THE ENTREPRENEURIAL SPIRIT: BEYOND BUSINESS CREATION
EL ESPÍRITU EMPRENDEDOR: MÁS ALLÁ DE LA CREACIÓN DE EMPRESAS.
O ESPÍRITO EMPRENEDEDOR: ALÉM DA CRIAÇÃO DE NEGÓCIOS

Ricardo Prada

CITATION

ABSTRACT
Globalization has marked this XXI century. This continual change makes organizations prepare in advance to face the challenges posed by global markets and nonstop changing times. These complex challenges organizations face today are assimilated by employees through active responses that demand the perception of the market signals they function in. Consequently, they become real and genuine entrepreneurs. But any form of entrepreneurship also implies change and, beyond doubt, innovation. However, it is difficult to identify those employees who as entrepreneurs within organizations stand out and have an impact by generating creative projects (Pérez, 2011). This article attempts to prove how corporate entrepreneurship, within an organizational context is the true innovation booster.

Key words: intrapreneurship, context, business, innovation.

RESUMEN
La globalización ha marcado este siglo XXI. Este cambio continuo hace que las organizaciones se preparen con anticipación para enfrentar los desafíos planteados por los mercados globales y los tiempos de cambios ininterrumpidos. Estos complejos desafíos que enfrentan las organizaciones hoy en día son asimilados por los empleados a través de respuestas activas que exigen la percepción de las señales de mercado en las que funcionan. En consecuencia, se convierten en verdaderos y genuinos emprendedores. Pero cualquier forma de emprendimiento también implica cambio y, sin lugar a dudas, innovación. Sin embargo, es difícil identificar a aquellos empleados que, como empresarios dentro de las organizaciones, se destacan y tienen un impacto al generar proyectos creativos (Pérez, 2011). Este artículo intenta demostrar cómo el espíritu empresarial corporativo, dentro de un contexto organizativo es el verdadero impulsor de la innovación.

Palabras clave: emprendimiento, contexto, negocio, innovación.

RESUMO
A globalização marcou este século XXI. Essa mudança contínua faz com que as organizações se preparem com antecedência para enfrentar os desafios colocados pelos mercados globais e os tempos de mudança ininterruptos. Esses complexos desafios que as organizações enfrentam hoje são assimilados pelos funcionários por meio de respostas ativas que exigem a percepção dos sinais de mercado em que atuam. Consequentemente, tornam-se empreendedores reais e genuínos. Mas qualquer forma de empreendedorismo também implica mudança e, sem dúvida, inovação. No entanto, é difícil identificar os funcionários que, como empreendedores dentro das organizações, se destacam e têm impacto gerando projetos criativos (Pérez, 2011). Este artigo tenta provar como o empreendedorismo corporativo, dentro de um contexto organizacional, é o verdadeiro impulsionador da inovação.

Palavras chave: empreendedorismo, contexto, negócios, inovação.
INTRODUCTION

Being an entrepreneur transcends and goes beyond simply creating companies. Visualize innovative ideas that involve accepting risk, at the cost of including your own job security, and insist on moving forward in the construction and generation of future jobs, despite the obstacles, also defines entrepreneurs. In fact, different studies have shown significant relationships between entrepreneurial orientation or intensity and different indicators of performance such as, for example, increase in profits, in the number of sales or in the degree of growth of the organization (Krauss, Frese, Friedrich, & Unger, 2005; Lumpkin & Dess, 1996; Morris & Kuratko, 2002; Zahra & Covin, 1995). Likewise, entrepreneurial organizations can favor or respond adequately to technological innovations and changes in the market (Zahra, Jennings, & Kuratko, 1999).

