

## **The Strategic Relevance of Intrapreneurship**

### **From the Antecedents to the Consequences of Intrapreneurial Behavior**

#### **Identification of the subject**

“Intrapreneurs are entrepreneurs within an organization” (Antoncic and Hisrich, p. 2). Even though intrapreneurs are encouraged to behave like entrepreneurs, they have access to a range of corporate resources, knowledge, and security of the firm. This opens the door for them to exploit opportunities, start new ventures, and yield innovation. My research explores what is needed to realize the full potential of intrapreneurs and how the corporate environment can contribute to their success. In this context, I focus specifically on what makes an intrapreneur and what they are capable of.

#### **Personal motivation and rationale**

Increasingly, employers are using the job description “intrapreneur” in their job advertisements. Likewise, employees are keen on the idea, as they see in intrapreneurship the opportunity to have the amendments of both regular employees and independent entrepreneurs. Specifically, as an employee, they can expect higher wages and job safety while entrepreneurs enjoy privileges including autonomy and flexible working hours. Inspired by my interest in entrepreneurship and as a university student, I ask myself which kind of employment type I tend to. Hence, I aim to contribute to the existing body of literature by developing a holistic research model for intrapreneurship which includes antecedents and beneficial outcomes of becoming an intrapreneur.

#### **Research question**

My central question is whether intrapreneurs can substantially increase firm and employee performance and, if so, how employers might be able to assess and foster intrapreneurial qualities of employees. I hypothesize that not only the specific demographics, attitudes, and abilities of the employees impact becoming an intrapreneur but also the organizational efforts to promote intrapreneurship are of relevance.

#### **Literature review**

Over the years some antecedents of intrapreneurial behavior have been identified. On the demographical level, on average, intrapreneurs have a higher level of education (Åmo and Kolvereid, 2005), are male and 42 years old (Bager, Ottosson and Schott, 2010). Consequently, there is an education, gender, and age bias among intrapreneurs. Further, a geographical discrepancy regarding the age of intrapreneurs was found. In high-income countries, young people in the 18-24 years group are less involved in intrapreneurship than the people in low-income countries because they are more preoccupied with education (Bosma, Stam and Wennerkers, 2010). On the cognitive level, according to Mohedano-Susanes and Benítez (2018) intrapreneurs have an

average or slightly above average intelligence quotient and hence are not necessarily geniuses. However, a crucial cognitive aspect represents entrepreneurial self-efficacy (ESE), i.e. the belief that one can accomplish new tasks, which encourages intrapreneurs to take responsibility (Wakkee, Elfring and Monaghan, 2010). ESE is a relevant perception as it enables intrapreneurs of taking new opportunities in the market (ibid). Douglas and Fitzsimmons (2013) hold a similar view and point out that ESE plays a key role in showing initiative. ESE differentiates intrapreneurs from ordinary employees. Therefore, to build up ESE the organization and culture of a firm should be adapted.

On this organizational level, it is known that coaching, i.e. the “process of empowering employees to exceed prior levels of performance”, has a positive effect on intrapreneurial behavior as coaching removes ambiguities about role expectations in organizations (Wakkee, Elfring and Monaghan, 2010, p. 6). Even more noteworthy is Neessen, et al.'s (2019) finding that intrapreneurial training results in a higher number of spin-offs. Normally, spin-offs tend to increase the value of both parent and subsidiary companies as the subsidiaries focus on specific products or services. Moreover, Antoncic and Hisrich (2001) share a similar view and make aware of the importance of organizational support while Blanka (2019) mentions that the availability and accessibility of resources represent fundamental requirements for intrapreneurship. Therefore, even though intrapreneurship is a person-centered approach, organizations can create an intrapreneurial environment in which intrapreneurship can flourish and benefits may arise.

These benefits are explored by Marcus and Zimmerer (2003). They surveyed employees in ten out of the “Fortune 500” U.S. firms and made essential discoveries. Firstly, 44.4% of the participants reported a moderate impact of intrapreneurial activities on sales, while 55.6% even announced a significant impact on sales. Secondly, 88.89% announced a moderate impact on profits and 11.11% even declared a significant impact. Thirdly, concerning the return on investment (ROI) 22.2% indicated a slight impact while 77.78% reported a moderate impact (ibid). Hence, intrapreneurial activities have the most impact on profits, followed by sales and ROI. Thus, especially shareholders might be interested in fostering intrapreneurship as they value the rentability of their firms. On the non-financial performance level, intrapreneurial behavior leads to firm and personal growth as it increases personal resources over time (Gawke, Gorgievski and Bakker, 2017). Furthermore, Blanka (2019) indicates that intrapreneurs are more likely to start their own business and have higher job growth expectations than entrepreneurs. Consequently, intrapreneurship may lead to personal career advancement as well.

## **Methodology**

In the first part of my research methodology, I have not only introduced the concept of intrapreneurship but also investigated some of the most essential antecedents and consequences of intrapreneurial behavior. I have specifically focused on naming financial and non-financial as well as individual and organizational outcomes of intrapreneurial activities. In the next step, I will concentrate on nascent intrapreneurs who are intrapreneurs

that start new ventures for their firms and compare them to intrapreneurs acting in already established firms. Afterward, I will apply my insights and compare them to the findings of Mohedano-Suanes and Benítez (2018) who analyze the intrapreneurial practices of IBM, Google, and DreamWorks. I expect to find some practical implications and advice on how an intrapreneurial culture can be implemented.

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## Key terms

**Intrapreneurship:** “Intrapreneurship is entrepreneurship within an existing organization. It refers to a process that goes on inside an existing firm, regardless of its size, and leads not only to starting new ventures but also to other innovative activities and orientations” (Antoncic and Hisrich, 2001).

**Corporate Entrepreneurship (CE):** CE is an approach that translates entrepreneurship into an organization. It not only includes new business venturing and the acquisition of new firms but also all forms of renewal which include for example new product development or the entry of new markets. CE is not the same as intrapreneurship as intrapreneurship is a more person-centric approach (Åmo, 2010).

**Fortune 500 companies:** The Fortune 500 is a list of the 500 largest U.S. companies ranked by total earnings for each fiscal year. The list is compiled and published by Fortune magazine.

**Entrepreneurial self-efficacy (ESE):** ESE describes “a person’s belief that he or she has the ability, motivation, and resources to complete a task successfully” (Wakkee, Elfring and Monaphan, p. 5). ESE can be described as the confidence in one’s capabilities to overcome any kind of entrepreneurial hurdles.

**Return on investment (ROI):** The ROI is a key performance ratio that can be calculated in many different ways, normally by dividing the net income over a period by the investment made. The ROI is a measure of efficiency.