

3. Intrapreneurship and the global business environment

In order to research the role of intrapreneurship in a dynamic, global business environment that is competitive and affected by technological developments, chapter 3 (see also figure 5) examines the three central themes of intrapreneurship (see chapter 3.1), business environment (see chapter 3.2) and interaction between the organisation and the environment (see chapter 3.3) to enable the establishment of the contexts and further topics to be investigated for the analysis of the central entrepreneurial tasks (see chapter 3.4 and chapter 4) of holistic intrapreneurship (see chapter 5).

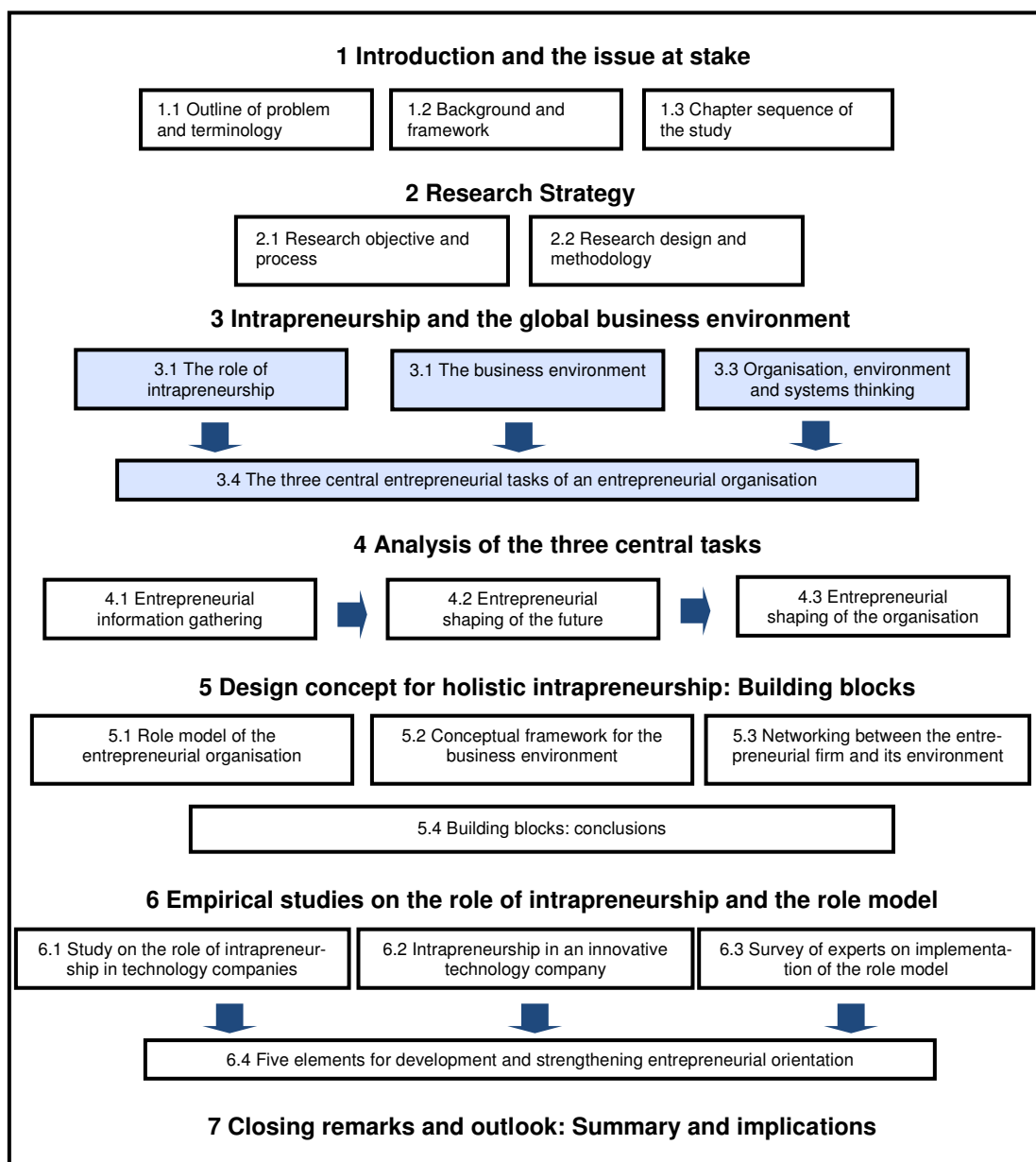


Figure 5: Examination of intrapreneurship and the global business environment

3.1 The role of intrapreneurship

This chapter will focus on the role of intrapreneurship from an economic, management and international perspective. Thus, the chapter describes a number of aspects on intrapreneurship from different system levels. First it will present the origins of the examination of entrepreneurial thinking and action in economic theory. Second it will explore the holistic character of intrapreneurship in the field of corporate management. Third it will examine findings from management theory on the implementation of intrapreneurship in organisations. Finally, it will layout the international, intercultural and holistic orientation as cornerstones of entrepreneurial management in interaction with the global business environment.

In what follows, the central conclusions are evaluated in terms of entrepreneurial thinking and action in organisations so that the various roles and tasks of intrapreneurship can be systematically deduced and illustrated. It is possible to identify the fundamental roles of intrapreneurship from the viewpoint of the classical economics tradition by looking at the findings of Smith (1982), Schumpeter (2006, 1950), Penrose (1995), Hayek (1968), Kirzner (1973), Porter (1991), and Baumol et al (2002b, 2007, 2010). In these works, the explanation of the roles and tasks at the macro level is of foremost importance. Chapter 3.1.1 examines what the roles and tasks of intrapreneurship are for the growth of the total economic system (see Holcombe 1998, Kuratko and Audretsch 2009).

In recent decades, entrepreneurial thinking and action has also been examined more and more at a meta and micro level within the scope of behavioural science and management disciplines. In particular, management research can make an important contribution to the discussion of the role of intrapreneurship for organisational performance (see Antoncic and Hisrich 2003, 2004). Central findings from this field of research concerning the entrepreneurial organisation at a meta level are reworked in chapter 3.1.2. Further roles of intrapreneurship are drawn from the works of Schwab (1976), Drucker (1985, 1993, 2007), Brandt (1986), Guth and Ginsberg (1990), Covin and Slevin (1991), Abell (1993), Hamel and Prahaland (1994, 2008), Lumpkin and Dess (1996), Oden (1997), Weick and Sutcliffe (2007), Morris et al (2002, 2008).

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In chapter 3.1.3, further roles at a micro level can be deduced by looking at the findings of Peters and Waterman (1982), Kanter (1983, 1989, 1997), Pinchot (1988), Block (1987), Block and MacMillan (1995), Wunderer (2006), Baden-Fuller and Stopford (1994), Kuhn (2000), Sathe (2003), Hentze et al (2005), Thornberry (2006), Maucher (2007), Joyce (2008), Kotter (2009), Kohlöffel and Rosche (2009). At the forefront of these contributions are the intent and implementation of intrapreneurship. Why intrapreneurship in organisations plays an important role and how intrapreneurship is arranged. The business environment for organisations has changed significantly due to globalisation and the intensive pressure of competition, not to mention the ground breaking technological developments of recent years³⁸. Thus, the focus of entrepreneurial thinking and action in companies has been widened. Intrapreneurship in turbulent times means, therefore, that there are new opportunities and risks to be recognised from the change in the global business environment and it also means that these are to be taken advantage of by proactive entrepreneurial decisions³⁹.