The term entrepreneurship comes from the French verb entreprendre and the German word unternehmen, both meaning ‘undertake’. On the other hand, the word entrepreneur is thought to be of French origin and refers to someone who undertakes risks (Hisrich, 1986; cited in Bruneau & Machado, 2006), that is, someone who seeks benefits and works in teams or individually innovating and creating business opportunities (Mori et al. 1998; cited in Bruneau & Machado, 2006). This concept probably dates to the 1700s when such a notion was attempted to be defined as a term. In Spanish, words such as empresarismo, emprendurismo, emprendedurismo or simply emprendimiento are commonly used. Originally entrepreneurship is linked to business capacity even though it is a much broader term.

According to the Real diccionario de la academia española, the term ‘intrapreneur’ comes from the French word ‘entrepreneur’, which means ‘business’, while the word ‘intra’ means ‘within’, ‘internal’; hence, intrapreneur is an entrepreneur within organizations and it is a social creation allowing people to express their potential. According to Novoa (2009), the term intrapreneurship was first used by British journalist Norman Macrae in a survey on The Coming Entrepreneurial Revolution in The Economist (1976), in which he predicted that future firms should simultaneously create new alternatives to do things while competing inside themselves.

The term intrapreneurship has been attempted to be defined as an entrepreneurial business activity developed within organizations themselves (Trujillo & Guzmán, 2008), therefore becoming a stimulus to boost the entrepreneurial spirit within organizations (McGinnis & Verney, 1987). Nowadays, it is argued that the term ‘intrapreneur’ was also proposed by Gifford Pinchot, a management consultant, who shared it in his book Intrapreneuring in 1985 (Coduras, 2011). Gálvez & García (2001) informally define intrapreneuring as ‘the business process that enables and encourages employees to start, lead, and implement new ideas and/or radical improvements within the organization they work for’. Intrapreneuring is then a process in which people or the organization’s internal teams envisage, launch, develop and, eventually, manage a new business different to the one their company conducts, but leverages on assets, market position, channels, skills, and other resources to the main company.

Entrepreneurship has always been associated to employment, value, wealth, etc., but it should also be associated to innovation understood as the task to develop new manufacturing sources regarding novelty products or simply different manufacturing methods, and the opening of unexplored markets, among others (Schumpeter, 1936; cited in Mc Daniel, 2000). Following Schumpeter’s view, entrepreneurship is more of a blend of resources and/or services arising from such resources (Penrose, 1959, 1995; cited in Stryjan, 2006). In sum, to undertake can always be defined as the action of creating new companies or businesses; entrepreneurs are people who prefer and decide to start their new business before getting hired by a company.

In any case, the term entrepreneur and its importance have become more common than the terms corporate entrepreneurship or intrapreneurship. In 1987, Ross
stated that ‘the times of autocratic and planning managers were in serious decline, and that intrapreneurship was becoming the trend’.

Russel (1999) points out that in the 90s corporate entrepreneurship – that is, entrepreneurial processes happening within organizations – has become an issue of great interest for managers; therefore, the term intrapreneur would apply to an individual who while working for a company decides or, at least, suggests the creation of new internal businesses basically aimed at creating new values and wealth for his/her company.

Since then numerous empirical studies have been conducted on the concept of intrapreneurship, among which the works of Samuelsson & Dahlgqvist (2005), Manimala (2006), Ross (1987), and Teece et al. (1997) can be mentioned. The works of Veysel et al. (2009), Bieto (2008), López (2008), Kuratko, et al. (2005), Rhoads (2005), Kyriakopoulos et al. (2004), Marcus and Zimmerer (2003), who link intrapreneurship to organizational performance, are also worth mentioning.

Intrapreneurship has also been associated to the result of the requirements made within organizations through works conducted by Covin & Slevin (1991), Miller (1983), and Khandwalla (1987), since the environment may also foster opportunities or threats leading to the creation of entrepreneurial positions. To this end, according to Zahra (1991), ‘hostility tends to create new threats for the organization and such threats promote the execution of entrepreneurial behaviors’. Among these hostility factors that, in the long run, invigorate intrapreneurship, there are obstacles such as environment variations that afterwards would hinder goal achievement, which ultimately would create a creative and entrepreneurial environment.

