
Entrepreneurial spirit and corporate entrepreneurship in large companies

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Abstract: The themes of corporate entrepreneurship can be approached from many angles: they call for an examination, on the one hand, of the conditions in which new activities are undertaken (concept, markets, finance...), and of the entrepreneur's profile, and on the other hand, of the company's ability to create and welcome innovation as guided by the change agents (leadership). Facing this diversity, our article aims to categorise firm's strategies engaged in entrepreneurial behaviours.

After having recalled the characteristics of entrepreneurship considered from an individual perspective, we describe corporate entrepreneurship in its different forms, distinguishing its internal facets (revitalisation, sharing innovative approaches, developing new activities) and its external ones (corporate venture capital). Finally, in our last section, we propose a new framework that helps to recognise different types of entrepreneurial companies and encompasses the various initiatives that resort to corporate entrepreneurship.

Keywords: corporate entrepreneurship; entrepreneurial firm; collective entrepreneurial behaviour; new venture creation; innovativeness; entrepreneurial spirit.

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1 Introduction

For some time now, firms and institutions have been trying to develop, rekindle, or maintain some characteristics that are generally attributed to entrepreneurs, such as initiative and risk-taking, opportunity-seeking, reactivity or flexibility. In order to do so, they do not hesitate to make changes and sometimes even set about making huge transformations that are energy and resource consuming. Drucker, a major figure of management science and practices, as early as 1985 said: "Today's businesses, especially the large ones, simply will not survive in this period of rapid change and innovation unless they acquire entrepreneurial competence." The word is out: in this fast-changing world, companies and institutions must acquire and develop entrepreneurial competence.

Fostering an entrepreneurial spirit appears to be a major issue for large companies. Indeed they are compelled to develop a more proactive and innovative organisational behaviour in order to face many challenges such as:

- grasping growth opportunities and capturing new geographical markets, with the rapid development of emerging countries, notably China and India
- sustaining the ability to renew supply with the incessant shortening of new product cycles
- avoiding the constant pressure on costs by continually looking for money-saving innovations and by adopting project-style organisational tactics that are both flexible and responsive
- being adaptable, looking ahead and permanently developing their competitiveness in changing contexts (deregulation, impact of new technology...)
- implementing a growth strategy by freeing up the creative energy within the business.

The themes of intrapreneurship can be approached from many angles: they call for an examination, on the one hand, of the conditions in which new activities are undertaken (concept, markets, finance...), and of the entrepreneur's profile, and on the other hand, of the company's ability to create and welcome innovation as guided by the change agents (leadership).

One of the first to explicitly state the need for fostering entrepreneurial spirit within large companies was American journalist Norman Macrae (*The Economist*). In 1976, he introduced the concept of corporate entrepreneurship with a touch of humour:

"The world is probably drawing to the end of the era dominated by very big business corporations, except those big corporations that manage to turn themselves into confederations of entrepreneurs...The right size for a profit

centre or entrepreneurial group...is going to be very small, generally not more than 10 or 11 people, however dynamic your own top management. Jesus Christ tried 12, and he found that one too many."

For a long time, there was a saying that went 'small is beautiful', to underline the informal and convivial aspect of small structures; nowadays, we are more likely to hear 'small is powerful', to indicate that performance can also be associated with small size. In this line of thought, we can also quote Naisbitt (1993): "Huge companies like IBM, Philips and General Motors must break up to become confederations of small autonomous entrepreneurial companies if they are to survive."

Reproducing entrepreneurial attitudes and behaviours within existing companies and institutions therefore appears, at least theoretically, as an effective antidote to inertia and lack of innovation within these organisations (Stevenson and Jarillo, 1990; Fayolle, 2004; Fayolle and Filion, 2006). In practice however, the difficulties experienced by the organisations that have tried to develop these behaviours and attitudes reveal another aspect of the phenomenon: the existence of contradictions and paradoxes linked to the combination of conflicting perspectives that result in counterproductive tensions.

Entrepreneurship is definitely an emerging discipline in management science. However, its legitimacy as a field of research is slowly being established (see mainly Shane and Venkataraman, 2000). Within this body of scholarship, studies of intrapreneurship (corporate venturing, corporate entrepreneurship or internal venturing) are as yet thin on the ground. The label 'intrapreneur' (the prefix 'intra' means 'inward') refers to the place of the entrepreneur in an already existing organisation. It was used in 1985 by Pinchot in a provocative and foundational work, *Intrapreneuring*. According to his definition, intrapreneurship amounts to developing entrepreneurial practices and behaviours within large corporations, and intrapreneurs are:

"The dreamers who do... Those who take hands-on responsibility for creating innovation of any kind within an organisation. Entrepreneurs may be the founders or the inventors but they are always the dreamers who figure out how to turn an idea into a profitable reality." (Pinchot, 1985)

The very term 'intrapreneurship' was coined ten years earlier in 1975 by Swedish consultants Delin, Boskjo and Atterheed, pioneers in the field, who created the Foresight Group to encourage the development of the entrepreneurial spirit in large firms. They also developed the first school for intrapreneurs in Sweden.

