

## INTRAPRENEURSHIP DEVELOPMENT AS A HUMAN RESOURCES MANAGEMENT FUNCTION

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### **Abstract**

*This Paper Is A Conceptual Analysis Of The Gap In The Literature Of Entrepreneurship Development As A Human Resources Management Function. It Discusses And Advances The Concept Of Entrepreneurship As Human Resources Quality That May Be Exercised For Job Creation And Economic Development In Or Out Of Formal Organizations In The Form Of Intrapreneurial Activities. This Human Quality (Resources) Has Been Expressed In This Paper As A Continuum Of Worker Quality Which Is Subject To The Influence Of Human Resource Management Interventions/Tools Such As Training, Experience, Motivation, Performance Appraisal/Management, e.t.c. The Practical Implication Of The Worker/Entrepreneur Continuum Construct Advanced In This Paper Is That, Contrary To Common Belief, An Employee Does Not Need To Be Self Employed Or Leave His Employment To Be An Entrepreneur. This Could Therefore Refocus Policy And Programme And School Curricula To Reviving Organizations To Play Its Role In Employment Generation And Economic Development As It Ought And Used To Be When Employers Go To Institutions To Recruit Young Graduates. Theoretically, This Paper Has Contributed To Conceptual Clarity And Enlarged Application Of Entrepreneurship Beyond The Common Understanding And Usage And Is Likely To Provoke Spirited Reactions. It Should However Be Noted That The Empirical Study On Which The Argument Was Based Is The Existing Entrepreneurs, Rather Than Workers In Formal Organization. In Addition, The Study Was Conducted Outside Africa. This Therefore Necessitates A Revalidation Of The Study In African Context, Using Employees As Respondents.*

**Key Words:** Entrepreneurship, Intrapreneurship, Employee, Human Resources Management, Worker-Entrepreneurial Worker Continuum.

### **Introduction**

The role of entrepreneurship in employment generation and economic development has been widely acknowledged. Antoncik and Hisrich(2003) describes it as an engine of economic and social development. However, the spheres of entrepreneurship which play this role and the role of human resources management in the process were bedeviled with controversy, least researched and one-sided.

Hence the focus of entrepreneurship development discourse and programming was predominantly on self employment, to the exclusion of other forms of entrepreneurship such as

intrapreneurship which may be undertaken by employees in regular paid employment inside existing organizations. *It is* only recently that intrapreneurship started to feature in literature as a concept or subject of serious research effort. Very few text books on entrepreneurship contain a section on intrapreneurship. Few that contains it, devote only a very few pages, which only discuss it in passing, at the level of definition and in comparison with self employment.

Secondly, as a result of this, like employees in paid employment, human resource management is regarded as being barely relevant in entrepreneurship development. Most discussions on entrepreneurship, even among human resource practitioners, rarely discuss any direct role of human resources in entrepreneurship development. This suggests a misconception of the essence and scope of entrepreneurship and the limitation of its probable profitable application for national development. Already, entrepreneurship development policy and programmes have been one-sided in Nigeria as between self employment entrepreneurship and intrapreneurial entrepreneurship. Though, entrepreneurship education has been integrated into the school system in Nigeria, the curriculum objective has been more on self employment than intrapreneurship development. This development is significant because, corporate entrepreneurship (intrapreneurship) was responsible for the era in which jobs were so many that employers go to schools to recruit young graduates. Realizing this would suggest that revitalizing the entrepreneurial abilities of these establishments to innovate, take calculated risks and be proactive as a way to bring back the old good days of multiple employments to our citizens should have been considered a top priority.

There is therefore the need to undertake a conceptual analysis of the concept of entrepreneurship and the role of the human resources management in its development for national development. In doing this we shall discuss entrepreneurship as a quality of human resources which may be expressed in or outside of formal organization. The ultimate goal is the development of a model of entrepreneurship as a category in a continuum of an ideal worker quality

### **Theoretical Framework of Entrepreneurship and Intrapreneurship.**

Most writers on entrepreneurship (Izedomi, P; 2007 and Paul Clargo, Richard Tunstall; 2011) present it as opposite of labour activities in paid employment and limited it to activities in the pre-establishment and initial phase of business formation (i.e. small business). Employees are seen as opposite of entrepreneurs and necessarily un-entrepreneurial. According to Michael and William (2003), they are characterized in McGregor's (2006, 1960) Theory X terms, expressing managers' assumption about their subordinate as generally lazy, irresponsible, cause of organization ineffectiveness and hence necessarily poor. This is being contrasted with the entrepreneur in self-employment (or the founding entrepreneur) who is more or less seen only as in Theory Y terms (Diedre E. Engle, Joe J. Mah & Golnaz Sadri; 2010).

