

# Intrapreneurship Promotion

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## Abstract:

*Intrapreneurship (entrepreneurship within existing organizations) is an important element in organizational and economic development. Large companies worldwide are on a journey to create organizational cultures, conditions, and processes that facilitate innovation and enable large numbers of employees to move from an 'employee mindset' to an 'intrapreneur mindset.' When companies make innovation and encouragement of intrapreneurship a part of their ongoing business agenda, a sense of psychological ownership is created among the employees with regard to their roles and responsibilities and the expectation that each employee is expected to innovate in his/her role is clearly communicated across the organization. This, in turn, ensures proper utilization of a company's most important asset, viz., its people. Since harnessing the full potential of the workforce is absolutely vital for a company's success, intrapreneurship development will definitely energize the employees. Previous views of intrapreneurship can be classified into four dimensions: (1) new business venturing, (2) innovativeness, (3) self-renewal, and (4) proactiveness. The present paper focuses on concept of intrapreneurship development in the organizations.*

**Key Words:** *Intrapreneurship, employees, innovation, business organizations*

## Introduction:

The repercussions of globalization have impelled many companies to rethink their traditional management practices. Organizations should adopt a culture of "intrapreneurship," a concept defined by renowned management thinker Peter Drucker as the act of initiating new ventures or creating value within an already established organization. The concept of intrapreneurship has become important for organizations that continuously face competition thanks to globalization. Organizations must be more entrepreneurial to enhance their performance, their capacity for adaptation and long-term survival. To fulfill these requirements, intrapreneurs must function within a paradigm of three dimensions: being innovative, risk-taking and being proactive.

The competitive Advantages associated with inculcating an intrapreneurial culture are many. Increasingly organizations not only need to have intrapreneurs amongst its team, but also need to provide a conducive environment in which they can thrive and thus help retain or improve a company's market position. Thus an intrapreneurship-conducive culture would build on policies and practices – supported by organizational structures – that maximize the likelihood that people meet (also by chance), communicate openly, share ideas and information, listen to and learn from each other, and develop a culture of mutual trust



and support. Schumpeter, 1934; Tushman & Nadler, 1986). Webb (2013), in his article states that the old school thought of intrapreneurship being the domain of a 'select few' individuals is being replaced by the recognition that a pervasive 'intrapreneurial culture', centered on the customer experience and driven by entrepreneurial values, is the key to sustained innovation. The intrapreneurs who are typically defined as entrepreneurs within established organizations and described as intra-organizational revolutionaries — challenging the status quo and fighting to change the system from within thus being a cause of potential organizational friction — are not a natural fit in such cultures. Nevertheless, they are driven by their internal locus of control, reinventing companies, transforming them, pushing them up to new highs. Intrapreneurship may be said to be more important than entrepreneurship. Because while entrepreneurship creates organizations; it is intrapreneurship that drives them to glory. (Teltumbde, 2006). Intrapreneurship should be ingrained in the overall culture of the business: adopted as a core practice and directed towards the organizational goals. Companies must therefore become well versed in the methods and practices for activating and developing intrapreneurship if they are to attain a sustainable competitive advantage (Webb, 2013).

By fostering an intrapreneurial ethic within a company, employees can be empowered and enabled to become company "change agents" who are comfortable bringing new ideas forward and promoting their execution through moderate risk taking abilities. Employees who succeed as intrapreneurs tend to possess many of the same talents and traits as traditional entrepreneurs as well as a

commitment to the organization and its goals. Working within an existing company—rather than launching an independent start-up business—offers a number of advantages to such individuals. Access to the company's resources increases their chances of success, for Building an Intrapreneurial Culture: A Sine-Qua-non for Organizations Today example, while maintaining a salaried position provides them with added security in case of failure. Intrapreneurs also gain experience that they can apply to future entrepreneurial ventures, as well as a stimulating work environment, (Byrd et.al, 2002).