In effect many businesses are faced by the growing competitive intensity of a complex and changing environment, and while their very existence depends on strongly established structures, they cannot remain in a perilous status quo. In order to survive, innovation is key. Intrapreneurship is precisely one business tactic adopted by these companies to bring new elements into their system without creating chaos. It consists in encouraging the emergence of new activities that bring about growth. These can take the form of internal ventures, that is, organisations created or 'started up' within an already existing business frame.

The practical details of the entrepreneurial dynamic are represented by two trends: either by the creation of a business *ex nihilo* (independent entrepreneurship) or in the context of an already existing business (corporate entrepreneurship).

Having recalled the characteristics of entrepreneurship considered from an individual perspective, intrapreneurship is described in its different forms, distinguishing its internal facets (revitalisation, sharing innovative approaches, developing new activities) and its

external ones (corporate venture capital). Finally, we propose a new framework that helps to recognise different types of entrepreneurial companies and encompasses the various initiatives that resort to intrapreneurship.

2 Entrepreneurship *ex nihilo* as an individual phenomenon

From its inception the very term entrepreneurship has carried numerous definitions. Let us go back to Cantillon's (1755) *Essai sur la nature du commerce en général*, which mentions 'creating one's job with no certain return'.¹ This definition enables us to distinguish three characteristics of the spirit of enterprise:

- 1 The emphasis is placed on being proactive, *i.e.*, the individual's ability to take the initiative in what he does. His behaviour is characterised by a certain number of traits such as creativity, risk-taking, spirit of initiative... These characteristics belong to his nature and evoke above all a temperament.

The entrepreneur is like the model of the lone hero who opens up the way and makes his own path. He is capable of strong 'self-propulsion' and forges ahead, not letting himself get bogged down in details or by obstacles. The same vocabulary is shared between the entrepreneur and another exceptional being: the sportsman. Both share the ability to take themselves in hand, to motivate themselves on their own, and to meet challenges.

- 2 *The link with uncertainty* implies creating a new approach: uncertainty comes from a link with the unknown that cannot be reduced to the familiar. The entrepreneur's plans and projects are so many attempts to exploit new ideas and give them concrete realisation. In this sense, innovation constitutes an essential component of the entrepreneurial dynamic. Identifying this 'output' (which goes beyond the sole dimensions of 'products' or 'technology' and must always be understood through the eyes of the industry under consideration) enables one to estimate the entrepreneurial character of an organisation.

The dynamic of the entrepreneur's action lies in his ability to bring about something new. In this, it is similar to the dynamic of the creative artist. These two beings can only be identified *ex post*, or only when their work is completed: those who have succeeded in creating a new business or a new organisation will be considered entrepreneurs. Forgetting this obvious fact can lead one astray into numerous debates about the virtual or potential entrepreneurial character of this or that individual. Creating a new activity entitles someone to be called an entrepreneur, whether, after its creation, his business succeeds or fails.

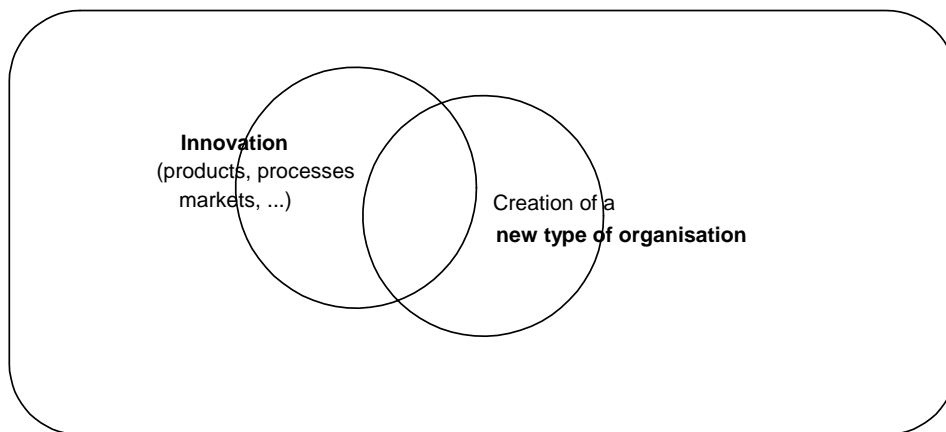
- 3 *The uncertainty of the hope for return* in one's initiatives calls for a particular character-profile for risk taking: let us remember that the entrepreneurial figure is not to be confused with a person who bets or gambles in a casino. Rather, he looks for situations where the high level of risk is balanced by the expectation of high returns. Rather than being a characteristic of individuals who have no clear-sightedness, the actions of the entrepreneur are linked to a particular sensibility that perceives at one and the same time the bold nature of the action and the hope of gain associated with it. As the American saying puts it: "Nothing ventured, nothing gained."

