CAN CEOs BE INFLUENTIAL FACILITATORS OF INTRAPRENEURSHIP?

Bidyut Baruah (Research Scholar)  
Engineering Education and Management Research Group, PP104  
Department of Electronics, The University of York, United Kingdom  

Anthony Ward  
Senior lecturer  
Engineering Education and Management Research Group, PP108  
Department of Electronics, The University of York, United Kingdom

Abstract

Chief Executive Officers (CEOs) have pivotal roles in guiding the organization forward with their vision and strategies but with the current economic situations, organizations are struggling with innovation management. The economic environment of the 21st century is getting progressively more competitive, demanding and challenging. In order to survive and be successful, organizations constantly need to work on their products, services and business models to maintain a competitive advantage. This paper proposes intrapreneurship as an effective solution for managing innovation progression in different organizations. Organizational complexities can be effectively managed if CEOs facilitate an intrapreneurial climate where the skills of intrapreneurs can be nurtured and developed. This paper demonstrates that by establishing an intrapreneurial climate, CEOs can provide development opportunities for prospective intrapreneurs to grow and flourish in any organization. This research uses an audio recorded structured interview methodology with data analysis using NVivo software.

Keywords: CEO characteristics, Intrapreneurship, Qualitative research, Innovation, Organization management

Intrapreneurship is a term that describes the innovation practice within an organization through which employees undertake new business activities and pursue different opportunities. It provides an effective way of managing an innovation culture and attaining organizational development. Sheshadri and Tripathy (2006) have described intrapreneurship as a major driver for organizational renewal or ‘reinvention’. Intrapreneurs are the smart innovators within an intrapreneurial climate of an organization who work on the design and creation of new ideas, products, ventures and business models. Lessem (1986) believes that the intrapreneur cuts across the division between management and enterprise as they form a bridge between enterprise and development. The term ‘intrapreneurship’ was first coined by Gifford and Elizabeth Pinchot in 1978. Miller (1983) gave new insights to the field of intrapreneurial research by highlighting the concept of entrepreneurship at the enterprise level. Miller suggested that firm level entrepreneurship can be considered in terms of the firm’s ability to innovate, take risks and compete proactively. Scholars such as Pinchot (1985), Rule and Irwin (1988), Guth and Ginsberg (1990), Zahra (1995), Antonic and Hisrich (2001, 2003) and Ping et al. (2010) have then explored these entrepreneurial dynamics within existing organizations and later conceptualized it as intrapreneurship.

Organizational intrapreneurship in the 21st century

The economic environment of the 21st century is getting progressively more competitive, demanding and challenging. Most organizations are witnessing a significant rise in globalization and revolutionary changes in technologies. According to a survey conducted by IBM (2010), CEOs define current economic trends as substantially more volatile, much more uncertain, increasingly complex and structurally different. Such developmental changes however are part of the new world where the conscious developments of people and organizations have a part to play (Lessem 1986). Benton (1996) believes that organizations must have to have a certain amount of competitive nature to thrive and that competition is a good thing for personal and professional growth. For Charan (2001) in today’s business environment, no growth means lagging behind in a world that grows every day. If companies don’t grow, competitors will eventually overtake them. In order to survive and be successful, organizations constantly need to work on their products, services and business models to maintain competitive advantage.

Intrapreneurship is an effective solution for managing business complexities and innovation progression. The CEOs in this study addressed the importance of nurturing the essence of intrapreneurship a prominent way to keep up with the challenges of the economic climate. They emphasized nurturing an organizational climate with an intrapreneurial culture where employees have a certain degree of freedom to explore, develop and design their ideas. This climate provides intrapreneurs a platform to develop skills and manage organizational innovation.

Why should CEOs facilitate intrapreneurship?

As Hambrick and Mason (1984) point out “organizations are a reflection of their top managers”. CEOs occupy the most powerful position in a corporation but as Calabria
Intrapreneurship is not just a way to increase the level of innovation and productivity of organizations...it is a way of organizing vast businesses so that work again becomes a joyful expression of one’s contribution to society” (P. 321).

