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## Corporate entrepreneurship and intrapreneurship related to innovation behaviour among employees

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**Abstract:** Corporate entrepreneurship is recognised as a strategy which organisations can exercise to achieve innovation and growth, likewise intrapreneurship is recognised as a tool for employees who want to realise their entrepreneurial vision. This article compares the definitional issues of these two terms and relates them to innovation behaviour among employees. Terms describing organisational change related to innovation behaviour among employees are used inconsistently and interchangeably. When theoretical terms are broadly defined, they have the tendency to exhibit low internal consistency and researchers have difficulties using them adequately. It is therefore valuable to specify and contrast the used terms with their relatives. This theoretical article utilises three brief case studies to show the implications of the definitions of corporate entrepreneurship, intrapreneurship and employee innovation behaviour. The article argues that the theoretical models that are used in studies of innovation behaviour determine the findings and the explanations possible.

**Keywords:** corporate entrepreneurship; top-down; strategies; intrapreneurship; bottom-up; traits; innovation behaviour; perceptions.

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### 1 Introduction

Innovation behaviour among employees is an untapped source of beneficial organisational change and competitiveness (Monsen, 2005). Employees establishing a new spin-off organisation, or identifying a new market opportunity and capitalising on it, or employees improving, developing or inventing a new product, or employee innovation initiatives that encourage cost-reducing routines, or even employees fine-tuning their job routines, all represent employee innovation behaviour that results in organisational change or improvements benefiting their organisation. The contribution from employees to organisational development and innovation has lately gained some research interest (e.g., Drejer et al., 2004; Janssen and van Yperen, 2004), but the topic is still highly

underrated and under-explored. This under-exploration prevents the business community from reaping the full potential of innovation behaviour among employees.

There are several concepts or terms aiming at shedding light on the process of renewal of the organisation through innovation initiatives from the employees. Terms such as corporate venturing, corporate entrepreneurship, business renewal, strategic renewal, business development, entrepreneurial organisations, championing, taking charge, extra-role behaviour, citizenship behaviour, employee innovation behaviour and management of innovations all address certain aspects of innovation behaviour among employees (Organ, 1988; Block and MacMillan, 1993; Shane, 1995; Greene et al., 1999; Morrison and Phelps, 1999; Sharma and Chrisman, 1999; Volberda et al., 2001; Åmo and Kolvereid, 2005). Among these, the terms corporate entrepreneurship and intrapreneurship are by far the most researched and discussed.

The term corporate entrepreneurship is becoming commonplace, but is still ill-defined (Stopford and Baden-Fuller, 1994). Corporate entrepreneurship and intrapreneurship are sometimes even used interchangeably [see for instance Liu and Dubinsky (2000); Christensen (2005); Fitzsimmons et al. (2005)]. Although these terms are related, they are slightly different and describe the phenomena of renewal of the organisation through employee innovation initiatives from different perspectives (Mintzberg, 1994; Greene et al., 1999; Heinonen and Toivonen, 2007). Even though interest in employee innovation related behaviour as corporate entrepreneurship and intrapreneurship is growing, there is still a lack of consensus on what the terms really mean and/or should mean (Drejer et al., 2004). Guth and Ginsberg (1990, p.6) state it more starkly: *'despite the growing interest in corporate entrepreneurship, there appears to be nothing near a consensus about what it is'*.

When terms are broadly defined, they have the tendency to exhibit low internal consistency and researchers face difficulties when trying to build upon previous work. It is therefore valuable to specify and narrow the terms used, and to contrast the used term with related terms. It is also valuable even to contrast the term with terms sometimes used interchangeably. This, as the scope and aim of a research, determines the necessary level of accuracy when a term is specified. Whether using a term interchangeably is confusing or not depends on the research question and the setting for the research. As the models and the terms used to study or describe a situation should have a reasonable fit with the studied situation or case, it implies the need for a distinction between the terms commonly used in order to study employees involved in organisational change. This theoretical article discusses the basic assumptions of the three concepts of corporate entrepreneurship, intrapreneurship and employee innovation behaviour. A deeper understanding of these assumptions allows a more profound understanding of the systems leading to innovation and survival in organisations (Heinonen and Toivonen, 2008).

