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SWP 2/93 CORPORATE ENTREPRENEURSHIP : A REVIEW

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CORPORATE ENTREPRENEURSHIP - A REVIEW



ABSTRACT

Part of any discourse on the subject of entrepreneurship, whether corporate or not, includes at least some consideration of the definitions involved, whether these are made explicit or not. This explicitness has often been lacking, contributing to a muddled and conflicting approach to research in the area. As the level of interest in the subject has increased, so has the diversity of approaches and results, many of which are in conflict with each other.

The area of corporate entrepreneurship is an important one, because existing companies are known to be responsible for much growth both of wealth and employment (Clifford And Cavanagh 1988). Increased knowledge of organisational characteristics linked with high growth, and conversely with stability of performance, will allow companies to make more informed choices about the types of individuals they recruit to fit in with their strategic objectives. Organisations vary in their ambitions and means of achieving these, and not all want or need the disruptions associated with innovation and growth.

The aim of this paper therefore, is to summarise the body of literature, concentrating particularly on the personality characteristics of corporate entrepreneurs. It attempts to draw together results from the three main strands of research which underpin the subject, namely entrepreneurship; trait psychology; and the conditions within existing companies which encourage entrepreneurial success and from this offer hypotheses for further investigation.

ENTREPRENEURSHIP

The literature on entrepreneurship, until recently, has made little attempt to reach a common definition of entrepreneurship, or achieve a systematic theory. This has been characterised by many studies which have no common ground, and are thus not compared.

Several attempts have been made, recently, at developing this conceptual framework by Low and MacMillan(1988), and Sexton (1988). However Plashka and Welsch (1990) suggest that these attempts have not yet resulted in an integrated theory. Part of the problem appears to lie in the broadness of the concept of entrepreneurship, which

straddles many different disciplines, including economics, psychology, and sociology, amongst others.

Management theories, which could provide a framework, are themselves in a state of flux. The 'rational' model (Taylor 1911) has been shown to be too simplistic and prescriptive to account for the immense complexity of the variety of organisations operating in fast-changing marketplaces. The most recent management theories, for example the open-system / social actor model (Scott 1978), the population ecology perspective (Hannan and Freeman 1977), the "excellence" (Peters and Waterman 1982), or the entrepreneurial models (Drucker 1988) all have their drawbacks, such that Kanter (1989) has proposed a "post-entrepreneurial model combining the strengths of the bureaucratic and entrepreneurial firm.

This lack of a commonly accepted underlying theory of management ties in with the lack of an agreed substantive theory of entrepreneurship. Having said that, there are a number of agreed areas or paradigms, some of which are outlined in the section below.

PARADIGMS IN ENTREPRENEURSHIP

Within the overall field of entrepreneurship research, there are a number of paradigms, which, are generally assumed to apply, a few of which are:-

- 1) growth is necessary for economic well-being (Schumpeter 1934), Porter (1990)
- 2) innovation is necessary for growth (Schumpeter 1934, Drucker 1985)
- 3) existing companies are less innovative in general than newer companies (Khandwalla 1983), (Geneen 1985)

- 4) within existing companies, a quasi-entrepreneur (an intrapreneur), or product champion, is necessary for successful corporate entrepreneurship (Burgelman 1984, Howell and Higgins 1990a)
- 5) certain characteristics are possessed by these entrepreneurs, which can be identified and isolated (Howell and Higgins 1990b, Maxon 1988)
- 6) individuals who possess these characteristics will, given suitable opportunities, develop entrepreneurial activities within their organisations (Howell and Higgins 1990a, Schollhammer 1982)
- 7) certain environments are more conducive to entrepreneurial and intrapreneurial activity than others (Acar, Melcher, and Aupperle 1989, Foxall 1984)

Even some of these are currently being challenged. For example, the possible isolation of individual entrepreneurial characteristics is by no means accepted by all academics, many of whom say that the environment is the force behind entrepreneurial behaviour. Among the environmentalists, however, there appears to be little agreement on which is the best setting for encouraging entrepreneurial behaviour. Some (Kanter 1989) argue that supportive conditions are more effective, others (Fulop 1991) that it is more forthcoming in a hostile environment. These are perhaps some of the reasons behind Chell's (1990) assertion that entrepreneurship research suffers from the lack of agreed paradigms.

To date there have been few attempts to develop this diversity of paradigmatic approaches into fully-integrated theories of entrepreneurship. Those few that have been conceived are outlined briefly in the following section.

THEORIES OF ENTREPRENEURSHIP

According to Low and MacMillan (1988), much entrepreneurship research to date has implicitly assumed a "strategic adaptation" perspective. This presumes that entrepreneurs make decisions by consciously identifying opportunities and devising strategies to realise these opportunities. This perspective assumes that the entrepreneur is goal-driven and that there are identifiable factors which contribute to the success or otherwise of a venture.