**Purpose of the study:** Intrapreneurship can revitalize the performance of different organizations by improving the understanding of successful intrapreneurs (Antonicz and Hisrich, 2003). Duncan et al (1988) referred to intrapreneuring as a noble idea that is essential for the future welfare of a corporation. There have been several key studies on the influence of intrapreneurship such as Antonicz and Hisrich (2001, 2003), Parker (2011) and Camelo-Ordzaz et al (2011). However, one of the key research gaps in the field of intrapreneurship research is the role of a CEO on the development and management of an intrapreneurial culture. The association of a CEO with the intrapreneurial activities within an organization has largely been an unexplored research area. As Lessem (1986) explains “In the new world,...we believe that intrapreneurial abilities can be developed. Hence enterprise development is of concern to both the new manager and the new educator” (P.7).

Facilitating intrapreneurs in any organization can be a challenging task for CEOs. One of the challenges pointed out by Pinchot (1985) is that there are no set formulas for determining in advance who can or cannot be an intrapreneur. He proposed that people become intrapreneurs when circumstances drive them to an act of will: the decision to make a new business concept into a reality within their company despite the barriers and risks. Jong and Wennekers (2008) have described intrapreneurs as proactive self-starters with a strong desire for action. For some researchers, they are revolutionaries inside the organization who fight for change and renewal from within the system (Veronica et al., n.d.). This paper will discuss how CEOs can utilize intrapreneurship to encourage innovations and thereby give significant development opportunities for prospective intrapreneurs to grow and develop. Many organizations understand the importance of building an intrapreneurial climate. This paper provides guidelines for CEOs in their role as facilitators for organizational intrapreneurs.

**Research design:** This research carried out a qualitative investigation through semi-structured interviews with CEOs from different industrial sectors of the UK. The advantage of using semi-structured interviews is that the participants get the opportunity to fully express their viewpoints and experiences. In order to explore and examine the varied facilitating capabilities of CEOs across different organizational backgrounds, four different sectors: public health, business consultancy, engineering, and water resources have been selected as case-studies. The CEOs who participated in this study have been assigned specific codes to maintain their anonymity (table1).

<table>
<thead>
<tr>
<th>Industry Sector for participating CEO</th>
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<tbody>
<tr>
<td>Public Health</td>
<td>Participant 1</td>
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<tr>
<td>Business consultancy</td>
<td>Participant 2</td>
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<tr>
<td>Engineering</td>
<td>Participant 3</td>
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<td>Water resources</td>
<td>Participant 4</td>
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Table 1: Reference codes for participants

The interviews were conducted following basic ethical guidelines. All the participating CEOs were asked identical questions and some prompts were augmented to encourage deeper responses. The interview sessions...
usually lasted for an hour. Data analysis has been carried out using NVivo software. The four organizations selected for this study have excelled in innovation practice with a rich and successful history of intrapreneurship management. For participant 1 innovation is what makes a difference in their organizational journey and he says, “We got here through innovation……practising very different ways of board structure, different ways of decision making, different ways of engagement, different ways of holding meetings….that fundamentally means working differently from the historic ways.” For participant 2, innovation is imbedded in the cores of their organizational values with their priorities focused on helping early stage businesses to establish and grow. Participant 3 focuses on a vision that promotes high innovative technologies by adopting a proactive approach. Participant 4 is dedicated towards taking responsibility of protecting and enhancing the water environment with diverse innovative services. This CEO highlights, “You have to select innovation as your entry gate for this organization….you have to constantly work on the culture of the organization…the more you can create an innovative direction of travel, the more you get people going forward”.

Developing an intrapreneurial climate: Organizations are constantly evolving and the management of various complexities within the organizational climate now seems to be the biggest priority for most CEOs. In the IBM survey (2010), the CEOs expect their environment to grow significantly more complex and many still doubt how to deal with this successfully. Oden (1997) believes that for an innovative company to succeed, it must have an innovative culture. For him individual innovators and intrapreneurs must enjoy an organizational culture that supports, encourages, and fosters innovation to succeed in the long run. It is essential to create an atmosphere where people feel comfortable in committing and contributing towards the organizational innovation process. This study found that organizational complexities can be successfully managed by creating intrapreneurial conditions which give innovators the platform to grow and develop their skills. The interviews highlighted some key factors that are crucial in developing an intrapreneurial climate which are as follow:

Organizational flexibility: It is highly beneficial in giving employees the opportunities to explore new ideas, ventures, and projects and also adopt new technologies. It is within a flexible organizational environment where intrapreneurs can thrive, flourish and develop according to the CEOs in this study. Participant 2 considers creative people to be a bit chaotic and as CEOs they feel that if such innovators are made to change their chaotic aspects, they tend to lose their originality as well as their creativity which then hinders the growth of intrapreneurship. Therefore CEOs should learn to nurture and manage creativity of such innovators within a flexible environment. Lessem (1986) points out that in order to survive in today’s climate, organizations need to become more flexible and more enterprising as do the people who run them. Organizational freedom of employees has been deemed as an important aspect of an intrapreneurial reward system according to Scheepers (2011). In order to facilitate organizational flexibility, CEOs need an unbiased open-minded mind-set. CEOs need to consider different options and alternatives whilst simultaneously giving employees a fair chance for idea generation and development. All the participants in this study insist on having organizational flexibility as it helps them to adapt or move with market trends or R&D. CEOs must look to improve their organizations and adapt to best possible changes when situations arise. As Participant 3 states, “We totally believe in looking at all options. We don't have a set formula how to solve the issues of our clients…. It's very much looking at their individual situations and developing that”. Having flexibility in organizations gives employees crucial opportunities that help them grow and develop thereby encouraging intrapreneurship.

As pointed out by Miller (1983), substantial product innovations require certain amounts of risk taking and innovative change. Learning the ways to manage risks is important in any intrapreneurial atmosphere. The CEOs feel that organizations shouldn’t restrict ideas as long as they adhere to organizational morals and values. Participant 1 insists on giving substantial freedom to different innovators in the company. However, any ideas or projects that have potential threat or harm to public health and safety are strictly forbidden.

Motivational and encouragement ethics: Kelly (2008) feels that CEOs are both architects and visionaries. The CEO must have the ability to paint the vision of the organization to the intrapreneurs. As a visionary, the CEO can orient and motivate people within the organization to contribute towards the fulfillment of organizational goals. Most of the CEOs in the interviews highlighted the importance of being the organizational visionary. As participant 4 says “It is very important for a CEO to have a vision to be successful….and take it forward”. The CEO needs to focus on the vision for the organization which will set the direction for creativity and innovation and a focus for priorities and goals. As influential leaders in the organization, CEOs must show charisma to gain employees trust and motivate their commitment. Employees should feel comfortable and confident around their leaders with any approach, ideas and problems. For participant 1, CEOs need very strong personalities and are charismatic with strong will power and tend not to play by the rules. CEOs
must be inspiring to facilitate motivational ethics and must have the personality to encourage strong employee involvement in the innovation cycle of the firm. Participant 1 says, “For me, it is really important that people are encouraged to innovate and come up with new ways of doing things and it is equally important to give them the opportunity to implement them without any fear of punishment if it doesn’t work out…. Mistakes are important and valuable as well”. The incorporation and management of such supportive and motivational culture is an important factor for promoting intrapreneurship within an organizational climate. Intrapreneurs need consistent encouragement to uplift their level of commitment and CEOs through their charisma can boost innovator confidence. Developing an innovative culture is critical to innovation in the organization. Oden (1997) found that for innovation to thrive, for it to be continuous and consistent, the organizational culture must encourage and nurture it. Charismatic CEOs encourage and motivate employees by giving them opportunities in the organization to develop and grow their skills. As Scheepers (2011) highlights, managers who wants to implement intrapreneurship can motivate employees by providing social incentives and formal acknowledgement. Social incentives include giving recognition for intrapreneurial activities, creating a culture of celebrating employee achievements, helping employees to overcome obstacles, increasing job responsibilities and providing rewards equitably for performance.