## 2 Theoretical insights

The topic of change is an important sub-discipline of organisational theory (Wilson, 1992), as change is a necessary ingredient in achieving sustained competitiveness and growth. Wilson (1992) claims that the leitmotiv of modern management theory is that of understanding, creating and coping with change. The aim of organisational change is to reply to or prepare for changes in the environment that have a bad influence on the profitability and the survival of the organisation. As well as corporate entrepreneurship

being recognised as a strategy organisations could exercise to achieve change as innovation (Kuratko, 2007a), intrapreneurship is also recognised as a change tool for employees who want to realise their entrepreneurial vision (Pinchot, 1985). The leader-centric approach to organisational development has eroded while employee empowerment and teamwork have extended the leadership function to lower level employees (Heinonen and Toivonen, 2007), leading to a need to combine these two perspectives. This article compares the definitional issues of these two perspectives and relates them to innovation behaviour among employees in order to gain a better understanding of such change processes.

### *2.1 The corporate entrepreneurship perspective*

There are several competing or overlapping definitions of corporate entrepreneurship. Corporate entrepreneurship is about how companies can stimulate people to show more innovation, enterprise, and initiative and the contributions of individuals to a company's success (Kanter, 1984). Corporate entrepreneurship has been defined as the transformation of organisations through strategic renewal (Dess et al., 1999) and is regarded as a strategy for the development and implementation of new ideas (Hornsby et al., 2002). Corporate entrepreneurship refers to the process of creating new business within established firms to improve organisational profitability and enhance a company's competitive position (Zahra, 1991). Common to most of the definitions of corporate entrepreneurship is that corporate entrepreneurship is a strategy which management can utilise to foster more innovative initiatives from their employees, and that it is the management level that is in charge of the process (Morris et al., 2008).

The core of the field of corporate entrepreneurship is that organisational change is manageable and that management is in control of the actions of employees and able to decide which innovation to implement and which not to implement. A perspective of change that can be planned by management and implemented as a strategy presumes that managers to a great extent alone make the difference between achieving and not achieving change. Further, it assumes the uncritical subordination of non-managerial staff to the wishes of the management. Furthermore, it assumes that the locus of change emanates solely from the management cadre and that the implementation of change is fully a task for management (Wilson, 1992).

Furthermore, organisations operationalise their strategies by formulating mission statements. Mission statements are meant to 'cascade down' the organisation and are a means of guiding the employees toward fulfilling the goals of the organisation (Wilson, 1992). Management has then to articulate a vision of the kind of organisational culture wanted. As the individuals in the organisation are obliged to buy in to the desired culture, the desired change will follow. Corporate entrepreneurship assumes rational individuals operating in a closed, rational system of organisation (Wilson, 1992).

As corporate entrepreneurship is initiated from the top, the management levels give the initiative name and content and assign members, responsibility and resources to the new group responsible for carrying through the desired innovation. The new venture managers are assigned or appointed to lead the new venture, and the decision of who these people are is made at senior management level (Block and MacMillan, 1993). The main contributor to corporate entrepreneurship is then the management level, which facilitates innovation in its organisation. The proof of good leadership is subsequently when the employees provide the management level with innovative ideas for evaluation.

Moreover, the new business idea should be delegated to a person or a group of persons with the right set of skills and characteristics for the venture to be a success for the organisation. A solid knowledge base in management is one of the desired personal characteristics of such a new venture manager.

The aim in corporate entrepreneurship studies is often to prescribe which strategy to apply for organisations with a given mix of organisational and environmental characteristics. The intended outcome of a corporate entrepreneurship strategy is sustained or improved competitive advantages for the organisation (Kuratko, 2007b). This is achieved when the organisation introduces new products to existing markets, sells existing products to new markets, or sells new products to new markets or implements new cost-reducing routines. The overall goal for the organisation is to achieve a maintained or an increased profit for its owners. Investigations of corporate entrepreneurship are often conducted with the business as the unit of analysis (Greene et al., 1999), and with the chief executive and the top team as respondents representing the organisation. The corporate entrepreneurship perspective focuses on studying innovation behaviour at the level of the organisation, lacking the perspective of the individuals who are to conduct the actions leading to innovation at the organisational level.