Intrapreneurship can thus be understood as a source of the competitiveness of an organisation on global markets (Morris et al 2008:iv). A key role for intrapreneurship flowing from this is the establishment of international entrepreneurial activities keeping in mind the ever-changing business environment and the international division of labour. Entrepreneurial organisations must examine when, for example, entrance into or exit from markets or industries should take place⁴⁰. Mastering complexity in the business environment and within organisations, together with networking between the organisation and the global business environment, require holistic thinking and collective learning, an international orientation, as well as making the most of cultural differences if the viability of an organisation is to be secured. Pointing the way in this context are the works of Vernon (1966), Senge (2006), Trompenaars et al (1998, 2003, 2007), Birkinshaw (2000), Zahra and George (2002), de Geus (2002) and Hitt et al (2002).

³⁸ Porter (2004b:164) ascertains that technological change is a fundamental driver for the competition in industries, is responsible for changes within industries or also enables the creation of new industries.

³⁹ Huse and Gabrielsson (2004:130-141) show that entrepreneurial orientation in an organisation has a positive influence on international activities.

⁴⁰ Thurow (2004) suggests that a Chief Knowledge Officer (CKO) is established for this important entrepreneurial task in the future.

In the contributions analysed in chapter 3.1.4, the new international context of intrapreneurship is also of importance, alongside identification of the fundamental roles of intrapreneurship and being able to understand the role of intrapreneurship in today's business world. At the same time, there is an examination of what the implications are for the role of intrapreneurship in a global economy. In addition, it follows the examination of the various aspects of entrepreneurial action in the light of the complex, dynamic and multicultural business environment (see Mason 2006). Chapter 3.1.4 examines what role intrapreneurship plays in a global and turbulent business environment and what the implications of the cultural context are. The historical context of the research is described by, amongst others, Corbetta, Huse and Ravasi (2004), Landström (2004), Wunderer (2006) and Frank (2006). Bitzer (1991) offers a summary of the different aspects of entrepreneurial behaviour in organisations with particular reference to management, organisation structure and culture.

3.1.1 Intrapreneurship and economic tradition

The historical origins of the examination of entrepreneurial thinking and action by and within organisations were already discernable with the work of Smith (1776:9-103). Smith identified the goal-oriented division of labour as the main productive force for an economy and its organisation. For the achievement of capital gain in an organisation, the risk or security associated with an entrepreneurial activity was considered to be decisive. The scope of the division of labour would then be delineated by the market. With the globalisation of markets, it is possible to achieve a worldwide division of labour, and the competitive advantage of a national economic system can be a source for entrepreneurial activities (Porter 1991). At the level of the individual organisation, therefore, the goal-oriented arrangement of an efficient division of labour as well as the opportunities and risks arising from the international division of labour can be formulated as one of the roles of intrapreneurship. According to Schumpeter⁴¹ (1950), a central entrepreneurial activity is the implementation of innovations for the achievement of pioneering gains.

⁴¹ For a critical assessment of Schumpeter's contribution in relation to entrepreneurial thinking and action in modern organisations, see Wunderer (2006:38,39) who indicates the restriction of the target group for entrepreneurial behaviour to the entrepreneurial type as unnecessary.

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Intrapreneurship is to be understood as an individualistic process, in that the entrepreneurial actors strive for independence and experience deep satisfaction from achieving of innovation. These innovations create imbalances in the markets. Generating permanent innovations⁴² can be identified as a role of intrapreneurship, and at the level of the total economy, can be considered as a lever for the process of creative destruction as described by Schumpeter (1950:134-142). In this way, it is not so much the existing products, markets and technologies that determine the competitive situation, but much more that the (potential) new competitors, new products, new organisation and technology types threaten existing business and structures. In particular, this development-oriented view (Schumpeter 2006:103-180) of the innovation system as a view that is complementary to a static approach⁴³, where there is a focus on creating efficiency, enables a fundamental awareness of the role of intrapreneurship.

Entrepreneurial organisations must exercise the function of a routine entrepreneur⁴⁴ in existing business and adapt as well as possible to changes in the environment. They must, however, also exercise the function of an innovation entrepreneur and develop new business with new resources or with a different combination of existing resources. The new business may come from the innovation system or be induced through changes in the external business environment.

Schumpeter (2006) indicates that the two basic types of entrepreneurial action in routine business and innovation business should be considered as structures that are independent from one and other. For innovation business, he emphasises the necessary implementation competencies⁴⁵ and entrepreneurial function (see Schumpeter 1950:213-219)⁴⁶ which change production processes and organisation, open up new sources of raw material, develop new products and create new markets, and also pursue competition strategies.

⁴² Innovations can be seen as new products, new markets, new organisation forms, new materials, new combinations of resources, new production methods and new technologies.

⁴³ Baumol (2002a) explains the absence of the Schumpetrian entrepreneur in standard microeconomic theory with the lack of standardization in innovation and the nature of the model of the firm.

⁴⁴ Schumpeter (2006:125) speaks specifically of thinking and action in outmoded ways and making passive adjustments and draw conclusions.

⁴⁵ According to Schumpeter (1950:215) the power to act require a spirit that only a minority possess.

⁴⁶ Schumpeter (1950) formulates the tendency that qualified experts increasingly see inventing as a routine task. He believes that the significance of an entrepreneurial personality is tending to decrease.

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Along with Hayek (1968), new entrepreneurial activities change the market structure and according to Baumol et al (2002b, 2004, 2007, 2010) the market mechanism with competition, profits, and a mix of smaller innovative firms and established larger enterprises (see Prashantham and Birkinshaw 2008) produces innovation and growth of an economy.

Penrose (1995) developed an alternative approach to the classical economic price and production theory to explain actual behaviour of enterprises. Here, it is less about explaining scarce resources and market price setting and much more about entrepreneurial determination of which products can be developed, produced and marketed in a creative process using the available resources. The build up of expectations about future happenings in the business environment then moves to the fore. Entrepreneurial managers have to develop and examine a specific image of the business environment in terms of to what extent opportunities and restrictions exist. As long as there are profitable opportunities, then these entrepreneurial opportunities can be used for the growth of a business. On the basis of expected future events, an entrepreneurial organisation has to shape and expand long term change and generate innovation; all of this would have to be at the same time as coordinating and managing existing business with a view to necessary short term adjustments.

The central management of an organisation has to pursue the correct company and personnel policy, actively organise the structures in the growth phase, and also make investment decisions that are future-oriented. This would happen with increasingly decentralised decision-making which has to lead to a higher level of consistency in decisions across every level of the hierarchy. Penrose indicates that as well as the monetary incentive, motivation for entrepreneurial managers would derive in particular from prestige, personal satisfaction from growth achieved and the possibility of taking on responsibility. Whether companies also pursue new entrepreneurial activities alongside their established business and thus identify resources for potential opportunities, is dependent on the organisation's spirit of enterprise. Entrepreneurial organisations would always use a part of their resources for the search for possible new business and would regularly keep an eye open for worthwhile opportunities.