The search for predictive factors of survival is probably one of the main reasons why much of entrepreneurship research has concentrated on the personality characteristics of the successful entrepreneur. [McLelland (1967), Covin and Slevin (1986), Kaish and Gilad (1991)]. Other approaches examine what the successful entrepreneur actually does - the "behaviourist" approach. [For example Chell, 1990]. In order to achieve predictive theory, it has been suggested [Executive Forum 'To really learn about Entrepreneurship, Let's Study Habitual Entrepreneurs Journal of Business Venturing 1/3 1986'] that repeatedly successful entrepreneurs should be the main focus of study under this approach.

Under the "strategic adaptation" approach, of Kirzner, Hayek, and Mises amongst others, assume that markets are dynamic beings full of changes and opportunities waiting to be discovered. According to Kirzner (1985) in a world of perfect knowledge, the only scope for decision making is the opportunity for exchanging something one values less for something one values more. In a world of imperfect knowledge, there may exist something selling at more than one price in the market - once someone knows this there is a profit opportunity. Entrepreneurship is required for the discovery of this profit.

Kirzner's entrepreneurs display alertness and superior perception ability in order to search for profit opportunities in an imperfect marketplace. The characteristics required for this are "intuition, alertness to connections, and gestalts to be formed from partially known situations", (Foxall 1984) as well as practical knowledge of demographics, geography, and economics. Kirzner further suggests that entrepreneurship implies control. In-house entrepreneurs can exist, but only to the extent that they make gains for themselves. He thus attaches uncertainty and risk bearing elements to his definition of entrepreneurship.

In contrast to Kirzner's view that market disequilibrium exists, Schumpeter (1934) suggested that entrepreneurs disturb the equilibrium. Schumpeter's entrepreneur does things in new ways. Until imitators copy the product, pure monopoly profits result. The Schumpeterian entrepreneur has to be an innovator, creating new products or new markets such that market disequilibrium results. The characteristics required for this are creativity, and persistence in the face of likely opposition.

Entrepreneurship appears thus not to be a single pattern of behaviour or individual type. As Varadarajan and Ramanujam (1990) contend, the principle of "equifinality" allows that superior outcomes can result from many different inputs. Perhaps the environmentalists can offer an insight into which of the two dominant theories of opportunism or creativity are most appropriate to a given place and time.

Having established some parameters of the entrepreneurial process, it appears that entrepreneurship as a distinct and identifiable concept is by no means clear. This situation has worsened as interest in the area has increased, with each new author apparently adopting a different working definition. The importance of entrepreneurship to the well-being of an economy has been recognised for a long time; what is less clearly defined, and remains a matter for some debate, is exactly what is meant by entrepreneurship and an attempt is made to review some definition in the next section.

DEFINITIONS OF ENTREPRENEURSHIP

The term "entrepreneur" appears to have been defined originally in 18th century France by Cantillon [Cantillon, quoted in Stevenson, Roberts and Grousbeck (1989)] as the risk of buying at certain prices and selling at uncertain prices, and refined in 1816 by J B Say [Jean Baptiste Say, quoted in Stevenson, Roberts and Grousbeck (1989 OP CIT)] whose definition was that the entrepreneur shifts economic resources from an area of lower into an area of higher productivity and greater yield.

Subsequently, Schumpeter (1934) defined an entrepreneur as someone who carried out new combinations, and in doing so disturbed the market equilibrium. Kirzner's (1973) definition was that an entrepreneur actively seeks for opportunities to make profits, without necessarily himself owning the means and resources to engage in such activities.

The term has often been used interchangeably with the founding and ownership of new companies, [For Example Birley (1987)], however, Vale and Binks (1990) quote a study which identified over twelve different themes in the literature.

These include the entrepreneur as someone who:-

- * assumes the risk associated with uncertainty
- * supplies financial capital
- * is - an innovator
- * - a decision-maker
- * - an industrial leader
- * - a manager or superintendent
- * - an organiser and co-ordinator of economic resources

- * - the owner of an enterprise
- * - an employer of the factors of production
- * - a contractor
- * - an arbitrator
- * - an allocator of resources amongst alternative uses

Recently other terms have appeared, such as corporate entrepreneurship or "intrapreneurship" (Pinchot 1985) and "interpreneurship" (Hoy et al 1989). Far from clarifying the definition of entrepreneurship, these terms have added to the confusion by introducing a new concept of e.g. entrepreneurship within existing companies. It can thus be seen that the definition of an entrepreneur, let alone a corporate entrepreneur, is by no means clear.

Miller and Friesen (1982), Jennings and Young (1990) and Chell (1990) all embrace innovation, or the development of higher than average numbers of new products or new markets within an industry as a key definition of entrepreneurship.

Schumpeter's is the definition adopted by Drucker (1985) whose entrepreneur "shifts economic resources out of an area of lower into an area of higher productivity and greater yield", but he suggests that significant changes have to be made for them to be considered entrepreneurial. Thus larger companies can be entrepreneurial, whereas the small one-man business is not.

A large number of other authors have more specifically taken growth as the key determinant of entrepreneurship, (Sexton and Bowman 1985, Birley 1989, Kanter 1989, Chell 1990,) Kanter suggests that the definition of an entrepreneur as someone who founds a new venture, or with ownership of a business, is too restrictive. Implicit is the assumption that growth is not due to external market factors, but the growth which is internally generated, and is thus above the external market average, is entrepreneurial.

