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Spring 2014

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# How to Create Entrepreneurial and Innovative Culture and Sustain it in a Large Organization?

## **Abstract**

Research on entrepreneurial culture in large and established organizations is a field that has been growing more and more recently. With foundational research dating as far back as 1970, there was a significant acceleration in corporate entrepreneurship research in the 1990s. We have entered a new era in the years 2000-2012 with explorations of topics such as corporate venturing and efficient opportunity recognition (Zahra, Randerson, and Fayolle, 2013). We will present here results that are relevant to our question, starting by defining the characteristics and advantages of a strong entrepreneurial culture, then we will present research on the process of implementing such a culture.

## **Keywords**

human resources, innovation, entrepreneurial

## **Comments**

### **Suggested Citation**

Ameisen, E. (2014). *How to create Entrepreneurial and innovative culture and sustain it in a large organization?* Retrieved [insert date] from Cornell University, ILR School site: <http://digitalcommons.ilr.cornell.edu/student/51/>

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## EXECUTIVE SUMMARY

### RESEARCH QUESTION

Entrepreneurial and innovative culture---How to create it and sustain it in a large organization? How to move from concept to execution?

### INTRODUCTION

Research on entrepreneurial culture in large and established organizations is a field that has been growing more and more recently. With foundational research dating as far back as 1970, there was a significant acceleration in corporate entrepreneurship research in the 1990s. We have entered a new era in the years 2000-2012 with explorations of topics such as corporate venturing and efficient opportunity recognition (Zahra, Randerson, and Fayolle, 2013). We will present here results that are relevant to our question, starting by defining the characteristics and advantages of a strong entrepreneurial culture, then we will present research on the process of implementing such a culture.

### ENTREPRENEURIAL ORIENTATION

In the field of Corporate Entrepreneurship, entrepreneurial orientation defines how innovative an organization is. Research has found persistent links between a strong entrepreneurial orientation and solid performances in large companies (Harms, 2013). An important notion to understand is that corporate entrepreneurship takes various shapes in different firms: a company that is "leadership dominated" will have to use different management tools to implement a strong innovative culture than a company that is "structurally dominated" (Miller, 1983). As such, the steps that have to be taken to implement a strong innovative culture depend heavily on the underlying organizational structure of the company, and have to be customized accordingly.

### A DETAILED METHOD

The implementation of an entrepreneurial and innovative culture can be separated in three distinct steps: the assessment of the current strategy for entrepreneurial activity, the implementation of an entrepreneurial climate, and the control and evaluation of corporate entrepreneurship (Kuratko, Hornsby, Naffziger, Montagno, 1993).

## ASSESSMENT OF CURRENT STRATEGY

As our second paragraph suggests, the first step to any implementation is an assessment of the current strategy for entrepreneurial activity. This process can also be broken down in four key questions:

- What is the current organizational structure (Are the resources needed to try new ideas made available to employees by the company? Does it promote risk taking? How easy is the formation of autonomous project teams?)
- What is the type of innovation that the company wishes to achieve, and how is management's perspective universally understood within the company?
- Are the three main conditions needed to achieve an innovative vision according to Moss Kanter (1985) present: An absence of insurmountable roadblocks to the flexibility needed for innovation, the implementation of incentives and tools to facilitate entrepreneurial projects, and the research of synergies across different business areas?
- Are managers ready to understand and reward entrepreneurial spirit and to give "intrapreneurs" sufficient freedom?

After these questions have been answered, the insight they provide will allow us to move on to the next stage of the process.

## PRACTICAL IMPLEMENTATION

The key elements for a successful implementation of an intrapreneurial environment depend on the assessment that was made of the company, but they can be broken down in 4 categories:

- Presence of explicit goals agreed on by workers and management so that specific steps can be taken.
- A feedback system with strong positive reinforcement to provide acceptance and rewards to potential intrapreneurs.
- An emphasis on individual responsibility to create confidence, trust and accountability.
- A reward system based on results, which promotes successful risk taking (Scanlan, 1981).

Once these elements have been implemented, a rigorous control process is required in order to guarantee the sustainability of the company's entrepreneurial orientation.

## CONTROL AND EVALUATION

It is important to note that contrary to some other performance measurements, entrepreneurial behavior should be encouraged with financial rewards and company recognition and not mandated by rules and procedures. Another important notion is to try to implement a "selected rotation" program for managers where they are exposed to different aspects of a unique field, in order for them to gain enough knowledge to have insight in venture development. A sustained commitment to projects is required in order to encourage projects that might not be profitable at first. Finally it is important to rely on people instead of analysis, and use past failures to help the involved employees grow, and shape them into successful entrepreneurs (Sathe, 1988).

## CONCLUSION

The development of an Entrepreneurial Orientation within a company is something that takes time and dedication to implement, as well as a thorough assessment of the current state of the company, and can sometime be quite counter-intuitive: it relies on performance management systems that are riskier than traditional ones, but if properly implemented, has been shown to be a recipe for success.

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