Entrepreneurship, therefore, is double faceted. On the one hand it can refer to *a certain state of mind*, a type of behaviour that one can attribute to an individual. This individual does not necessarily evolve in the world of business and thus one could class as ‘entrepreneurs’ a dynamic mayor who heads up an ambitious project on behalf of his town, or a primary school head teacher who establish a culture of innovation within his school.

On the other hand, the term can refer to a *process of effective production*. In this sense, the entrepreneur is the one who creates a new activity that is often supported by a new organisation. Entrepreneurship coincides with the genesis of some form of organisation *ex nihilo*, and this fact is the distinctive thing that marks it out.

The following figure brings these elements together, linking innovation and the creation of a new type of organisation.

Figure 1 Definition of entrepreneurial field



Source: Sharma and Chrisman (1999)

Innovation and entrepreneurship have been closely linked since Austrian economist Schumpeter (1942, pp.82–85) highlighted the force of the ‘creative destruction’ process that characterises innovation. The idea contained in this seemingly paradoxical expression is that the emergence of new innovative activities often puts other existing companies and activities (which, comfortably established in their sector, have not managed to adapt their products, services or technologies) in a difficult position, or may even lead them to disappear. According to Schumpeter (1934), entrepreneurs constitute the main engine of this ‘creative destruction’ process, by identifying opportunities that the actors in place cannot see, and by developing technologies and concepts that give birth to new economic activities.

A vivid illustration of this creative destruction process is the electronic calculator designed, produced and sold by such companies as Texas Instruments and Hewlett Packard in the mid-1970s. At the time, most slide rule producers disappeared from the market as a direct consequence of this innovation, notably the French slide rule manufacturer Graphoplex that did not have the technological knowledge on which the innovation was based.

This goes to show how important innovation is, and how the entrepreneur thereby becomes a vector of economic development (Gilder, 1984). Entrepreneurs must look for sources of innovation, change, and relevant information about creation opportunities. They must know, apply and master the principles that can enable them to implement innovations with the best chances of success. Change therefore constitutes a norm for entrepreneurs who know how to go and look for it, act upon it and exploit it as an opportunity.

Economists who see innovation as one of the main roles of the entrepreneur usually agree on a broad definition of innovation that stems the following:²

- the unexpected: unexpected event, success, or failure
- discrepancies between reality as it is, as it should be, or as we would like it to be
- structural needs
- structural changes: deep changes that upset an industry or a market and take everyone by surprise
- demographics
- changes in perception, mood and meaning
- new knowledge (scientific or not).

One can see that such a perspective throws light on a wide range of innovation approaches; it goes far beyond the sole technological side of innovation. Hence, the 'newness' can stem from diverse angles: from the development of new products (*e.g.*, Japanese Toto's series of smart water closets) or services (*e.g.*, phone banking payment) to the conquest of new geographical markets.

Of course, innovation is not only the work of entrepreneurs, but, in line with Schumpeter, we are convinced that entrepreneurs are more often than other actors the instigators of radical innovations.

In fact, even though they overlap, innovation and the creation of a new organisation are not interchangeable: on the one hand, the implementation of new combinations of resources does not necessarily lead to the creation of a new type of organisation; on the other hand, not every organisational creation depends upon the projected intention of developing some innovation.

A third definition, which in our opinion completes the preceding elements, tends to prevail in research writings on the topic. This defines entrepreneurship in terms of the recognition of opportunity and the exploitation of a situation. Entrepreneurship is then defined as "the process by which individuals pursue opportunities without taking into account the state of resources over which they have control at that moment in time" (Stevenson and Jarillo, 1990). This definition appears to us to be crucial, notably in establishing a difference between entrepreneurial and managerial behaviour.

Let us stress some specific elements in attempting to define these two ideal types:

The entrepreneur, as the definition underlines, is moved by the desire to seize a new business opportunity. This process of conquest can be separated into three stages: firstly, it is a question of identifying the opportunity, of being able to predict the market or of conceiving of a new product where others perceive no potential; the second stage is the

evaluation of how attractive the opportunity is: analysis and the drawing up of a business plan that facilitates distinguishing 'good ideas', a common enough commodity, from the effective opportunities, a much rarer commodity.

Finally, entrepreneurial actions fully come into their own when the plan is put into effect and the opportunity is effectively seized by the launch of a new business. The three stages are doubtless essential to understanding the entrepreneurial process. They, however, remain insufficient to characterise it as such: in effect, that sequence of actions can also refer to the daily work of every manager working to bring about growth.