Potential conflicts between maximising profits and turnover are dealt with by Flamholtz (1986) and Sexton and Bowman (1985), and Chell (1990) who suggest that, for the entrepreneur, profit is not the primary goal, but is necessary for growth, unlike "professional" firms, where profit is an end in its own right. Where there is conflict between the two objectives, successful entrepreneurs will manage the profitability element with the ultimate long-term objective of high growth (Corbetta And Mazzola 1989).

Although growth underlies many alternative definitions of entrepreneurship, there appears little consensus about whether the creation of new jobs, or increased turnover or profit should be the standard measurement of entrepreneurial activity.

Our own view is that entrepreneurship can be defined as the achievement of high growth - that is above market average - in turnover, most probably resulting from the discovery of new products or new markets. From these varying definitions one key theme emerges, namely the importance of new products or markets to growth. Innovation thus becomes an important factor in entrepreneurship. This process is considered in its relationship to entrepreneurship below.

INNOVATION

Damanpour, Szabat, and Evan (1989) define innovation as the "adoption of an idea of behaviour - whether pertaining to a device, system, process, policy, programme, product or service - that is new to the adopting organisation". O'Hare (1986) defines innovation as the introduction of a significant change - something new to the environment in which it now finds itself. This refers to new products or new markets, thus providing new ways of delivering value to the customer. The process of innovation begins with an idea and

ends with the widespread use of a new product or new process diffusion, and can thus, only be judged retrospectively.

The importance of innovation to economic health ties in with both Schumpeter's and Kirzner's theories of entrepreneurship, in that the discovery of new markets or new products can lead to growth. Linking innovation directly with growth is difficult given the current state of research, because of the dearth of empirical studies, and the large numbers of other factors that may play a part. Nevertheless innovation is considered by many to be the key to economic growth. Patent applications, for example, are higher in Japan and Germany, and indicate, some would say, higher quality innovation, whereas the UK and North America show a greater proportions of minor innovations, and correspondingly less economic growth (Foxall 1984).

O'Hare (1986)'s study appears to confirm this. He compared the top performers in the US's Business 500 list of companies, ranked according to high profitability and growth, compared with the worst performers in each sector, and linked these with the numbers of innovations reported in published company documents. The results clearly indicate correlation between references to innovation and business success. The drawback of this study, is that references to innovation in a company report do not mean that the innovations actually took place. Khandwalla (1983) also found correlation between innovative / pioneering management, and high turnover growth, although, as perhaps is to be expected, he found less correlation with profitability and other financial performance indicators.

There is some debate about whether innovativeness can be regulated. Nayak and Ketteringham (1986) suggest that important innovations are random. O'Hare (1986) and Drucker (1985) disagree, and say that innovation can be managed, but that a supportive environment is necessary.

Drucker is firmly of the view that much innovation has to be actively searched for, and proposes a model of a systematic search for innovation. In this way he supports Kirzner's view of alertness and awareness as key entrepreneurial characteristics.

The search comprises monitoring seven sources of change which can be exploited:-

- * the unexpected
- * the incongruous
- * process need
- * changes in industry or market structure
- * demographics
- * changes in perception, mood, meaning
- * new knowledge, both scientific and non scientific

Drucker suggests that innovators, to succeed, must build on their strengths, and have to assess what opportunities exist that fit the competencies of their own organisation, who, because they have carefully studied their market, have reduced risk to a minimum. His entrepreneurs, therefore, are not risk takers.

It has already been identified that entrepreneurship can take many forms, and is not necessarily always associated with the risks of starting a new firm. Existing companies can and do demonstrate high growth, sometimes after a long period in the doldrums. They may use innovative new products or derive success from other activities, such as aggressive marketing, which their larger size and resources permit. These processes which result in growth can be termed corporate entrepreneurship.

CORPORATE ENTREPRENEURSHIP

There has been some discussion as to the types of innovation that existing companies are best suited to. Dent (1990) suggests that corporations are best at developing

incremental innovations, and claims that the radical innovation - the development of completely new products/services - is best left to new companies. This is because radical innovations are chaotic and unmanageable and happen unpredictably.

Existing companies have responsibilities to their existing products, employees and shareholders, and cannot allow the disruption ensuing from major innovation, a point made by Grossi (1990), Foxall (1984) and Geneen (1985) amongst others. This disruption tends to be only permitted by shareholders and employees alike if a major event threatens the company's survival.

This appears most likely to occur in mature companies which have become complacent and bureaucratic. Dent (1990) quotes a study which showed that it was groups of the very youngest and the oldest companies that contained the largest percentage of growth firms. This can be explained by the stereotypical view of company life-cycles - new companies are entrepreneurial and thrusting; middle aged companies are concentrating on maximising the return from their existing products; and older companies are stagnating and bureaucratic - until threatened.

Grossi (1990) says that if a company needs to radically change direction, because of changes to its environment, then a move outside the logic of its current state is required. O'Hare (1986) agrees, and suggests that often, the way to by-pass the status-quo stance of most companies is to go "outside", even in the most innovative companies.