## *2.2 The intrapreneurship perspective*

The other frequently used term for innovation behaviour among employees is intrapreneurship. Intrapreneurship is about the implementation of innovations in organisations, where the adaption is initiated and wanted by an employee in a bottom-up way (Block and MacMillan, 1993). The management may not even want the initiative in the first place (Carrier, 1996). Kuratko et al. (1990) define intrapreneurship as autonomous strategic behaviour of the employee to exploit a given business opportunity. Most of the definitions of intrapreneurship share the view that intrapreneurship is innovation initiatives stemming from within the employee himself/herself. The influence of the strategy of the organisation on intrapreneurial initiatives is seldom discussed.

The core of the field of intrapreneurship is the independent employee, acting independently of the corporate strategy (Pinchot, 1985). Intrapreneurship does not imply that the initiative of the employee is necessarily aligned with the strategy of the organisation (Campbell, 2000). Employees pursue self-interest, and the self-interest is expressed as a wish to solve a technical puzzle, pursue an idea, and achieve recognition or monetary rewards (Pinchot and Pellman, 1999). Intrapreneurship has been criticised for allowing the employee to stray (Kuratko, 2007b).

Intrapreneurial studies tend to assume that change is aggregated with a multi-level, cross-organisational process that unfolds in an iterative and messy fashion over time. Further, they assume that change is a political process and not an analytical-rational one. Furthermore, they tend to assume that organisations operate in a turbulent and dynamic environment where long-range planning is impossible and inappropriate. The role of managers in such a system is to create or foster organisational structures and climates which encourage and sustain experimenting, learning and risk-taking. The workforce is supposed to take responsibility for identifying the need for change and to implement it (Burnes, 2000).

Intrapreneurs appoint themselves to their roles and seek the corporation's blessing for their tasks afterwards (Pinchot and Pellman, 1999). According to Pinchot and Pellman (1999), intrapreneurs gather resources from wherever they can. The sponsors of the

intrapreneurial team should then allocate resources to the intrapreneurial team according to the team's eagerness and according to the sponsor's faith in the intrapreneurial team. Pinchot and Pellman (1999) further argue that the shared vision of the intrapreneurial team should be the intrapreneurial team's guide for the activities conducted and that the leader of the intrapreneurial team should be chosen by the members of the intrapreneurial team itself. Even more they argue that the members of the intrapreneurial team should be picked by the original intrapreneur according to their complementary knowledge base and their devotion to the shared vision.

The main contributor to innovation by intrapreneurship is then the employee who on his or her own initiative seeks innovation on behalf of the employing organisation, regardless of the difficulties encountered in this task. The intrapreneurship perspective focuses on traits or characteristics of the employee in the attempt to explain why the employee behaves intrapreneurially. An intrapreneur is an internal change agent, and intrapreneurs initiate action rather than respond to circumstances; they are restless, active and persistent (Wilson, 1992). Pinchot (1985) supports this view by claiming that intrapreneurs tend to be action-oriented. The aim of research focusing on intrapreneurship is often to single out the individual most likely to engage in innovation processes in a proactive way.

Intrapreneurship is employees behaving in a way that may include altering routines and production methods (Pinchot and Pellman, 1999). Among other subjects, intrapreneurship can focus on operational efficiency (Cunningham and Lischeron, 1991). Carrier (1996) shows that intrapreneurship can generate many different forms of well-defined innovations in the small business context and that the innovation introduced could possibly foster or reinforce the firm's competitive strength. Campbell (2000) reports that an intrapreneurial initiative not aligned with the strategy and goal of the organisation may lead to dysfunctional results for the organisation.