Thus, a marketing manager would easily recognise himself in the process just described. Where then is the essential difference? It is evoked precisely in the second part of the definition advanced above: the entrepreneur thus will act without limiting himself *a priori* by the resources at his disposal. In this respect he behaves differently from a traditional manager whose principle of action will be most often to use his budget most effectively.

The behaviour of a manager is classically structured by a budgetary framework: starting with the state of his resources, he will have to think about the best way to allocate them; in other words, the present resources will provide as many limitations that he will not infringe before thinking later about looking for opportunities. This difference in cognitive paradigm distinguishes managerial behaviour from entrepreneurial behaviour.

Clearly, this raises the problem of *thinking out how to move from the individual level to the organisational level*: the entrepreneur is an individual and our remarks concern the life of organisations. These appear as already solidly structured spaces (with a framework, a history, a collective identity...) and the manager, therefore, does not evolve in an undetermined context. How can one think about inducing entrepreneurial behaviour in a highly standardised managerial environment?

3 Entrepreneurship and management: two opposing perspectives

The organisation's and the entrepreneur's perspectives do not mix well. We even think they form a complex dialogic. This implies that a company engaged in an intrapreneurial logic must integrate and combine two contradictory and sometimes conflicting perspectives. The actor's logic implies a high degree of autonomy, whereas that of the organisation tries to maintain its control over situations, projects and individuals. From this dialogic may arise tensions that can jeopardise the good running of the company and the outcomes of existing practices.

In order to understand the differences in behaviour induced by these two perspectives, we propose to draw on Stevenson and Gumpert's (1985) approach in their article published in the *Harvard Business Review*: 'The heart of entrepreneurship'. The title of this article perfectly illustrates the authors' intention to apply a veritable clinical approach to the notion of entrepreneurship.

Stevenson and Gumpert concretely describe how entrepreneurs think and behave, what questions they have and what problem-solving techniques they resort to, how they deal with opportunities and the resources needed to transform them, and what managerial and organisational choices they make. They also explain that the entrepreneur's behaviour is opposed to that of another managerial figure: the administrator whose main preoccupation is to ensure control of the managed resources and reduce the risks.

According to them, acting entrepreneurially corresponds to a particular approach of management, defined by the creation or identification of an opportunity and its transformation, independently from the resources currently controlled. The entrepreneur's behaviour is different from that of the administrator, and firms who want to develop their entrepreneurial spirit, that is to say their innovativeness, flexibility, dynamism and a certain taste for risk must take into account these behavioural differences. Stevenson and Gumpert show that these behaviours differ on at least five levels:

- 1 *Strategic orientation*: whereas the entrepreneur is driven by the perception of new business opportunities, the administrator is mainly driven by the control of resources.
- 2 *Commitment to opportunity*: entrepreneurs are extremely quick to react, because they are action-oriented, whereas administrators are slower to act as they are mainly preoccupied with reducing risk.
- 3 *Commitment process*: entrepreneurs use the resources they have gathered in an optimal way, following a multiple-staged commitment process with minimal risk at each stage. Administrators commit all the resources needed to transform the opportunity at once.
- 4 *Control of resources*: when needed and with a lot of flexibility, entrepreneurs use resources that do not (in most cases) belong to them, whereas the administrator, for reasons of coordination and efficiency, employs or owns the useful resources (human, material, financial, etc.).
- 5 *Management structure*: the entrepreneur sets up horizontal structures with multiple informal networks, whereas the administrator relies on a highly hierarchical and more bureaucratic structure.

Although these figures of the entrepreneur and administrator are ideal archetypes and should be used with care, they nevertheless highlight the necessary steps to take in order to acquire or develop an entrepreneurial orientation, at the individual or collective level. For companies and institutions, possibilities of entrepreneurial development are clearly the way to go, as well as a rethink that would enable them to evolve from a bureaucratic organisation towards a more entrepreneurial one. Finally, it is important that organisations carefully combine and balance out both profiles.

In large firms, most managers are recruited, rewarded and promoted for their capacity to apply the rules, fulfil the roles they have been assigned and minimise risks related to acquired positions and controlled resources (Thornberry, 2001). Given this vision of their role, they are more likely to manage what they have been entrusted with to the best of their abilities rather than look for new perspectives of development. Innovation is not part of their action plan. They are fundamentally in an 'exploitation' rather than 'exploration' mode (March, 1991); and once again, it is important to find a balance between these two operational modes.

Other sources of tension are worth taking into account: the entrepreneur is involved in unusual and unstable situations of change. The degree of uncertainty is high and the entrepreneur uses experimental approaches based on trial and error. The entrepreneur's experimental approach is opposed to the large firm's planning approach designed to anticipate and predict, and characterised by aversion to risk and failure. The experimentation at the heart of innovation and new venture creation processes evolves in a different time horizon to the one that traditionally exists in companies. Innovation

processes require time, individuals need time to learn how to create and master management tools, and projects need time to mature in good conditions. This relation to time conflicts with the firm's acting and reacting in the ever-decreasing short term. Experimentation, finally, may run up against another obstacle, that of the problematic availability and accessibility of necessary resources (the amount and nature of which are difficult to anticipate at times when they are most critically needed). This problem is mainly due to the inertia of structures and the weight of bureaucracy that both characterise large firms to a greater or lesser extent.