Others, for example Kanter (1983) Peters and Waterman (1982) Sykes and Block (1989) disagreed, and advocated innovation throughout established companies. Kanter recently (1985, 1989 and 1991) seems to have moved closer to the views of Burgelman (1983, 1984) She suggests that business leaders are now beginning to see that they cannot push mainstream businesses and "newstream" ventures simultaneously, but acknowledges the huge failure rate of new venture divisions identified by MacMillan, Block and

Narasimha (1986) amongst others. Kanter (1989) suggests that the huge failure rate of new venture departments can be improved, by understanding the requirements of the different systems.

This new venture model, however, has problems of its own, in the integration of the new venture into the main company, when it has become sufficiently central to corporate strategy.

Foxall (1984) and Acar, Melcher, and Auperle (1989) develop this issue, and propose models of different organisation structures according to the type and degree of innovative activity proposed. That of Acar, Melcher, and Auperle is:-

Insert figure 1 about here

From the above, it appears that there is as yet little common agreement on the desirability of innovative activity in established companies, and how best to manage innovation if it is desired.

Little empirical work appears to have been carried out on the organisational attributes which are linked to high growth. Gibb and Davies (1990) claim that research which has attempted to identify characteristics of businesses and owners pointing to growth paths has yet to succeed. The authors suggest that a contingency approach has to be taken, which allows variables such as the type of business to be included, and which concentrates on behaviour rather than characteristics.

McCrae (1976), Pinchot (1985), and Clifford and Cavanagh (1988) all acknowledge the importance of existing companies to the creation of economic growth. They are in the position to make maximum use of the resources and market knowledge that they already possess, but at the same time have to develop the flexibility and quickness of response commonly associated with the new firm. If this can be achieved, then high growth becomes a possibility.

Kuratko and Montagno (1990) have attempted to identify some of the general dimensions or factors necessary for successful corporate entrepreneuring. They used an instrument - the Intrapreneurial Assessment Instrument (IAI) - to assess a company's intrapreneurial character.

They hypothesized five factors which would support intrapreneurial activity from a survey of other studies. These were :-

1. resource and reward availability
2. time availability
3. organisation structure
4. management support
5. risk-taking

The authors found support for three of the five factors - management support; organisational structure; and resource availability, combining rewards and time into this latter category. The study, however, made no attempt to correlate the IAI findings with financial performance, a problem it has in common with many other works.

Peters and Waterman's (1982) main thrust was to identify the characteristics of "winning" companies. This was in response to the need for speed of response, and

maximisation of resources, particularly personnel, necessary for competing successfully in today's economic climate.

Much of their book is about the cultural conditions that stimulate innovation. They identify eight common characteristics to their "excellent" companies :-

1. A bias for action, quick responses to customer need with prototypes
2. Closeness to the customer, listening to their problems and responding with good service
3. Autonomy and entrepreneurship - companies are hives of product champions, making sure they generate " a reasonable number of mistakes"
4. Productivity through people - everyone is important, there are few "we / they" attitudes
5. Hands-on, value-driven, managers walking the job frequently
6. They stick to the "knitting"
7. They have a simple form, and lean staff functions - virtually none had formally identified matrix structures, although they often had project groups
8. They possessed simultaneous loose / tight controls - both centralised and decentralised, autonomy down to shop floor level, rampant chaos, but combined with a fetish for reliability

Peters and Waterman are not without their detractors, however. They have been criticised for the lack of control companies in their sample, and their "quick-fix" mentality (Tichy and Uhlich 1984).

In criticising the "excellence model" books, including that of Peters and Waterman (1983) Varadarajan and Ramanujam (1989) say that many of the chosen companies are

no longer the stars they were claimed to be in the books, where no particular consideration had been made of the time-frame chosen. They suggest that this was rather an important omission, as superior performance is not a timeless attribute. Above-average growth is not possible for an indefinite period. Thus all companies are "doomed" to a slow-down in growth eventually.

Shanklin (1986) graphically illustrated the issues of the cyclical nature of business, in a paper which tracked the performance of "Fortune" 500 (i.e. the largest U S companies) over a thirty year period. Over 250 companies that appeared on the first Fortune 500 list in 1955 were no longer there - only 187 of the original companies remaining. In addition, many of these companies are there because they are, by chance, in markets which remain important.

This causes him to pose the question, how did the best-performing American companies, with the most money and therefore the ability to hire the best executives, fail to maintain that performance. The answer, he suggests, is a complacent culture.

Shanklin does not suggest that this decline is inevitable, but cites the importance of a culture that allows opportunities to be seen, rather than the inevitable problems. To this end he claims that companies in which financial managers come to see themselves as the only prudent people will have problems. The short-termism of concentrating on quarterly improvements in earnings - done as a defence against takeovers - prevents the allocation of the necessary costs of innovation.

Acar, Melcher, and Auperle (1989) suggest that an emerging perspective is that the nature of a firm and its industry is a function of the strategic choice of its managers combined with self-imposed constraints. The choice may be between custodian / stability; efficiency; or innovative strategy. All systems and structures have to support that mode. They suggest that it is almost impossible to adopt multiple strategic modes.