**Resource availability and management**: For participant 2, an essential feature of intrapreneurship development is to resource innovators in a logical manner and this CEO adds, “A lot of it is brokering the expectations of an innovator with the needs of a business…..You have to find really smart innovators and resource them and give them what they need and obviously they got to deliver and once you are confident that they will deliver, you have to keep on giving them the equipment…they will then deliver tremendous value”. As part of their role as innovation facilitators, CEOs have to listen to a lot of ideas, propaganda, responses and challenges. CEOs must provide innovators with the necessary resources, gadgets or equipment so that they can carry out their intrapreneurial tasks and innovations. As credible leaders in the higher end of the organizational hierarchy, they must have a sound understanding of the major issues and requirements of the firm. CEOs must also have the credentials to understand innovative tools and diagnose the organizational environment to develop the intrapreneurial workforce. Participant 1 believes, “Innovation is about the implementation of an idea….the implementation is about the authority you have within your role”. In any intrapreneurial climate while managing innovators, CEOs must utilize their authority and analytical skills to resource and facilitate those practical and genuine ideas that progress the organizational visions and goals.

**Personal development opportunities**: In an intrapreneurial environment, it is important for CEOs to give innovators opportunities to excel and grow their skills. Employees will be motivated to commit towards innovation only if the work environment is interesting and they get opportunities to fulfil their aspirations. A thorough understanding of the organization will give CEOs an intuitive sense of what is needed to manage or improve innovation progression and what development opportunities different employees should be provided so as to make them more competent for intrapreneurship practice. Intuition is a crucial characteristic that helps CEOs in understanding employees. This characteristic can also assist CEOs in reading people, situation, environment and opportunities relating to the organization. Participant 1 feels intuition usually comes from “the information you have allowed your mind to accumulate over the years…the more information you have in your mind…the better your intuition is going to be”.

Communication skills are essential for CEOs in order to understand different employees, their capabilities and aspirations. The interviews highlighted that a strong intrapreneurial climate exists in organizations when there is a substantial level of interaction between CEOs and employees. Participant 2 points out, “Everyone has a role but it is important to sort of discover what other skills people have and you can do that by just talking to people…..and sometimes you can uncover interests, motivations, experiences that you were not aware of”. By understanding employees, CEOs can facilitate several opportunities to utilize their skills in a justified way. The key factors that contribute to the development of an intrapreneurial climate are represented in figure 1:

![Fig. 1: Factors influencing intrapreneurial climate](image.png)

Oden (1997) found that innovative organizations are taking the lead in implementing employee empowerment. This empowerment he believes gives power and is a natural extension of employee participation concepts. It represents a high degree of involvement in which employees make decisions themselves and are more responsible for their outcomes. A vivid example of this practice was provided by participant 2 where an employee...
was given an opportunity to develop her own role based on her own criteria and aspirations. In this context the CEO adds, “It is important to understand when people want to develop, want to do something more or something different and by saying ‘I am happy to think about it’ …gets them to commit to the organization”.

How do CEOs manage organizational skills in an intrapreneurial climate?

Duncan et al (1988) strongly argued that what intrapreneurs need, conventional corporations will not and cannot supply. According to them the equipment, computers and laboratories are there but the climate and culture are lacking. This is in direct contrast to the findings of this paper which found that, although identifying intrapreneurial talents can be challenging, organizations can nurture intrapreneurs by creating a climate that nurtures and promotes innovative thinking. The existence of this climate and culture gives CEOs a platform to refashion their organizations, making them faster, more flexible and capable of using complexity to their advantage. Participant 2 says, “You have to be focused on goals and you have to be focused on higher vision of what you are doing and then organize yourself so that you get people who are focused on delivering those things”.

A leader’s most critical responsibility is to create a context for employees to realize their potential (Menkes 2011) and this is where the attributes of an intrapreneurial climate comes into account. An organization needs the right people, skills and talents to deliver and attain necessary success in different projects and ventures. The importance of having an intrapreneurial team for managing innovation is highlighted by participant 4 who says, “You need resilient people... people who can solve problems instinctively, intuitively, naturally...You need to create processes which drives innovation... As a CEO, you have to help people out in front and onto the side”.

An intrapreneurial climate is about giving intrapreneurs the opportunities to innovate and different strategies can be implemented by CEOs to manage intrapreneurial skills within their organization as illustrated in figure 2.

Fig. 2: Facilitating and managing intrapreneurial skills
Harness natural strength of innovators

Participant 1 says, “Not everyone is creative or innovative....Some people are creative, some people are highly analytical, some are very practical…..people are very different and for me, as part of an innovative ecosystem is to ensure that you harness the natural strengths of everyone in the organization….innovation is not something that is then produced…innovation is something that naturally then follows”.