#### Objectives of the study:

1. **To identify the factors influencing the intrapreneurship development in the organization.**
2. **To Brief the aspects related to leading and energizing employees through intrapreneurship development.**

**Methodology:** The present study is based on the information available on the secondary sources.

Bostjan Antoncic and Robert D. Hisrich identified four dimensions of intrapreneurship as :

- (1) New business venturing, (2) innovativeness, (3) self-renewal, and (4) proactiveness.

New business venturing is the most salient characteristic of intrapreneurship because it can result in a new business creation within an existing organization. In large corporations it can also include formation of more formally autonomous or semi-autonomous units or firms (often labeled incubative entrepreneurship) (Schollhammer



1981, 1982), internal venturing (Hisrich and Peters 1984), corporate start-ups (MacMillan et al. 1984), autonomous business unit creation (Vesper 1984), and newstreams (Kanter and Richardson 1991). For all organizations regardless of size, the new business-venturing dimension refers to the creation of new businesses within the existing organization regardless of the level of autonomy.

The innovativeness dimension refers to product and service innovation with emphasis on development and innovation in technology. Intrapreneurship includes new product development, product improvements, and new production methods and procedures (Schollhammer 1982).

The self-renewal dimension reflects the transformation of organizations through the renewal of key ideas on which they are built (Guth and Ginsberg 1990; Zahra 1991). It has strategic and organizational change connotations and includes the redefinition of the business concept, reorganization, and the introduction of system-wide changes for innovation (Zahra 1993).

The final dimension—pro-activeness—is related to aggressive posturing relative to competitors (Knight 1997). A proactive firm is inclined to take risks by conducting experiments (Stopford and Baden-Fuller 1994). It takes initiative (Lumpkin and Dess 1996) and is bold and aggressive in pursuing opportunities (Covin and Slevin 1991). The concept of pro-activeness “refers to the extent to which organizations attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies, and administrative techniques” (Covin and Slevin 1986, p. 631). competitors (Knight 1997). A proactive firm is inclined to take risks by conducting experiments (Stopford and Baden-Fuller 1994). It takes initiative

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A culture of intrapreneurship encourages employees within an organization to act and think as if they are each running their own business. Companies that pride themselves on being a learning organization should consider creating an intrapreneurs development program that will play a role in helping the organization remain competitive. To create a learning organization that fosters a culture of intrapreneurship, it is necessary that organizations hire and develop leaders who possess the ability to be flexible and adapt and who can manage “temporariness” by empowering their followers to perform in a “temporary” environment. Leaders will also need to adeptly use — but not abuse — power, competently use political skill, effectively communicate and adequately deal with resistance to change. Firms simply cannot afford to remain “comfortable” if they wish to sustain their competitive advantage. They must be open to the kind of change that embraces creativity and innovation and pay attention to the factors that enable intrapreneurship, such as a creative work environment, a positive organizational culture and diversity.

Here are three factors influencing intrapreneurship development

#### **Managerial support:**

Support from senior leaders plays an important role in developing intrapreneurs. Support can be manifested in many forms. One is regular access to training so

employees can possess ample knowledge and skills, both of which will be used in the creative process since expertise is the foundation of creativity. Another is access to resources — time, money, people, etc. — that are needed to develop or implement ideas. Employees must have the opportunity to be intrapreneurs, and resources help make opportunity available. A third form of support is the availability of rewards for intrapreneurial behavior. Rewards will motivate employees to continue to learn and to apply their learning to initiate new ventures within their organizations.

#### **Systemic instruction:**

Employees must have a heightened awareness of the organization as a whole and how all the “units” within the organization fit and work together. If employees are only informed about their area, their thinking will be limited and so will their creative efforts. Intrapreneurs can serve both internal and external customers. Therefore, employees can benefit from a holistic view as they strive to innovate and create increased value for their organization.

#### **Community:**

Companies should avoid the silo mentality. Involvement and collaboration is important throughout the organization. Hence, there should be some team orientation and a sense of community within the organization. In this way, ideas can be shared and employees can learn from one another, leading to a greater ability and propensity to succeed as intrapreneurs.

