SUSTAINABLE INTRAPRENEURIAL DEVELOPMENTS: A CRITICAL REVIEW

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Abstract

The Indian economy today is being faced by a burgeoning need for innovation. The present scenario is not only vastly competitive, but is also portrayed by ceaseless market challenges transpiring at a brisk pace. Its innovation and that too constant one that can pave a path for dealing with this challenge of globalized times. Intrapreneurship seems to be one way of catalyzing this system of self renewal for prolonged competitive gains. The traditional perception of intrapreneurship being the domain of a few ‘exclusive’ individuals is being replaced by the recognition that a pervasive ‘intrapreneurial culture’, centered on the customer experience and driven by entrepreneurial values, is key to sustained innovation and competitive advantage. Some organizations, including the likes of Dell and Google, have formalized the role of the intrapreneur through official positions such as the ‘Entrepreneur In Residence’ (EIR) or ‘Chief Innovation Officer’, whilst others have sought to ‘buy-in’ intrapreneurs by acquiring start-ups with an entrepreneur in situ (Webb 2013). It has become an overbearing need for the companies to support/fund start-ups in order to maintain and retain their creative workforce as the interest in ‘doing your own thing’ mentality is mounting among them. This change is thus encouraging organizations in promoting the idea of developing internal entrepreneurs – intrapreneurs. Hence, in this paper, an attempt has been made to postulate a perspective that adds to the enduring challenges and deliberations/discussions in organizations pertaining to the Intrapreneurial process. The whole analysis is derived out of the existing case studies on the subject.

Keywords: Intrapreneurship; Organizational Culture, Innovation, Competitive Advantage

Introduction

The most talked about and discussed term in the corporate world today is Entrepreneurship. Its craze is very much noticeable because of the huge
upsurge in the number of entrepreneurs these days. This is because “entrepreneurship” has somehow managed to grab a lot of eyeballs. But here is an alternative unacquainted term in the corporate world ‘Intrapreneurship’ which may not be as alluring as “entrepreneurship”. 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). We can discuss in superfluity on the existing literature available which highlights the benefits of entrepreneurial approach to business (Zahra, 1995; Covin and Slevin, 1995) that not only instills higher engagement in the process of radical product innovation (Chandy & Tellis, 1998, 2000; Leifer et al., 2000; Rice et al., 2001; Schumpeter, 1934; Tushman & Nadler, 1997) but also constantly presents new challenges that are faced by organisations. 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 original word “intrapreneur” was coined by Gifford Pinchot III in a 1978 paper written with his wife Elizabeth. It was later popularized by Steve Jobs in a 1985 Newsweek article. Jobs said, “The Macintosh team was what is commonly known as intrapreneurship… a group of people going, in essence, back to the garage, but in a large company.”

It is often seen that many companies hire talented people to “think like entrepreneurs,” but few offer workplace cultures that provide creative thinkers the reins to generate innovative ideas. The intrapreneurs who are classically defined as entrepreneurs within time honored organizations are described as intra-organizational revolutionaries — who fight by challenging the status quo and driving a constant desire to change the system from within thus instigating probable organizational resistance — who do not naturally fit in such cultures. Nevertheless, they are driven by their internal locus of control, reinventing companies, renovating/changing them thus pushing them up to new highs. Intrapreneurship should be ingrained in the overall culture of the business: adopted as a core practice and directed towards organisational goals. Companies must therefore become well versed in the methods and practices for activating intrapreneurship if they are to attain a sustainable competitive advantage (Webb,2013). Though research shows that it is this notion of entrepreneurship which is typically associated with new business creation, new product development and offerings by individuals, that there is an increasing need for business organizations to become more entrepreneurial to not only survive but to
thrive and prosper but there are leaders/organisations out there which are still apprehensive in adapting to this need of the hour.

Though, few leaders understand the value of intrapreneurs, still companies that slip into stagnation and remain bogged down with inflexibility lose market share because of a lack of innovation. As a result, they often find their board of directors seeking CEO replacements and top intrapreneurs jumping ship for more progressive employers.

Here are five reasons why I believe CEOs and other top executives often don’t support innovation, even though the business climate of our time demands it:

• The demand for short-term gains nearly always wins the day.
• They missed out on innovation education.
• Top executives are risk-averse.
• They don’t see why a networking culture is important for open innovation.