The specific research based on entrepreneurial research for all entrepreneurial activity to exploit new opportunities that create economic value starts in the 80s. However, as it happened with the very same concept of entrepreneurship itself, there was no accepted definition by the academic community in general. That is why according to Morris & Kuratko (2002), Hornsby et al. (2002), Phan et al. (2009), and Parker (2011), there is no consensus regarding the terminology leading to a unique definition of corporate entrepreneurship, which has given rise to the following synonym expressions:

- Intrapreneurship (Susbauer, 1973; Pinchot, 1985; Knight, 1987)
- Corporate entrepreneurship (Burgelman, 1983; Zahra, 1991; Covin & Slevin, 1991; Sharma & Chrisman, 1999; Ireland et al. 2003; Kuratko, 2007; Parker, 2011)
- Strategic entrepreneurship (Ireland & Webb, 2007; Kuratko, 2007)

Likewise, as far as intrapreneurship or corporate entrepreneurship is concerned, there is no consensual or unique definition. In the 70s, intrapreneurship was linked to the development of independent units within an established organization where the employee-entrepreneur played a significant role. In the 80s, the term was linked to diversification processes where an adequate blend of resources made new market penetration and novelty product development easier. In the 90s, intrapreneurship is formally associated to the creation process of new businesses from creativity and ingenuity within organizations themselves. Nowadays, entrepreneurial culture understood as a driver that promotes innovation as a fundamental tool to respond to environment risks within organizations has been added.

To this end, intrapreneurship has increasingly become an important element to corporate development. In their theoretical construct on corporate entrepreneurship, Trujillo & Guzmán (2008) highlight the fact that there is no agreement on the search for a unique definition among the various authors dealing with this topic based on Antoncic & Hisrich (2000); Sharma & Chrisman (1999); Seshadri & Tripathy (2006); Amo & Kolvereid (2005) views, while some authors use the terms intrapreneurship and corporate entrepreneurship interchangeably. On the other hand, some authors point out the former comprises the latter since it includes
entrepreneurial activities inside and outside organizations (spin-off included), while others argue that the latter develops only within the organization giving rise to external effects, though. However, other well-known authors – Ross & Unwalla (1986); Gruenwald (1986); Luchisinger (1987), for example – use both terms indistinctly.

According to Varela & Irizar (2009), intrapreneurship is an activity aimed to create new businesses for the parent company through the development of new and innovative corporate projects. Trujillo & Guzmán (2008) argue that intrapreneurship is an entrepreneurial activity carried out within already established organizations. Intrapreneurship can then be defined as a corporate process that allows and encourages employees to start, lead and implement new ideas and/or radical improvements within the organization they work for. Table 1 summarizes some of the main intrapreneurship related-definitions.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AUTHOR</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>Burgelman</td>
<td>The process by which organizations engage in diversification through internal development</td>
</tr>
<tr>
<td>1989</td>
<td>Jennings &amp; Lumpkin</td>
<td>A multidimensional construct incorporating business activities towards a project of technological innovation, risk taking and proactivity.</td>
</tr>
<tr>
<td>1990</td>
<td>Gutt &amp; Ginsberg</td>
<td>Creation of new businesses within existing organizations (innovation or entrepreneurship), organizational transformation through the renewal of key constituent ideas.</td>
</tr>
<tr>
<td>1990</td>
<td>Stevenson &amp; Jarillo</td>
<td>The process through which individuals, on their own or within organizations, take opportunities ignoring the resources they currently handle where an opportunity may be any convenient or feasible future situation.</td>
</tr>
<tr>
<td>1991</td>
<td>Zahra</td>
<td>New business creation process within companies established to improve the organization’s profitability and competitive position or carry out a strategic renovation of its existing business.</td>
</tr>
<tr>
<td>1992</td>
<td>Churchill</td>
<td>Opportunity discovery and development process to create value through innovation.</td>
</tr>
<tr>
<td>1997</td>
<td>Birkinshaw</td>
<td>Discrete and proactive initiative representing a new way for a corporation to advance through the use and expansion of resources.</td>
</tr>
<tr>
<td>2006</td>
<td>Morris &amp; Kuratko</td>
<td>Entrepreneurial behavior that may be developed within established mid and large organizations, including terms such as entrepreneurs, intrapreneurship, and risk capital.</td>
</tr>
<tr>
<td>2007</td>
<td>Wolcott &amp; Lippiz</td>
<td>Process through which teams within established companies coincide, promote, start, and manage new businesses different from their companies’, while taking advantage of their assets, market position, and other resources.</td>
</tr>
<tr>
<td>2008</td>
<td>Antoncic &amp; Prodan</td>
<td>Technological entrepreneurship developed within an existing organization to create and manage a new business based on research, development, and technology.</td>
</tr>
</tbody>
</table>