The possibility of employees' apparent un-entrepreneurialness being a result of organizational factors such as the leadership of the entrepreneurs and their top management representatives and or what they measure and reward is not being contemplated or addressed in these literatures. This is consistent with the school of thought that nature, rather than nurture, determines behavior of organism. Applied to entrepreneurship, this would imply that entrepreneurs are born, rather than being made. From this perspective, people can be classified into entrepreneurs and non-entrepreneurs. The role of human resources would be limited to identifying and recruiting the entrepreneurs. Thus, the field of human resources has not been associated with entrepreneurial activities. In fact, as some observer would argue, entrepreneurial human resource management is an *oxymoron*.

However, it is increasingly been confirmed that there is no entrepreneurship gene. This perspective admits a more elaborate role for the human resources management in entrepreneurship development. The human resources practitioner would not only have to recruit people with greater entrepreneurial potentials but also design an organization environment and human resources management systems which develop and channel the entrepreneurial potentials of those recruited for profit-abilities and increasing corporate performance. In line with this and building on the work of Conner and Ulrich,(1996) and Ulrich Dave(1997) Business Model, a fresh body of literatures on the entrepreneurial role of HR is emerging from the 2000s. In 2000, Mitchell Margaret (2000) refers to the entrepreneurial activities in HR. Kurakto(2005), highlighted the managers corporate entrepreneurial actions while James ,C.Hanton(2005) conducted a review of empirical research on promoting corporate entrepreneurship through HRM practices. Other writers who have been building this stream of literatures under different themes are as follows:

1. Anu,L.(2006),Fostering Intrapreneurship; the New competitive Edge.
2. Anu,L.(2007),HR issues in Intrapreneurship
3. Thabo,WL Faba(2007),The Integration of Intrapreneurship into Performance Management Model
4. Jibrán Basir et.al(2010),Adding Intrapreneurial Role in HR Business Partner
5. Noor Hazina (2012),Nurturing Intrapreneurship to Enhance Job Performance :the role of Pro-Intrapreneurship Organizational Architecture.

### **Conceptual framework of Entrepreneurship and Intrapreneurship.**

Stevenson et al (1985) defines entrepreneurship as creating values by pulling together a unique package of resources to exploit an opportunity. This, according to Kowilsky (1995), it involves opportunity recognition, marshalling of resources and the creation and management of business. Thus, broadly speaking, entrepreneurship represents the exercise of a set of enterprising qualities required to locate and translate opportunities for profitable creation and exchange of value in a situation of uncertainty. The core elements of this quality, according to Covin and Slevin(1991),are innovativeness, pro-activeness and risk-taking. By this definition, entrepreneurship is a human labour activity and denotes a level of the quality of this labour activity which belongs to the domain of human resources development and management. It is therefore relevant in any context; in and or out of formal organizations and at any level of these organizations.

The concept of intrapreneurship came in as a formal recognition of entrepreneurship as an attribute of employees in formal organization through the works of Gifford and Elizabeth Pinchot who coined the term in 1978 and later credited to Gifford Pinchot III by Norman Macrae in the April 17, 1982 issue of *The Economist*. The concept was however popularized in their book *Intrapreneuring: Why You Don't Have to Leave the Corporation to Become an Entrepreneur* (1985).