Objectives of the study

By means of this research paper, the author aims to fulfill the following objectives:

• To examine the way smart leadership encourages intrapreneurship in a culture of innovation
• To study the extent to which leadership helps intrapreneurship in the contemporary scenario in Indian and global context.
• To discuss the exemplary Intrapreneurial success stories in the present era of innovation

1.1 Why Intrapreneurship is imperative in today’s environment?

The relentless pressures of competition stemming from globalization, technological changes, etc., today are increasingly buffeting organisations. One of the pathways for companies to weather these storms is through unleashing the entrepreneurial spirit latent in its employees and enabling them to carve out new paths, initiate new ventures, defy the status quo in their organisations and break fresh ground. 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 (Anfuso, 1999; Bingham, 2003; Eesley & Longenecker, 2006; Ekvall, 1996; Fishman, 2000; Frohman, 1998; Russell & Russell, 1992; Sherwood, 2002; Thwaites,
1992; Ulijn & Weggeman, 2001). Literature shows that if an employee is willing to walk after entrepreneurial opportunities, he or she can decide to do so within a company. Or, by using Pinchot’s words, ‘you don’t have to leave the corporation to become an entrepreneur.’ Typically, an intrapreneur is a corporate entrepreneur, which allows entrepreneurship to occur in an existing organisation (Hisrich, 1990; Heinonen and Korvela, 2005), usually in large corporate settings (Thornberry, 2003).

The effects of globalization have prompted many companies to reconsider their traditional management practices. There are many competitive advantages accompanied with inculcating an intrapreneurial culture. Progressive organisations not only need to have intrapreneurs amidst its team, but also need to offer a favorable environment in which they can prosper and thus help preserve or show advancement in a company’s market standing.

**From a Company’s Perspective:** Most organisations do not realize when and what changes are required and how to accomplish them, especially when the managers do not feel compelled. The whole organisation should constantly breathe an air of innovation and excitement. This can be achieved by nurturing an intrapreneurial code within an organisation, employees can be empowered and facilitated to become company “change agents” who are able to bring new ideas comfortably on the table by forwarding and endorsing their finishing act through moderate risk taking abilities. Additionally it becomes even more imperative for the company to keep a check on aspects that can/would restrain the intrapreneurial philosophy. Hwengere & Emily (2002) describe these factors as:

- Organizations resistance to change,
- Problems in resource allocations to new ideas,
- Lack of training and support for employees,
- Low rewards for success coupled with high costs of failure,
- Lack of infrastructure for promising projects.
- In addition to these; corporate bureaucracy may also hamper or slow down projectapproval.

However, literature shows that organisations can engage in CE and intrapreneurship to a higher or lesser degree. Their dedication to intrapreneurship can be viewed as a spectrum, (figure 1 pg. 3), that ranges from the highly dedicated firm that encourage creativity and free thinking to the non-dedicated firms where hierarchal structures and individual work tasks are common (Antoncic & Hisrich, 2003; Brazeal & Herbert, 1999; Covin & Slevin, 1989).
Highly dedicated firms are those who welcomes change and risk taking, promotes innovativeness and has high expectations on employees to create something new.

Low dedicated firms places themselves in safe distance from the uncertainty that surrounds intrapreneurship, they resists change and don't value innovative employees and traits as beneficial enough for the firm to invest time or money in acquiring/developing them.

Source: "The spectrum of intrapreneurship" developed by the authors with theory from Antoncic & Hisrich, 2003; Brazeal & Herbert, 1999; Covin & Slevin, 1989

From an Employee's Perspective: It is the fear of failure that drives almost everyone away from taking business risks. However, the ones 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 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).

On the contrary, there are companies where leaders even today focus disproportionately higher on financial performance, outdated/inflexible processes than on innovation and generally lose sight of the fact that hiring, nurturing, and rewarding intrapreneurial talent is the cornerstone for success, and I dare say, survival in today's unsteady business climate.

Although eminent companies have significantly contributed in encouraging the rewards of these efficient employees. But the point to be pondered upon is the emphasis of this concept by the Indian enterprises, which form a formidable part of the innovative India!
1.2. Building a Climate for Intrapreneurship in a Culture of Innovation

Research has shown that the organisations ability to promote innovations in their business climate is the key to their survival and growth in this dynamic business environment. The increased competition and recession has put up the critical question of survival in front of all organisations whether big or small. In this context existence of entrepreneurial activities within the organisation has emerged as a means for organizations to augment the innovative abilities of their employees and, at the same time, increase corporate success through the conception of new corporate ventures. An intrapreneur is expected to behave like an entrepreneur where he takes direct responsibility for identifying a new market potential and giving shape to that idea. Some primary activities related to Intrapreneurship include opportunity perception, idea generation, designing a new product or another recombination of resources, internal coalition building, persuading the management, resource acquisition, planning and organizing.