The CEOs proposed that one of the ways to manage organizational intrapreneurial skills comes from harnessing the natural strengths of the innovators. They emphasized that not everyone in the organization has the same capabilities to deal with innovation. The conditions of an intrapreneurial climate are best met when everyone is participative towards their role in the innovation culture. The CEOs believe that setting the conditions to harness the natural capabilities of intrapreneurs gives a natural flow of innovation progression. The CEOs feel that it is important for everyone to have ideas but not all ideas generated within an organization are new or practical and one of their roles is to identify and nourish those genuine and practical ideas that have the capability to make a difference in the firm’s innovation outcomes. For participant 2, changing natural aspects of intrapreneurs will make them lose their originality and creative values which will then hinder the development of an intrapreneurial climate. The CEO believes that one of the best ways to manage talents and skills of intrapreneurs is to accept their natural abilities and harness the best out of it.

Add fresh intrapreneurial perspectives through new recruits: Participant 3 says, “You get somebody with a different view coming in...that’s very helpful. That’s a good quick way we found of driving innovation.” This CEO believes that combining new talents from outside the organization to the existing intrapreneurial skills of the organization can create a stronger innovation culture. Some innovators need new environment or new positions which give them better opportunities to explore and practice their intrapreneurial skills. Participant 2 firmly believes that intrapreneurial organizations need churning of new talents once in a while to have a stronger innovation flow. This CEO says, “We do need some churning once in a while and somebody highly innovative do need to move around or they will get bored or frustrated”.

Several benefits can be derived in an intrapreneurial climate by recruiting new talents as this brings along fresh perspectives, visions and elements to the intrapreneurial skills and abilities of the current innovators. Oden (1997) shows that when employees are given free access to information, when they are allowed and encouraged to enter into partnerships and learn with others inside and outside the organization, innovative ideas multiply. These new recruits according to the CEOs who have the
experiences of other organizations can add new and diverse viewpoints to the current innovation process. They can add more diverse ways of practising innovation; implement methods that might be more profitable. Their new vision and diverse skills can influence the current intrapreneurs to adopt fresh outlooks and approaches for intrapreneurship. The new recruits can bring along new innovative ways of handling and developing products and their fresh viewpoints and outlooks is crucial to the intrapreneurial dynamics of the organization.

**Create web of innovators** : Organizational intrapreneurship can be managed effectively by creating a web of talent across different hierarchical positions. Participant 4 states, “We spend a lot of time going around the organization...But what I try and do is create webs of people regardless of where they sit in the hierarchy...finding a task for people to work on...making sure they are all in kind of touch with each other and then when opportunities come up, I will suggest they get involved”. Due to the existence of formal hierarchies of positions in different organizations, intrapreneurs sometimes do not get the opportunity to interact or work with someone from a different department or position. However in an intrapreneurial climate, it is essential to have a strong flow of innovation interaction. Connecting people from different organizational hierarchies strengthens this culture and gives an efficient platform for different innovators to meet and learn from each other. Participant 1 feels that intrapreneurs should be given enough time to develop their involvement criteria and creative skills. An intrapreneurial climate must give opportunities to different employees to work together which will help them understand their creative skills. Binding and connecting people with different skills, talents and perspectives and providing them with enough flexibility to practise innovation will give the organizational climate a strong intrapreneurial drive. Through this process, the intrapreneurs will learn different skills and ways to develop their creativity.

**Allocate specific tasks to intrapreneurs** : Organizational intrapreneurship can sometimes be managed by allocating specific tasks to different intrapreneurs based on their skills and interest. As participant 1 states, “I am not going to try and make them do something that’s not natural to them”. Intrapreneurial skills will flourish and develop only when the right conditions are maintained or provided. If intrapreneurs are forced into projects or ventures outside their interest range, it reduces the flow of innovation. Innovators then find their jobs difficult and do not flourish and use their creativity. Having specific tasks aligned to the interest, skills and calibre of the intrapreneurs gives them the opportunity to develop and enjoy their roles. In this context, participant 2 says, “Don’t try and make a creative person do all the delivery...then they will hate it and will be rubbish at it. So, I think you have to work people’s strength”. This CEO shows how they have allocated specific roles within groups so that people associated with a particular role can concentrate, prioritize and contribute efficiently. Participant 3 demonstrates how their organizations have specific teams working on specific projects. Such practice according to the CEOs is a good way of managing intrapreneurial skills within the organizational climate.

