

Effects of Internal Entrepreneurship as an Innovative Activity: a Field Research on Manufacturing Industry

Öznur BOZKURT

Düzce University

Akçakoca Tourism Management High School

oznurbozkurt54@yahoo.com

Serkan BAYRAKTAROĞLU

Sakarya University

Faculty of Economics and Administrative Sciences

serkanb@sakarya.edu.tr

Abstract: Intrapreneurship is an entrepreneurship activity in existence foundation. Intrapreneurship is an innovative activity which is very important for competition. In this study, intrapreneurship is considered within the scope of innovativeness, it is discussed what the efficient causes are on the formation of internal entrepreneurship structures and what sort of effect internal entrepreneurship has on company achievement. In this study, in which internal entrepreneurship is considered as an innovative activity was used and questionnaire method was used for the purpose of data acquisition. According to the results of research, there are significant relationships between innovation and intrapreneurship. In addition corporate entrepreneurship and innovation were higher tendency in research organizations.

Introduction

The word “entrepreneur” comes from the French word "Entreprendre" which means to take on. Entrepreneur who is undertakes to organize and risk. In recent years, entrepreneurs have been doing many different jobs that they require to expand the definition. Today, an entrepreneur as an innovatory or developer to find and capture opportunities; converts these opportunities into marketable ideas; in time, adds value this ideas with money or skills; to apply these ideas to bear the risks of the competitive market place and these efforts can translate into money (Kuratko and Hoggets, 1995: 4).

Intrapreneurship, in recent years prominent in the literature and stated that entrepreneurship in an existing organizations and it is an integral part of the innovation concept, previously considered only features of the large-scale organization. Later on this concept to be regarded as tools to provide development and growth. Employees to act as entrepreneurs and have the right to autonomy become a key element for strategic development in organization.

The need to have entrepreneurial thinking to respond to environmental changes has brought a different view in entrepreneurship. Entrepreneurship is not limited or start a new business to establish production. It includes changes in the organization. Today, entrepreneurship means starting a new job and looking for opportunities in existing organizations for creating and innovative acts. When evaluated from this point of view, this process includes entrepreneurial behavior.

Intrapreneurship Concept

On the basis of intrapreneurship, entrepreneurial thinking is spreading into the organization. In general, intrapreneurship is demonstrating total entrepreneurship and innovation effectiveness within an existing organization and directed staff to act as entrepreneurs (Koçel, 1998: 17). Within an existing institution by one or more employees out of a important innovation for the company and implementation (Carrier 1996, p.7). intrapreneurship, besides innovation to create or maintain a competitive advantage to organizations, markets and sectors is redefined. (Covin and Miles, 1999, p.50). Intrapreneurship emerges in an existing organization and is separated from conventional behavior. Regardless of size of organization, beyond create a few new business opportunities, is an innovative activity (Antoncic and Hisrich, 2003).

Dimensions of Intrapreneurship

Many studies are regarding intrapreneurship with six intrapreneurship dimension. These dimensions are typically include new products, services, market technology and management techniques to develop a strategic change, autonomy, and proactiveness elements. These dimensions in relation to each other (Rule and Irvin, 1988).

New Business Opportunities: In short it can be defined, as regardless of the size of organization, demonstrating on innovation of the existing products or markets and creating new jobs (Antoncic, 2007). The company's bringing new products or innovation in existing products for the future. In other words, it is about making improvements to meet the needs of the market (Jarna and Kaisu 2005). According to another definition the company's market and their products by redefining and mobilizing the company's internal dynamics is to turn the company's staff into entrepreneurs. This application helps through competitively regulation of the company's vision and business arrangement (Fitzsimmons, 2005: 18).

Innovation: Innovation is a particular function of entrepreneurship. Innovation means creating wealth with new sources or wealth creation by increasing the use of existing resources as a potential (Drucker, 1998). For firms creating and maintaining competitive advantage in the market dynamism is necessary pushing innovation. Corporate entrepreneurship or intrapreneurship in terms of innovation is an important factor. Development of new technologies related to the products, services and administrative practices (Antoncic and Hisrich, 2001).