In recent years, organisations have established “innovation units” or “incubators” to stimulate new ideas and utilize the same for wealth creation. Several big companies today actively promote intrapreneurship within their organizations, allowing their employees to spend 10 to 20 percent of their time on innovative ideas that are unrelated to their normal jobs.

It has been well-documented that big firms stereotypically have a tussle with innovation. Once firms reach a certain dimension, their investors become more unadventurous, their front-runners less entrepreneurial and their employees less enthusiastic to stick their necks out with “out-of-the-box” ideas that may not work out, subsequent leading them losing their jobs. With no innovation, firms get too “comfortable” with their past triumphs, and ultimately go out of business. Although significantly this is the rule, there are several examples where entrepreneurship within a large company or Intrapreneurship can and does flourish.

**Intraprenuerial Success Stories:**

Although the market has witnessed a staggering growth in business by allowing the free flow of ideas of their employees and thus, nurturing intrapreneurship. There are innumerable examples where companies have encouraged this concept to a great extent.

A lot of companies are known for their efforts towards nurturing their in-house talents to promote innovation. Here are examples (Vocli, 2014) of some of the best products and businesses that were born out of intrapreneurship inside a big company:
1. **APPLE**: Steve Jobs, the ultimate intrapreneur and entrepreneur created a solid string of innovative products including, but not limited to: Apple Computer, Mac, iPod, iTune, iPad, iPhone, iCloud, Pixar and much more!

2. **GOOGLE** allows time for personal projects. Some of Google’s best projects come out of their 20 percent time policy.
   - One of these is something you probably use multiple times a day, Gmail. Buchheit, the creator of Gmail, started on the project in 2001 and worked up to its launch on April 1, 2004 (April Fools but not really.) Gmail became the first email with a successful search feature and the option to keep all of your email (hello 1GB of storage) instead of frantically deleting to stay under your limit. The initial launch was by invite only, quite the hot commodity. Now, it’s considered a faux pas not to have an email address ending in @gmail.com.
   - Other intapreneurial babies of Google are Google News, AdSense, driverless cars, Google Glass and other innovations inside of Google. The much talked about Google news is an outcome of an intrapreneurship opportunity given to an Indian employee Krishna Bharat.
   - At Google, former CEO Eric Schmidt initiated the 70/20/10 time and resources model for managing innovation. Employees spend 70 percent of their time and resources on their core business, 20 percent on related ideas, and 10 percent on unrelated new businesses. This model has served Google for ten years and will continue to do so.

3. **VIRGIN AIRLINES** - Its founder Sir Robert Branson hired a young, budding designer Joe Ferry to bring a solution for the problems posed by specification for upper class cabin in their airlines. Flying colours of success could be seen with the idea of herring bone configuration of the private sleeper suites – a paradigm of creative and unique thinking. There are other numerous feats achieved by Virgin in the fields of: Air, hotel, casino, books, music, Megastore, mobile, wines, games, Galactic.

4. **SONY**: Ken Kutaragi, a relatively junior Sony Employee, spent hours tinkering with his daughters Nintendo to make it more powerful and user friendly. What came from his work is one of the most recognizable brands in the world today, The Sony Playstation.
   **Benefit**: Many Sony bosses were outraged at his work, thinking that gaming is a complete waste of time. Luckily someone in a senior position saw the value in the product and thankfully so, because now Sony is one of the world leaders in the prosperous gaming industry. This shows that company leaders should always be open to innovation—no matter how farfetched and pointless it may seem.
5. **3M COMPANY** is well renowned for its “bootlegging” policy that allows employees 15 percent of their time at work to develop pet projects. In the mid-1970s, 3M researchers, Spenser Silver and Art Fry, stumbled onto the idea of applying Silver’s semi-sticky adhesive to a piece of paper to serve as a bookmark. Since then, Post-It notes have stuck to countless surfaces in innumerable applications.

6. **W.L GORE** (who most people know from Gore-Tex fabric) gives employees “dabble time” or 10% of their work day to develop new ideas and work on personal projects. One employee, Dave Myers, identified that one of their products, ePTFE a coating for push-pull cables, could be used for comfortable to use guitar strings. **Benefit:** The coated strings proved to only be marginally more comfortable but they kept their tone longer than conventional guitar strings. After W.L. Gore launched them under the brand name ELIXIR Strings, they are now the No. 1 selling acoustic guitar string.

