

1042-2587-97-211\$1.50
Copyright 1997 by
Baylor University

Intrapreneurship in Small Businesses: An Exploratory Study

Camille Carrier

In today's context of increasing market globalization, firms wishing to maintain their competitiveness must innovate constantly. Many authors have suggested intrapreneurship as a method of stimulating innovation and using the creative energy of employees by giving them the resources and independence they need to innovate within the firm. It is somewhat surprising, however, that research into intrapreneurship has so far concentrated exclusively on large organizations, even though small businesses face the same need for innovation if they are to remain competitive. This exploratory research, which examines the phenomenon of intrapreneurship in the small business context, is aimed at filling the gap. This paper concentrates on some specific aspects of the research, including the different types of intrapreneurship observed, the factors governing their emergence, motivating factors for the intrapreneurs and the owner-managers of the firms, and the strategic processes involved.

In the context of increasing market globalization and free trade, firms must innovate constantly to improve their flexibility, competitiveness, and reactivity. Many authors have highlighted the importance of intrapreneurship as a stimulus to innovation in organizations. Cunningham and Lischeron (1991) even spoke of an intrapreneurial school of entrepreneurship. However, there is a certain amount of ambiguity around the concept of intrapreneurship and this may even lead to questions about the difference between entrepreneurship and intrapreneurship. It is therefore important, before introducing the object of our research, to look more closely at the concept on which intrapreneurship is based and to the main trends in the research on intrapreneurship.

CONCEPT OF INTRAPRENEURSHIP

As Wortman (1987) pointed out, it is still difficult to agree on a generally accepted definition of entrepreneurship. The current emphasis on corporate entrepreneurship serves only to heighten the complexity. Since Schumpeter (1934), who first associated entrepreneurship with innovation without raising the question of formal individual ownership, views have changed considerably. New definitions of the concept have emerged, introducing new aspects such as risk taking and the creation of independent units. Gartner (1985) analyzed the various definitions and defined entrepreneurship as "the creation of new organizations." In such a perspective, entrepreneurship necessarily ends when the venture creation stage is complete.

However, entrepreneurship as a source of innovation is not the exclusive province of new venture creation. Increasingly turbulent markets, technological complexity, free trade, and a growing awareness of the sclerotic nature of many traditional management practices are putting tremendous pressure on organizations seeking to pursue growth. As Stevenson and Jarillo (1990) pointed out, intrapreneurship has grown in importance over recent years because large firms wishing to compete have sought out the characteristics of flexibility, growth, and innovation more generally associated with entrepreneurship.

What essentially distinguishes intrapreneurship from entrepreneurship in most works, if not all, is first and foremost the context in which the entrepreneurial act takes place. Entrepreneurs innovate for themselves, while intrapreneurs innovate on behalf of an existing organization. This difference in context generates a number of other differences for the actors concerned, with regards to autonomy, type of risk, and anticipated rewards. Entrepreneurs select themselves, while intrapreneurs must be selected or, in some cases, be recognized by or impose themselves on the organization.

As Zahra (1991, p. 260) observed, "authors use many terms to refer to different aspects of corporate entrepreneurship: intrapreneurship (Pinchot, 1985), corporate venture (Ellis & Taylor, 1987) and internal corporate venture (Burgelman & Sayles, 1986). Regardless of the label, corporate entrepreneurship refers to the process of creating new business within established firms to improve organizational profitability and enhance a company's competitive position." Interestingly, the terms "intrapreneurship" and "corporate entrepreneurship" have almost always been used implicitly to describe a situation occurring in a very large organization. However, to say that intrapreneurship is entrepreneurship within an existing organization does not imply that the organization has to be large. Indeed, as we will see in the next section, many have emphasized the need for intrapreneurship in small and medium sized businesses.

Despite the lack of a clearly accepted definition of the term, an analysis of the literature on intrapreneurship reveals two main trends in the research (see Carrier, 1993). The first of these trends is concerned principally with the individuals who implement innovations in the firms that employ them. The authors who subscribe to this approach fall into two groups. The first group presents intrapreneurship as a set of psychological characteristics and personal attributes. Examples include Carbone (1986), Gasse (1989), Bordeaux (1987), Luchsinger and Bagby (1987), Pinchot (1985), and Ross and Unwalla (1986). Although it is not always explicit in their work, many of these authors seem to believe that the psychological profiles of intrapreneurs and entrepreneurs are fairly similar, even though the contexts in which they act are different. The second group—Ronen (1988), Lessem (1987), Knight (1987), d'Amboise and Verna (1993), Lee and Zemke (1985), and Ellis (1985)—concentrates on the roles and functions of intrapreneurs, and presents them as visionaries, change agents, corporate entrepreneurs, and "champions of innovation." The second main trend identified in the intrapreneurship literature is concerned with the intrapreneurial process, the factors leading to its emergence, and the conditions required. Some of the authors using this approach present intrapreneurship as an organizational mode, characterized by the factors of freedom and autonomy, allowing employees to innovate. The works of Pinchot (1987), Haskins and Williams (1987), Covin and Slevin (1991), Brandt (1986), Stevenson (1988), McGinnis and Verney (1987), Kuratko, Montagno, and Hornsby (1990), Chisholm (1987), White (1988), Reece and Brandt (1990), and Zahra and Pearce (1994) are typical of this trend. Other authors view intrapreneurship as a managerial strategy aimed at stimulating entrepreneurial behavior among employees or even as a way of helping employees to become entrepreneurs with the support of the organization through a process of spinning-off.

Whichever of these two approaches is used, however, the concept of intrapreneurship is almost always synonymous with innovation initiated and implemented by employees. It will also be the case in the present paper.

OBJECT OF THE RESEARCH

As mentioned above, most research on the importance of intrapreneurship has approached the phenomenon within the context of large organizations. This is somewhat surprising, because intrapreneurship is just as essential for smaller organizations (Zahra & Pearce, 1994). Covin and Slevin (1991) noted that their conceptual model of corporate entrepreneurship could apply at various levels to smaller firms. Carrier (1991) also emphasized the importance of studying intrapreneurship in the context of small businesses, which, like their larger counterparts, must now evolve in the face of much fiercer competition, in an environment where innovation has

become vital. For Carrier, intrapreneurship and small business are two realities whose reconciliation is essential in today's context. She identified six postulates in support of this, as shown in Table 1.