New Venture Initiation: Companies to produce new products or market improvements is existing products for future market needs (Fitzsimmons, 2005). Regardless of the size of organization new processes are put in market or products (Antoncic, 2007).

Proactiveness: This term expresses to gain a competitive advantage for companies and predict events, risk taking and to be first in the market. In other words, for the firm's competitive ability is achieved new products, services, technology and management techniques in the market (Jarna and Kaisu, 2005).

Strategic Renewal: The basic idea is to ensure the organizational change and rebuild (Antoncic, 2007). Strategic and organizational changes oriented as innovation, market, customer and competitor (Fitzsimmons, 2005). Manifesto, called B-type of strategic renewal, reconstruction of existing missions and change in creative direction, changed the system and refers to organization structure focused on innovation. Usually this kind of change as revealed for the organization's basic values (Jarna and Kaisu, 2005).

Autonomy: The development of independent entrepreneurship in society, open-minded and free-willed person to act as brave decisions have an important role. Likewise, intrapreneurship as an considered organizational level which implementation and development of the necessary conditions, creative and new ideas to individuals or teams within the company. Therefore, it is necessary to have an important motivating factor in the market leader is to find an independent entrepreneurial spirit (Ağca, 2005).

Internal Environmental Factors Affecting Intrapreneurship

There are many factors which influence intrapreneurship. Intrapreneurship in the literature mainly talks about two environment: Internal environment and external environment. In place of intrapreneurship in a company and success seen as determining the organizational features includes elements such as, communication, formal control, environmental monitoring intensity, organizational and administrative support, and organizational values. The effect on intrapreneurship of the external environment characteristics include dynamism, technological opportunities, industry growth, demand for new products and intense competition. Organizational characteristics, individual characteristics and environmental interactions create entrepreneurial behavior.

Zahra (1991) refers to the emergence of corporate entrepreneurship with many factors that affecting intrapreneurship. Threats / hostile (threatens on the company's mission competition / competitors) dynamism are important factors. Heterogeneity of the developments creating demand for company's products in the market and in addition to administrative structures and values among these factors are considered. Greenberger and Sexton (1988) mentioned in some special situations that trigger the emergence of entrepreneurial behavior. These are changes in

corporate governance, merger or take over their competitors' moves to increase market share, and new technology development, economic changes, changes in customer expectations and changes in the process (Hornsby et al, 1993).

Relationship Between Entrepreneurship And Innovation

Innovation is an entrepreneurship activity. Innovation means “creating new sources of entrepreneurship for wealth creation or with use of existing resources to create prosperity” (Drucker,1998). The relationship between entrepreneurship and innovation has been one of the subjects of several investigations for many years. R & D is seen as a technological innovation for more than half a century (Zahao, 2005). Moreover, inventions used as the narrow definition of innovation. Innovation is a multidimensional concept and has technical characteristics. Innovation takes place in a radical way and change in products, services as well as the change in management even may be in technology change so is a multidimensional process that is beyond the technical aspects (Zahao, 2005).

The relationship between entrepreneurship and innovation and entrepreneurs be seen as innovator which was first introduced by Schumpeter in 1930. According to him, entrepreneurs may impact providers through economic development by making innovations. According to this entrepreneurial paradigm, entrepreneurs have assumed a dynamic process for starting-up business by innovativeness activity. As a result of an entrepreneur's innovation process some tools such as Product and service differentiation, successfully meet market needs were created These are the process of entrepreneurial innovation. Innovation is an continuity activity. Therefore, evaluation of new ideas must be used for profit (www.focusinnovation.net, 2010).

Intrapreneurial innovation can be carried out by employees. The employees may be holding a special effort to innovate and so it is an important element for the firm to support this request. On the other hand, employees' support is a potential source for the company. Human capital is an important element for the company's innovation potential. Support of intrapreneurship affect lowering the cost by preventing supplied outside innovation (Subramanian, 2004).

