

# A Review and Prospects of Research on Human Resource Management of Intrapreneurship

Wang Li Ping

School of Management,  
Tianjin University of Technology  
Tianjin, China  
wangliping@tjut.edu.cn

Li Naiqiu

School of Management  
Tianjin University of Technology  
Tianjin, China  
lnq1985@sina.com

Jiang Jie

School of Management,  
Tianjin University of Technology  
Tianjin, China  
jjie19881201@163.com

Xu Zhengzhong

National School of Administration  
Beijing, China  
xu\_zhengzhong@163.com

**Abstract**—Intrapreneurship is an effective way to promote enterprises to achieve sustainable development. Summarize human resource management theory of intrapreneurship can help enterprises run intrapreneurship activities smoothly through human resource management. In this paper, firstly, we have summarized the research results of human resource management of intrapreneurship, and then put forward the direction of the need for the future researches.

**Keywords**- *intrapreneurship; human resources; human resources management*

The intrapreneurship research originated from Peterson and Berger's groundbreaking research (1971), then Milier (1983) shifted the focus of entrepreneurship research from individual entrepreneur to enterprise level, and his view is subject to the concerns in academic world. Up to now, many scholars made the definition of intrapreneurship from different angle, and expressed it in different terms: corporate entrepreneurship (Burgelman,1983; Vesper,1985;Covin&Slevin,1991;Guth & Ginsberg,1990; Zahra,1993), internal corporate entrepreneurship (Schollhammer,1982), new business venturing (Stopford& Baden-Fuller,1994) and intrapreneurship (Pinchot,1985). According to a number of documents, more consistent definition of "intrapreneurship" is that after a certain stage of development, enterprise carry out the entrepreneurial activities in order to obtain innovative results, which get the authority and resources of existing organization. In short, intrapreneurship means carrying out entrepreneurship activity in existing enterprise.

In business practice, there are a variety of forms of intrapreneurship, and in the academic world, there are also different perspectives about division of intrapreneurship dimensions. At present, most scholars study their research based on the delineation manner proposed by Antnoci and Hisrihc (2001). They divided intrapreneurship into four dimensions: new business venture, innovation, self-change and leading actions. New business venture means generating

new business in the existing organization (Stopford and Baden-Fuller 1994); innovation refers to product and service innovation, and it emphasis on technology development and innovation and the control of breadth and frequency (Covin & Slevin, 1991); self-change reflects that enterprises achieve strategic restructuring through shifting its vision and values, which include both strategic and organizational innovation; leading actions reflects the offensive posture correspond to competitors.

According to the research results of intrapreneurship dimension, it can be found that the essence of intrapreneurship is to obtain innovation in every aspect and transform them into business value. In this process, the strategic resource of companies is the knowledge of employees. And human resource management has become an important means to control the investment risk of intrapreneurship. Therefore, scholars increasingly concerned about human resources management research of intrapreneurship. Currently, research perspective of intrapreneurship includes two aspects: one is the correlation between human resources management and the intrapreneurship capacity, and the other one is the human resources management mechanism of intrapreneurship.

## I. CORRELATION BETWEEN INTRAPRENEURSHIP AND HUMAN RESOURCE MANAGEMENT

Intrapreneurial competency refers to a comprehensive competence displayed in the process of intrapreneurship. [1]According to previous researches, intrapreneurship competency has obvious correlation with the entrepreneur competency, human resources management mechanism and organization factors.

### A. *Intrapreneurship Competency and Intrapreneur Competency*

Scholars made the definition of "intrapreneur" as the person who advocate and practice the intrapreneurship activity. This concept was firstly proposed by American

scholar Gifford Pinchot (1995). He considered that intrapreneur is the person who is full of imagination and courage to take risks for bring new change in enterprises system, and point that intrapreneur may be innovators or inventors, but more like the dream-chaser who outlines how to achieve the dream[2]. Related studies show that intrapreneur competency directly impact on intrapreneurship.

Early studies suggested that intrapreneur's personal characteristics are the key factors that determine success or failure of intrapreneurship. Ross & Unvall (1986) put forward that intrapreneur's characteristics include ambition and competition conscious, impulse of problem solving and innovation, creative spirit and no lack of pragmatism spirit, taking achievement rather than material compensation as a center [3]. McGinnis (1987) suggested that characteristics include insight, imaginative, personal driving competency, intuitive and pragmatic spirit [4]. Then scholars tended to look for the intrapreneur's characteristics compared by general manager. Palich and Bagby (1995) set up a pre-psychological categories model, and found that intrapreneur and general manager are on the same risk tendency level, but the former has predictability, that is mean that previously grasping classification framework to fuzzy environment and being good at dealing with the risk and seizing opportunity [5]. This view verified Schumpeter's hypothesis. He thought that intrapreneur is the best understander to opportunity rather than the blind follower to the risks. Through a group of cases study, Manimala (1999) found that managers' decision-making style deeply affect the level of innovation, that means it exists a correlation between management decision-making model and innovation [6].