Table 1

Six Postulates Supporting the Need to Reconcile the Concepts of Intrapreneurship and Small Business*

1. Intrapreneurial characteristics are not the exclusive property of employees of large firms.
2. Intrapreneurs can be first-class allies for owner-managers of growing small businesses.
3. The fact that intrapreneurs are absent from the small business literature does not mean that they have no right to be there.
4. The loss of an intrapreneur will have more serious consequences for small firms than for large firms.
5. Small firms are potential incubators for intrapreneurs.
6. Small business provides a favorable environment for innovation.

* Adapted from C. Carrier, "Intrapreneurship et PME," *Gestion. Revue internationale de gestion*. 16(4), November 1991, p. 20-27.

Wortman (1987) went further by presuming that intrapreneurship as exercised in smaller organizations would have its own special features. According to him, "The research of intrapreneurship needs to be carried out in both large and small businesses because new venture formation and new venture management may be quite different in these organizations" (p. 270). He also noted the lack of empirical research on intrapreneurship.

Based on these considerations, it is therefore relevant to examine the factors governing the emergence of intrapreneurship in small businesses, and the context and strategic process underlying its development. Exploratory research was therefore undertaken to examine the phenomenon of intrapreneurship in small firms. It took the form of an in-depth study of the emergence and implementation of five intrapreneurial projects in small firms in Québec. For the purposes of the research, intrapreneurship was defined as the introduction and implementation of a significant innovation for the firm by one or more employees working within an established organization. It revealed the representations of the main stakeholders (intrapreneurs and owner-managers) regarding the intrapreneurial experience in which they were involved. Content analysis of the representations identified a number of elements, including the different types of innovation undertaken, the factors leading to the emergence of the projects, the motivators, and the strategic processes. All these elements are discussed in the following pages. First, however, some methodological and epistemological issues will be considered.

METHODOLOGY

The research clearly required a sample composed of a limited number of subjects to enable the representations of each to be studied in detail. Sanders (1982) suggested between three and six individuals. As stated earlier, five cases were finally used. Despite the small size of the sample, recruitment was more difficult and took longer than expected. Existing data banks contain no information whatsoever on intrapreneurship in enterprises. Recruitment therefore had to be personalized. Advertisements were placed in two major daily newspapers in the Québec City area, stating the characteristics required. More than fifty small business owner-managers were contacted by telephone, and we attended three meetings of entrepreneurs' associations to talk at

length about the research and the type of subject organization sought, i.e.:

Small or medium-sized firms with less than 200 employees, within which an innovation had been initiated and implemented by an employee or group of employees.

The enterprises selected for the sample were therefore recruited on a voluntary basis. All five owner-managers agreed to be interviewed themselves and to allow us to interview the employee-intrapreneurs.

As a result, in-depth interviews were carried out with five owner-managers and five intrapreneurs. Two or three individual meetings of between two and three hours each were held with the 10 subjects, who were invited to describe their representations of:

the form of intrapreneurial cooperation;
the factors leading to the emergence of the intrapreneurial project;
their personal motivations for becoming involved; and
the positive and negative consequences of the experience.

The in-depth interviews were run on a uniform basis and were recorded and then transcribed to facilitate analysis. After transcription, individual control meetings were organized with the subjects so that they could approve or modify the interview text.

A content analysis was then performed, based on what Bardin (1989) referred to as “structural deciphering,” an “interview by interview” method. The main function of the analysis was heuristic,¹ since its aim was to explore and discover the subjects’ own visions of the objects in question. The categories used for the analysis were established from the results and, consequently, were determined after the data-collection stage.

The research was therefore carried out using a basically interpretative approach (Burrell & Morgan, 1979). Its aim was to identify the representations of the main actors concerning the intrapreneurial project in which they were involved. The interviews were, as far as possible, non-directive, to enable the subjects to describe and even “construct” their own representations.

RESULTS

Types of Innovation and Determinant Strategic Factors

Although popular mythology would seem, unfortunately, to link innovation exclusively with technology, our research was not confined to any one specific type. Piatier (1984) was extremely critical of what he described as a misunderstanding of the concept of innovation, and suggested that restricting innovation to the field of technology was the equivalent of excluding half the problem by taking only a supply-oriented view. Other authors, including Gasse and Carrier (1992), Burch (1986), and Saporta (1989), have highlighted the need to broaden the definition of innovation, which could equally be commercial, organizational, institutional, procedural, or social in nature, and could include the creation of new organizational units. Drucker’s (1985) view is that any upward variation in wealth production capacity on the basis of existing resources constitutes a form of innovation. All these considerations largely confirm the relevance of the choice made here to address the broader notion of innovation.

Further support for this point of view was obtained from analysis of the types of innovation observed during the research, which were extremely varied. As Table 2 shows, they include

1. Bardin (1989) states that content analysis has two possible functions. Its function is said to be heuristic when the analysis enriches exploration and increase the propensity for discovery. On the other hand, its function is to “administer proof” when systematic analysis is performed to confirm or invalidate one or more hypothesis.

some forms of innovation commonly found, according to the literature, in large organizations, such as innovation in new product distribution and innovation in the use or development of a new technology. However, less typical innovations were also found, such as the introduction of a new organizational method, and visioning, defined by Fillion (1990) as the ability of the decider to imagine a particular future state. This configuration was in no way sought but, surprisingly, emerged of its own accord.