The intrapreneurship perspective lacks a clear link between the organisation's overall well-being and the intrapreneurial initiative, as it does not show how small and incremental local independent initiatives combine in a common organisational goal; the survival of the organisation. As the traits or the characteristics of the potential intrapreneur explain the behaviour or the lack of behaviour, the impact from the strategy of the organisation is not accounted for. When the intrapreneurial perspective lacks a connection between the environment of the intrapreneur and the intrapreneur, it is lacking a possibility to investigate if certain combinations of environments trigger a potential intrapreneur to commit intrapreneurial deeds.

### *2.3 A combined perspective: employee innovation behaviour*

The previous discussion has shown that corporate entrepreneurship focuses on the impact from the strategy, while intrapreneurship focuses on the impact from the traits and the characteristics of the employee in explaining innovation behaviour of the employee. How to combine these two approaches toward employee behaviour related to innovation has hitherto represented a gap in our knowledge about innovation and continued entrepreneurship. This gap was recently addressed by a theoretical perspective combining the top-down perspective of corporate entrepreneurship and the bottom-up perspective of intrapreneurship. The combined theoretical perspective is termed 'employee innovation behaviour' (Amo and Kolvereid, 2005). Employee innovation behaviour is understood as

behaviour from an employee toward developing new products, developing new markets or improving business routines in their employing organisation.

The initiative for employee innovation behaviour can be inspired by a market demand or by a technical puzzle. Moreover, the behaviour may be a response to a management request for corporate entrepreneurship or may be a completely autonomous intrapreneurial initiative. Further, the behaviour may or may not be appreciated by top management, and may even be unknown to the leaders of the organisation. Employee innovation behaviour is not dependent on rooting the initiative. Such a concept could come in handy, since it could be hard for the purist to determine if employee innovation behaviour among employees is a reply to a corporate entrepreneurship strategy or if the same action is a result of the employee's own initiative.

Research on employee innovation behaviour tries to explain the assumed rational action of the actors. It is believed that the employee acts according to his or her perception of the situation, not on the basis of some objective truth. According to the hermeneutical research tradition, it is the perception of the individual of the actual situation, which the individual himself believes to be the root of the action under scrutiny, which should be investigated (Andersen, 1994). Also in the employee innovation behaviour-related research field, the aim is to explain human behaviour, and the actors are expected to make rational choices in a political environment. As Harré and Gillett (1994, p.120), however, express it; '*a person is equipped with a disposition to respond to certain conditions in certain ways but is not causally compelled to do so*'.

Corporate entrepreneurship, intrapreneurship and employee innovation behaviour share the basic assumption of the employee getting intrinsic value from a mastered challenge. In the employee innovation behaviour research tradition, one is expecting somewhat rational actors, responding to some motivational factors.

Employee innovation behaviour does not imply an employee acting independently of the corporate strategy, nor does it imply that the management is in full control of the innovative behaviour of the employee. Management facilitates employee innovation behaviour by stating that they want a certain contribution to the development of the organisation, and by acting as they speak. Employees decide if providing the organisation with innovation behaviour is suitable or not in their situation (Brunåker and Kurvinen, 2006).

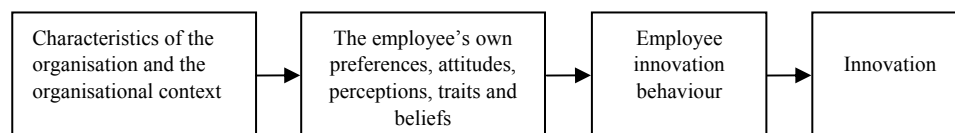
The intrapreneurship perspective views the intrapreneurial employee as a proactive actor with a strong need to pursue its innovative ideas inside the borders of the organisation. Corporate entrepreneurship strategy assumes that the mission statement liberates the innovative ideas of the employees. Further, it assumes that the employees are satisfied with just handing the ideas over to the management level for the management to decide the ideas' future. In the employee innovation behaviour perspective both these patterns of behaviour can be found, but most likely is the scenario where the employee provides innovative ideas in line with the strategy of the organisation, and where the employee in one way or another would like to gain by participating in the realisation of this idea.