7. **LOCKHEED MARTIN** - It wouldn’t be a post about intrapreneurship without the famous “Skunk Works” project. Skunk Works is another name for Advanced Development Programs or ADP. Lockheed Martin basically allowed Kelly Johnson, Skunk Works founder, to work as an autonomous organization with a small, focused team to build P-80 fighter jets. **Benefit:** Skunk Works created some of the most innovative aircraft models, including the SR71. Kelly Johnson was the director of the project, a person who gave “14 rules of intrapreneurship”.

8. **SUN MICROSYSTEMS** - Patrick Naughton, a developer, almost left Sun in 1995 because he believed they were missing out on the fast-growing PC consumer market. He was convinced to stay and help Sun set up a group dedicated to the consumer market. This is where group member, James Gosling, created an elegant object-oriented programming language called Oak, which was later renamed Java. **Benefit:** This was initially created to help set up Time Warner cable boxes. When that deal fell through, Bill Joy, co-founder of Sun, recognized the value of Java and that it could be implemented across all different platforms. As you know, Sun has since merged into Oracle and Java now runs the world with 930 million Java Runtime Environment downloads each year and 3 billion mobile phones run on Java.

9. **FACEBOOK** - Originally called the “awesome button,” the Facebook Like button was first prototyped in one of Facebook’s infamous hack-a-thons. Facebook has never released statistics based on the like rate and certain time frames. But to all of us in the computer using world it is pretty evident
how the invention of the like button affects us on a daily basis. Companies like Facebook, who are constantly innovating and changing, are some of the most successful out there.

10. PRICE WATERHOUSE COOPERS - The Chief Innovation Officer Sheldon Laube spells out the many ways companies can recognize and reward employees for implemented ideas. Laube suggests that leaders evaluate cash rewards for effectiveness and fairness. He also mentions alternative types of recognition, including certificates, medals, and personalized communication from senior leaders.

Thus this is the scenario where companies provide freedom and encouragement to their employees to establish new, contemporary ideas. Though the list is non-exhaustive but Richard Branson puts it “Perhaps the greatest thing about an enabled intrapreneurship form is that often everyone becomes enabled in what they are doing and they would feel like they own the companies.” So are the Indian companies geared up to embrace this situation when employees are working for themselves and not for someone else?

Thus an attempt has been made to pen down a few Indian endeavors as well. To iterate a few:

1. The service called “Shopping Trip 360” introduced by INFOSYS TECHNOLOGIES to help retailers and consumer packaged goods (CPG) companies to acquire visibility in in-store activity is an intrapreneurial effort. This can prove to be the trend setter for the other Indian companies as well. Various MBA institutes and B-schools have also shown their contribution by including global entrepreneurship programmes which include 20 entrepreneurs and intrapreneurs in the campus.

2. BHARTI AIRTEL –
   a. Sanjay Mittal, ex senior vice-president took the entrepreneurial plunge in 2012 when he was offered partnership along with infrastructure, mentoring, funding and even a year's salary to launch UCIT Managed Services, a company that manages video and audio web-conferencing services.
   b. Another gentleman, Moloy Kumar Mukherjee, came up with an idea that was turned into a business by a senior team within the telecom company. The product iFasal, which was developed within Airtel, provides real-time access to the prices of crops, seeds, pesticides, weather information and farming advisory to farmers.

3. WIPRO - India's third-biggest software exporter, has opened up various technology challenges at the firm, which involves open invitation for ideas
to solve critical problems. The intrapreneurs helped Wipro develop a platform made for the Indian garment industry, which will bring down operational costs and help compete effectively with rivals from Bangladesh and China.

4. MICROLAND - A mid-tier firms, this Bangalore-based IT infrastructure services provider is also following a similar path. An executive team headed by chairman and managing director Pradeep Kar selects ideas from employees. VM Kumar, chief marketing officer at Microland, said customers these days do not pay for the resources like manpower and infrastructure. They carry out transactions based on the business outcome. “For that, we have to innovate, which needs an entrepreneurial mind-set,” said Kumar.

5. In HCL TECHNOLOGIES, founder Shiv Nadar who provided the early support to Rajendra Pawar and Vijay Thadani to set up NIIT, which became a pioneer in the field of IT education in India.

From a global perspective, in a series of 2010 global surveys among 263 top entrepreneurs and industry leaders, Ernst & Young found that 82 percent of the respondents “agreed strongly that the ability to innovate was critical to the growth of their organizations.” For many of these leaders, the study shows, supporting internal innovation is what drives their company’s competitive edge and ability to sustain growth (Meek, 2011). This shows that many companies are now eyeing innovation and creativity as characteristic business competencies/proficiencies for advancement and growth. Such a culture, thrives the intrapreneurial blood swinging to ensure that organization’s DNA encapsulates all the four forming its integral part i.e. risk taking behaviour, ownership, accountability and innovative thinking. Both the individual and the organizational process level need to build a common understanding of the entrepreneurial opportunity considering the challenges ahead.