Table 2

Contextual Variables in the Intrapreneurial Projects Studied

	No. of employees	Activity sector	Type of innovation	Business ideology	Determinant strategic factor
Firm 1	70	Manufacturer (bicycles)	New organizational method (spinoffs)	Focused on growth	Differentiation through product quality
Firm 2	100	Manufacturer (high technology)	New technology	Focused on growth	Constant innovation
Firm 3	30	Manufacturer (thermo-massage baths)	New product reinforcing differentiation	Focused on growth	Product differentiation
Firm 4	30	Services (sale of office equipment and supplies)	Visioning (new management methods)	Focused on growth	Low prices and availability of a wide range of products and services
Firm 5	53	Manufacturer (traditional wood furniture)	Improvement of production processes	Focused on growth	Very short delivery time

Although by no means an exhaustive list of what is possible, this configuration clearly shows that intrapreneurship can generate many different forms of well-defined innovations in the small business context. Small and medium-sized firms seem to provide a more fertile environment than might at first be thought for the development of rich and varied innovations under the supervision of enthusiastic employees.

It is also interesting to note that, in each case, the type of innovation proposed was likely to have a positive effect on the firm's growth strategy. All the innovations studied in this research seemed to be of a type that would reinforce the firm's determinant strategic factor. This latter is a crucial element for success, and is the competitive advantage considered most important in improving the firm's competitive position (this was noted by all five owner-managers).

As Table 2 shows, the determinant strategic factor differs from one firm to another, since each firm operates in a sector that conditions its methods to a large extent and generates its own specific constraints and opportunities. In all five cases, the innovations introduced were of a kind that would foster or reinforce the firm's competitive strength. For example, the innovation introduced in firm 5 was a new process that considerably reduced production time, and the owner-manager considered quick delivery to be a very important competitive advantage in the sector. Although the interviews do not provide explicit conclusions in this respect, this observation suggests that concordance between the innovation proposed by the intrapreneur and the

competitive advantages considered important by the owner-manager will facilitate any subsequent intrapreneurial cooperation.

It is interesting to note that the intrapreneur's usual job conditions the type of innovation he or she will propose. For example, the firm 2 intrapreneur was an R&D manager who developed a whole new technology. The firm 3 intrapreneur was a sales manager who considerably broadened the firm's product to increase its customer base. In fact, the only case in which the intrapreneur's position was unrelated to the type of innovation proposed was firm 1, where the intrapreneur proposed a specific type of spinning-off that led him to create his own firm within the incubator firm. In this particular case, the intrapreneur was in charge of a complex production operation, and had no real managerial responsibility.

One constant in the process was growth as the dominant element of the owner-managers' business ideologies. All the owner-managers who took part in the research described and provided proof of their firms' high growth rates over recent years, a trend they all hoped would continue. For example, three of the sample firms had recorded a growth rate of more than 25% in the two preceding years, which was considerable given the difficult economic context. A fourth firm had almost doubled its turnover during the four years preceding the research. While no direct causal relationship can really be established between the quest for growth and the positive attitude towards intrapreneurs, it would be surprising if the former had no impact on the latter. All the owner-managers stressed that their firm's growth was made easier by the cooperation of people like their intrapreneurs.

However, even if we tend to believe that intrapreneurship appears more typically in growing companies, as is the case here, there is nothing to suggest that it could not also emerge within firms not centered on growth. The companies that took part in the research were not selected

Table 3

Comparative Analysis of the Factors Governing the Emergence of Intrapreneurship as Perceived by the Owner-Managers

<p>Factors inherent in the organizational context or in the manager's personal style (influencing factors)</p>	<ol style="list-style-type: none"> 1. Simplicity of organizational structures. 2. Easy/difficult to identify intrapreneurs. 3. Ability of owner-manager to trust employees and delegate. 4. The right of employees to make mistakes.
<p>Factors inherent in the personal motivators of owner-managers (motivating factors)</p>	<p>The motivators identified can be divided into four major categories:</p> <ol style="list-style-type: none"> 1. Motivators related to the demands and constraints of the external environment (especially the competition.) 2. Motivators related to the perception of an individual as an intrapreneur and that individual's availability. 3. Motivators related to the firm's growth objectives 4. Motivators related to the management or production problems encountered in the internal environment.

on the basis of their desire for growth. None of them was a new company, and all had existed for at least 10 years. Some of them said they had previous experience of innovations introduced by intrapreneurs, even during periods of stability when growth was not as important as it had become by the time the research was carried out. Even firms for whom growth did not seem to be a goal could benefit from encouraging intrapreneurship as a source of improved productivity, a broader product range, or a larger market.

Motivators and Factors Governing Emergence

Taking the owner-managers first, Table 3 shows that the factors they thought had an impact on the emergence of intrapreneurship fall into two major categories: factors inherent in the conditions prevailing within the firm or in their own personal management styles, and other factors that we will refer to as motivators. The former facilitate the emergence of intrapreneurship, while the latter include the elements that motivate the owner-managers to support and provide more formal encouragement for intrapreneurship.

The first two factors are directly related to the firm's organizational context. The simplicity of the organizational structure is described as fostering exchanges of ideas and encouraging more personal contacts between owner-managers and employees. Intrapreneurs therefore seem to be able to promote their ideas and plans without having to go through lots of hierarchical levels. The second factor is a corollary in some ways, and concerns the ease with which potential intrapreneurs can obtain recognition. The process is helped greatly by structural simplicity and the consequently lower level of formality.

The other two factors are directly related to the management styles of the owner-managers, who stressed the importance of being able to delegate to and have confidence in their employees and of tolerating failure by granting the right to fail to anyone willing to risk adopting a different approach.

The owner-managers' personal motivators have been grouped together into four major categories, shown in order of importance in Table 3. The importance of motivator types was assessed on the basis of the number of motivators in the category and the importance they seemed to have in the eyes of the owner-managers. The first category contains motivators related to the demands and constraints of the firm's external environment, and includes, for example, the desire to penetrate new markets, accentuate an existing competitive advantage or develop new ones. The latter case is entirely dependent on the entrepreneur's desire to confront the environment and the competitive circles in which he or she operates. As Table 3 shows, it heads the list of motivating factors.

The second major category groups together motivators related to the perception of an employee as having intrapreneurial characteristics and being available to innovate within the firm. In most cases, owner-managers are more motivated to encourage intrapreneurship if they think their entourage includes people with the ability to play an active role.

