was developed:
It is only after the employees in a firm's current intrapreneurial orientation and other strengths, weaknesses, opportunities and threats of the firm have been analysed that a firm can proceed with the formulation of strategies for establishing an intrapreneurial orientation. These strategies will differ for each firm depending on the outcome of the analysis.

This study concluded with a presentation of a framework that executives can employ to implement a creative and coherent strategy for establishing an intrapreneurial orientation in their enterprises themselves. An important characteristic of this framework is that it does not only touch on the harder elements in the implementation of strategies, for example the structures and systems, but also on the softer elements of skill, values and leadership.

According to Beer and Eisenstat (1996:599), the change processes that lead to effective strategy implementation and organisational learning must target all elements of the organisational system, including both harder and softer elements.
The framework for implementing strategies for establishing an intrapreneurial orientation developed in this study can be illustrated as follows:

**STRUCTURE**
- Simple and flexible
- Decentralised decision-making
- Minimal hierarchical structure/structural layers
- Free-flowing communication channels
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**SYSTEMS**
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**SHARED VALUES**
- Innovation and risk-taking are encouraged
- Norms that include:
  - risk-taking
  - rewards for change
  - openness
  - common goals
  - autonomy
  - belief in action
- An open and integrative organisation

**Effective implementation**
5.2 CONCLUSIONS

Although organisations can and should be viewed as entrepreneurial entities (e.g. Covin & Slevin, 1991:20), the approach in this study was the new value that individuals can create and not organisations. The focus on the intrapreneurial orientation to individuals helped to restrict this study.

Entrepreneurial behaviour, or more specifically intrapreneurial orientation, was viewed as a strategic dimension on which all firms should take part. The integration in the study between change management and strategic management, and between intrapreneurship and strategic management, filled a gap in existing literature (see, for example, Beer & Eisenstat, 1996:559). In doing so, a framework was created according to which organisations can renew themselves and their markets by being innovative through their workers.

A primary managerial implication of this framework is that since the intrapreneurial orientation is a behavioural phenomenon, it can be managed. Consider the underlying dimensions of an intrapreneurial orientation: innovation, risk-taking, proactiveness, competitive-aggressiveness and autonomy. Behaviours reflecting each of these dimensions can be encouraged or discouraged depending upon the characteristics of the organisation, for example structures and systems.

Related to the preceding points, the proposed framework has value in that it depicts entrepreneurial behaviour as an element within a larger organisational system framework. In contrast, the majority of the writings on the topic of entrepreneurial behaviour and its correlates are more limited in scope, focusing on one or a few of the elements in the proposed framework (see, for example, Burgelman, 1984; Khandwalla, 1987). The emphasis on strategic implementation in this study also addressed an issue that is considered one
of the biggest reasons for failed strategies and abandoned planning efforts (Bourgeois & Brodwin, 1984).

Knowing how to manage the intrapreneurial orientation will become increasingly important because the environmental conditions that 'require' such an orientation are evolving rapidly. The proposed framework for implementing a strategy for establishing an intrapreneurial orientation could serve as a conceptual starting point toward this end.

5.3 RECOMMENDATIONS

Future research into this topic could proceed along any number of important paths. Studies of the forms of entrepreneurial firm-level behaviour would certainly be useful in helping to define better the process and domain of entrepreneurship as they pertain to established organisations. As implied above, studies that seek to determine when and where an intrapreneurial orientation is appropriate would be particularly useful. No less significant would be research into the management of an intrapreneurial orientation. Finally, the proposed framework presents numerous specific relationships that are open to investigation. Hopefully, future researchers will find this a valuable conceptual framework that suggests promising research directions.

This study concludes with questions that illustrate the inadequacy of current research on the interrelationship between intrapreneurship and its treatment as a strategy. This study may have contributed to developing a framework for implementing such a strategy, but there is still much work to be done in this area. The current understanding of this phenomenon does not provide answers to the following types of questions:

- How are intrapreneurial opportunities recognised?
- Why do some people recognise intrapreneurial opportunity but choose not to pursue it?
• What role does risk preference play in the decision to pursue or decline a perceived opportunity?
• How does intrapreneurial vision differ, if at all, from leadership vision by effective executives?
• When does task-related motivation attach to a vision?
• How important are market conditions and other environmental considerations?
• What are the items that should be considered in measuring the degree of intrapreneurial behaviour in an organisation?
• How can management maintain behavioural change toward intrapreneurship in their organisation?
• What are the limitations of management in creating intrapreneurial behaviour in the organisation?