4 Entrepreneurship within an existing company

The notion of corporate entrepreneurship or intrapreneurship is often associated with fields such as strategic management, change, innovation, and resource management. Burgelman (1986) proposes a theoretical framework that bridges the gap between intrapreneurship and strategic management. His model describes the importance of the strategic context in the development of intrapreneurship. Burgelman suggests that two different and active processes co-exist simultaneously in large companies: a planned process and an autonomous process. According to him, entrepreneurial activities (intrapreneurship), can only result from the actors' strategic autonomous behaviours. A firm wishing to develop intrapreneurship must therefore direct its efforts towards creating a favourable strategic context.

For Burgelman, intrapreneurship relates to processes that concern various actors in the firm as well as the firm as a whole. This type of entrepreneurial activity does not result from the work of a few isolated, atypical individuals, be they innovation champions. The diffusion of entrepreneurial practices and behaviours generates energy within the organisation and contributes to the redefinition of its global strategy. It then becomes possible, thanks to specific tools and approaches, to formalise the strategy and rethink the management of innovation within the firm (Burgelman and Sayles, 1986). It is proposed, for instance, to direct innovative projects towards alternative organisational forms depending on their strategic importance and operational convergence with the activities of the firm.

In a slightly different approach, Christensen *et al.* (1989) show that entrepreneurial practices and behaviours in large companies facilitate the identification and exploitation of business opportunities that enable the company to create new wealth, whereas planned processes and behaviours are more concerned with the control and allocation of existing resources. They apply a theoretical model based on Stevenson and Sahlman's (1987) dimensions of management in order to distinguish two opposing types of behaviour: that of the entrepreneur, and that of the administrator. In this context, opportunity is defined as a future situation that is both desirable and feasible, and entrepreneurship is the process by which individuals identify and pursue opportunities, for themselves or for organisations in which they are employed, regardless of the resources they currently control (Stevenson and Gumpert, 1985).

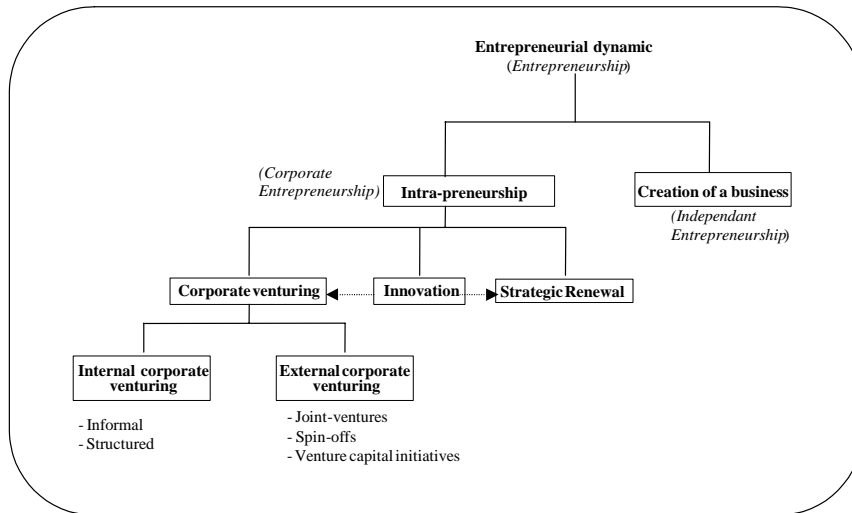
For Stevenson, entrepreneurship thus refers to specific management behaviours oriented towards the identification and pursuit of opportunities and may concern individuals or firms. Indeed, for this author, entrepreneurial behaviour can be both individual (entrepreneur) and/or collective (entrepreneurial organisation). As far as

collective behaviour is concerned, an entrepreneurial organisation is one that seeks growth or change and believes in its capacity to influence its competitive environment by changing the rules of the competitive game. An entrepreneurial organisation is defined as follows: “An entrepreneurial organization is that which pursues opportunity, regardless of resources currently controlled” (Stevenson and Jarillo, 1990).

Examining the different ideas associated with the concept of *corporate entrepreneurship* allows us to distinguish between three distinct components in which we find most of the elements linked to entrepreneurship: the revitalisation of an already existing firm, the implementation of innovative tactics, and the development of new activities.

This three-way distinction is portrayed in Figure 2.