The third major category includes concerns directly related to the firm's growth objectives. Interestingly, all the entrepreneurs questioned had a fairly clear and precise vision of the path they would like their firms to take in the next five years, a fact that might be surprising if we consider that many researchers have described the incremental or fairly informal aspect of strategic planning in small business (Julien & Marchesnay, 1992; Sexton & Van Auken, 1982; Robinson & Pierce (1984). However, the owner-manager's vision may be both precise and informal. For example, some of the sample owner-managers were looking to penetrate the American market, while others were aiming for more widespread internationalization and some were even considering the creation of new subsidiaries to extend or diversify their activities.

The fourth category brings together the motivators more specifically related to the management, production, or marketing problems encountered within the firm. It includes, for example, the desire to facilitate complex operations, to avoid certain organizational problems, to increase overall flexibility, to control and improve productivity and quality, to reduce the firm's tax bur-

den, and, more broadly, the owner-manager's need to be supported or even accompanied in his or her role as visioner.

Table 4 sets out the motivators for innovation as identified by the intrapreneurs. Personal motivation is largely dependent on individual personality, characteristics, and personal situation, and includes factors related to temperament, past experience and personal career objectives, and existing or future rewards that have value in the eyes of the intrapreneurs.<tab4>

Table 4

The Personal Motivations of Intrapreneurs

Intrinsic personality-related motivations	<ul style="list-style-type: none"> • intrapreneurial personality eager for challenge and achievement • availability for “learning”-rich work • a sense of working for oneself first and foremost • a need to control one’s destiny • interest in discovering “better” ways of doing things.
Extrinsic, reward-related motivations	<ul style="list-style-type: none"> • promotion • access to capital stock • innovation bonuses • higher salary than elsewhere • possibility of increased income
Motivations related to past experience and future career objectives	<ul style="list-style-type: none"> • desire to work for oneself • past experience as an entrepreneur • past experience as an intrapreneur • attraction of going back into business in one’s “native village” • “plateaued” (in the restricted sense) in a previous job
Motivations related to the organizational context	<ul style="list-style-type: none"> • management style that welcomes intrapreneurship • sense of belonging • shared vision with the entrepreneur • mutual confidence and quality of the relationship

It is worth taking a closer look at the extrinsic motivators of possible rewards or rewards desired by the intrapreneur. The most surprising element here is the positive value accorded by the intrapreneurs questioned to promotion as a reward for their marginal contribution to the firm’s success. This is fascinating because it seems to contradict the literature on intrapreneurship in large firms, where the value of promotion as a reward has been discredited on the basis that large firm intrapreneurs are looking not for more power or authority, but for more freedom and resources that would allow them to continue to initiate and develop other innovative projects. However, as suggested by Salancik and Pfeffer (1977) among others, it may be that intrapreneurs need more power and authority in order to obtain more freedom and resources.

For small business intrapreneurs, promotion is clearly a significant reward. Given the structural simplicity and the smaller number of hierarchical levels in small firms, promotion is perceived as an excellent opportunity to move closer to the owner-manager, who is generally the main decision-maker. In addition, because of the lower level of specialization in small business management positions, intrapreneurs seem to think that if promoted they will be able to take more initiatives in different areas. The intrapreneurs questioned all said they needed plenty of space in which to exercise their talents, and perceived promotion as an opportunity to increase

their power to carry out their projects.

Another reward perceived positively by small business intrapreneurs is ownership of capital stock. In this area, however, their expectations are difficult to reconcile with the attitude expressed by the owner-managers. Although most of the intrapreneurs questioned wanted their contribution to be rewarded eventually by a stock holding in the firm, the owner-managers were firmly against this. In general, however, payment or monetary compensation systems better suited to the intrapreneurs' expectations will certainly have to be developed eventually if small firms are to continue to provide an attractive long-term environment for intrapreneurs.

The intrapreneurial motivators related to past experience and future career objectives must also be considered. Two of the intrapreneurs questioned had already been entrepreneurs and hoped to repeat the experience in the future. Others saw their present position as a springboard or learning phase on the way to becoming entrepreneurs. This, together with the question of remuneration, highlights the crucial importance for small businesses of keeping intrapreneurs and maintaining their activities. It underscores the need to explore new ways for owner-managers to cooperate with them, and perhaps even new and more stimulating forms of partnership to help maintain intrapreneurial energy within firms. Obviously, small firm intrapreneurs will tend to leave if their expectations are not met, thus becoming competitors of their former employers. The danger of this happening is greater in sectors where entry barriers are lower or where relative captivity is reduced. Large firms can often support the departure of an entrepreneur who leaves to launch his or her own business without sustaining too much damage in the process; this is not the case for small businesses, which generally have much more limited resources.

The motivators shown in Tables 3 and 4 must be combined to enable us to envisage the means and management practices most likely to lead more managers to encourage intrapreneurship and more employees to engage in intrapreneurship. Some avenues for future consideration and development will be described in more detail in the last section of the paper.

Strategic Processes

One point that emerged strongly from the research is that small firms led by entrepreneurs with a growth-focused business strategy are fertile ground for intrapreneurship, provided the intrapreneurs propose projects that will strengthen the firm's competitive position. It should be remembered, however, that small businesses not focused on growth may also benefit from the sharing of innovation through intrapreneurship. But how does such intrapreneurial cooperation develop? Is intrapreneurship explicitly and formally sought by the owner-manager or, when it occurs, does it trigger a process of reflection or a specific strategic approach on the part of the owner-manager? In some cases, intrapreneurship may even emerge without ever being considered, sought, or encouraged. To use Mintzberg's words (1978), intrapreneurship might be both a "deliberate" and an "emerging" strategy, depending on the circumstances.

The research revealed three separate divisions in the strategic process, as shown in Table 5. The first is the type of strategy adopted by the owner-manager as regards intrapreneurship within the firm. The second includes the owner-manager's overall strategic profile based on Miles and Snow's (1978) typology, and the third is concerned with the type of strategic behavior adopted by the innovators (intrapreneurs), using the Burgelman and Sayles (1987) model, in which intrapreneurship is considered to be the possible consequence of two different behavioral logics.