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As part of this, it would be important to develop orientations and visions to find the necessary resources for entrepreneurial ideas and, with ambitious entrepreneurial managers, to create new products and services. Alongside the entrepreneurial characteristics personal to the organisation and its actors, information retrieval and the build up of expectations concerning the development of the environment are said to be decisive in order to be able to achieve change and growth on the basis of the resources.

Kirzner (1973) asserts that the economic behaviour model for a predictable world with market participants who are fully informed has served a good purpose in terms of explaining the decisions and reactions of the actors. In reality though, the acceptance of a world in equilibrium with perfect knowledge available for all market participants has to be forsaken and an additional entrepreneurial element has to be introduced into the market process. Entrepreneurial actors can take decisions actively and creatively and they can develop and modify their objectives in accordance with market information resulting from learning processes. Thus, it is possible to explain a pattern of changing individual decisions arising from the learning experience process with new information. He develops the concept of the pure entrepreneur who searches out and uses entrepreneurial opportunities not realised by other actors in the market. According to this concept, there are passive actors whose decision-making is based on the economic behaviour model, and pure entrepreneurs, who buy resources and sell products in order to use existing price differences between inputs and outputs as an entrepreneurial opportunity.

Kirzner also separates the functions of owner and entrepreneur. The pure entrepreneurial decisions then lead to an entrepreneurial profit which would be realised not by the owner⁴⁷, but rather by the active entrepreneur⁴⁸. If one follows this line of argument, managers in the company can be described as entrepreneurs, provided that they pursue worthwhile entrepreneurial opportunities and can secure for themselves the entrepreneurial profits by creating the framework conditions.

⁴⁷ Owners receive interest on the capital invested.

⁴⁸ The entrepreneur could otherwise also implement his entrepreneurial ideas in another company or his own company.

If the owner pockets these profits, they would, according to this concept, take over the role of the entrepreneur. However, if this happens, the attraction of entrepreneurship for managers would be removed⁴⁹. Basically, Kirzner's concept provides a theoretical foundation for entrepreneurial action by managers who use entrepreneurial opportunities to their own advantage. The economic theoretical concepts of intrapreneurship give basic implications on the role of intrapreneurship at the level of the economy (e.g. goal-oriented division of labour, entrepreneurial action in routine business and innovation business). In chapter 3.1.2 the focus is more at the level of the organisation and corporate management.

3.1.2 Management-oriented approaches at the meta level⁵⁰

The following chapter describes findings from the field of corporate management concerning the basic character of intrapreneurship (section 3.1.2.1), the holistic aspects of intrapreneurship (section 3.1.2.2), and the orientation of entrepreneurial management (section 3.1.2.3).

3.1.2.1 Management concepts for the entrepreneurial organisation: Opportunities, risks and revitalisation

Based on a fundamental change of entrepreneurial achievement within the restrictions of the world economy⁵¹, Schwab (1976) formulates chance management as the core task of an entrepreneurial organisation. Since the world economy was developing in an unstable way, but with identifiable trends, it was necessary when formulating company strategies to bring the following into harmony; profit (short-term), growth (long-term), social responsibility in relation to the organisation's partners, the security of the company in the face of danger and the flexibility of companies in order to be able to take advantage of opportunities arising.

⁴⁹ According to this logic, managers can no longer be described as true entrepreneurs.

⁵⁰ see table 1

⁵¹ The global crisis 2009 (Bofinger 2009, Stiglitz 2010) hints at a renewed basic turning point for world economic development. It becomes clear in such times that the basic orientation appears to follow a simple fundamental principal when dealing with change: avoid danger, use opportunities. Thus, in business practice it is not always simple to identify the relevant trends and appropriate entrepreneurial activities and then put them into practice. Fundamentally, it is necessary to accept developments or proceed consciously with a proactive reaction to changed framework conditions.

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A central entrepreneurial task for him is the evaluation of all entrepreneurial activities with the help of a chance management schematic. A thorough investigation of an organisation can be done, for example, on the basis of a 9-grid schematic (see figure 6) which derives from a combination of two factors that can have a negative, neutral or positive impact on strategy formulation. Activities can be allocated to an opportunity zone, a warning zone or a danger zone so that entrepreneurial decisions can be taken systematically. Companies can use this schematic, for example, to determine the attractiveness of the sector in order to define entry or exit strategies, as well as product development strategies. In particular, changes over time would have to be anticipated and local differences taken into account so that the correct decisions relating to product, market and location can be taken.

According to Schwab (1976), investment alternatives should also be evaluated in terms of the effect on tying up capital, since financial means are needed to defend against danger and to make use of opportunities. Further entrepreneurial tasks for Schwab are also the early identification of possible risks from the environment, the decline in independence and a spreading of risk when making decisions such as selecting location. In accordance with the opportunities and risks analysed, a regular new direction for entrepreneurial activities can follow (see figure 7).

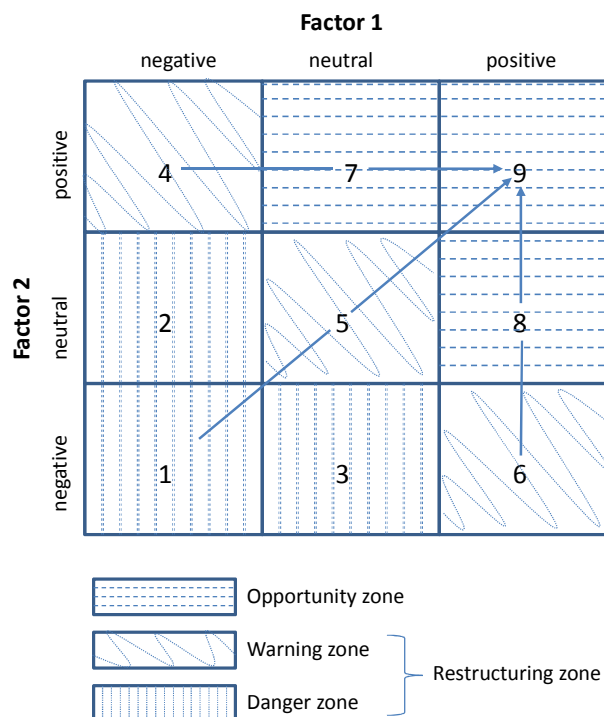


Figure 6: Schwab's schematic for evaluation of entrepreneurial activities (Schwab 1976:16)