To become a learning organization, companies should consider adopting a human capital strategy that is focused on developing and inspiring every employee to become an intrapreneurs who is equipped to create new business for his or her firm. This can be achieved if organizations invest in their employees with training and

development, allow them autonomy to take greater ownership at work and reward them.

To succeed in today’s fast-paced global workplace; companies need to think differently about how to approach employees. Top performers, in particular, must be able to clearly understand what it takes to be successful and have the tools to deliver results. Otherwise they can become disengaged and fall into career rut. Top performers often decide to leave an employer because they aren’t getting three important things out of their current work situation: inspiration through exciting work, engagement with a broad people network and clear career paths and development opportunities.

#### **Inspiration:**

When employees have clear goals, an understanding of how those goals impact the company, the tools to accomplish those goals and are rewarded for their achievements, it’s much easier for them get out of bed in the morning. This clarity of purpose combined with stimulating projects helps employees to give their best. It is estimated that companies only realize about 60 percent of their projected business results. Up to 40 percent of employee productivity is lost due to poor communication of strategy, misalignment of goals, unclear performance expectations, lack of rewards for high performance, and organizational boundaries and silos. All of these factors tend to build a culture of underperformance where employees tend to focus more on not getting in trouble than actually trying to take responsible risk to do great. Studies show that companies that can close that performance gap and build high-performing cultures over time so employees are much more engaged and inspired to do great work are much less likely to have employee get into career rut.

### **Engagement:**

An important part of building a high-performance culture is giving employees the tools to connect with right people, ideas and information. New social and collaboration capabilities are breaking down artificial barriers and silos inside and outside organizations, and enabling much higher levels of connection and engagement across broad people networks of employees, customers, partners and suppliers. This is where enterprise social networking, instant video Web conferencing and gamification can play a significant role. Gamification, which can often help achieve social/collaboration goals, is the process of using game thinking and game mechanics to engage and solve problems. For example, by making it possible for employees to recognize other employees with “badges” and keeping track of key contributions and badges collected, employees become more motivated and engaged to gain that recognition from their peers. Tapping into these types of mechanisms can create more social, fun and challenging interactions, which can accelerate employee motivation in a significant way. A Gartner study found that 70 percent of the Global 2000 expect to use gamification by 2015 and 50 percent expect innovation to come from game process. Simultaneously, instant video Web conferencing capabilities along with enterprise social networking — such as ideas, discussion forums, questions, video channels, expert location and social bookmarking — have also been found to help establish highly connected and engaged work environment.

### **Development:**

Forward-thinking employers have long known the importance of having leaders work with their employees to develop a career map that outlines specific

development goals and timelines for meeting those objectives. However, today’s fast-paced social workplace has made some traditional talent management processes — such as the annual cycle of setting goals, doing annual performance reviews and assigning development — too slow and irrelevant to have a significant impact. Instead, organizations must empower their employees to continuously gather feedback on their progress through feedback loops and have access to a variety of real-time formal and informal development activities that have an instant impact on performance.

Applying socially inspired, real-time feedback can create a more effective and ongoing feedback loop so employees get better insight into their immediate performance. This also gives them control of their career as it provides real-time visibility into their strengths and areas of opportunity so they can take stock in their contribution and take the immediate action necessary to position them for the career advancement within the organization. Providing visibility into other opportunities within the organization can empower workers to seize new opportunities they find appealing and may not have learned about through traditional channels. This can be done via an internal job board or sharing via social channels, such as enterprise social networking, twitter and face book. At the end of the day, organizations need to create a culture of development and ongoing learning so employees feel equipped to take charge of their careers and can see a clear career path ahead of them- instead of rut. In today’s market, where even established brands rise and fall faster than ever before — think Kodak and Blockbuster — new business models and new ways to engage customers are replacing proven business



models. There is a greater-than-ever need to anticipate new customer needs, while leveraging new technology, new social norms, new products and new business models. Organizations need to deliberately consider how to compete for the best Gen I talent. Being adept at developing a culture of intrapreneurship may be the competitive differentiator for this century the real game changer of work.