Let us look first at column 1, i.e. the owner-manager's strategy. A comparative analysis of the sample firms revealed three separate types of strategic process. First, intrapreneurship may be a direct consequence of a deliberate, active strategy on the part of the owner-manager. On the other hand, the owner-manager's strategy may emerge as a result of the process of reflection triggered by intrapreneurial behavior(s) within the firm, and then develop incrementally. Finally, intrapreneurship may emerge with no explicit or tacit strategy on the part of the owner manager.

er, and without generating a positive or prospective process of reflection.

At first glance it may seem somewhat surprising that a deliberate or active intrapreneurial strategy should exist in most of the firms observed. It should be remembered, however, that in every case the strategy was preceded by positive recognition of an intrapreneur in the owner-manager's immediate environment, and it can therefore be regarded as the result of a prior intuitive, heuristic process of mutual adjustment. In all cases, the owner-managers and intrapreneurs had had time to learn about their respective strengths and to work together. In most cases, the presence of an intrapreneur acts as a trigger for the owner-manager's strategic process. In that sense the strategy does not create the intrapreneur, but is reactive and aimed at incorporating intrapreneurial energies positively. It could be said that the strategy is contingent rather than deterministic.

Table 5

Strategic Processes Involved

	Type of strategy by owner-manager	Owner-manager's overall strategic profile	Intrapreneur's strategic behavioral profile*
Firm 1	Deliberate and active	Defender**	Induced
Firm 2	Deliberate and active	Prospector	Induced
Firm 3	Emergent and incremental	Prospector	Autonomous
Firm 4	Deliberate and active	Prospector	Induced
Firm 5	No visible strategy	Defender	Unqualifiable (within the meaning of the terminology used here)

* *Burgelman and Sayles (1987) classify the strategic behavior of innovators in two main categories. Innovators are described as "autonomous" when they themselves decide, with no explicit stimulation, to introduce new concepts or to broaden existing concepts in the area of product definition, process design or opportunity detection. They are described as "induced" when they act as part of a specified innovative logic defined by the firm and within an overall logic in compliance with the firm's mission.*

** *It may seem odd to associate a "defender"-type strategy with intrapreneurship and innovation. However, owner-managers who are "defenders" seek mainly innovations that will increase the firm's performance as regards its market and current products (contrary to "prospector" owner-managers, who seek to extend and vary their markets and products).*

As regards the second column, the owner-manager's overall strategic profile, some precisions are needed regarding Miles and Snow's (1978) typology, on which Table 5 is based. As Zahra and Pearce (1990) noted, the typology is based on three premises. First, a company that succeeds systematically develops, throughout its experience and life cycle, an identifiable approach that enables it to adapt to its environment. Second, there are four possible strategic orientations: defending, prospecting, analyzing, and reacting. Third, the first three of these strategic orientations can lead to success if they are properly implemented.

In Table 5, only two strategic orientations from Miles and Snow's typology (Defending and Prospecting) are used to describe the owner-managers' profiles. This is undoubtedly explained by the small size of the companies concerned (no surplus resources to overanalyze the environment) and by the growth ideology in place, which would be difficult to imagine in a reactor-type

profile. Moreover, as Zahra and Pearce (1990) pointed out, the results of some studies, including those by Hambrick (1989) and Conant, Mokwa, and Wood (1988), suggest that "using the entrepreneurial dimension, primarily innovation, may capture the essence of the defender and prospector companies" (p. 156).

Despite this, it may seem strange to associate a defender-type strategy with intrapreneurship and innovation. However, it should be remembered that defender owner-managers seek mainly the type of innovation that will improve their performance in current markets and with current products (contrary to prospector owner-managers, who seek to broaden their product range and their market). Another aspect of Table 5 that may be surprising at first glance is that, of the three firms run by prospector owner-managers, two had a deliberate intrapreneurial strategy and one an emergent and incremental intrapreneurial strategy. The difference in the latter company's strategy can be explained by the nature of the innovation proposed by the intrapreneur, who developed and marketed therapeutic, relaxation products using plants. The company then offered the products to its customers to maximize the satisfaction they obtained from its thermal massage baths. The owner-manager had never thought of this type of diversification, and admitted to being somewhat surprised when the intrapreneur originally proposed the project. In fact, the intrapreneur had to be extremely persistent and undertake a number of commercial feasibility studies before he was able to convince the owner-manager that his project was viable. It was only when this first initiative became such a success that the owner-manager finally thought of encouraging other intrapreneurial contributions. In the other two cases (the deliberate and active strategies), the innovations proposed had been actively sought by the companies concerned.

It is clear that the intrapreneur's strategic behavioral profile (column 3) is a direct result of the owner-manager's strategy, whether deliberate or emergent. The case of firm 5, where the strategies of the owner-manager and the intrapreneur were not visible, requires some explanation. In this firm, an employee successfully developed a new process that considerably reduced production time. However, this was a family business run very autocratically by a father and his three sons. None of the four was initially interested in the employee's innovation, and the employee had almost to hide and develop his idea in his own time. He received no encouragement at all during the project, and no reward when his initiative proved successful. This was the only one of the five cases studied where the intrapreneur was considering leaving the firm at the earliest opportunity. This illustrates the importance of providing proper recognition for the efforts made by intrapreneurs to prevent them from taking their innovative ideas elsewhere or using them for their own benefit.

DISCUSSION AND CONCLUSION

Limits of the Research

In this research, the approach taken was subjectivist and interpretative, in the sense that it was aimed at identifying the subjects' individual representations with a view to exploring a phenomenon that has received very little attention so far: intrapreneurship in small businesses. To do this, it was necessary to move away from traditional empirico-deductive models. The representations obtained were analyzed on a case-by-case basis to obtain an in-depth understanding of the phenomenon through "progressive construction" and "reflexive reconstruction" (Piaget, 1967, p. 1263). Because of the type of analysis involved, we had to work with a small sample (10 subjects). It is therefore difficult to generalize the results, in the usual sense of the term, and thus may be perceived as a major limitation.