Articulation of additional questions, together with the gathering and interpretation of empirical data, will further develop the theory and enrich the understanding of intrapreneurship and its relationship with strategic management. Research on this has only started. It is hoped that new research will generate creative insights and a much-needed advancement in the theory of entrepreneurship/intrapreneurship and strategic management.

Research issues for future research that have resulted from this and other related studies and for which articulated questions are still needed include the following:
• A great deal of knowledge exists about how various alternative designs fit different environments and strategies. However, very little empirical data exists about the problems organisations face in implementing strategic realignment (Beer & Eisenstat, 1996:599).
• Theories that link entrepreneurship strategy to competitive advantage are rare and should be developed and tested (Dess, Lumpkin & Covin, 1997).
• Although still a new phenomenon, much research has already been done on the entrepreneurial orientation construct. Research on the
intrapreneurial orientation construct is more or less non-existent and should receive more attention.

- Very little information exists on the fit between establishing an intrapreneurial orientation and the factors in the organisation that should change to make this possible (e.g. structure, style, staff and skills). More research is needed in this area.

- Bull and Willard (1993:185) suggest that the desire to invent a better definition for entrepreneurship has directed research efforts away from a useful theory of entrepreneurship. Priorities may have been reversed. It is possible that a reasonable theory of entrepreneurship might resolve the definitional issue or render it somewhat irrelevant. The potential research implications of a credible entrepreneurship theory are therefore enormous.

- The entrepreneurship field of study has become very fragmented. Future research in entrepreneurship should rather try to achieve an integration and convergence (Covin & Slevin, 1993:24).

- Strategic implementation is still a relatively neglected field in management thought, not to mention practice. More research in this field is needed.

- Explanations for managers' failure to support innovation implementation are tentative and preliminary and warrant further empirical and conceptual analysis (Klein & Sorra, 1996:1074).

- Future researchers should consider the extent to which entrepreneurial processes may predict the nature and success of pursuing opportunities via new entry (Lumpkin & Dess, 1996).

- The relationships of entrepreneurial orientation to other key predictor variables, such as strategies and tactics, industry life cycle and size, are fertile areas for future research (Lumpkin & Dess, 1996).

- In future, researchers should investigate how entrepreneurial processes influence performance in the different settings (Lumpkin & Dess, 1996).

- Empirical research may reveal unique configurations of the dimensions of entrepreneurial orientation (Lumpkin & Dess, 1996).
Researchers should also investigate whether some dimensions of entrepreneurial orientation are always present, whereas others vary depending on the context (Lumpkin & Dess, 1996).

Additional insights can be gained by exploring configurations between an entrepreneurial orientation and other key constructs. That is, an entrepreneurial orientation may be more strongly associated with performance when it is combined with both the appropriate strategy and the proper environmental conditions (Lumpkin & Dess, 1996).

In addition to exploring relationships among entrepreneurial orientation, strategy, environment and organisational performance, researchers should investigate the processes through which entrepreneurial behaviour enhances a firm's competitive position and performance (Lumpkin & Dess, 1996).

Research efforts should also be directed at understanding the dimensionality of the entrepreneurial construct and the role of contingency and configurational approaches in explaining its relationship to performance (Lumpkin & Dess, 1996).

Research to refine measures, to explore the underlying processes associated with entrepreneurial activity, and to recognise the multidimensional nature of entrepreneurial behaviour will also enhance our understanding of the entrepreneurial orientation and its relationship to organisational performance (Lumpkin & Dess, 1996).

Research into intrapreneurship has so far concentrated mainly on large organisations. Future research on intrapreneurship should include the small business, as small business intrapreneurship has its own special characteristics (Carrier, 1996:16).

It is important that future research develops more appropriate remuneration and rewards for the contributions of intrapreneurs (Carrier, 1996:15).

Research also suggests that the people concerned with entrepreneurship training and development should also think about developing special programmes in intrapreneurship (Carrier, 1996:16).
• Firms adopt entrepreneurial orientations in the hope and under the assumption that the associated behaviours will help to create or sustain a high level of performance. Surprisingly little systematic empirical evidence is available to support the belief in a strong positive relationship between entrepreneurial orientation and firm performance (Covin & Slevin, 1991:19).

• The reasons why strategic change is difficult to implement are not well understood (Waldersee & Sheather, 1996:120). More research is needed in this area.

Testing and further developing the proposed framework will undoubtedly pose several challenges for researchers. In doing so, researchers need to recognise that research questions should drive their choice of research methods; research methods should not dictate their choice of questions. Action research enables the invention of processes that do not come naturally, given history and social context. Since today's competitive world requires management processes and skills that have not yet been invented, more action research is needed.


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