#### **Working on management issues:**

Intrapreneurs can be a vital creative force to enter new markets, invent new products, strike new partnerships and test new marketing approaches, but it is not always easy for the organizations to manage them.

#### **Intrapreneurs become attached to their ideas and inventions:**

The same drive that motivates new discovery and new productization can manifest in ego, pride of ownership and sometimes lack of objectivity. Mixing intuition with fact-based observation and testing is the real engine of innovation.

#### **Intrapreneurs can be disruptive:**

While their ideas and their affinity for experimentation have merit, intrapreneurs can be highly disruptive if the timing or culture fit is wrong. An organization needs to be at a point in its growth and evolution to seriously contemplate these new ideas. the culture needs to be open to change. Supporting intrapreneurs can become a contest of wills. Some stakeholders may feel their agendas are undermined because people, energy and resources are diverted to support new, edgy ideas that may never materialize into viable revenue streams. This kind of political combativeness can cause new ideas to die under the weight of persuasion, unless intrapreneurs have strong sponsors.

#### **Intrapreneurs may invite conflict and mistrust:**

Sometimes the political combativeness originates from the intrapreneurs themselves. Arrogance can develop among intrapreneurs who are trying to make the dark side shine brighter, resulting in an us versus them mentality. Further, intrapreneurs sometimes view the “them” as people who just don’t get it

The inherent conflict between those who get it and those who don’t usually results in mistrust. Without strong leadership and frequent communication to help everyone “get it,” relationships between intrapreneurs and the rest of the organization can quickly deteriorate.

#### **Intrapreneurs can move too fast:**

In their zeal to get results, intrapreneurs may bypass the accepted diplomatic norms expected by key decision makers.

Without clear lines of authority and transparency to senior leaders, intrapreneurs may sometimes bear surprises that didn’t get socialized sufficiently with stakeholders. In the worst-case scenario, some decision or commitment made by the intrapreneur backfires. Internal stakeholders get upset and lose faith in the bigger picture. Worse, unanticipated conflicts in market offerings start cropping up.

The prevailing organization may not be able to keep up and adapt. Business-as-usual business processes can move too slowly to meet today’s market demands. Consider the case of Research in Motion (RIM), maker of the BlackBerry phone, where CEO Thorsten Heins shared what went wrong in a July interview with CIO magazine: “What I’ve learned in my discipline, in my 25 years in

R&D and in telecom, once you have decided on a project, you must keep it stable. With our eagerness to be extremely innovative, we had the tendency to put new stuff into existing project programs, and that is not a recipe to deliver on time and on quality.”

New products sometimes require reinventing existing business processes. A culture may need to speed up or be redesigned from scratch to facilitate rapid invention and rapid failure, followed by rapid intervention.

### **Energizing and leading intrapreneurs:**

Getting intrapreneurs to co-exist successfully within an organization takes advance preparation. For organizations whose survival and competitiveness depend on being open to, or responding to change, being able to attract and retain Gen I talent enables them to play defense and offense in the game of disruptive innovations. Becoming known for having a culture of intrapreneurship can be a game-changer for a business.

### **1. Define decision power.**

Knowing who has decision power can help alleviate organizational angst about new initiatives. Being clear about decision authority will alleviate power struggles and align energy towards shared goals. Many established businesses with entrenched decision-making processes may feel discomfort giving decision power to intrapreneurs. Agreeing on milestones to hear recommendations and new waves of investments can provide upper management with more opportunities to weigh in. The tradeoff is in speed and agility of execution.

### **2. Create a win-win culture.**

Intrapreneurship can unintentionally create a combative environment of win-lose. To cultivate intrapreneurship without

combativeness, organizations should ensure there is open communication, clear lines of authority and clear assignments of responsibility. If there is a win-lose dynamic, leaders need to find ways to get everyone behind the same bets, and win over resistors within the organization to align the workforce's competitive energy to face external competition.

### **3. Give everyone a stake in organizational success.**

The senior leaders' job in driving innovation is to create excitement and clear a path for the new. Incentives need to be aligned to ensure all parties involved feel like they will benefit from innovation. Ken Zolot, founder of First Robotics and faculty member at MIT School of Engineering, said, “You have to create the cauldron where people come together to amplify ideas and to incrementally build on each other's ideas. This is an environment where people can improvise and fail in controlled ways, without betting everything”.