Figure 2 The positioning and the contents of corporate entrepreneurship



Source: Sharma and Chrisman (1999)

Intrapreneurship comprehends three major categories:

Firstly, the *renewal of already existing organisations* by regeneration or by the reshaping of a company’s strategy or the very foundations on which it was built:

These transformations, therefore, concern an already existing business but they are not treated like new businesses by the company; this approach is more characteristic of the problems involved in turning around a company or regards the implementation of radical changes that affect a whole business; the business in difficulty is put under pressure across its entire structure. IBM, under Lou Gerstner, and Tom Ford’s turnaround of the Gucci fashion house and the creation of the Tom Ford label are some famous examples of this. The major problem is then to maintain the same dynamic, once the danger is passed. The good will of the participants, their consensus faced with the danger of going under, fritters away and managerial bureaucracy resumes its reign. The entrepreneurial dynamic that is born of such a system of inspiring values must continually find a new impetus in the symbolic management of top executives: a periodic reinvention of the state of crisis like the great challenges launched by the J. Welch sort of precipitation into the future sustained by acquisitions.

Secondly, *implementation of innovative approaches* that manifest themselves in the creativity of those involved and in their ability to make the imaginative leap needed to find new solutions and to invent new ways of doing things.

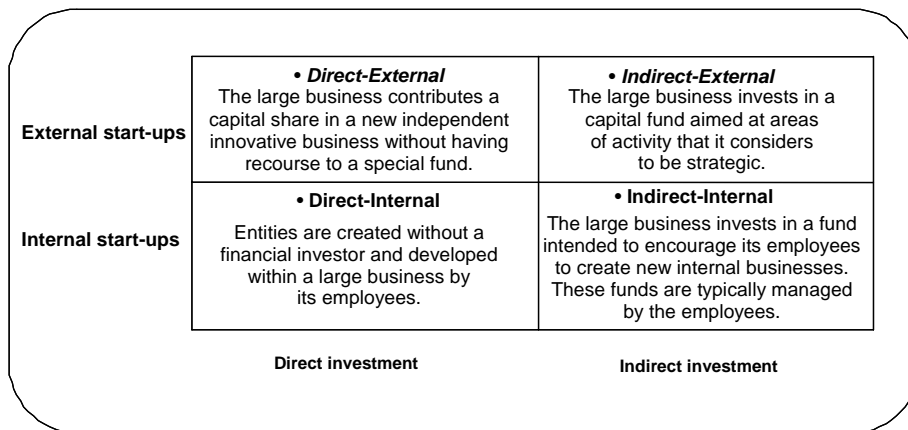
Here, we touch more on the behavioural aspect of entrepreneurship, which is not necessarily linked to the effective creation of a new business that puts emphasis on responsiveness and the ability to try out new things in the course of routine activities; the entrepreneurial business allows the implementation and the running of transverse processes and encourages the management of multifunctional projects.

In this respect, the large companies in the motorcar industry have had to develop genuine ‘entrepreneurial spaces’ to bring to fruition the conception of new models imposed by Program Evaluation and Review Technique (PERT)³ constraints, which can require up to 10 000 tasks! The union between creative innovation and necessary discipline can only happen under the aegis of complex and transitory business models that help overcome the problems of inflexibility. Recourse to these annexes to the normal organisation of the business, which go beyond the departmental or functional boundaries, is always delicate. Transverse processes provide a hard test of procedures and defy the logic of those who control resources and equipment. Managing disorder, even on a local scale, tests the adaptability of an organisation. Large companies accustomed to working in this manner, notably due to production constraints, have been able to select appropriate dimensions that allow a structuring of this creative chaos.

Thirdly, *creating a new activity* within an already company (corporate venturing) or *attracting* one in from outside – an activity often based on the development of new products, new procedures and new types of organisations.

The new emerging activities described in this third category can boast a double status – internal and external – within a business. Either they allow the creation of autonomous bodies that reside outside the already existing business (joint ventures, spin-offs, external start-ups financed by corporate VC funds), or else they give rise to bodies that remain within the business (new division, subsidiary). The next schema lays out a practical map of this.

Figure 3 Patterns of corporate venturing



Source: Miles and Covin (2002)

The models represented are not mutually exclusive and the same business might have recourse to many organisational *designs*. Each model shows itself as more or less appropriate to the goals of the large business and to the nature of its strategic issues (for a more detailed discussion, cf. Basso and Legrain, 2004).

In the last few years there has been a strong tendency to launch numerous venture capital funds. What does corporate venture capital consist of? A given business acts as investor by getting involved in a young innovative business by trying to capitalise on that involvement and on the financial and strategic plans: seeking for capital gain, the hope of some technological advance, and access to a new market are so many factors that explain such an approach. Unlike classic venture capitalists, who are financial investors, the corporate venture capitalists are directly involved in a corporate activity.