The entrepreneurial firm is willing to bet its time, resources, and reputation on something that looks promising, but which will quickly be made obsolete. Efficiency has little meaning. The authors suggest that no entrepreneurial company has successfully kept this up for long. They cite Apple as an illustration of the basic strength and instability of entrepreneurial organisations. Competition forces prices down, therefore giving the advantage to efficiency operators, so further innovations are required on an indefinite basis.

Pinchot suggests that intrapreneurship is preferable to entrepreneurship (which he defines as the founding of a firm):-

- when the vision applies to the existing company's business
- when the individual wants the friendship of colleagues, and the loyalty of company is greater than the desire for wealth
- if capital is easier to obtain inside the company
- if the individual wants practice before risking his/her own funds
- if the new product is dependent on the company's size or distribution channels for success
- if the individual needs access to the company's proprietary technology

Whether the entrepreneurial process takes place in an existing firm, or in a newly created enterprise, an individual or group of individuals has to be involved in its execution. Much of the research on entrepreneurship has thus centred around the characteristics and personality of entrepreneurs. As can be seen from the discussion in the next section, little consensus has been reached on the existence or otherwise of a prescriptive entrepreneurial personality profile.

THE ENTREPRENEURIAL PERSONALITY

McLelland (1967) was one of the first to introduce the concept of the entrepreneurial personality, a subject around which much of the interest in entrepreneurship centres. At one point it must have seemed a profitable line of inquiry, which could provide many of the answers to job and wealth creation. In recent times, however, this area of work has seen some criticism (Low and MacMillan (1988), Gartner (1989)) due in part to the lack of an accepted definition of an entrepreneur.

The history of research into the entrepreneurial personality has some parallels with research on leadership. This started off with an extremely broad definition, with a multitude of research topics, sample populations, and methodologies (Dainty 1984). In the entrepreneurship field, this lack of common ground has resulted in studies which are not comparable. Ginsberg and Bucholtz (1989) conducted an examination of studies that had looked at the entrepreneurial personality. They subjected their findings to meta analysis, and discovered much fragmentation and inconsistency between results.

Chell (1990) identifies some of the problems associated with the work on the entrepreneurial personality. These include:-

- the measurement of different characteristics
- the use of different statistical techniques making for problems of comparing research
- the use of measurement instruments from psychology which were designed for other purposes
- disillusionment with "trait" psychology
- the absence of an accepted research paradigm

- the adoption of different operational definitions;

Chell also identifies the recent discovery that people are not as consistent in expressing their personalities as trait psychologists originally thought. She suggests that work on the identification of entrepreneurial characteristics is increasingly moving towards deriving constellations of personality traits rather than individual characteristics.

Her paper proposes an alternative methodology and approach to that of trait psychology. She defined three stages of business development - post start-up; established; and professionally managed, Four sorts of business owners - entrepreneurs; quasi entrepreneurs; administrators; and caretakers, and four categories of growth orientation - declining; plateauing; rejuvenating; and expanding.

Chell thus derives 26 attributes covering these three dimensions, which she suggests is a paradigm for categorising types of owners and their businesses.

Under her model entrepreneurs are :-

- * proactive, seeking opportunities;
- * innovative
- * high profile seekers
- * easily bored
- * pursuers of challenge
- * intuitive
- * creators of situations which result in change
- * adventurous

Agor (1984) suggests that intuitiveness, as measured by the Myers Briggs Type Indicator (MBTI), because of its qualities of foreseeing the future and imagining possibilities that are not obvious, has strong links with the entrepreneurial personality.

Ginn and Sexton's (1990) study was one of many to have used the MBTI to examine personality characteristics. They compared the *Inc* 500's fastest growing US firms' founders / co-founders with the founders of successful yet slower growing firms. They assume that the difference between entrepreneurs and small business owners is their desire for growth.

Their results showed that there were significant differences in the personality dimensions of the two groups, in particular on the sensing / intuition scales. This is said to be the key indicator scale for innovativeness and growth that are most oriented to the future, and are thus related to strategic thinking. The fastest-growing companies founders were significantly more intuitive than the small business owners.

The conclusions they draw from this study is that growth-oriented entrepreneurs have a different approach to strategic planning, which enable them to monitor finances and obtain the addition funds they require to fuel growth.

Timmons (1989) suggests that an entrepreneur has to be both creative / innovative and have strong management skills. He says they are likely to be over 30, and with more than 8-10 years work experience. He also claims that there is increasing evidence that entrepreneurs can develop - by study, experience and skill development - in other words they are made not born, but this argument appears by no means settled. He identifies a long list of characteristics that entrepreneurs possess, which is so long as to confirm the assertion that there are no characteristics which are uniquely possessed by entrepreneurs.

McClelland (1987), having been one of the major instigators of this line of research, now suggests that there is very little empirical evidence to link specific personality traits to successful or unsuccessful entrepreneurs, or to entrepreneurs and non-entrepreneurs. McClelland's recent work has been devising tests which can more systematically identify and measure groups of traits.