The output of employee innovation behaviour is two-fold. For the organisation, the subsequent change process resulting from employee innovation behaviour may be incremental, or have a profound effect on the organisation. The end result can be a spin-off organisation, a new product, a new market, or an implemented cost-reducing routine or a complete failure. The end result could be a failure or counteractive to the

profitability of the organisation, but the intention of the innovative initiative is to benefit the organisation and the employee. Seen from the perspective of the employee, the employee innovation behaviour is intended to be beneficial for the organisation. Whether this perception is shared with the management level or not, is not given. Employee innovation behaviour is also supposed to benefit the employee in one way or another. The employee may want to gain both extrinsic and intrinsic rewards for their effort; the rewards could, among others, be recognition, a monetary reward or a possibility to exercise their skills (Åmo, 2006).

Employee innovation behaviour (Åmo and Kolvereid, 2005), corporate entrepreneurship (Floyd and Wooldridge, 1999) and intrapreneurship (Pinchot and Pellman, 1999) are all incremental processes of renewal of the organisation through innovation initiatives from employees. The intrapreneurship perspective stresses that the initiative toward innovation originates from the employee and is rooted in characteristics of the employee himself or herself. Likewise, the corporate entrepreneurship perspective stresses that it is the management level that invites innovation initiatives and decides the future of the initiative, and that such requests are rooted in the characteristics of the organisation itself and the characteristics of the organisational context. The employee innovation behaviour perspective includes both innovation initiatives that originate from the employee and innovation initiatives that are a reply to a managerial request for innovation. The employee's perception of the organisation's strategy and how suitable it is to respond to the request influences the innovative behaviour of the employee (Åmo and Kolvereid, 2005). This chain of factors influencing creation of innovation in organisations can be presented as in Figure 1.

**Figure 1** The core of studies in employee innovation behaviour



### 3 Method

The main focus of the current research project is to look in depth at the definitions of terms used to describe innovation by employees. This is achieved through a theoretical discussion regarding the premises and the assumptions of the terms used. This is then combined with interview data and secondary data gathered in relation to a regional development programme named VerDI<sup>1</sup> and initiated by the Norwegian Ministry of Trade and Energy. The case data were gathered by interviewing the participants and their bosses in one of the VerDI initiatives. The innovation behaviour of four employees representing three organisations was investigated.

The intention of the VerDI programme was that the business participators should develop ideas for improving the business of their organisations by the use of e-commerce solutions. It was the programme participators' own responsibility to discover areas suitable and profitable for e-commerce.

### 3.1 The participating employees

Mr. Tyre, the sales director of a tyre wholesaler, and Mr. Concrete, the financial director of a concrete producer, recruited themselves to the VerDI program. Mr. Tyre asked his boss, Mr. TyreBoss, if he could participate, and his boss agreed. After some meetings of the programme, Mr. Concrete told his boss, Mr. ConcreteBoss, that he was participating in the programme and the boss did not mind. Mr. BreweryBoss was the director of strategy of a brewery. Mr. BreweryBoss asked his subordinates Mr. BreweryICT and Mr. BreweryController if they were willing to participate. He got a positive response. Mr. BreweryICT is employed as an ICT professional and Mr. BreweryController is the controller of the brewery.

## 4 Findings

The employees interviewed in this study were introduced to the VerDI programme differently. The findings section tells the story of how the employees were engaged in the VerDI programme. The story of Mr. Tyre is first narrated, followed by that of Mr. Concrete, and finally the story of the two brewery employees.

As a sales manager, Mr. Tyre had for many years been approached by customers who wanted to place order via the web. He wanted to serve his customers in a better and less time-consuming way, so he decided to join the programme. He claims that his boss does not mind him spending time on this ‘...as long as it does not interfere with my other tasks’. Mr. TyreBoss is the boss of Mr. Tyre. According to Mr. TyreBoss, the desire for a web solution had been discussed for some time at the board and with Mr. Tyre. Mr. TyreBoss reported that he expects his employees to look for ways of improving their work, but within their work responsibility.