The choice of establishing a corporate venture capital fund within a business is aimed in general at learning something: the targets, young innovative businesses, facilitate the identification of promising technologies and create opportunities in emerging markets that are difficult to capture for larger businesses. Corporate venture capital activity in the ICT sector – with Cisco and Intel, for example – goes alongside growth by merger or acquisition and is naturally in line with the dynamics of market consolidation or the building up/extension of product and service portfolios. This guarantees the customer an integrated and sustainable offer in conformity with international standards.

5 A tentative framework to characterise entrepreneurial companies

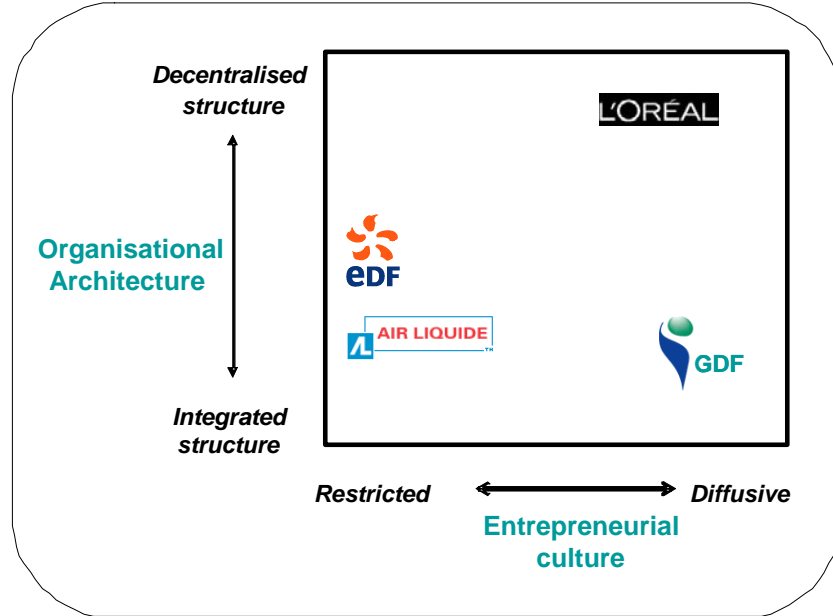
Intrapreneurship aims at establishing the conditions that make it possible for new activities or bodies to emerge from within an organisation. This intrapreneurial dynamic works in the opposite direction to the usual internal processes in large businesses: it does not begin from the allocation of budgetary resources but finds its source in a movement involving the research, discovery, evaluation and capture of an opportunity for growth.

To create the conditions for such a dynamic, it is necessary to adapt the architecture of a business and to put in place corporate capital venture systems and support for new activities (in terms of advice and monitoring). These systems are complex to initiate and sustain; in effect they touch on many dimensions of the business, its processes, its most-established habits (management of human resources, and information, quality and pay structures) and new ways of working must be adopted. The problem of the profit-sharing of intrapreneurs in the success of their initiative constitutes on its own, for example, an area of crucial experimentation: how does one pay these creators? In cash, stock options or intra-capital?⁴ How does one avoid unbalancing the already existing systems? How does one not stir up the jealousy of traditional and efficient managers?

To create a context that is favourable to intrapreneurship, the top executive can simplify by manipulating two levers: the type of organisation and its culture.

The organisation type is the most visible lever: the firm can choose to *align its structure with its entrepreneurial strategy* and organise itself accordingly by defining a constellation of small autonomous units that act like so many small- and medium-size businesses. The company headquarters then play the role of the venture capitalist by defining a corporate strategy and in bringing in resources and coordination (cash and added value).

Figure 4 The intrapreneurial matrix (see online version for colours)



Source: Basso and Legrain (2004)

The example of L'Oréal illustrates such a choice with the establishment of a decentralised organisation where decision taking is pushed to the lowest possible level of implementation and where managers of profitable sections enjoy great freedom while still being expected to deliver results (Fayolle *et al.*, 2008). Entrepreneurial dynamics are then represented by the initiative given to staff, by the management of the business as an agglomeration of numerous business units and by a pay structure that rewards creativity, and the spirit of initiative, if they are successful. However, this autonomy is framed by strict rules of the game: management by targets, precise financial reporting, centralised communication, hierarchical control, immediate suspension of activities if they do not reach their objectives in an allotted time. 'Organisational flexibility' cannot be established without a system of controls, processes or values that guarantee the coordination of activities.

Without having adopted a decentralised organisation, some businesses have preferred to mark out the area of entrepreneurial freedom by defining in their organisation a 'New Business' department (New Venture Development) or in establishing a *venture-capital fund* for external projects. The first option is illustrated by Siemens with ideas flooding out of its research centres, and French energy giant EDF with its *Business Innovation* unit, which in a certain way confine entrepreneurial activities within a group protected from the rest of the company (Fayolle and Legrain, 2006). Air Liquid opted for the second strategy and decided to launch its own investment arm in 1999; the CVC fund, named Air Liquid Ventures, played a significant part from 1999 to 2004 in connecting one of the world players in industrial and medical gases and related services with innovative start-up whose advanced products could be embedded in Air Liquid's offering.