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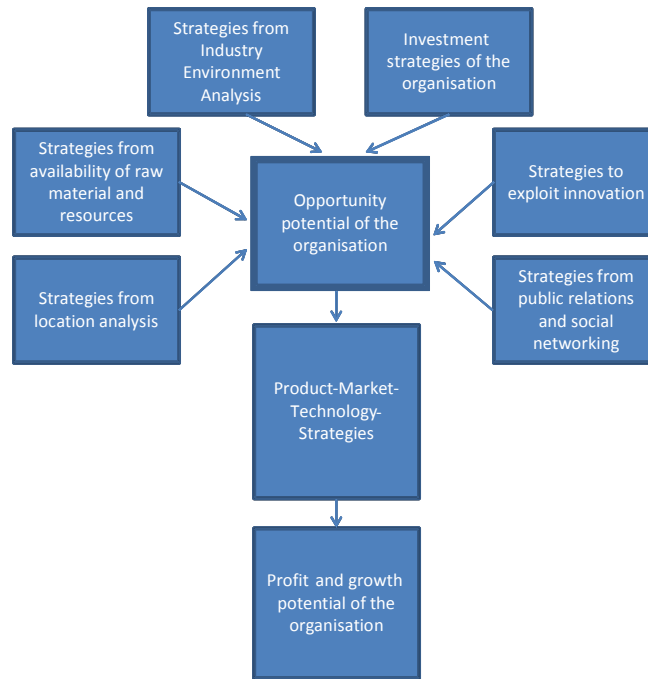


Figure 7: Chance management concept as per Schwab (1976:61)

Entrepreneurial organisations must have an understanding of the exchange relationship with the business environment of their own organisations to enable them to adapt continuously, use their strengths positively and minimise the risk of wrong decisions. As well as this, a total entrepreneurial concept based on an analysis of the environment and of the company has to be developed. With this, not only probable assumptions but also pessimistic and optimistic ones have to be examined if potential opportunities and risks from the business environment are to be identified on the basis of a common approach. It is important not to sacrifice long-term issues that are critical to the organisation in short-term crisis situations.

To deal with changes in the business environment, entrepreneurial organisations have to permit decentralised autonomy and self-regulation, and also orientate individual actions towards the overall interests of the organisation. In this way, a participative structure can be created which makes every employee into a full spiritual partner of the organisation. Within the context of a long-term strategy, decisions have to be made with an entrepreneurial feel and on the basis of continuous market experience, as well as using systematic analyses of the business environment.

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According to Drucker (1985:217-254) the size of a company is no obstacle to intrapreneurship. Many large companies have proved themselves as entrepreneurs and innovators. The biggest obstacle to entrepreneurial thinking and action is the ingrained, successful mode of operation in the company and the associated bureaucracy and conservative attitude. Because new business appears to be not extensive and unlikely when compared to existing, mature business, there is a danger that new business will be neglected.

Successful operation and everyday crises require a lot of attention and in times of rapid change, a company can quickly decline. So that change can be turned into an opportunity, the company must be organised in a way that generates an entrepreneurial climate, that there are methods of performance evaluation in areas where innovation is created and that there is an entrepreneurial oriented management which arranges organisation structures and staff/management selection in a methodical manner.

Thus, there must be no restrictions in place that inhibit entrepreneurial management. Systematic innovation should be an integral part of a business. The scope, as well as the time frames for innovation, must be defined and an innovation plan with targets has to be drawn up. In his guiding principles, Drucker defines fundamental entrepreneurial activities that help a company achieve entrepreneurial-oriented management. Products, processes, techniques, markets, and sales channels must be evaluated regularly and those that are no longer productive, ceased. For new things, the best staff must be made available. At the same time, it must be accepted that all activities evaluated only have a limited life expectancy.

New entrepreneurial achievements must then be big enough to fill any gaps. Because innovative efforts are never certain to lead to success, Drucker says that at least three times as many entrepreneurial activities should be pursued as are necessary to fill the gaps. A thorough systematic examination of the company with a critical look at existing products, markets, and technologies make it possible to draw up an entrepreneurial plan with innovation targets. Entrepreneurial management have to make sure that the key activities for a successful future are worked on in the present.

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The entrepreneurial manager must concentrate on the discovery of opportunities and not on dealing with problems. Drucker (1993:9,42-46,87,157-175,253-264) also emphasises that successful entrepreneurial management must have a certain ease of learning. According to Drucker, all successful managers have to learn how to be effective. Entrepreneurial management means dealing with the important issues first and this, in the knowledge that one's own decisions impact on the performance of the whole business. Flowing from this, it is necessary that managers act in a responsible way. Managers owe it to the organisation to be effective. Here, Drucker gives an important piece of advice, which is that entrepreneurial management must be consistently carried out with the whole organisation in mind. This means that management must make a contribution which justifies why they are on the payroll.

Entrepreneurial management have the duty and privilege to develop themselves and at the same time, show commitment, decisiveness and single-mindedness for the results of the organisation. Thus, when fulfilling their tasks, individual managers have to think about the purpose and objectives of their actions with a view to effectiveness for the organisation. Entrepreneurial managers must make the most of opportunities and set priorities.

The effectiveness of management is the prerequisite for an effective organisation and the central objective of a highly-developed company. Drucker therefore requires a harmonisation of the needs of the manager with the needs of the organisation and also the company as a whole. This has to happen with a kind of self-discipline, so that a merging of the organisation's objectives with individual needs, as well as concentration on an effective contribution to the business environment, can be achieved (see chapter 4.3.2.2).

The entrepreneurial organisation considers entrepreneurship as a duty and as a disciplined job, and less as natural or creative behaviour. The current organisation must be led like a new organisation and continuously develop the spirit of enterprise (Drucker 2007:167-175).

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Brandt (1986) describes entrepreneurial organisations as creative, innovative, flexible and customer-oriented. These qualities should be deeply anchored in the company culture so that ideas can be commercialised. He looks at the historical context and from it, derives an increasing need for entrepreneurial activities. And so, managers have to accept an orientation towards innovation at all levels. With the support of technological developments, there can be an increase in decentralised activities. An entrepreneurial orientation within the entire organisation and when carrying out all activities within a business brings much more success than the strengthening of individual organisational components, such as increasing research and development budgets, supporting individual product champions, creating budgets for entrepreneurial activity or the creation of incentive systems.

According to Brandt (1986) entrepreneurial organisations are the next stage of development towards centrally coordinated profit centre structures. Company planning must lay a stronger focus on the external business world. Thereby, planning and implementation of strategies have to become closer. In order to orientate entrepreneurial employees, it is particularly important to develop entrepreneurial personnel management and an entrepreneurial company culture.

Brandt (1986) requires the creation of flat and flexible organisations with relatively autonomous units which make and implement entrepreneurial decisions. Incentive systems should be fixed directly with individual actors and preferably use resources beyond departmental boundaries. Long-term orientation must be incorporated in company planning via many small improvements in existing business and the pursuit of bigger entrepreneurial opportunities. Entrepreneurial organisations must involve employees at all levels in entrepreneurial decisions and react quickly to changes in the business environment. Entrepreneurial organisations would gather information about the business environment and let it flow freely.

Various activities and various happenings have to demand various and new reactions. Managers at all levels must promote the intrinsic motivation of their employees and involve them (with technological support) in entrepreneurial activities. Regular feedback for significant contributions by the employee is the central reward for entrepreneurial thinking and action (see figure 8).