Mr. Concrete from the concrete producer claimed that participating in VerDI was a part of his job: ‘It is among my responsibilities to pursue such affairs’. In addition to his responsibility as a financial director, he is also in charge of the firm’s ICT system. His aim in participating in VerDI was to search for a better and more system-integrated accounting system. Mr. Concrete feels obliged to provide such initiatives as this to his workplace, even though his boss does not concern himself much with guiding employee innovation behaviour. Both Mr. Concrete and Mr. ConcreteBoss agree that there is no explicit shared vision or strategy for the organisation; things go on as they have done for the last 20 years.

Among Mr. BreweryBoss’s responsibilities was to take charge of the e-strategy of the brewery. Mr. BreweryBoss reported that he had the ‘total responsibility to develop and implement e-commerce systems at the brewery’. Mr. BreweryBoss discussed the VerDI programme with the CEO and the board, and they agreed that VerDI was well suited for the needs of the brewery. Mr. BreweryBoss wanted to involve one of the staff who he believed could contribute to developing e-commerce applications. Mr. BreweryBoss decided to ask Mr. BreweryICT to participate in VerDI. Mr. BreweryICT is a computer engineer and part of his normal work tasks is to make computerised versions of manual routines. Mr. BreweryBoss asked Mr. BreweryICT if he ‘wanted to join in making the organisation’s next generation of information technology’. Mr. BreweryICT’s comment



was that *‘One does not turn down such an offer!’* Likewise, Mr. BreweryBoss asked Mr. BreweryController, the controller of the brewery, to join VeRDI. The reason for involving Mr. BreweryController was that Mr. BreweryBoss wanted the new e-commerce application to be profitable for the organisation.

## 5 Analysis

As the cases show, there were differences in how the process of involving the employees representing organisations in the VeRDI programme was initiated. In the brewery case, the management initiated the process. Mr. BreweryBoss aligned the programme with the ICT strategy as set by the board and the CEO and then recruited personnel to do the job. In the concrete case, it was the employee himself who took all the decisions regarding participation in the programme. In the tyre wholesaler case, the process was more consensus-oriented between the employee and the management. Likewise, there were differences between the organisations regarding who had process ownership and who did the evaluation of the formal outcome of VeRDI. In the concrete case and in the tyre wholesaler case, it was the employee who made the decisions about how the programme should be administered in their organisation, but at the brewery it was Mr. BreweryBoss who was in charge of the innovation processes.

In evaluation of the results of organisational participation in a development programme, there is usually someone made accountable for its success or failure. In the case of the concrete producer and the tyre wholesaler, the employees were regarded as the main contributors to the success of the programme. As for the concrete producer, the organisation’s strategies were not clearly stated, but the responsibility of ICT was delegated to our respondent. The initial idea of Mr. Concrete was to search for a new, more integrated accounting system. Mr. Concrete was largely in charge of the implementation of the organisation’s e-commerce applications. The visible result of the VeRDI programme for the concrete producer was the installation of a new accounting system. For the tyre wholesaler, the end result was a specification for a web-order system.

In the brewery case, the management was blamed for the lack of implemented results. The employees at the brewery expressed frustration about the lack of an expressed strategy at their organisation. At the brewery, the strategy was discussed at the top level, but not distributed or announced at the organisational level where our respondents were employed. The employees from the brewery involved in the VeRDI programme had little influence on the development of the e-commerce strategy in their organisation. This gave the result that the interviewed employees were only able to pursue innovation initiatives that were fully under their own control. They were not able to take initiatives involving anyone except themselves. Only minor results from the VeRDI programme were reported at the brewery. At the brewery and at the tyre wholesaler, it was the management that was the final evaluator of the end result. In the concrete producer case, this was left to the employees.

## **6 Conclusions**

This article utilises brief case studies of three organisations and four main respondents with three additional respondents. The four employees from the three organisations were recruited to the programme in three different ways. As the cases show, one employee enrolled on the programme in an intrapreneurial way, two were appointed in a corporate entrepreneurial way by their superior, and one enrolment could best be classified as employee innovation behaviour.