Source: author
CHARACTERISTICS OF CORPORATE ENTREPRENEURS

Corporate entrepreneurs work for mid or large firms and are assigned to a particular idea or project and are also trained to develop the project as any entrepreneur would. They are known for their initiative, a skill that includes a different way of thinking environment-wise, their risk-taking capabilities, and leadership features. These characteristics that are also attributed to entrepreneurs make the biggest difference between both types since the results of the efforts made by corporate entrepreneurs turn things around the company they work for rather than for the very person who has promoted such efforts.

According to various definitions, corporate entrepreneurs are usually highly motivated people within organizations, goal oriented, extremely proactive, and who act comfortably when taking initiatives conducive to the making or development of new products within the company. Their behavior is tightly associated to initiative, which indicates a different way of thinking, shows certain discomfort to the surrounding environment, and suggests a knack for risk taking. Corporate entrepreneurs are aware that in case of failure they will not be liable for monetary expenses personally- wise as their results would affect – positively or negatively – the organization, unlike entrepreneurs.

It can be concluded from the American Economic Journal (2008) that corporate entrepreneurship in the 70s was understood as the development of independent units within organizations where the employee-entrepreneur was key. In the 80s, corporate entrepreneurship was linked to diversification or renewal processes through an adequate blend of resources, thus making new market penetration and highly innovative product development easier.

In the 90s, corporate entrepreneurship is also associated to the creation process of new businesses arising from creativity and ingenuity within organizations themselves, thus leading to higher profitability and a strategic and competitive position. Afterwards, in the early XXI century, the relevance of entrepreneurial culture within organizations regarding radical or incremental innovations in response to changing environments has been added.

Corporate entrepreneurship is a complex process within corporate organizations. For its proper implementation, the conjunction of a mix of conditions and key elements are necessary. In this sense, a series of models has been developed to explain the determinants based on the evolution of specific topic research.

In turn, Guth & Ginsberg (1990), for example, proposed a model from a strategy standpoint that integrates corporate entrepreneurship to strategic management. This blend allows to reveal how strategy contributes to a better understanding of the environment, market behavior, and its operating agents, as well as the use of strategic leadership and organizational performance associated to corporate entrepreneurship defined for both new endeavors and strategic renovation of already established organizations.

IMPACT AND CULTURE OF CORPORATE ENTREPRENEURSHIP IN ORGANIZATIONS

Companies are social organizations made up of persons who bring resources to reach a series of goals governed by a set of principles and responsibilities operating in the market. Companies are socio-economic units comprised of human, material, and technical resources aimed to reach a specific goal. For companies to work effectively and reach their goals, they should act as a ´whole ´unit, structured in an organized way, where each area performs its function in a balanced and coordinated way regarding other areas.

Companies must find their reason to exist not only in their capacity to produce goods and/or provide useful, innovative and differentiating services geared towards markets, that is, towards customers, but also considering
their contribution to society’s sustainable economic development. Companies function within broad settings or contexts which include general intervening factors (macro-setting) and more specific intervening factors (micro-setting), and differ from other types of organizations by:

- Their search for profitability, mainly economic, but without putting aside social and environmental profitability; and
- Their interest in their own growth.