He used behavioural event interviews to assess characteristics of entrepreneurs. The study obtained a list of twenty "promising" traits, which appeared significantly more often than others, which were then narrowed down by multivariate analysis to nine traits.

These fall into three groups:-

- 1 Proactiveness
 - a) initiative
 - b) assertiveness

- 2 Several characteristics that form part of nAch (the need for achievement)
 - a) sees and acts on opportunities
 - b) efficiency orientation
 - c) concern for high quality of work
 - d) systematic planning
 - e) monitoring

- 3 Commitment to others
 - a) Commitment to the work contract to an extraordinary extent
 - b) recognises the importance of business relationships

He asserts that there are a surprising number of competencies which are not empirically linked to entrepreneurial success, namely :-

self confidence
persistence

persuasion
use of influence strategies
expertise
information seeking

Unfortunately this study did not compare entrepreneurs with non - entrepreneurs, and his definition of entrepreneur does not appear to be explicitly linked with growth in turnover.

Using a variety of other methods of assessment, there have been many studies which have attempted to compare the characteristics of managers with those of entrepreneurs. Managers here are normally defined as employees of companies, who have decision-making responsibility; entrepreneurs, as the founders of their own businesses

Schere (1982) examined the differences in decision - making behaviour between entrepreneurs and managers, using as the basis for his study the presumption that entrepreneurs differ from managers in only two characteristics - tolerance of ambiguity / uncertainty-bearing, and control and responsibility. The results showed that entrepreneurs do have a higher tolerance of ambiguity, and thus change, than both higher and middle managers.

Smith, Gannon et al (1988) also looked at decision-making behaviour, and discovered that entrepreneurs showed lower levels of comprehensiveness in their decision-making than managers. However, they also demonstrated that those who displayed more comprehensiveness, whether managers or entrepreneurs consistently out-performed those who do not.

Sexton and Bowman (1985) suggest that entrepreneurs need to be everything that a successful executive is, but with other characteristics as well. These additional attributes also apply, they suggest, to intrapreneurs. These additional traits are:-

- entrepreneurs respond more negatively to conformity, interpersonal relationships, harm avoidance, and succourance compared to their managerial counterparts
- they respond more positively to ambiguity, risk-taking, social adroitness, autonomy, and change than their managerial counterparts.

Kaish and Gilad (1991) examined the alertness and search for opportunities displayed by entrepreneurs as against corporate managers, using as the basis for their study Kirzner's theory of entrepreneurship. This suggests that entrepreneurs are more active in their search for opportunities for profits. They found that entrepreneurs use more non-verbal search behaviours, used more un-traditional sources, and responded more to risk cues than managers.

Although all of the above studies achieved results which were statistically significant, studies conducted by, for example, Ginsberg and Bucholtz (1989), showed that there were no characteristics that entrepreneurs had that distinguished them from managers. The issue thus appears unresolved.

According to Gartner (1989) in research on leadership, the problem of identifying unique features of leaders began to be addressed when research began to move away from looking at traits, to looking at behaviour. He suggests that entrepreneurship research would benefit from a similar move. Studies should look at what entrepreneurs do - the behavioural approach. The behaviouralist approach suggests that the organisation is the primary level of analysis rather than the individual. Chell and Haworth (1988) also state that behaviour is now not thought to be a function of an individual's traits, but rather a complex process of personality in interaction with the

situation. This approach becomes even more valid when considering the concept of entrepreneurship within existing organisations. Here, not only does the corporate entrepreneur have to cope with the exigencies of the outside environment, but also has to deal with the politics and culture of the organisation's internal context. This issue is examined below.

CORPORATE ENTREPRENEURS

The first problem with the concept of the corporate entrepreneur, which it shares with research on the personality of entrepreneurs, is that of definition. What is the difference between a corporate entrepreneur (or intrapreneur) and an "ordinary" manager. Is it an orientation towards growth? In which case is the individual without budgetary responsibility, but who has been responsible for the development and implementation of multiple innovations on which the company's overall growth has rested, a corporate entrepreneur? Or is it the senior manager who has made the decision to allow this individual the freedom to move? Or is corporate entrepreneurship actually a team responsibility, such that looking for individual characteristics is pointless; instead one should be looking for an entrepreneurial team balance similar to those identified by Belbin (1981).

Within the corporate setting there are more people and roles involved in the entrepreneurial process (Gobeli and Rudelius 1985) than in the conventional linking of entrepreneurship with the founding and development of a firm. Sponsors, senior managers who support the progress of the innovation, "godfathers" top-level managers who give their blessing to the process, and inventors, the originator of the idea, as well as the champions who develop and push for the implementation of an innovation, all have a legitimate claim to the title of corporate entrepreneur.

Perhaps the most common definition of the corporate entrepreneur is that of Howell and Higgins (1990), who use the champion as their intrapreneur. Others have drawn similar parallels, for example Pinchot (1985), and Sexton and Bowman (1985).

Gobeli and Rudelius (1985) discovered that the various roles - champions; sponsors; godfathers; and inventors - varied in importance according to the stage of the innovation process.