This article is one of the few studies to point out where intrapreneurship differs from corporate entrepreneurship, and it argues that one difference is in the matter of process ownership. A common research angle in intrapreneurship is how the intrapreneur overcomes the resistance from his or her organisation; this is in contrast with that of corporate entrepreneurship which considers how to persuade the employees to bring new business ideas up to the management level for approval.

The theoretical discussion and the cases presented show that there are differences in how theoretical perspectives describe innovation behaviour, since there are differences in how organisational change by innovation is practised. There are differences in who initiates the innovation process, there are differences in who has ownership of the process, and who defines and evaluates the final result of the innovation initiative. Likewise, there are differences in who is regarded as the main contributor to the process.

The goal pursued in the VerDI programme was to develop a new product or a new market or to implement new cost-reducing routines for all the organisations. In order to reach conclusions regarding how and why these innovation processes come about, different units of analysis could have been utilised. In the brewery case, the organisation could have been used as a unit of analysis in the investigation of how the IT strategy set at the top management level trickled down the organisation and was attempted to be translated into action at the operative level of the organisation. In the concrete producer case, a deeper investigation of the personal characteristics of Mr. Concrete could have revealed more about his inner drive to enrol himself on the VerDI programme on behalf of his not-engaged boss. In the tyre wholesaler case, there is an interaction between the management and the employee that has a profound influence on the outcome of the process. This interaction can only be accounted for by investigating how the employee perceived the cues from management regarding how suitable it was to engage in innovation behaviour.

The literature section and the case descriptions also point to differences in unit of analysis applied, in common research theme and in the investigated problem or issue regarding the corporate entrepreneurship, intrapreneurship and employee innovation behaviour perspective. The cases indicate that the lens which is used to magnify and investigate a subject determines what is found. When focusing on organisational characteristics, one finds that they influence innovation behaviour among employees in a top-down way. Likewise, when focusing on individual characteristics, one finds that they influence innovation behaviour among employees in a bottom-up way. The employee innovation behaviour perspective permits investigations where both individual and organisational characteristics influence innovation behaviour among employees.

The discussion above is summed up in Table 1.

**Table 1** Similarities and differences between corporate entrepreneurship, intrapreneurship and employee innovation behaviour

<i>Term</i> <i>Aspects</i>	<i>Corporate entrepreneurship</i>	<i>Intrapreneurship</i>	<i>Employee innovation behaviour</i>
Process initiator	Management	Employee	Both
Process ownership	Management	Employee	Employee
Process evaluator	Management	Employee	Management
Who contributes	Management	Employee	Employee
Intended system output	New business unit or new market, product or cost reducing routines	New market, product or cost-reducing routines	New market, product or cost-reducing routines
Common unit of analysis	Organisation	Individual characteristics	Individual perceptions
Common research theme	How to persuade the employees to bring new business ideas up to the management level for approval/evaluation	How the intrapreneur overcomes resistance from his organisation in promoting his idea	Why the employee contributes with innovation to the employing organisation
Investigated	Organisational impediments and motivators	Personal traits	Organisational and personal impediments and motivators

### 6.1 *Implications for managers, practitioners and policymakers*

The implications based on the findings in these case studies are twofold for managers and practitioners. First, the studies indicate that initiating and sustaining innovation behaviour among employees is a complicated matter, influenced by both characteristics of the organisation itself and by characteristics of the individuals involved. Second, the study indicates that the expressed strategy has importance for the level of employee innovation behaviour in an organisation. The advice to management wanting innovation behaviour would be to express the strategy of the organisation more clearly and to all levels of the organisation. Similarly, when doing so, management wishing to increase the level of innovativeness among its employees should be aware that all employees will not necessarily respond in the same way to this managerial request.