Garzón (2004) considers that the entrepreneurial culture or intrapreneurship is that type of organizational culture that unlike ‘traditional culture’ offers employees the possibility to find new opportunities for innovation while satisfying their needs to feel the owners of their very own projects without abandoning the organization.

To create an intrapreneurial culture within organizations, managers should promote among them and their associates calculated risk-taking and tolerance attitude towards errors; exercise innovative leadership; establish an organizational structure that facilitates team work, relationship and flexibility; design an appropriate reward system; and allocate resources to fund entrepreneurial projects (Kyriakopoulos et al., 2004; Wood, 2004).

Since entrepreneurship is a process according to Varela & Irizar, (2009); McMillan & McGrath, (2000), the creation of a culture where organizations and their associates are invited to undertake new projects that bring employment and development. The entrepreneurial culture within organizations has the following characteristics: risk-taking attitude, innovative leadership, flexibility and relationship mechanisms as cited by Kyriakopoulos et al. (2004).

According to Morris et al., (2009), the most evident impact of corporate entrepreneurship is the development of new businesses, either internal or external, including also the design on new business models that often create value, new benefits, and new market penetration. To Wood (2004), entrepreneurial thinking in organizations includes elements such as an appropriate reward system, resource availability for entrepreneurial projects, a supporting organizational structure, and tolerance to risk and errors.

In sum, the contribution of entrepreneurial initiatives to economy and the value they provide have been recognized by economists like Foba & Villers, (2007). Similarly, Antonicci & Hisrich (2003) recognized that entrepreneurial initiatives within SMEs and large firms create a manufacturing added value that boosts competitive advantages in global settings, thus contributing to employment growth. Antonicci & Prodan (2008) argue that endeavors within organizations favour the development of critically relevant innovations for economic performance. Intrapreneurship is the way to call entrepreneurs who are located or reside within organizations, being the term a social invention that allows people to express their own potential (Kolchin & Hyclack, 1987).

From 1985, Peter Drucker used to emphasize on the importance of the mentality change necessary for companies to seek process innovation development based on the concept of entrepreneur-businessman/woman and employee-intrapreneur. Similarly, Samuelsson & Dahlqvist (2005) analyze innovations wondering whether such innovations are more present in the business creation process or in already established companies. As for Manimala (2006), the innovation process needs an employee intrapreneurial orientation and, therefore, requires a motivating culture. To Ross (1987), the fundamental goal of the intrapreneurial culture is the promotion of innovation within organizations and points out that ‘a culture of innovation is a synonym of entrepreneurship, which provides organizations with a real competitive advantage in the market, and makes managers not worry about administrative issues such as planning, but mainly encourage a corporate behavior that goes beyond bureaucracy, thus creating an innovative environment that may be perceived and shared by all associates’.

Gálvez & García (2011) consider that innovation favours corporate competitiveness; however, innovation for
small entrepreneurs is often thought as difficult and costly. How can innovation be promoted without huge capital infrastructure and technology investments? The solution lies in stimulating entrepreneurial behavior within organizations; hence, it is necessary to create an entrepreneurial culture.

The innovation developed by the entrepreneurial activity may be considered as one of the dynamic skills that represent the firm’s ability to integrate, build, and reconfigure both internal and external competences within all the organization’s settings, and direct them to changing environments (Teece et al. 1997). According to these authors, the term dynamic refers to the capability to renovate competences and align with the changing environment.

Barney (1991) states that both resources and capabilities may offer sustainable competitive advantages and create economic value provided such resources and capabilities are valuable, different, perfectly irrepetible, etc. In this sense, innovation understood as the capability developed within the company through intrapreneurship may offer a sustainable competitive advantage. Lee et al. (2008) find a positive and significant relationship between intrapreneurial organizational culture and innovation proving that organizations with this type of culture are more innovative at product and managerial levels.