Stage 1 - Discovery. The most important roles are the inventor and champion

Stage 2 - Decision. The most important roles are the decision-maker and sponsor

Stage 3 - Development. The most important roles are the sponsor and programme manager.

This contingency approach would suggest that different individuals with different characteristics may be required by a company at different times, and for different types of work. The type of organisation, its life-cycle stage, its size, and its rate of growth all therefore have a bearing on the source and types of individuals it will appoint to its key roles.

Kirton (1984) developed his Kirton adaption-innovation inventory (KAI) instrument in response to a study of how major changes were brought about in organisations. In each case the initiatives had required the cooperation of many managers. The fact that some projects took years to be implemented, whilst others were accepted immediately, seemed to have no bearing on their complexity.

He found that the ideas that had been rejected initially tended to have been put forward by individuals who were unacceptable to an establishment group, and even after their ideas had been implemented they remained unaccepted. These individuals he termed

innovators. The individuals at the other end of the scale he termed adaptors. Kirton suggests that this style tends to dominate among managers.

Adaptors produce a sufficiency of ideas, but these are based on an existing definition of a problem, in other words doing something "better". Adaptors accept the paradigms and familiar assumptions underlying an organisation, hence their solution is more palatable to the establishment who also share those assumptions.

Innovators in contrast, do things differently. Their proposals are less expected, and thus less acceptable. Innovators are likely to be treated with suspicion. They will be seen as abrasive and insensitive, and appear unaware of the havoc they cause.

Kirton suggests that organisations in general, and especially large ones, tend to be adaptive in order to minimise risk. Over time, organisations develop, through recruitment, a cognitive style mean. In order to implement changes, individuals have to be different from the organisation's current mean - thus adaptors will act as change agents in innovative environments, and innovators in stable environments.

This poses the question, will more of Kirton's innovators be found as champions in high growth companies? On the one hand, they are the individuals responsible for the more discontinuous, and thus major innovations. On the other hand, many innovations are incremental, based on understanding the customer's needs, or are to do with the discovery of new markets. This would not require highly innovative behaviour to the same extent. Kirton himself also suggests that adaptors would act as the change agents in innovative settings, and if one assumes that high growth companies are innovative, this points to adaptors acting as champions in these companies. These questions remain to be answered.

Schroder (1989) suggests that organisational performance is optimal when members possess and use specific competencies to cope with the organisation's particular environment, an approach which has strong links with the behaviouralist model. Strong cognitive or personality-based managerial characteristics will have the least effect in highly structured, stable, or controlled environmental conditions. The potential for managerial characteristics to influence organisational performance is highest when situations are more complex. This would appear to apply to companies in a high-growth, and thus presumably more innovative, phase.

The political process seems to be an important constituent of successful corporate entrepreneurship, in that cooperation of colleagues is required for the adoption of an innovation by a company. This was recognised by Howell and Higgins (1990a) when they conducted a study into the personality characteristics of champions. They suggest that the innovation process within companies is largely one of influence and leadership.

Their study thus examined the leadership behaviours and entrepreneurial characteristics of the champions. The results showed that champions use transformational leadership behaviours more than non champions. They also found that champions had different personality characteristics, of which only risk-taking was significantly different, although the need for achievement and innovativeness approached significance.

Their findings suggest that champions can be found by the use of psychological tests, if individuals demonstrate both certain characteristics and leadership behaviours.

There are a number of issues to do with the management of corporate entrepreneurs, too, which have yet to be resolved.

McCrae suggests that finding suitable career paths for intrapreneurs is difficult. The normal measure of corporate success, promotion, is often inappropriate because intrapreneurs can have difficult personalities, and can thus be temperamentally unsuited to senior staff positions. He suggests they can instead be rewarded with a series of start-ups, during which they can gain financially, and pass on their experience to newer potential intrapreneurs. Entrepreneurial rewards in a corporate setting, allowing the intrapreneur some of the rewards associated with entrepreneurship, but to a lesser degree to take account of the smaller risk borne by the intrapreneur. As this seems to be impractical, McCrae suggests that most intrapreneurs will eventually leave and start their own firms anyway. These issues have yet to be fully researched.

FUTURE DEVELOPMENTS

The whole area of corporate entrepreneurship as a subject for research is comparatively new and few empirical studies have been carried out into high-growth organisations. Existing companies are acknowledged to be an important source of new jobs and wealth, and have the resources and expertise to develop new markets and new products effectively. They should be an important area for study.

There are a number of questions which are yet to be tested empirically. It seems likely is that high growth companies will display behaviours or characteristics which differentiate them from lower growth companies, and the individuals within those companies will be different from the individuals in lower growth companies. What these differences may be is yet to be demonstrated.

It is also open to question whether high growth companies will display more innovativeness. This, too, has yet to be confirmed.