**Limitations and risks associated with an intrapreneurial climate** : Through an intrapreneurial climate, CEOs can effectively develop the skills and talents of different intrapreneurs. However, CEOs must balance the level of creativity and innovation practice of an intrapreneurial climate; otherwise such climates do tend to have certain risks. Organizations should not base all their commitments and priorities only on innovation and creativity as this affects the intrapreneurial climate adversely. Participant 1 warns, “I think it will be awful to be in an organization where everyone is utterly wired only with creativity and innovations because nothing will get done....you know the whole organization will collapse and get fatigued...you need everything...you must ensure that you have all the strengths you need, operations, strategic thinking...making sure all of that flourently work together”. An intrapreneurial climate should offer a bit of variations to different intrapreneurs and participant 3 supports by adding, “Make sure that there are enough varieties of what you offer and I suppose....they find the work challenging...otherwise boredom is the worst.” CEOs must maintain the key conditions of an intrapreneurial climate that harness the skills of intrapreneurs in a justified and logical manner. However in this process, CEOs must be careful with their strategies regarding innovation management because one of the organizational complexities they face is the risk of being extremely innovative and creating extremely innovative products that no one is interested in. Participant 4 observes that as CEOs it is necessary to have the ability to diagnose their organizational environment and understand the requirements otherwise there is the risk of ending up with the creation of highly effective and efficient organizations doing things that nobody wants or needs. Although the practice of innovation must cater to the needs and demands of the market and customers but CEOs must be careful with their proactive approaches. Participant 3 says, “You can be extremely innovative and the company can fail around it because....you are not making any profits because nobody wants what you have innovated”.

The aspects of organizational flexibility for intrapreneurs should be practised with some restrictions. Participant 2
believes, “I think we can adjust and give somebody the freedom to work on something….They are encouraged to have ideas…but then what are some of the risks and what are some of the opportunities…Is it taking up too much time or damaging the business?”. Part of a CEO’s role is to look at all the options and making sure that any acts of intrapreneurship does not consume too much time or damage the business financially or unlawfully. Any ideas or projects arising from this intrapreneurial climate must cater to all the ethical implications and moral codes of the organization. CEOs must maintain their ethical reservations and restrictions when it comes to health and safety. Participant 4 says, “The uncomfortable truth is when you take risk, it can go wrong….then as an organization you need to think how you respond”. The CEOs also pointed out that an intrapreneurial climate should not promote and encourage any intrapreneurial activities that might have any potential threat or risks towards people’s health.

Another risk CEOs frequently encounter is getting deeply involved in different organizational activities or issues thereby getting their central attention and focus diverted from the higher vision of the company. Kelly (2008) feels that leaders who fail are those who micro-manage and overcomplicate everything. According to him some CEOs become too absorbed with routine tasks leaving little time or energy for issues requiring reflection, systematic planning or creative thinking. CEOs must thereby learn to use their analytical skills so as to prioritize relevant issues and problems of resource management without losing focus.

**Conclusion**: The paper demonstrated how CEOs can utilize an intrapreneurial climate to manage innovation progression and handle various innovation complexities arising in different firms. Such organizational complexities have been a struggling priority for most companies in recent times. Duncan et al. (1988) argued that the set up to nurture and reward intrapreneurship didn’t exist and conventional corporations will not be able to manage intrapreneurs. However, this paper found that CEOs can facilitate intrapreneurs by creating the right conditions and context to give them enough flexibility and an efficient platform to flourish and develop their skills. The paper fills the research gap by exploring the role CEOs play in organizational management by nurturing an intrapreneural culture. Evidences from four contrasting business sectored CEOs were presented to highlight their effective and influential facilitating capabilities for nourishing intrapreneurship.

**Further works**: This research paper focused on a specific area of a PhD study. This paper specifically looks at the facilitating capabilities of CEOs that helps in developing intrapreneurial skills within an organization. The paper discussed the factors that create an intrapreneurial climate. Future works include investigating the role of different demographic variables such as education, age and experience of CEOs in the development and maintenance of this intrapreneurial climate.

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