In an empirical study conducted in Sweden, Samuelsson & Dahlqvist (2005) analyzed whether intrapreneurial innovations are more present in new or in already established businesses. They found out that, on average, most endeavors are developed within older organizations, and that the resources and capabilities they have accumulated are a differentiating factor in this respect.

Kuz (2010) studies intrapreneurship and innovation in high-tech companies, linking these factors to the role played by their senior leaders. According to his study, for companies to be more innovative, leaders need to foster practices such as the creation of collaborative work environments, support open innovation through ideas contests, bind intrapreneurs to innovative processes, and lead companies to more up-to-date businesses.

In Colombia, Garzón (2005), in a SMEs-related study conducted in Bogotá, found out that the intrapreneurial supporting factors are: supporting innovative ideas from associates, team and company belonging identity and sense, autonomy, a flexible organizational structure, an adequate performance-reward relationship for associates, and institutional tolerance to conflict.

In a tourism industry-related study, Gálvez (2011) found out that the intrapreneurial culture has a positive impact on the global innovative behavior of companies on their productive and managerial processes. According to Novoa (2008), it is essential that organizations establish formal programs to foster intrapreneurship. A program of this type poses goals such as sales percentage for new projects, and measures wealth and value created. To this end, strategies and organizational structures to centralize, coordinate, and develop innovative projects must be defined.

In any case, intrapreneurs venture into unknown areas to the organization ignoring likely results (Covin & Slevin, 1991). On the other hand, innovation refers to the implementation of those genuine and pertinent ideas developed through creativity (Amabile, 1997). Within organizations, such new ideas may give rise to new processes, products or services (Lyon, Lumpkin, & Dess, 2000). This way, creativity leads to innovation, and intrapreneurs lead the process (Morris & Kuratko, 2002).

CONCLUSIONS

Businesses and organizations do need to change direction in search of a different way to see managers and associates based on innovation, talent, and intrapreneurship criteria.

But the decision for bigger firms in Latin America to move towards this direction is in the hands of stakeholders and the most important executives; on the
other hand, owners are accountable for this decision in medium and small firms, while traditional entrepreneurs are to responsible for this decision in micro firms, where intrapreneurs may be family members or associates probably lacking formal education, with lots of experience and eager to do things in new and different ways from competitors (Kantis & Drucaroff, 2012).

For intrapreneurs to succeed, the organization needs to create an organizational culture that offers employees the possibility to find innovative possibilities while satisfying their need to feel like the very owners of their personal projects without abandoning the organization.

To create a proper environment for innovation and intrapreneurship, it is necessary to understand and transfer the concept to all the persons within the organization. Entrepreneurship is a basic attitude towards opportunity identification and risk taking by individuals in all organizations regardless of their size. Innovation is the development of new products, services and business models that create value for organizations and is linked to economic growth, size and market dynamics, company strategy, latent need identification for consumers, knowledge and technology creation and adaptation, individual capacity to create and work in interdisciplinary groups, as well as process management to keep the flow of new products and services.

Finally, it is worth noting that despite the extensive research various authors have conducted on entrepreneurial orientation in organizations, most studies have mainly focused on organizational factors (Antonicic & Hisrich 2001). Hence, it is yet to be studied the reason why certain people within an organization develop entrepreneurial attitudes and dynamics while other simply do not despite being exposed to the same organizational context (Stull & Singh, 2005).

REFERENCES


NOTES

---

i Research article developed in the School of Administration of Negcios, EAN, [www.ean.edu.co](http://www.ean.edu.co), the Faculty of Administration, Finance and Economic Sciences, Bogotá. Date of receipt 06/25/2018. Date of acceptance 09/10/2018.

ii PhD in Business Sciences; Doctor in Management, Master in Administration. Research Professor, Faculty of Administration, Finance and Economic Sciences at EAN University. Email: rpradao@ean.edu.co