Policymakers initiating regional development programmes will also gain by taking account of the findings reported in this study. Programmes intended to promote innovation processes in organisations involving employees benefit from taking account of both organisational and individual factors. Such organisational factors could be the level of strategic awareness in the organisation, the distribution of empowerment, and the incentive system, among others. At the individual level, such factors could be proactiveness, hierarchal rank, education and preferences regarding incentives among the employees who need to be involved in the development programme.

## 6.2 Implications for researchers

There are several implications for researchers interested in innovation and intended change processes in organisations. The findings presented in this article indicate that it is important to have a match between the research object and the unit of analysis. In investigation of organisational behaviour, i.e., survival of organisations linked to innovation behaviour, the organisation as a level of analysis is appropriate. Similarly, for a study on the impact of how different strategic manifestations influence innovation behaviour among groups of employees, the organisation as unit of analysis seems appropriate. Furthermore, for an investigation of how the environment of the organisation influences change in the organisation, using the organisation as unit of analysis is often suitable.

Using the individual as unit of analysis seems appropriate when we seek to understand the reasons the employees provide as rationale for participating in innovation behaviour. This as each individual employee decides the level of involvement and energy to put into innovation behaviour, even if the employee is assigned by management to participate in innovation-related tasks. This also implies that using the individual as unit of analysis is appropriate when we want to investigate how employees as individuals respond to innovation-related challenges presented by the management level. The individual as unit of analysis in research designs like these allows the inclusion of personal factors beyond mere traits and demographics. It paves the way for investigations of how the employee perceives and responds to characteristics of the organisation, characteristics such as strategic awareness and organisational climate for innovativeness. As sketched in Table 1, the unit of analysis advises us which term to use in a study.

Intrapreneurship and corporate entrepreneurship are approaches to describing how employees contribute to the development of the organisation where they are employed. The terms differ as to who is introducing the innovation to whom. The distinction between intrapreneurship and corporate entrepreneurship should be of interest as the term used decides some important issues in research regarding employees who involve themselves in innovation behaviour. It involves such issues as who is gaining from the initiatives, who is in control of the process and whose interests are seen as worthy. The lens chosen for the investigations decides which findings and which implications it is possible to draw from the study. That is why it is sometimes important to differentiate between intrapreneurship, corporate entrepreneurship and employee innovation behaviour.

This discussion shows that it may sometimes be useful to differentiate the terms describing employee contribution to organisational change. This as the use of the term intrapreneurship is argued to fit best in situations where the employee contribution happens regardless of the wish of the organisation, and the term of corporate entrepreneurship is argued to fit best in situations where the employee contribution is an answer to an organisational request. Even so, sometimes it is hard to determine if an innovation initiative from an employee was the result of a call from above for a corporate entrepreneurship initiative or if the same action was solely the result of an employee's individual inner drive. Depending on the purpose of the study, it is sometimes advisable to engage a theoretical perspective that makes it possible to take account of both organisational and individual characteristics in order to explain or predict innovation behaviour among employees.

### 6.3 Future research

This article discusses the content and the area of application for the three terms of corporate entrepreneurship, intrapreneurship and employee innovation behaviour. The discourse should not end with this; other views should enlighten the research community interested in organisational change driven by innovation. One of the weaknesses of this article is that it only addresses a limited set of facets of the innovation process. The discussion in this paper indicates that important moderators or mediators are influencing the innovation process.

The conclusion of this article is that exploration of innovation behaviour among employees is valuable because such processes can be seen as the result of, or the response to, corporate entrepreneurship strategies. Likewise, it could be regarded as an autonomous initiative of an employee to pursue a profitable opportunity on behalf of an employer. All such processes are alleged to help organisations to stay competitive. Further research is needed for a better understanding of the different ways in which innovation behaviour among employees is enabled and how entrepreneurial activities should be organised. This article contributes to this end by clarifying important aspects of the terms used to explain and predict such beneficial behaviour.

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## Notes

- 1     *Verdi* is a Norwegian word for value, and the small 'e' in VeRDI is intended to indicate its connection with e-business. The purpose of the VeRDI programme was to strengthen the competitive power and profit of SMEs through stimulating the use of e-commerce in SMEs.