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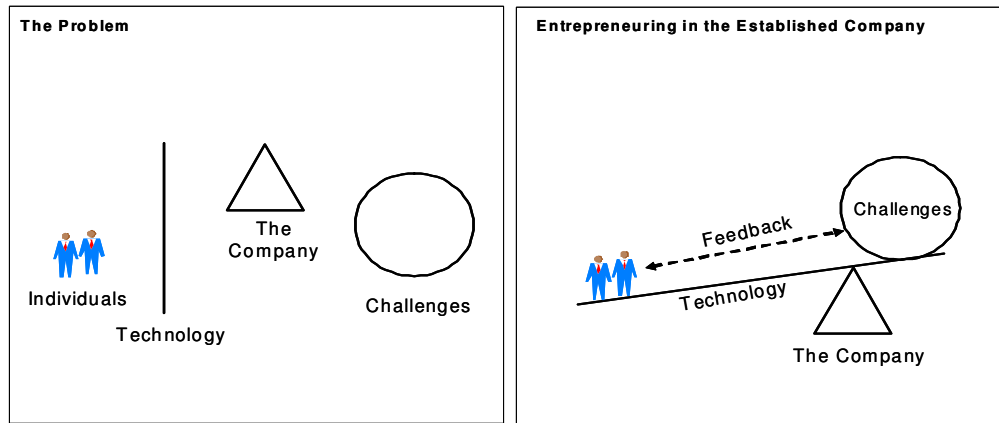


Figure 8: Intrapreneurship by direct involvement of all employees in entrepreneurial challenges as per Brandt (1986:77)

Guth and Ginsberg (1990) foresee a central role for middle managers in the strategic renewal of organisations. This strategic renewal through autonomous action by managers defines the two central entrepreneurial processes in established companies, together with the winning of new business (innovation). According to this concept, a strategic renewal can take place without having to change top management. They create thereby a direct link between intrapreneurship and strategic management (see figure 9). The strength of entrepreneurial orientation is accordingly defined in three areas. A strong change dynamic in the business environment leads to more intrapreneurship as well as to a stronger entrepreneurial orientation amongst managers who also drive through change in the organisation. The shaping of the organisation architecture and company performance are said to be the other central drivers of intrapreneurship.

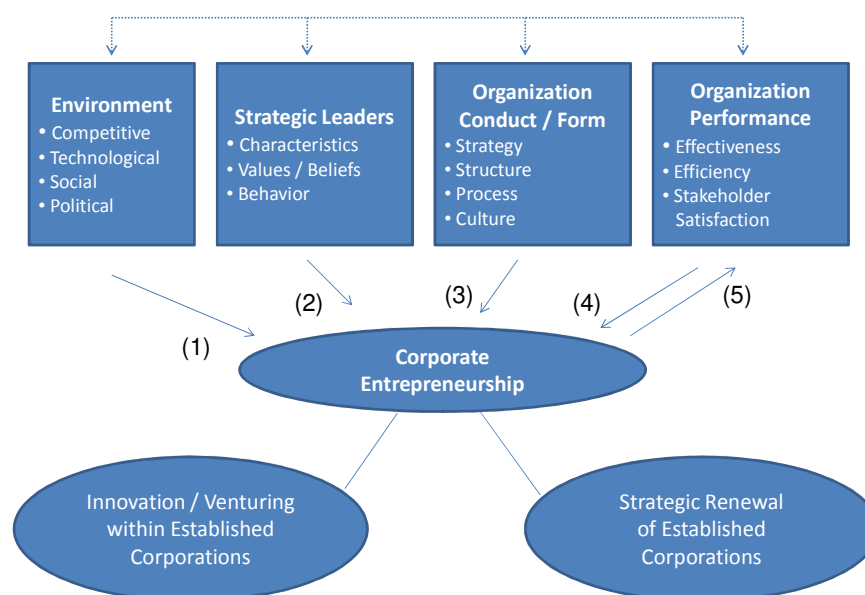


Figure 9: Guth and Ginsberg's intrapreneurship and lever for the entrepreneurial orientation of an organisation (according to Morris et al 2008:47)

3.1.2.2 Management concepts and holistic view of the entrepreneurial firm

Covin and Slevin (1991) describe entrepreneurial organisations by reference to behaviour and not characteristics. According to them, entrepreneurial behaviour is proactive, innovative, and characterised by the taking of risks. Thus, the whole organisation has to be considered. Entrepreneurial activities lead to an entrepreneurial organisation. Product, market or technological innovations should be realised proactively so that the entrepreneurial organisation can be the first to enter markets. According to them, entrepreneurial behaviour of organisations can be configured using strategy, structure, systems and culture⁵².

This configurable entrepreneurial orientation of an organisation has a positive effect on the development of company performance (see figure 10).

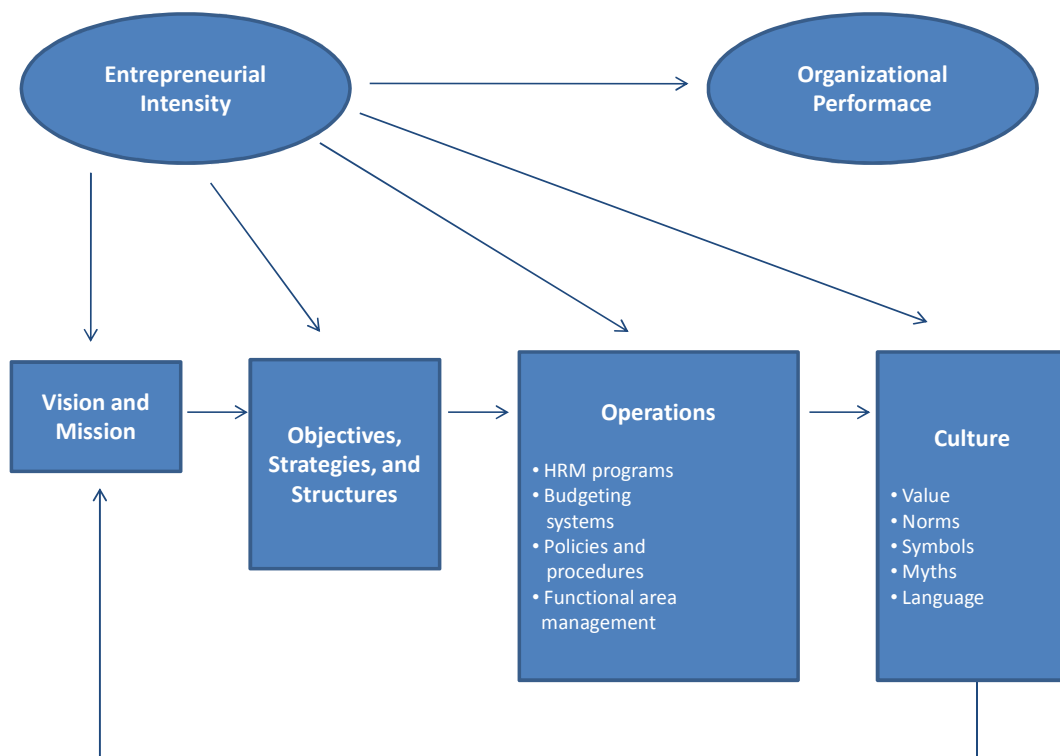


Figure 10: Covin and Slevin’s entrepreneurial orientation of the whole organisation (according to Morris et al 2008:50)