With the deepening of the study, study focus gradually shifted from the intrapreneur's characteristics to a wider range. Christian (2000) suggested that the focus of entrepreneurial management should be placed on the interaction between managers and new business. And proposed entrepreneurial management model based on this, emphasizing the relationship between intrapreneur and new business. Management model should attach importance to intrapreneur function and the interaction capability is no correlation with personal characteristics and can be trained through education [7]. Zhang Yuli and Yang Jun (2003) investigated intrapreneurs' behavior in China through sample surveys and questionnaires and taking MBA and public as research object. They found that intrapreneurship is the process that entrepreneur innovation spirit mixed with rational decision-making, and this process finally decide the new business growth [8].

### *B. Intrapreneurship Competency and Human Resources Management*

There is a close correlation between human resource management and intrapreneurship competency. Michael et al (1993) analyzed the formation mechanism of intrapreneurship activity from the field of human resource management practices. And base on the empirical study against United States enterprises, pointed out that human resource management deeply affect intrapreneurship activities [9]. By empirical study, Hornsby et al (1999) found

five successful factors of intrapreneurship, which include reasonable incentives, support for innovation from manager, providing innovation resources, organization structure of guiding learning and cooperation, employees who dare to take risks [10]. Barringer and Bluedorn(1999) pointed out that providing incentives to innovative behavior can effectively promote intrapreneurship. Laursen (2002) found that team-based work, performance-based pay system, sector consolidation and downsizing and internal training will help induce innovation [11].

### *C. Intrapreneurship Competency and Organization Factors*

Because the external and internal environment of enterprises directly determine the scope and progress of intrapreneurship activities, many studies focused on organization factors, such as culture, environment and strategy factors.

Related studies show that intrapreneurship competency always be provided by specific corporate culture [12]. In the process of studying intrapreneurship activity of Intel Corporation, Burgelman (1991) found that Intel's intrapreneurship result of the interaction among all staffs at every levels, and these activities include both formal and informal categories. Formal intrapreneurship is determined by senior management to meet the needs of some strategy, and informal intrapreneurship carried out by staffs spontaneously. However, some of Informal intrapreneurship eventually will be recognized by organization and become formal activities. Michael et al (1994) found that it has a high correlation between individualism and intrapreneurship. But the excessive individualism will undermine the intrapreneurial spirit, the key is to find a balance between the individual initiative and collective cooperation spirit [13]. Hayton et al (2004) found that when organizational culture is on the middle level of the axis of individualism and collectivism, the intrapreneurship competency achieve the highest value [14]. Uittenbogaard et al (2005) studied the organizational restraint factors to intrapreneurship and found that lack of a clear network strategy limits the production of innovative ideas; interest conflict and innovation depression makes the functions of intrapreneurship keep low.

Currently, scholars tend to analysis the relationship between organization factors and intrapreneurship by using more scientific methods. Antoncic and Hisrich (2003) established the wealth creation model, pointing out the organizational factor is an important aspects affected intrapreneurship. Then, through empirical analysis, they found that intrapreneurship impact organization performance, especially growth performance and wealth performance [15].Zhang Yuli et al (2009), through the observation of a large number of business practices, found that entrepreneurship-oriented is in number of different forms, and its performance due to different organization environment. And they thought that linear method is too simple to study such question and not meet the complex business practice. Then they put forward the hypothesis that the organization possessed ambidextrous competence or not determines the organizational performance. Then the

empirical studies result showed that the ambidextrous competence is an important enhancing path of organizational performance through intrapreneurship [16].

## II. HUMAN RESOURCE MANAGEMENT MECHANISM OF INTRAPRENEURSHIP

The research on human resources management mechanism of intrapreneurship focused on four areas. Foreign researches focused on employee management, and in China, researchers also attached great importance to the research on upgrading of intrapreneurs human capital, organization management and strategic human resource management.

### A. *Intrapreneur Management Mechanism*

Most researchers agree that intrapreneur plays an important role in the process of intrapreneurship, but most studies focus on the correlation research. And there are a few studies focus on mechanism's building. Current research results include the growth mechanism and distinguishing mechanisms.

Tan Xinsheng and Zhang Yuli(2004) studied the growth mechanism of intrapreneur from the perspective of human capital. He thought that the key of "intrapreneur question" is entrepreneurs prefer and entrepreneurs ability. Entrepreneurs prefer emphasis on the psychological and social characteristics of intrapreneur, such as achievement motivation, being good at innovation, opportunity-oriented and autonomy, etc. Entrepreneurial capacity refers to the basic knowledge, ability and social capital of intrapreneurship. They suggest that the latter one meet the basic content of "human capital", and can be acquired through training. For the latter, although most scholars think that it is a personal endowment, but still can be strengthened by learning. Then they suggest the intrapreneur growth mechanism, which include formulating the strategy of enterprise s development, making the accumulation direction of intrapreneur human capital consistent with strategy, adjusting related pay system and human resources policy, formatting direct incentive to intrapreneurship, creating entrepreneurial culture , etc.