Importance and Purpose of Research

Intrapreneurship is briefly defined as an entrepreneurship in the existing organization and in this respect, intrapreneurship positively affects the staff and institutions. Intrapreneurship is considered within innovation context in this study, investigating environmental factors which affect the intrapreneurship formation and the impact of intrapreneurship in the success of companies have been discussed. Also it is investigated in this study that there exists a significant relationship between innovation and intrapreneurship.

Research Method

This study employed a standard questionnaire for data collection. Reviewed the relevant literature and questionnaire was created. There are total 76 questions in the first part of questionnaire for measuring the environmental factors which affect intrapreneurship, relation between innovation and entrepreneurship. In the second part of the questionnaire has total 9 questions to determine demographic characteristics.

Whilst choosing the sample of research some certain criteria has been considered, such as companies having at least 50 employees and that have been passed 5 years of activity operating in the manufacturing industry as well as with companies having more than 250 employees and registered in Chamber of Commerce and Industry of Sakarya. Randomly selected 340 white collar employees in 33 companies answered the questionnaire. Data collected were then analyzed using SPSS 16.0 program.

Research Questions

1. How perception of innovation in studied corporate?
2. How is the perception of intrapreneurship is seen in sample organizations?
3. Is intrapreneurship differentiated according to gender?
4. According to the company's activities while in innovation and entrepreneurial orientation tend to vary?
5. According to the company's age, do companies differently tend to apply innovation and intrapreneurship?
6. Are there any relationship between intrapreneurship and innovations?

Findings

	Variable	Frequency	%		Variable	Frequency	%
	Age of Firm	Less than 5	15		4,6	Number of Employees	50-100
5-9		84	25,5	101-250	87		26,1
10-14		61	18,5	251-500	115		34,5
15-19		79	24,0	500+	85		25,5
20+		90	27,4	Status	Manager		161
					Employee	173	51,8
Export Revenue	No	103	32,9	Increase in Number of Employees	%0-	19	6,5
	Less than % 20	76	24,3		%0-%5	75	25,8
	%20-%40	60	19,2		%6- %10	114	39,2
	%41-%60	49	15,7		%11-%20	60	20,6
	%61+	25	8,0		%21+	23	7,9
Work in	Less than 1 year	43	13,0		Age	21 -	10
	1-5 year	176	53,0	21-30		144	42,9
	6-10 year	91	27,4	31-40		142	42,3
	11-20 year	21	6,3	41-50		32	9,5
	21 and +	1	0,3	51 +		8	2,4
Sex	Woman	166	34,9	Marital Status		Married	210
	Man	215	64,8		Single	124	37

Table 1: Frequency Distribution of Demographic Characteristics

Research examined the demographic characteristics of the companies 27% and over 20 years of operating, 34% of the cases has more than 250 employees, approximately 70% of its have an export income, The increase in the number of employees by a ratio of 40% from 6% to be between 10%, and approximately 80% of questionnaire respondents between 20 and 40 age are shown. also 63% of survey respondents were married and 65% are male and 48% of managers.

Variable	Disagree		Unstable		Agree		Mean
	Frequency	%	Frequency	%	Frequency	%	
Increase the resources to R & D activities.	91	26.8	70	20.6	179	52.7	3,38
R & D expenditure is above the industry average.	101	30	114	33.8	122	36.2	3,12
Innovation is important factor for the institution.	51	15.2	59	17.6	225	67.2	3,69
Total	81	24	81	24	175.3	52.03	3,39

Table 2: Dimensions of Innovation

As shown in the table above 52% of research participants with 3.38 average stated that increasing the resources allocated to developing new products. Moreover, 67% stated that innovation is an important element for the institution but the resources allocated to R & D according to industry averages is not fully clear. The average size is 52% innovation. This ratio is quite high.

Dimensions of Intrapreneurship	Arithmetic Average	Standard Deviation
Innovation	3,39	0,730
Starting New Business Venture	3,47	0,729
Self-Renewal	3,40	0,690
Risk Taking	3,35	0,708
Proactive Behavior	3,56	0,749
Competitive Assertiveness	3,28	0,654
Autonomy	3,40	0,713
Intrapreneurship	3,38	0,592

Table 3: Descriptive Statistics of Intrapreneurship Dimensions

There are descriptive statistics wht related to entrepreneurship to researches companies in table 3. Between those dimensions that have the highest average proaktivite dimension. This dimension has 3.56 average. The lowest average is the competitive initiative. Moreover, intrapreneurship seems the range of 3.38. within a 5-level scale.