⁵² In a commentary on this integrative model, Zahra (1993) emphasises that intrapreneurship appears on different levels within the organisation, e.g., on the level of the actors, the team, the business unit or also in the various function areas. This must be taken into account when analysing and designing entrepreneurial organisations. Also, there must be a sharper focus on the international dimension of entrepreneurial activities and on entering international markets. He works on this research field in later studies (see chapter 3.1.4)

Intrapreneurship can enhance the performance of an organisation and can drive general economic development at the macro level. The business environment influences the organisation and the organisation influences the business environment. Therefore, organisations have to take account of sector life cycles just as much as economic, political, social and technological framework conditions. Thus, changes in the business world, e.g. political economic measures or new regulations, stimulate entrepreneurial activities. In turn, innovations in the organisation provide a dynamic in the business environment. In this way, a dynamic business environment characterised by a high level of competitive pressure demands the stability of a stronger entrepreneurial orientation in the organisation, especially in new sectors. Covin and Slevin (1991) link the success of entrepreneurial activities directly to the character of the business environment. Intrapreneurship is thus successful in a business environment in which technological developments play an important role, there is a predominance of competitive pressure, the sectors are at the beginning of their cycle and there is a high dynamic overall. An entrepreneurial orientation has a big influence on corporate and competitive strategies. The monitoring of sectors and markets, including the identification of trends, are said to be an important requirement for the improvement of company performance. Learning experiences must be systematically gathered from innovation projects, and systems for monitoring the business environment must be continuously developed⁵³.

According to Abell (1993:245) the drivers for intrapreneurship are not just structures and processes; individual actors are also key. Organisations must identify current opportunities and use them on the basis of existing competencies and resources; at the same time, they must grasp future opportunities by changing and developing competencies (dual strategies)⁵⁴. Also, a plan (see figure 11) has to be drawn up for the realisation of current entrepreneurial opportunities and additionally, a plan for the shaping of change based on a vision of the future has to be drafted and communicated within the organisation.

⁵³ With particular attention to the selected research task, this view of integration of entrepreneurship across the whole organisation forms an important starting point for analysis (chapter 4) and model building (chapter 5) of the role of intrapreneurship in a global, intensively competitive dynamic business environment that is driven by technological developments.

⁵⁴ Sarkess and Hulland (2009) describe the implementation of dual strategy in innovation and efficiency (see also Magnusson and Martini 2008). According to Markides and Charitou (2004), dual strategies (new and established business models) can be pursued in the same market: The organisation must balance the benefit of two separate business models while exploiting synergies.

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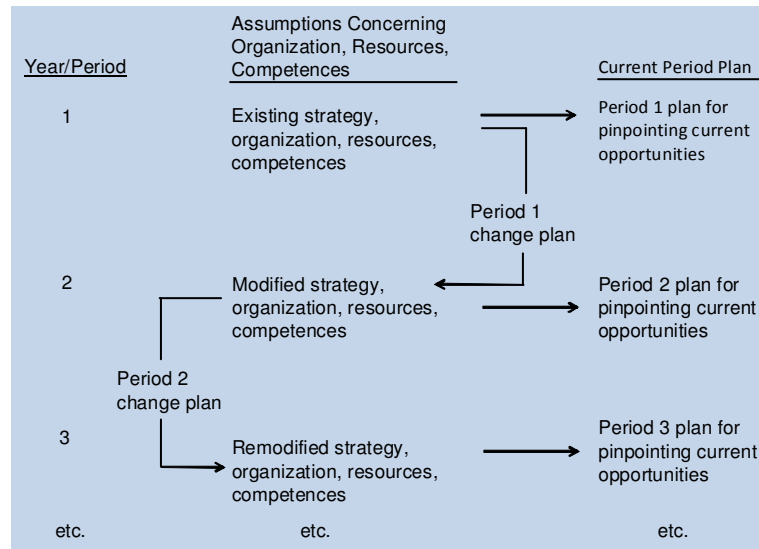


Figure 11: Dual planning of current and future entrepreneurial opportunities as per Abell (1993:266)

Since entrepreneurial opportunities in a global and complex business environment are pursued decentrally and thus, at first, not in a coordinated fashion, there is a danger that potential company-wide synergy effects are not exploited. Top management must then ensure that opportunities to use synergies between and within units of the organisation are identified and realised⁵⁵ (see figure 12).

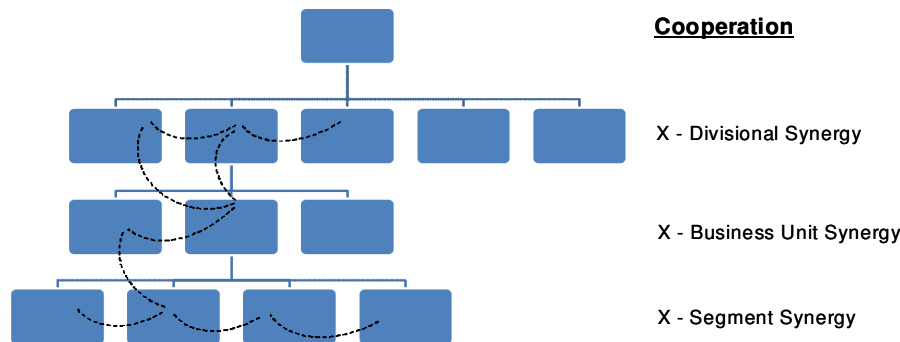


Figure 12: Abell's synergy effects at different levels of the organisation (Abell 1993:123)

Thus, worldwide marketing networks of the whole organisation, for example, can be used via individual local business units or company-wide synergies⁵⁶ can be pursued in the various function areas and at all levels of the organisation; this is achieved by a common use of resources (see figure 13).

⁵⁵ As per Vora et al (2007), in multinational corporations the subsidiary managers have a critical role: They need a dual organizational identification towards the interests of the multinational corporation and the interests of the subsidiary to achieve local responsiveness and global integration

⁵⁶ Baumol (2004) describes the synergy in the market system between small entrepreneurial enterprises (with responsibility for revolutionary breakthrough innovation) and the large industry (with responsibility for incremental improvements).

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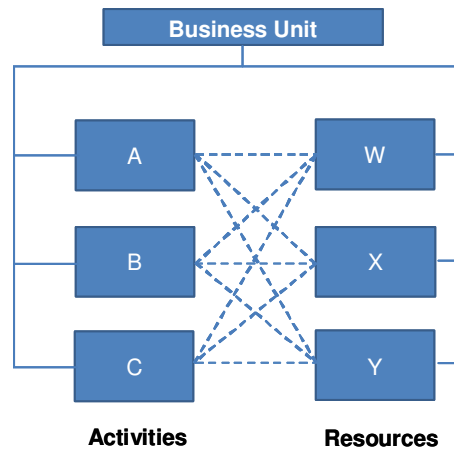


Figure 13: Synergy effects by common use of resources as per Abell (1993:124)

With holistic management, quality improvements and cost advantages can be realised, new entrepreneurial activities using existing resources can be implemented and new products⁵⁷ or services can be launched onto the market more quickly (see figure 14). As stated by Tushman et al (2011), Top management has to manage a constant creative conflict between the need to explore new business and markets and the claims of established businesses on existing resources.