The Pinchotts (1985) refer to *intrapreneur* as someone who possesses entrepreneurial skills and uses them within a company, instead of using them to launch a business of his or her own. According to the 2<sup>nd</sup> edition of the *Encyclopedia of Business*, they:

1. Usually go well beyond their narrow job descriptions, providing invaluable help in innovating some aspects of their companies (*pro-activeness and risk-taking*) and

2. Help established firms to implement innovative policies and procedures or introduce innovative products or service.(*innovation*)

These contain the three dimensions of entrepreneurship ( innovativeness, risk taking and pro-activeness) developed by Covin and Slevin (1991) and, for the first time, points in the direction that, *contrary to common knowledge, entrepreneurship is not the opposite of or limited to self-employment. That is, an employee is expected to, and can be entrepreneurial.*

Along this line of thought, Kuratko (2007) stressed that the entrepreneurial perspectives is not something a person either or does not have; it is a variable. There is some level of entrepreneurial ability in every individual. The question then becomes one of determining how entrepreneurial a certain event or individual is". This suggests and supports the conception of entrepreneurship as a category in a continuum of worker quality of human resources (or resources level of human beings) thus:

Fig.1. Worker/Entrepreneur Continuum



Evidences from human resources practices show that when employers want to move employees to the next level of employment, either from junior worker to senior worker or from lower level manager to higher level manager, they look for qualities of entrepreneurship (J.A.I,2000). Infact, Lars Kolveried, Norwaz and

Bjørn Willy Åmo have observed that intrapreneurial behavior may be more common among senior rather than junior managers. Akan Iyang(2012) contended that the best worker is the entrepreneurial worker. Logically, most employers/recruiters would prefer an entrepreneurial worker(that is, one who is innovative, proactive and a bold intelligent risk taker). These suggest that, conceptually, an ideal worker/manager paid employment:

1. cannot be characterized as opposite of being entrepreneurial as being contended in some sections of literature,
2. is an entrepreneurial worker

From this perspective, the HR entrepreneurial function/role is to recruit and select candidates with the highest level of entrepreneurial qualities but also develop the traditional worker into an entrepreneurial worker through education, experience and motivational strategic HR interventions, among others.

### **Empirical Framework of Intrapreneurship**

In an empirical support for the Worker/Entrepreneur Continuum conception discussed above, Andrea Vogel (2012) reports that: the set of management behaviors that characterize many entrepreneurial leaders lies along a spectrum and successful entrepreneurial leaders will often fall toward one end of that spectrum in at least one of those factors. He found that most entrepreneurial leaders do not launch straight into their ventures from higher education as more than half of the entrepreneurial leaders describe themselves as **“transitioned”**: meaning that they had some experience outside of the world of entrepreneurship (defined as self employment) before launching their ventures, as shown below:

### Always the boss or left the boss

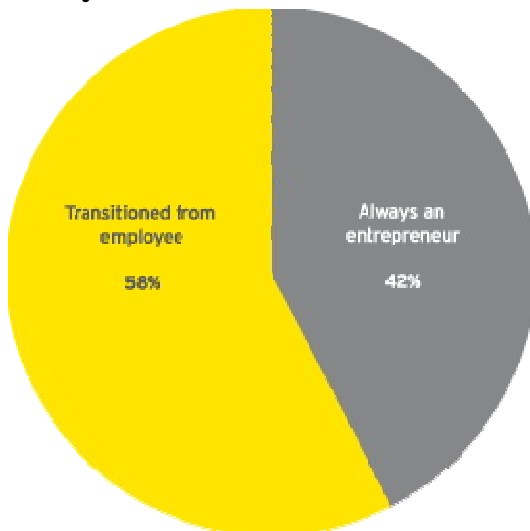


Fig.2. Source: Field Survey: Andrea Vogel (2012)

They contended that, although there are notable examples of entrepreneurial leaders who left college to form hugely successful businesses, such as Bill Gates of Microsoft or Mark Zuckerberg of Facebook, these are very much in the minority and stress the importance of corporate experience or “**experience as an employee**” and training as having the most impact in entrepreneurial characteristics and success. The respondents were asked: *What specific forms of education or sources of learning provided you with the skills needed to build successful businesses?* The result is as shown below:

### Success factors ranked number one

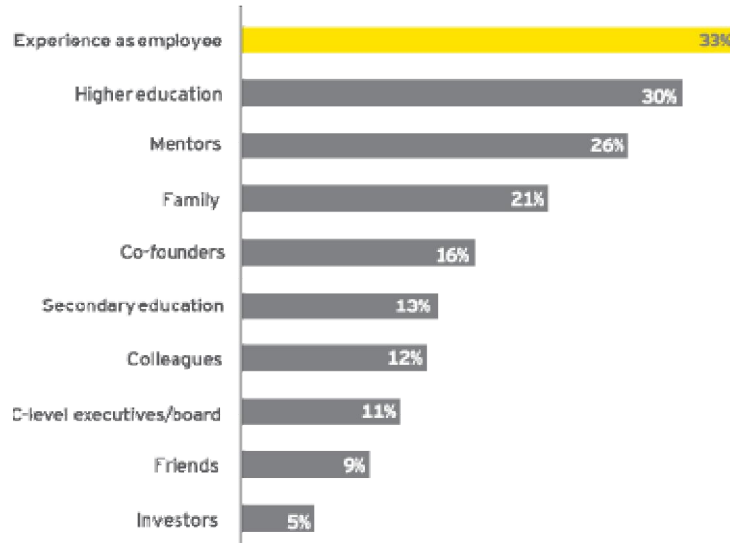


Fig.3. Source: Field Survey: Andrea Vogel (2012).

Support for this in organization context could be found in the findings of Junior Achievement Innovation Initiative (2000) report that both employee and those responsible for hiring are assigning high degree of importance to being entrepreneurial in a company. These point in two directions:

1. entrepreneurial experience as an employee (intrapreneurship) is a valuable input for producing successful future entrepreneurs. It can then contribute to reducing the generally high failure rate among new start-up firms.

2. entrepreneurship development and qualities is subject to human resources management interventions and hence within the human resources management domain than any other occupational category in the corporate environment.

### Discussions

The discussions so far has addressed the nurture/nature or the entrepreneurs born or made argument in literature (Cornelia Butler Flora;2006'Andrea Vogel;2012), negates the popular *entrepreneurs are born segment of literature* and supports the argument that they are or could be made (rather than born) by human resources management interventions or practices such as training, motivation, performance management, e.t.c. It also points to the fact that entrepreneurship is not limited to self employment, or exclude workers in paid employment. This agree with the findings of Junior Achievement Innovation Initiative(2000) report that both employee and those responsible for hiring are assigning high degree of importance to being entrepreneurial in a company.

However, the *Worker/Entrepreneur Worker Continuum discussed above is not only a novel theory and in contrast to the mainstream literature(orthodoxy)*,empirical studies supporting it ,such as Andrea Vogel (2012), focus on entrepreneurs who are owners of businesses, out of formal organizations. Also, it has not being examined at all in Africa or in an organizational context. It therefore requires validation in organizations and in African context respectively. It is hypothesized that the validity of the *Worker/Entrepreneur Worker Continuum phenomena* is sustained if:

1. Employees displayed different levels of entrepreneurial characteristics, rather than being ,either entrepreneurial or un-entrepreneurial, and
2. The level of entrepreneurship is influenced by HR interventions such as training and motivation, e.t.c.

That is to say that the level of entrepreneurship varies among worker and every worker has a level of entrepreneurial characteristics(L of E). This could be represented by:

That is; L of E  $\infty$  among Employees, and

These levels (of entrepreneurship) vary with the level of HR interventions/tools such as Training and motivation, e.t.c,represented by:

That is; L of E= f(HR tools;Training,Motivation, e.t.c.)

Where L =level and E= entrepreneurship

### Conclusions

We have explained that the concept of entrepreneurship involves a human resources quality that may be exercised for job creation and economic development in or out of formal organizations in the form of intrapreneurial activities. This human quality has been expressed in this paper as a continuum of worker quality which is subject to the influence of human resource management interventions/tools such as training, experience, motivation, performance management, e.t.c. The practical implication of this is that, contrary to common belief, an employee does not need to be self employed or leave his employment to be an entrepreneur within established firms. Given the traditional advantages of the facilities available to him within corporate environment, imply that he can contribute to generating employment and wealth in a more effective ways than his independent entrepreneur counterpart. This therefore points to the need to refocus policies, programmes and school curriculum to intrapreneurship development as a way of reviving organizations to play their role in employment generation and economic development (through

human resources management practices), as the case used to be. This paper therefore represents a contribution to conceptual clarity and enlarged application of entrepreneurship beyond the common understanding and usage. It should however be noted that the subject of the empirical study on which the argument was partly based are independent entrepreneurs, rather than workers in formal organization. In addition, the study was conducted outside Africa. This therefore necessitates a revalidation of the study in African context, using employees as respondents.

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