Variable	Disagree		Unstable		Agree		Mean
	f (x)	%	f (x)	%	f (x)	%	
Internal Communication Factor	68.7	20.3	70.7	20.9	173.5	58.8	3.44
Formal Control	82	24.5	56.5	16.7	198.7	58.8	3.44
Environmental Scanning	45.6	13.5	60.3	17.8	232.6	68.6	3.75
Organizational and Administrative Support	68.8	20.4	62.4	18.5	200.4	60.8	3.54
Organisational Values	70.5	20.7	76.7	22.5	192	56.6	3.48
Technological Opportunities	45.5	13.45	46	13.35	246.5	73.2	3.78
Dynamic Environment	81.75	24.27	57.25	17	200.25	58.7	3.44
Intense Competition	93.6	28.02	68.8	20.82	171.4	51.3	3.30
Sectoral Growth and The Demand For New Products	46.6	13.86	60.33	17.93	229.66	68.2	3.74

Table 4: Environmental Factors Affecting Intrapreneurship

Internal and external environmental factors affect intrapreneurship. Accordingly, having the the largest effect elements on intrapreneurship are as follows; environmental scan (3.75), technological opportunities (3.78), industry growth and demand for new products (3.74).

Intrapreneurship	Innovation				Total	
	Low	Medium	High	Total		
	Low	14	6	0		20
	Medium	38	91	46		175
	High	0	26	116		142
Total		52	123	162	337	

Significance : 0.000 df: 4 R²: 0.56

Table 5: Relationship Between Intrapreneurship and Innovations

As shown in the table, there is a high level relationship between intrapreneurship and innovation. The rate of this relationship is examined, intrapreneurial activity is effective innovation in a ratio of 56%.

Firm	Innovation Mean	Starting New Business Venture Mean	Self-Renewal Mean	Risk Taking Mean	Proactive Behavior Mean	Competitive Assertiveness Mean	Autonomy Mean	Intrapreneurship Mean

Less than 5	3.27	3.31	3.16	3.20	3.20	3.48	3.30	3.27
5-9 year	3.18	3.42	3.23	3.21	3.62	3.23	3.37	3.30
10-14 year	3.79	3.63	3.74	3.63	3.70	3.59	3.79	3.67
15-19 year	3.43	3.57	3.55	3.34	3.57	3.33	3.33	3.41
20+	3.32	3.35	3.23	3.34	3.43	3.08	3.28	3.29

Table 6: According to Firm Age Corporate Entrepreneurship

As shown in table 6, firm age matters in having intrapreneurship characteristics for companies. In literature intrapreneurship has a history of at least five years for establishment of intrapreneurship in company. The companies with less than 5 years age have lower intrapreneurship means (3.27) . As the company of the firms increases they tend to be more intrapreneur. But after 10-14 years (for 15-19 and +20) this increase stops and begins to decline.

Conclusions

In recent years, intrapreneurship has been a major field of study for utilization of opportunities. Internal entrepreneurship include, risk taking, innovation, proaktiveness, strategic innovation, autonomy and tend to intense competition. These are expressed as organizational trends. Main goal of intrapreneurship, against the fast-changing market demands in the environment can turn into opportunities and create business behavior to new areas of competition, dynamism, flexibility and innovation.

In this study, intrapreneurship, has been evaluated under the organizational and environmental determinants. Internal factors are considered as, open communications, environmental monitoring, event successful for the administrative support and formal control administrative support elements of these factors the highest level relationship with the corporate entrepreneurial than others. Environmental factors which affect corporate entrepreneurship was considered, intense competition, dynamic environment, technological opportunities, industry growth and demand for new products. technological opportunities the most of of relations with intrapreneurship.

In this study the relationships were examined within the framework of intrapreneurial innovation. Innovative applications created internal entrepreneurs and this study concluded that there is an impact of intrapreneurship practices on innovation (%56).

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