### **4. Manage conflict.**

Especially for the stakeholders who may feel threatened by change, senior leaders need to be ready to step in to encourage collaboration and help resolve conflict. As Christensen writes in *The Innovator's Dilemma*, innovation is the enemy of the status quo. One aims to destroy the present and create the future. The other depends on customers and stake holders to deliver the present.

### **5. Celebrate both success and failure.**

“Celebrate failures for the right reasons,” Zolot said. “No one would think that dishonesty and laziness are worthy of celebration. Learning how to fail in incremental ways is a way of improvising and improving ... and learning incrementally.” At the same time, create an environment that celebrates incremental

innovation. Innovation is often overrated and overdramatized as game-changing. “But if you can inspire people to do just enough better in their current jobs, you can improve your business a lot,” he said. “Sometimes you don’t have to do something that radical. You can create change agents who can make small improvements.”

#### **6. Make heroes of intrapreneurs.**

Praise them, recognize them, and celebrate them as role models for an innovation culture. Encourage them to mentor others. Change requires a whole army of change agents. Innovators have an insatiable need to learn. Frequently they improvise in their learning and problem-solving approaches. Len Schlesinger, president of Babson College, has studied entrepreneurs, and describes this as a means-based problem solving approach, something like a chef who looks inside a refrigerator or at a garden and sees what he’s got. They are willing to mix it up and see what happens. To attract this generation of intrapreneurs, organizations need to design an innovation culture that values continuous learning, improvisation, experimentation, risk taking, failure and high work standards. By creating cauldrons that brew intrapreneurship, organizations will be able to stay relevant and competitive, and become exciting centers for innovation.

#### **Attributes of intrapreneurs:**

Intrapreneurs tend to fit these descriptions:

##### **Passionate employees:**

Intrapreneurs are motivated by a desire to leave a mark and make a difference. They seek meaning in their work.

**Learners:** They constantly need new challenges. A retention strategy for intrapreneurs needs to include not only new learning opportunities, but new business problems to tackle.

**Change agents.** They work to render a change in the environment and conditions

in which they work. As such, intrapreneurs challenge the status quo, just as innovation challenges the status quo. Advocates. They seek to bring about a new order, methodology or vision. They are often able to sell and persuade, and to influence others to see their vision or worldview.

**Collaborator:** They know how to function effectively in teams, and incubate new ideas as part of a team. They’re usually not loners. They’re connected to a social peer group that is interested in innovation.

#### **Major findings:**

1. Intrapreneurship promotion is one of the innovative methods of employee engagement/ employee retention.
2. Intrapreneurship promotion in an organization energizes the employees.
3. Attributes of intrapreneurs include passion, change agents, collaborator.
4. Intrapreneurship promotion has more advantages than disadvantages to the organization as well as employees.

#### **Conclusion:**

Intrapreneurship—or promoting entrepreneurship within a corporate entity—is a good place to start on the road to building innovation capabilities. While the scenario of disruptive business models spawned by young talent and backed by venture capitalists may not be a strong threat, intrapreneurial companies are more likely to be faster than other companies in facing this challenge when it arises. Indeed, from the fabled “Skunkworks” to Google, the gains from promoting “intrapreneurship”, remain undisputed. Whether it is in terms of new products or services, new business models and reduced cost structures, or new models of engagement with stakeholders,



intrapreneurship allows for exponential upside. Companies in India, from technology giants to automotive players, experimenting with intrapreneurship models are in all likelihood on the way to building these advantages. A pervasive entrepreneurial environment will also involve the willingness to celebrate failures. Breakthrough innovation is more possible in such an environment. If managements do not recognize efforts, even the failed ones, the next lot of intrapreneurs will be cautious and will tend to deliver incremental returns rather than exponential game-changing innovation. In these competitive times with disruptive technologies, only breakthrough innovation can provide sustainable competitive advantage.

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