The second lever for creating an entrepreneurial dynamic consists in working at the cultural level *to develop a collective mentality that is positive about entrepreneurship*. Then it is a matter of working especially at the level of how people see things and how they express things to influence the behaviour of individuals, whereas the first axis was more concerned with the business's internal framework for its activities. The example of Gaz de France is interesting in this respect: their experiment is especially concerned with communication initiatives and training initiatives for the management of innovative projects. The mission itself is not sustained by a unit of the business but by a lightweight team, a quasi-virtual structure. Here it is a matter of instilling a state of mind by the galvanising of energies rather than by changing the existing shape of the business.

To make these two dimensions into rivals would be in vain: their common ground rather leads to many possible combinations and defines for each business its own balance between the structure of the business and the influence of its culture. It would certainly be possible to find groups from homogenous businesses, sometimes beyond sectors, but every attempt to define a unique model, the ideal of a totally entrepreneurial business, seems to us as being destined to fail, and for a simple reason: this would amount to forgetting that the very texture of an organisation, the elements that make it up, act always both as breaks and as levers.

6 Conclusion

In order to successfully implement their entrepreneurial orientation,⁵ we believe that firms must understand what intrapreneurship entails. Intrapreneurship can be individual or collective, and concern three areas simultaneously or in sequence: state of mind, behaviour, and situations.

First, *the state of mind*. One can talk about the spirit of entrepreneurship for an individual and entrepreneurial culture for a firm. State of mind can relate to values such as the sense of risk, initiative and objectives, and general attitudes such as responsibility or the will to change. The key question remains: who will pass on or rekindle these values and attitudes, in other words this entrepreneurial culture? At the individual level, the family environment of course, but also the education system, society, and other environments linked to geographical location, profession or activity sector. As for a firm, the founder, the top management, the organisation itself or the environment may pass on these values. They may also originate from training programmes aimed at bringing about cultural change. Efficient communication and/or use of specific language to heighten entrepreneurial awareness as well as examples and references to internal role-models can also play an important role.

Secondly, *behaviours*. They may be individual or collective, they relate to risk-taking, opportunity orientation (identification, selection and transformation into economic realities), initiative taking and responsibility, problem solving, team work and networking. Behaviours can be seen as concrete and tangible manifestations of the state of mind. The objective is to develop and promote these behaviours, coherently and without disruption nor exclusion. Another challenge consists in knowing how to appraise positively all the behaviours that relate to the dynamics of progress.

Finally, *situations*. We highlighted broad categories of situations in our third section. A complete inventory can include spin-offs, new ventures, and development of internal start-ups, entrepreneurial projects or even extrapreneurship. These situations differ

greatly from one another, even though they bear similar characteristics to some extent: uncertainty, risk, change, value creation, and person/organisation dialogic. These situations should be the results of companies' explicit will and not appear at random or result from necessity.

From a theoretical point of view, the construct of entrepreneurial orientation could be seen as a very relevant and useful tool to explore and study these different areas. In the literature, entrepreneurial orientation is always described as a multidimensional concept that alternatively includes two dimensions: innovation and risk taking (Miller and Friesen, 1982); three dimensions: innovation, proactiveness and risk taking (Miller, 1983; Covin and Slevin, 1991; Zahra and Covin, 1995) or five dimensions: autonomy, innovativeness, risk taking, proactiveness and competitive aggressiveness (Lumpkin and Dess, 1996; Dess *et al.*, 1997). All of them refer more or less to entrepreneurship and entrepreneurial orientation itself refers to 'the processes, practices and decision-making activities' that lead to corporate entrepreneurship.

It seems to us that in order to improve our knowledge production about the corporate entrepreneurship phenomenon and its diffusion into practice, research could be more based on the entrepreneurial orientation construct as it offers theoretical lenses to analyse and assess state of mind and behaviours at two different levels of analysis: individual and organisational.

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Notes

- 1 “All the others are Entrepreneurs, whether they set up with capital on which to base their business, or whether they are Entrepreneurs who work for themselves but without capital. They can be considered as living in uncertainty.” Richard Cantillon, *Essai sur la nature du commerce en general*, Chp XIII, London, Fletcher Gyles in Holborn, 1755.
- 2 The sources of innovation cited here are the sources of innovation identified by Drucker (1985).
- 3 PERT is the acronym for a planning method widely used in the industrial context.
- 4 Capital freely available to the intrapreneur to launch his project within the business without going through the common investment procedures.
- 5 See, for example, Lumpkin and Dess (1996) for an attempt to clarify the notion of entrepreneurial orientation.