However, the objective was not to generalize; this is the prerogative of the positivist tradition. Instead, the research was aimed at studying a phenomenon on a case-by-case basis, with each case providing a better understanding of the others. This is best described using Morgan's (1985) terms "generalizability of insight." In addition, as Lofland and Lofland (1984) noted, qualitative research forces the researcher to break away from objectivity, perhaps replacing it with precision and authenticity.

A second limitation of the research is related to the contextual aspect of the representations (Grize, 1989). The subjects' remarks may have been influenced by the researcher and her goal, and cannot therefore be considered to be neutral. Moreover, the contextual aspect raises certain questions regarding the stability of each subject's remarks from one situation to the next (Cossette & Audet, 1992). Nor is it possible to state that the ideas expressed verbally by the subjects are those that they use in action; the two may be very different. However, as Argyris (1980) pointed out, there is nothing to suggest that such differences are as common as may sometimes be thought.

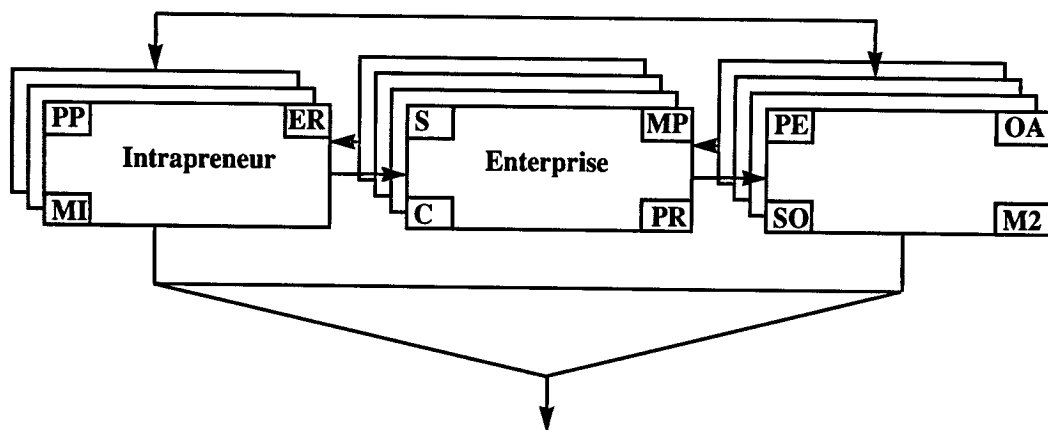
Observations and Avenues for Future Research

At first glance, small business seems to be an ideal potential incubator for intrapreneurs. Its simple structure makes it easier to identify intrapreneurs, and the friendlier negotiation mechanisms tend to facilitate entrepreneur-intrapreneur interaction. The research shows, however, that the structural and relational aspect is by far the most important factor in building an intrapreneurial environment. The context, the type of growth sought by the owner-manager, the firm's strategic objectives and the types of salary and rewards for intrapreneurial actions are all crucial factors that have an impact on the development of intrapreneurship in small businesses. The owner-manager, too, is important, as the main brake or, conversely, the main catalyst in the emergence of intrapreneurship within the firm.

In fact, all the factors listed above are important in fostering intrapreneurship in small business, but none, on its own, is sufficient to explain the emergence of intrapreneurship. The factors interact and influence each other through a dynamic chain of causality. For example, the growth method may influence the degree of acceptance of intrapreneurial behavior, and intrapreneurial behavior, by changing the trajectory of the firm, may modify the growth method. Perceived, increase the intrapreneurs' desire to act, and the intrapreneurs' own expectations in this respect may also cause the firm to change the rewards it offers, in order to provide

Figure 1

Factors Affecting the Level of Intrapreneurship in Small Business



KEY

- | | | |
|-----------------------------------|--|---------------------------------------|
| PP Personal profile and aptitudes | S Structure | PE Perception of external environment |
| M1 Motivations | C Culture | SO Strategic objectives |
| ER Expected rewards | MP Management practices | M2 Motivations |
| | PR Presence of rewards for potential intrapreneurs | OA Open attitude by owner-manager |

initially selected. Similarly, the rewards and motivators offered to intrapreneurs may, if posited, provide more effective motivation. Figure 1 shows the factors likely to affect intrapreneurship within companies.

All this suggests that intrapreneurship should, in the future, be studied from an interactionist perspective. Woodman and Schoenfeldt (1990, p. 296) described this as follows:

From an interactionist perspective, the behavior of an organism at any point in time is a complex interaction of the situation and something else. This something else is the nature of the organism itself. Both situation and organism and the interaction that unfolds over time must be explained to fully understand the organism-in-its-environment. Sometimes, the contingencies of the current situation account for or can be said to explain the greater part of current behavior; sometimes, the nature of the organism explains a great deal; sometimes both plus their reciprocal influences are necessary to even begin to understand what is going on.

In this perspective, future research on intrapreneurship in small business should consider many of these variables, in order to verify the sufficiency and relevance of the macro-model shown in Figure 1.

However, the results also suggest other, more specific avenues for future research. First, regarding the motivators of owner-managers and intrapreneurs, convergence and conviviality are far from assured. As we have seen, the personal motivators of the owner-managers are largely related to the attributes of their companies (perception of a more or less competitive environment, availability of an intrapreneur, growth objective, management or production problems). Owner-managers are willing to encourage intrapreneurship if they think it will cause the company to be more productive, more flexible or better-adapted to its environment. The intrapreneurs' motivators, on the other hand, seem to be much more personal and intrinsic, in that intrapreneurship fulfills their need to achieve, their need to learn, or even their need to prepare themselves to become entrepreneurs.

In this context, where one side (the owner-managers) are focused on enterprise fulfillment and the other side (the intrapreneurs) on personal fulfillment, it is not always clear that mutual cooperation will produce the same level of satisfaction with respect to the rewards obtained. While most of the owner-managers questioned said they were satisfied with the benefits they had obtained from the innovations introduced by the intrapreneurs, this was not the case for the intrapreneurs themselves.

Most of the intrapreneurs were stimulated by the challenge of innovating and the learning involved. However, after the fact, they were generally dissatisfied with the almost total lack of extrinsic reward to denote the value of their contribution and encourage them to initiate new projects (for example, promotions, bonuses, stock holdings, discretionary budgets to develop new projects). In view of this, what can small business owner-managers do to provide intrapreneurs with more stimulating conditions for innovation?