All said and done, even those companies that have adopted employees from a progressive culture are now seen struggling trying to strike a balance between the alignment of the larger mission and vision of the company with the desired entrepreneurial spirit of the young workforce. This is because even though these companies wish to hire talented people to think and behave like entrepreneurs; very few companies provide opportunities for them to unleash their creative potential and have their rein in their own hands. They forget that nurturing and rewarding these intrapreneurs is as essential as attaining them. The goal is to empower them by providing the trust, freedom, and resources they need to be successful. If the top management does not ensure that the creative lot fits
seamlessly in their management style, chances are, that they may hop to other companies for more flexible/open work cultures.

**Concluding Observations and Suggestions**

From the above discussion we can infer that great ideas and products came as a result of letting your employees think, experiment, and play. However, how its done is different and challenging for every company. An official “20% time” tenet may work at some organizations, while hack-a-thons are an alternate idea for others. What’s important is that you get hold of the inclusive objective of engaging employees, and probably cherry-pick a system for employing that concept that is a fit with your company culture.

There is a dire need of innovation within the organizations in today’s scenario. If these exemplary business standards and different yet unique strategies can be opted by the entrepreneurial firms then why can’t these existing organizations utilize their opulence in fostering innovation more readily? The epicenter lies in the fact that the leaders within a company say CEO, manager, executives are not treated as people who enable others and that’s the reason why renowned IT companies like Wipro and Infosys have intrapreneurial structures which are not yet fully result oriented. The answer lies in following through on innovation policies and promises.

It’s one thing to give lip service about encouraging innovative thinking in your company. It’s quite another to follow through on your promises to intrapreneurs. They need to feel confident that you’ll reward them for their ideas, and that failures won’t be punished. In the corporate world, where everything happens fast, large companies need to become more responsive and adaptable. Some decide to make a few changes; others decide to go all in. Not all concepts/beliefs are worthy, just as not all products will turn to be commercially worthwhile and prosperous. In business, as in life, there are unanticipated troubles and unanticipated results. In the end, the intrapreneurial organization permits reasonable risks, with management abundantly conscious that some of the projects will fail.

Additionally, MBA and IITs and Engineering colleges, must focus as to how to persuade and groom the students to become entrepreneurs. Government may think of giving due incentives to such entrepreneurs and the companies that prompt this concept. This can take India to the path of speedy progress.

There will be no motivation if the intrapreneurs are not able to see the whole picture of their work, only placing bolts in the right place in an assembly line will never create the same passion for the workers as creating their own car from scratch and follow it through the entire process.
(Pinchot & Pellman, 1999). Intrapreneurs need to receive help from the entire organisation in order to succeed with their idea, this implies that they need to work over boundaries, for instance they will need assistance from R&D and marketing, from different business units and from different levels of managers.

To create cultures of innovation leaders need to:

- Inspire employees “to perform heroic feats” with a clear corporate vision,
- Challenge innovators “to create new solutions to problems that other companies are unwilling or unable to address,” and,
- Encourage employees “to test new ideas despite the certainty that . . . projects will inevitably lead to some failures.”

Moral of the story: if you have an intrapreneur like Johnson in your organization, don’t fight back. Instead, give them the support and resources they need to thrive. Lockheed Martin learned early that successful intrapreneurship happens when team members are allowed to define a clear path with their idea and they are given the power to modify and innovate as needed without a crazy approval process. Most big innovations need to be modified throughout their development.

For many of these leaders, the study shows, supporting internal innovation is what drives their company’s competitive edge and ability to sustain growth (Meek, 2011).

Leaders who encourage intrapreneurial mindsets must build a workplace environment where it’s safe to share ideas, test them, and perhaps let them fail. While no less passionate and creative than entrepreneurs, intrapreneurs perform best when they have a structured framework in which to explore ideas. This requires setting up clear guidelines defined by the company’s mission. Some senior managers draft playbooks or other kinds of published instructions that give direction for employees to develop, test, and implement new products.

Hence corporate entrepreneurship/Intrapreneurship has become an important paradigm in today’s business environment. The sooner we understand that Corporate Entrepreneurship is a much broader concept in comparison to entrepreneurship, the sooner Indian corporate makers will be able to encompass innovation, creativity, change and regeneration within the corporate climate or entire organization.

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