They also thought that even if the entrepreneurs have the intrapreneur qualifications, because some people have chosen other professions, they can't become a real intrapreneur. So it needs to build distinguishing mechanisms, such as establishing intrapreneur market, strengthening the signal display of intrapreneur [17]. Li Jing (2007) established the growth mechanism of intrapreneur from the perspective of changing the principal-agent relationship between employers and intrapreneur. The mechanism include providing staff property share and decision-making rights, staff incentives and formulating employee career development plans, etc[18].

### B. *Staff Management Mechanism of Intrapreneurship*

Because the special requirements of the intrapreneurship, it needs targeted means of staff management mechanism.

Morris and Jones (1993) proposed the measures of intrapreneurship human resource management include the

tolerance failure of performance management, high-risk wage policy, team-oriented training, more career paths management, authorization and free-space design [19]. Balkin et al (2000) advocated that in the early days of high-tech enterprises, when the company's overall sales volume is low and staff turnover is high, enterprises should use incentive pay policy to encourage the risk behaviors [20]. Hayton et al (2004) took the "discretionary practices" as an important part of management in the process of intrapreneurship. He Zhicong et al (2005) pointed out that the company should purposefully measure the personal characteristic of staff according to intrapreneurship activity [21]. Ma Yide et al (2006) pointed out that enterprises should formulate incentive pay system and put forward the corresponding driving factors, parameters and problems and then established 4E salary model [22].

### C. *Organization Management Mechanisms of Intrapreneurship*

Scholars tend to study organization management mechanisms for the purpose of solving problems. In order to increase expected earnings of intrapreneurship and reduce the opportunity cost, Tan Xinsheng et al(2004) proposed the organization management mechanisms include establishing the development department of new business, internal venture capital and entrepreneurial incubator. Miao Li (2005) thought that the occurrence of intrapreneurship result of the interaction of intrapreneur characteristics, organizational characteristics and external contingencies. According to this, she established the management model, which combined all of three forces and proposed the management mechanisms include establishing intrapreneurship team, culturing climate, management innovation, etc [23]. To strengthen the organizational innovation ability, Jiang Qinfeng et al (2007) designed the intrapreneurship drive mechanism of organization innovation, operating mechanism and feedback mechanism and then form an overall framework of organization mechanism [24].

### D. *Strategy Human Resources Management of Intrapreneurship*

Recently, the studies on intrapreneurship state involving strategy human resource management. Zhao Qun (2005) suggested that in intrapreneurship process, enterprises should coordinate the interests of intrapreneur and employees by building development vision and obtaining the agreement of all staffs [25]. Zhai Weidong (2007) designed the enhancing process, which transform human resource management to strategy height. And he suggested that this process should pay particular attention to taking the human resource managers as strategic partners. Lv Guixing (2007) considered that, to the entrepreneurial enterprises, the starting point of human resources management is human resource planning based on enterprise strategy, and human resource forecasting is an important part of it. Enterprises should appropriately forecast the need of human resources for the future development according to enterprises strategy as well as inter and extern environment.

### III. THE OUTLOOK FOR THE RESEARCH OF THE INTRAPRENEURSHIP HUMAN RESOURCE MANAGEMENT

Summarize the study of intrapreneurship human resources management, then the blanks of research are exposed, and these will become the topics for the future research.

#### A. *The Extension of the Research Objects*

For the present, the intrapreneurship researches are limited to large enterprises. The entrepreneurship researches of SMEs are also limited to new enterprise building and lack of the research on SMEs intrapreneurship. However, in terms of the development situation of SMEs, their average life is only 2.9 years which has a large gap to the 7-year average life of SMEs in the U.S. So, it is an important issue for researchers to find effective intrapreneurship ways for SMEs in China. But intrapreneurship for SMEs in China is faced many difficulties because of the neglect of human resources management. In fact, the related research shows that SMEs have more advantages than large enterprises in intrapreneurship human resources management. Reinforcing human resources management in SEMs can take intrapreneurship as a heuristic communication process between the managers and employees. Thus, intrapreneurship human resources management problems in SMEs is a topic for the future research.

#### B. *Research of the Framework of Intrapreneurship Organization Structure*

Recalling the Research Outputs about human resource management mechanism, it be found that most studies cut the connection between the micro person and the macro organization and the study which focus on the entire enterprise's organization structure framework is rare. In fact, Intrapreneurship has special requirements for organization structure. Such as balance between existing business and intrapreneurship activity, dynamic capabilities of department boundaries and organizational boundaries, intrapreneurship management department building. These problems can not be solved by the traditional structure. Therefore, the future research should focus on the intrapreneurship organization structure research, which includes building intrapreneurship organizational structure, operating mechanism, building management system and related empirical research.

#### C. *Staff Constraint Mechanism*

The current researches mostly focus on motivation mechanism to employees, and the employee's behavior restriction mechanism research is rare. However, intrapreneurship is often accompanied by the major strategic readjustment, important personnel changes and organization innovation. So the employees could easily do something which is far away from the enterprises expectations, such as rejecting innovation, reducing loyalty and distrust in the team. These seriously block the intrapreneurship activity. Therefore, studying the causes of staff's behavior and building restriction mechanism could be the important part of the future research.

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