This finding illustrates the importance in future research of developing more appropriate remuneration and rewards for the contributions of intrapreneurs in small businesses. The intrapreneurs themselves believe that symbolic recognition is insufficient for them to consider continuing their initiative and commitment — and the accompanying risk — in the longer term. Their risk is not, of course, a financial one, but lies in the potential loss of personal credibility if one of their projects does not produce the desired results. Questions such as these are crucial because, as we have seen, frustrated intrapreneurs may decide to leave the firm to start their own business or work for a competitor. In both cases, the original firm will face increased competition.

Analysis of the strategic processes involved also reveals that the owner-manager's decision to encourage intrapreneurship more formally within the firm is strongly dependent on the circumstances. This highlights the need to raise awareness among owner-managers of the importance of intrapreneurship, to avoid a situation where the phenomenon would become simply a virtual event dictated by contingencies. Increased awareness may also help owner-managers to

accept innovation proposals from their intrapreneurs that would broaden the firm's mission. This does not seem to be the case at present.

From a more academic point of view, it would be interesting to examine intrapreneurial experience in small businesses where growth is not a priority for the owner-manager. This would help identify other possible benefits of intrapreneurship, beyond more successful or faster growth. It would be interesting to see what causes these owner-managers to adopt deliberate intrapreneurial strategies, or how they allowed intrapreneurial strategies to emerge as a result of innovative behavior by an employee.

The research also suggests that the people concerned with entrepreneurship training and development should also think about developing special programs in intrapreneurship. It tends to be taken for granted that creative, entrepreneurial people can and will exercise their talents only within their own firms. It would perhaps be appropriate to develop courses for potential intrapreneurs and also for firms wishing to stimulate entrepreneurship among their employees.

Finally, it is worth noting that one of the enterprises studied for this research (firm 1) had experienced a very particular type of spinning-off. Although not explicitly addressed in the above description of the results, it was nevertheless fascinating. The employee concerned had launched his own business and installed it within the incubator firm. This kind of loose "under the same roof" relationship may well be a new way of combining entrepreneurship and intrapreneurship, and deserves more attention. In growing small businesses, it may offer a type of partnership that would lighten the financial burden and free the incubator firm from operational responsibility in less complex sectors. This is an example of a new way of doing business that may help small businesses keep their intrapreneurs. Future research on other cases of the same type would help identify some interesting avenues here. Moreover, three of the intrapreneurs and two of the owner-managers from the other firms involved in the research said they were interested in such forms of "joint entrepreneurship."

It is clear that research on intrapreneurship in small business cannot be based on the intrapreneurial theories developed in the context of large enterprises (Carrier, 1994). Small business intrapreneurship has its own special characteristics. The friendlier, more flexible structures of small businesses mean that the logic is one of convergence and matching rather than identification of intrapreneurs. Finally, the strategic processes involved are contingency-based rather than deterministic, and approaches are needed to help owner-managers deal with the potential intrapreneurial dynamics in their firms, and to teach them to become aware of its importance.

REFERENCES

- Argyris, C. (1980). *Inner contradictions of rigorous research*. New York: Academic Press.
- Bardin, L. (1989). *L'analyse de contenu* (deuxième édition). Paris: PUF.
- Bordeaux, D. B. (1987). Entrepreneurship. *Manage*, 39(1), 2-4.
- Brandt, S. C. (1988). *Entrepreneurship in established companies*. Homewood, IL: Dow Jones-Irwin.
- Brenner, G. A., & Brenner, R. (1988). Intrapreneurship - Le nouveau nom d'un vieux phénomène. *Gestion. Revue Internationale de Gestion*, 13(3), 19-23.
- Burch, J. (1986). Profiling the entrepreneur. *Business Horizons*, September-October, 13-16.
- Burgelman, R. A., & Sayles, L. (1987). *Les intrapreneurs: Stratégie, structure et gestion de l'innovation dans l'entreprise*. Paris: MacGraw-Hill.
- Carbone, T. C. (1986). The making of a maverick. *Management World*, 15(5), 31-33.
- Carrier, C. (1991). Intrapreneurship et PME. *Revue Internationale de Gestion*, 16(4), 20-27.
- Carrier, C. (1993). Stratégies intrapreneuriales dans les petites entreprises. *Revue Française de Gestion*, 93, September-October, 96-103.