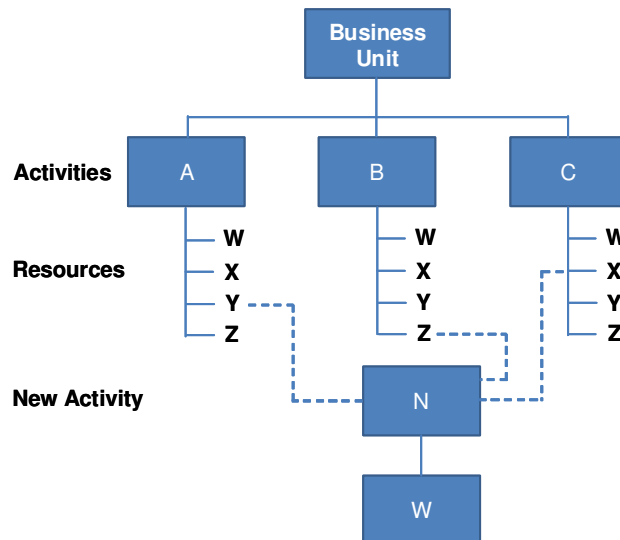


Figure 14: Synergy effects by using existing resources for new entrepreneurial activities (Abell 1993: 124)

Hamel and Prahalad (1994) emphasise the necessity of a permanent regeneration and renewal of an organisation and the opportunities arising from it. Thus, it is said to be important to react to changes in the business environment, even when there is no crisis. Keys to this are the individual actors who can also *think outside the box* (see De Bono 1989, 1995).

⁵⁷ Naveh (2005) describes a dual strategy via an integrated product development process with flexibility in the beginning to foster innovation and workflow activities later to foster efficiency.

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Thus, it is more about the ability to be able to develop an idea about the future and less about the attempt to predict actual future developments. The sights must be set on possible changes in, for example, the areas of technology, work and life styles and global developments. The central entrepreneurial task is said to be the search for future opportunities to ensure the organisation's sustainability, as well as the development and revolution of markets and industries whilst taking the competition dynamic into consideration.

An organisation must be regarded in terms of its portfolio of products and services as well as its competencies. On this basis, new entrepreneurial opportunities can be uncovered and by developing new core competencies⁵⁸, future growth can be realised by pursuing new business⁵⁹. Top management must see opportunities that other organisations do not see or develop company competencies that other organisations cannot achieve. As well as striving for efficiency in established business (operations management), management must also pursue entrepreneurial opportunities (opportunity management).

This should take place not so much through the acquisition of other companies and elitist intrapreneurship (skunk works) but more through the development of visions of the future, new competencies, and of existing abilities so that the whole organisation can be developed. Individual entrepreneurial activities are said to be no replacement for this. The whole organisation must commit itself to future entrepreneurial opportunities. Entrepreneurial management has to manage the future and in so doing, take account of the potential change in the general business environment, the development of competition and the resulting consumer wishes (Hamel and Prahalad 1994:83-87,125-138,158-161). New entrepreneurial opportunities can be identified, for example, taking account of existing and potential customers and their needs (see figure 15).

⁵⁸ For core competencies see Hamel and Prahalad (1994:223-233). Subsequently, core competencies are the company competencies that are decisive for long-term competitiveness. They fulfil three conditions: a contribution to the fundamental customer benefit, a definition of a significant competitive advantage, usefulness for new products and services.

⁵⁹ Hamel and Prahalad (1994:245) name five tasks for competence management: identification of existing core competencies, drawing up of an agenda for new core competencies, development of core competencies, use of core competencies, protection and defence from management in core competencies.

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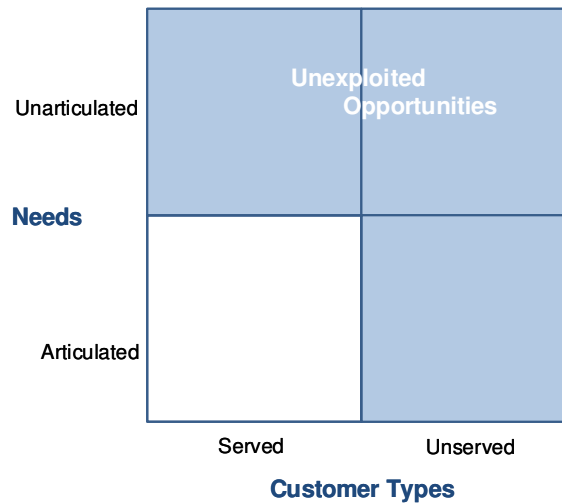


Figure 15: Search for new opportunities with existing and new customers as per Hamel and Prahalad (1994:112)

Hamel and Prahalad set their sights not directly on opportunities for products and services, but rather take into account the arena for opportunities defined by core competencies. The bundle of abilities and technology of an organisation determine the core competencies which, in turn, enable the pursuit of different market and product opportunities⁶⁰. New core competencies would then be realised through acquired learning and less through innovation surges. Since core competencies form the basis for different products and services, their development cannot be left to individual business units, but must be controlled by central management. Also, the necessary resources for developing new core competencies cannot usually be provided by individual business units.

The concept of core competencies is seen by Hamel and Prahalad as complementary to a strict alignment of the organisation with strategic business units, which in turn, are focussed on end products⁶¹. Thus, entrepreneurial activities for safeguarding the future both at a higher level and outside of spheres addressed to-date, can be identified and implemented.

⁶⁰ Hamel and Prahalad (1994:222) describe the core competencies as roots of competitiveness and the products and services as the fruits.

⁶¹ Hamel and Prahalad (1994:258,259) name eight steps for the development of this perspective: implementation of a process to identify core competencies; involvement of strategic business units when establishing the new core competencies to be developed for the future; definition of priorities when developing new business; establishment of persons to be responsible for core competencies; establishment of an allocation mechanism for critical resources; benchmarking of activities for development of core competencies with competitors; regular monitoring of core competencies; development of a group of agents for core competencies in the organisation.

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They describe an agenda for developing competencies in the form of a matrix that distinguishes between existing and future core competencies and between existing and future markets. Successful entrepreneurial activities can be based on existing core competencies and aimed at existing and new markets. New core competencies can also be developed and existing core competencies can be used for new entrepreneurial opportunities. New core competencies can help to improve competitiveness in existing markets (see figure 16).

Four central entrepreneurial questions can be formulated for the competence development agenda:

- (1) Which entrepreneurial opportunities in existing markets can be pursued by using existing core competencies?
- (2) Which new core competencies must be developed to be successful in existing markets in the future as well?
- (3) Which new markets can be developed by using existing core competencies?
- (4) Which new core competencies must be developed to enable the conquest of new, highly attractive markets?