From these considerations, a number of potential research topics emerge:-

- 1 Do high-growth companies display a higher incidence of innovations than low-growth companies?
- 2 Are these innovations more of the discontinuous type in high-growth companies?
- 3 Do companies in a high-growth phase have more champions proportionately than low-growth companies?
- 4 Do champions in high-growth companies have different personality characteristics or show different behaviours to a) non-champions in the same company or b) champions in low-growth companies?
- 5 Do the champions in high-growth companies in different markets (for example fast-changing or stable) show different adaptor / innovator styles?
- 6 Do high-growth companies look for particular characteristics when seeking their key managers/champions?
- 7 Do high-growth organisations have a balance of team personality characteristics which differ from lower-growth companies
- 8 What organisation structures are best suited to the development of discontinuous innovations

What seems clear is that this list is by no means an exhaustive one, and many questions remain to be answered.

Chell and Haworth (1988) propose a model of different entrepreneurial management types - professional management; entrepreneurial management; and small business owner management. To this we have added a fourth type - corporate entrepreneurial or intrapreneurial management. By this is meant those companies whose ambitions and objectives are geared to growth, but which are not necessarily owned by the individuals in charge.

Chell and Haworth's model is adapted to incorporate this additional dimension in Figure 2. The characteristics identified therein have been hypothesized from the literature, and remain to be empirically tested, an area of research that the authors are currently developing.

The present study is examining specifically the aspects of personalities, behaviour, and characteristics of individuals in high-growth medium-sized established firms in the UK. Through this, it is hoped that the fourth column of the model below may be tested.

Insert Figure 2 about here

This study will take samples from different industrial sectors, using turnover growth as the determining variable. By doing this, it will take note of Chell (1985) and Gibb and Davies' (1988) recommendation that a contingency approach be taken, in which variables such as the type of business and industry should be included and accounted for.

It may be that there are many areas of overlap between the management of intrapreneurial and entrepreneurial firms, and even that of professionally managed companies. High growth and innovative firms after all will not survive for long if their management systems and structures are not sufficiently prudent. The current recession in the UK is producing numerous examples of just such companies who are bankrupt. However, there are also many other examples of companies where high growth is combined with a professional approach to finance and corporate objectives. Indeed, it appears that fast-growing firms can be highly formal in their objectives of growth and development.

In hypothesising that high-growth entrepreneurial companies are materially different from the other categories in the above model, it is assumed that their size and complexity resulting from their growth rate makes their management structures and personnel policies particularly important. The people recruited to fuel the company's continuing growth, and the management and development of those individuals appear to be fundamental to the success of these firms.

In evaluating intrapreneurial management, the business growth stages which have been proposed (see for example Churchill and Lewis 1983, and Greiner 1972) as a model for firm's behaviour and culture have also been used as a theoretical base for the present study. In these models the progressive development of the entrepreneur from that of founder to professional manager is implicit. Initial findings from the present study suggest that, beyond the initial founding of a firm, life-cycle stages are by no means certain. Existing firms can and do move back and forth into a growth phase or conversely into a decline or stable phase depending on the ambitions and objectives of a new or rejuvenated management team. Thus growth and development of a company is not the exclusive preserve of a founder / manager.

In this way we hope to contribute to what is an important and apparently under-researched area. The study has implications for the many corporations attempting to bring about structural and cultural changes with the intention of becoming more innovative and thus competitive. Adding to the limited knowledge about the process of growth in existing firms, with the hope that it may become less haphazard is an ambition of the study.

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Figure 1

changing part of the
organisation

changing the entire
organisation

Changing subset of
organisation's
activities

specialised
innovation
units

appendages
emphasis

Changing entire set
of activities

dual system
and "skunk-works"

integrative mode

specialised innovation units	appendages emphasis
dual system and "skunk-works"	integrative mode

Figure 2
Model of Management Types

Managerial Type Key Results Area	Professional Management	Entrepreneurial Management	Small-business Owner / Manager	Entrepreneurial Corporate or Intrapreneurial Management
Profits to	Explicit goal	Needed for growth	Needed for upkeep and maintenance	Needed to fuel growth and satisfy shareholders
Planning	Formal	Informal , ad-hoc	Short horizons / minimum change	Long-term goals
Organisation	Formal. Explicit roles	Informal with overlapping roles	Ossification of custom and practice	Cross-functional teams. Small units
Control	Formal objectives, specific targets	Partial. Ad-hoc Rare formal measures	Inadequate. No formal measurement	Incentives and rewards geared to growth. Control systems differ according to business area
Management Development	Planned. Requirements identified and programmes designed	Ad-hoc. On the job training	Antipathy. Management - development not high priority	Strong long-term commitment. Acculturation as well as skill-based programmes. Multi-role work experience.
Budgeting	Standards and variances	Not explicit. No follow-up or variance	Same as entrepreneurial management	Varies according to business area. Built-in "slack" in budgets.
Innovation	Incremental	Calculated risks	Lacking . innovativeness. Risks from inaction	Calculated risks. Multiple small- scale test products. Winners developed to full-scale.
Leadership	Consultative. Participative.	Variable. Directive to laissez-faire. . Charismatic. Consultative when . expedient	Directive to laissez-faire	Exhortation to succeed. Visionary. Strong team-orientation.
Culture	Well-defined.	Dominated by personality of entrepreneur, business, or industry	Family-oriented.	Climate of excellence. Competitive externally, collaborative internally

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