- Carrier, C. (1994). Intrapreneurship in large firms and SMEs: A comparative study. *International Small Business Journal*, 12(3), May, 54-62.
- Chisholm, T. H. (1987). Intrapreneurship and bureaucracy. *S. A. M. Advanced Management Journal*, 52(3), 36-40.
- Cossette, P., & Audet, M. (1992). Mapping of an idiosyncratic schema. *Journal of Management Studies*, 29(3), 325-347.
- Covin, J. L., & Slevin, D. P. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory and Practice*, 16(1), 7-25.
- Cunningham, J. B., & Lischeron, J. (1991). Defining entrepreneurship. *Journal of Small Business Management*, 29(11), 45-61.
- d'Amboise, G., & Verna, G. (1993). De l'entrepreneur à l'intrapreneur. *Gestion 2000*, 2, 13-30.
- Drucker, P. (1985). *Les entrepreneurs*. Paris: l'Expansion/Hachette, J.C. Lactès.
- Ellis, J. (1985). Starting a small business inside a big one. *Money*, 14(6), 85-90.
- Filion, L. J. (1990). L'intrapreneur: Un visionnant. *Revue internationale des petites et moyennes organisations*, 5(1), 22-33.
- Finch, P. (1985). Intrapreneurism: New hope for new business. *Business Marketing*, 70(7), 32-40.
- Garvin, D. A. (1983). Spin-offs and the new firm formation process. *California Management Review*, 25(2), 3-20.
- Gasse, Y. (1989). Le culte de l'intrapreneurship. *Administration Hospitalière et Sociale*, 35(5), 4-12.
- Gasse, Y., & Carrier, C. (1992). *Gérer la croissance de sa PME*. Montréal: Les Éditions de l'Entrepreneur.
- Grize, J. B. (1989). Logique naturelle et représentations sociales. In D. Jodelet, *Les représentations sociales*. Paris: PUF.
- Haskins G., & Williams, R. (1987). *Intrapreneurship in action*. The Economist Intelligence Unit (EIU), Special Report No. 1099. U.K.: The Economist Publications Limited, April.
- Julien, P. A., & Marchesnay, M. (1992). Des procédures aux processus stratégiques dans les PME. Dans *Perspectives en management stratégique*, Paris: Gestion Economica.
- Kanter, R. M. (1987). Driving corporate entrepreneurship. *Management Review*, 75(4), 14-17.
- Knight, R. M. (1987). Corporate innovation and entrepreneurship: A Canadian study. *The Journal of Product Innovation Management*, 4(4), 284-297.
- Koenig, G. (1989). Intrapreneurship. *Encyclopédie Française de Gestion*, Vol. II, 1599-1614.
- Kuratko, D. F., Hornsby, J. S., Naffziger, D. W., & Montagno, R. V. (1993). Implement entrepreneurial thinking in established organizations. *S. A. M. Advanced Management Journal*, 58(1), 28-33.
- Kuratko, D. F., Montagno, R. V., & Hornsby, J. S. (1990). Developing an intrapreneurial assessment instrument for an effective corporate entrepreneurial environment. *Strategic Management Journal*, 11(Special Issue, Summer) 49-58.
- Lee, C., & Zemke, R. (1985). Intrapreneuring: New-age fieldoms for big business. *Training*, 22(2), February, 27-41.
- Lessem, R. (1987). *Intrapreneurship: How to be an enterprising individual in a successfull business*. Aldershot, U.K.: Wildwood House.
- Lofland, J., & Lofland, L. (1984). *Analyzing social settings: A guide to qualitative observation and analysis*. Belmont, CA: Wadsworth.
- Luchsinger, V., & Bagby, D. R. (1987). Entrepreneurship and intrapreneurship: Behaviors, comparisons and contrasts. *S. A. M. Advanced Management Journal*, 52(3), 10-13.
- McGinnis, M. A., & Verney, T. P. (1987). Innovation, management and intrapreneurship. *S. A. M. Advanced Management Journal*, 52(3), 19-31.
- Mintzberg, H. (1978). Patterns in strategy formation. *Administrative Science Quaterly*, 24, December, 934-948.
- Morgan, G. (1985). Qualitative and action based research. *Actes du colloque «Perspectives de recherche pour le praticien»*, Rouyn: Université du Québec en Abitibi-Témiscamingue, 81-109.
- Nielsen, R. P., Peters, M. P., & Hisrich, R. D. (1985). Intrapreneurship strategy for internal markets - Corporate, non-profit and government institution cases. *Strategic Management Journal*, 6, 181-189.
- Piatier, A. (1984). L'innovation galvaudée, méconnue, convoitée. *Autrement, Les Héros de l'Économie*, 59, April, 13-20.
- Pinchot, G. (1985). *Intrapreneuring*. New York : Harper and Row.
- Pinchot, G. (1987). Innovation through intrapreneuring. *Research Management*, 13(2), 14-19.
- Reece, B. L., & Brandt, R. (1990). *Effective human relations in organizations* (Quatrième édition). Boston: Houghton Mifflin.

- Robinson, R. B., & Pearce, J.A. II (1984). Research thrusts in small firm strategic planning. *Academy of Management Review*, 9(11), 129-127.
- Roner, J. (1988). Individual entrepreneurship and corporate entrepreneurship: a tentative synthesis. In *Advances in the study of entrepreneurship, innovation and economic growth*, 2, pp. 243-267. Greenwich, CT: JAI Press.
- Ross, J. E., & Unwalla, D. (1986). Who is an intrapreneur? *Personnel*, December, 45-49.
- Salancik, G. R., & Pfeffer, J. A. (1978). A social information processing approach to job attitudes and task design. *Administrative Science Quarterly*, 23, 224-253.
- Sanders, P. (1982). Phenomenology: A new way of viewing organizational research. *Academy of Management Review*, 7(3), 353-360.
- Saporta, B. (1989). Stratégies des petites et moyennes entreprises. *Encyclopédie Française de Gestion*, 2729-2754.
- Sexton, D. L., & Van Auken, P. M. (1982). Prevalence of strategic planning in small firms. *Journal of Small Business Management*, 20(3), 20-27.
- Stevenson, H. H. (1988). Une perspective sur la gestion entrepreneuriale. *Gestion. Revue Internationale de Gestion*, 13(3), 33-40.
- Stevenson, H. H., & Jarillo, P. M. (1990). A paradigm of entrepreneurship: Entrepreneurial management. *Strategic Management Journal*, 11(Special Issue, Summer), 17-27.
- White, J. G. (1988). *Intrapreneuring: The secrets of corporate success in Canada*. Viking: Penguin Books Canada Ltd.
- Woodman, R. W., & Schoenfeldt, R. W. (1990). An interactionist model of creative behavior. *Journal of Creative Behavior*, 24, 279-290.
- Wortman, M. S. (1987). Entrepreneurship: An integrating typology and evaluation of the empirical research in the field. *Journal of Management*, 13(2), 259-270.
- Zahra, S. A., & Pearce, J. A. II (1990). Research evidence on the Miles-Snow typology. *Journal of Management*, 16(4), 751-768.
- Zahra, S. A., & Pearce, J.A. II (1994). Corporate entrepreneurship in smaller firms: The role of environment, strategy and organization. *Entrepreneurship, Innovation and Change*, 3(1), 31-44.
- Zahra, S. A. (1991). Financial outcomes of corporate entrepreneurship: An exploratory study. *Journal of Business Venturing*, 6, 259-285.

Camille Carrier is Associate Professor of Management and Strategy in the Department of Administration and Economics at the Université du Québec à Trois-Rivières.

The author would like to thank Pierre Cossette, professor at Université du Québec à Montréal, for his valuable comments during the preparation of this paper.