Core Competence	New	<u>Premier plus 10</u> What new core competencies will be needed to build to protect and extend our franchise in current markets?	<u>Mega-opportunities</u> What new core competencies would we need to build to participate in the most exciting markets of the future?
	Existing	<u>Fill in the blanks</u> What is the opportunity to improve our position in existing markets by better leveraging our existing core competencies?	<u>White spaces</u> What new products or services could we create by creatively redeploying or recombining our current core competencies?
		Existing	New
		Market	

Figure 16: Entrepreneurial opportunities on the basis of existing and new core competencies according to Hamel and Prahalad (1994:250)

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According to Hamel (2006, 2008), an organisation's ability to adapt must be achieved by management innovation, i.e. by new management methods for the organisation and leadership of companies. The company must be capable of spontaneous renewal in the future and of motivating their employees to perform at a high level. Existing methods would suppress imagination and innovation and thus reduce the flexibility of organisations necessary for the future. Alongside operational efficiency, companies must also achieve a high level of strategic adaptability to changes in the business environment. Hamel (2008) requires the whole organisation to be innovative⁶². Individual innovation projects or innovation units cannot replace the entrepreneurial orientation of the whole company. Operational innovation would change work processes in terms of value-added, while management innovations can improve management processes (Hamel 2006).

Hamel (2008) defines nine central fields of management innovation:

- Change of structures and roles in an organisation,
- Establishment and programming of objectives,
- Motivation of the actors,
- Coordination and regulation of activities,
- Development and tutelage of talent,
- Collection and application of knowledge,
- Accumulation and allocation of resources,
- Development and maintenance of relationships,
- Settlement and fulfilment of stakeholder claims.

Improvements in management⁶³ (see Birkinshaw 2010) could significantly improve the competitive position of an organisation and secure pioneering gains. Management organisation can produce advantages that are difficult to replicate and take over top place in the hierarchy of the innovation pyramid ahead of strategic innovation, product or service innovation and operational innovation (see figure 17).

⁶² According to Mulej and Potocan (2007), business success depends strongly on innovation.

⁶³ Hamel (2008:38-52) describes some groundbreaking innovations in management from company practice: bringing some discipline to chaotic processes for scientific discoveries, development of investment planning techniques, systematic brand management, involvement of employees in the search for quality and efficiency, development of virtual companies, development of a product innovation system that is difficult to copy. Buckley (2011) describes the evolution of the global factory as a strategic response to a changing external global business environment.

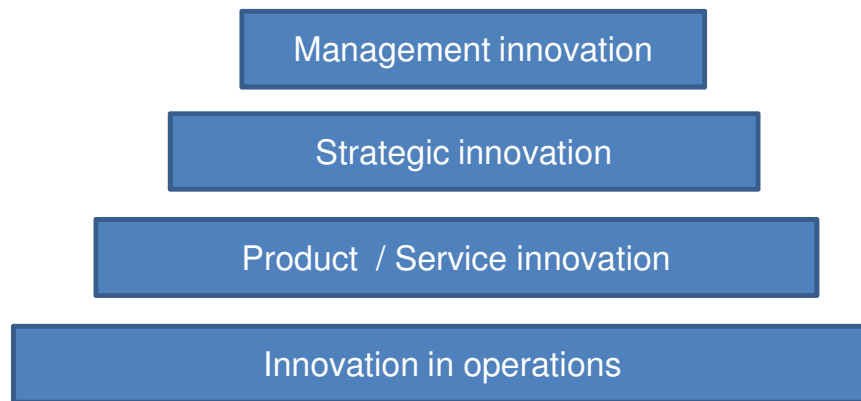


Figure 17: Hierachy of innovation as per Hamel (2008:53)

Hamel (2008) defines an innovation agenda with three tasks:

- (1) Acceleration of strategic renewal,
- (2) Involvement of all employees in everyday innovation and
- (3) Creation of a work environment in which all employees can give of their best.

Entrepreneurial organisations adapt the business models to perceived changes in the business environment. They develop new business models to achieve continuing change as far as is possible. They must develop new strategic options on a continuing basis and ensure the timely internal distribution of resources. Companies should thus create an innovation system that spans the whole enterprise and gives employees the opportunity of creative activity. Creativity is said to be not only the domain of research and development departments and business venture units. An important prerequisite for innovation is the surrender of old mental models and the creation of time for reflection, learning and experimentation.

Diversity and selection are said to be the recipe for success when adapting to changes that are difficult to predict in the business environment. Thus, organisational requirements should also be created for random discoveries and interactions between employees. In evaluating existing beliefs, it can be helpful to reveal the political incentives. Thereby, one can question whose interests any particular idea serves so that the decision process can be depoliticised. According to Hamel, management systems should be shaped in such a way that all employees are able to and want to bring (creative) contributions to success, use their own initiatives and be prepared to perform.

Common objectives, norms and values set the framework for individual entrepreneurial action and individual interests of employees are taken into account. In addition to this, strategic information and context knowledge has also to be communicated to employees in order to achieve a strong bond with the company. Management should be accountable to the employees. Employees must have the right to have different opinions. Operative decisions should happen decentrally, as far as possible, and entrepreneurial activities should be supported by the whole workforce.

Such a management system can significantly improve the organisation's adaptability provided that employees are prepared willingly to accept change and have a motivating mission. The shaping of the future is steered by a collective thinking process which highlights management innovation that, in turn, enables a competitive advantage in the future. Within an organisation, individual contributions should be put together such that the whole brings more than the individual parts can achieve. The basis for a development like this is individual creativity, initiative and dedication of individual actors, who must, at the same time, be rewarded for this.

3.1.2.3 Management concepts and orientation for corporate management

Lumpkin and Dess (1996:135-172) define entrepreneurial orientation of a business as a five-dimensional construction:

- (1) *Autonomy* of operational units in the generation of ideas and implementation of entrepreneurial opportunities;
- (2) *Innovation* in the areas of product, market and technology;
- (3) *Readiness to take risks* in the determination of resources for the realisation of entrepreneurial opportunities;
- (4) *Proactivity* through anticipation of future market developments and identification of new opportunities;
- (5) *Aggressive orientation towards competition* to gain entry into markets or to improve market positions.

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The orientation of a business in these five dimensions determines how new or existing markets with new or existing products (or services) are developed. As stated by Lumpkin and Dess, entrepreneurial behaviour of an organisation requires a high orientation in all five dimensions. The company must select and shape various degrees of entrepreneurial orientation independently of the characteristics of the external business environment and the organisational context. The development of processes, practices and decision-making to enable entry into markets can be defined as a fundamental entrepreneurial task. With this, Lumpkin and Dess also emphasise the connection between entrepreneurial activities and strategic management. The business environment, the company strategy and organisational architecture influence how entrepreneurial orientation should be shaped in order to achieve the best possible company performance (see figure 18).

Entrepreneurial orientation is thus considered to be in harmony with traditional microeconomics, explicitly on the level of the organisation and thus the entrepreneurial behaviour of the organisation is examined as a whole and related to company performance. Thus, entrepreneurial organisations with an organic (decentralised, informal) structure (in place of a mechanistic structure with strong centralisation and formalisation) have a higher performance in dynamic environments. This is particularly illustrated by the fact that an organic structure promotes innovation and autonomy (Burns and Stalker 2001). An entrepreneurial orientation can then be seen as a source of competitive advantages and strategic renewal.

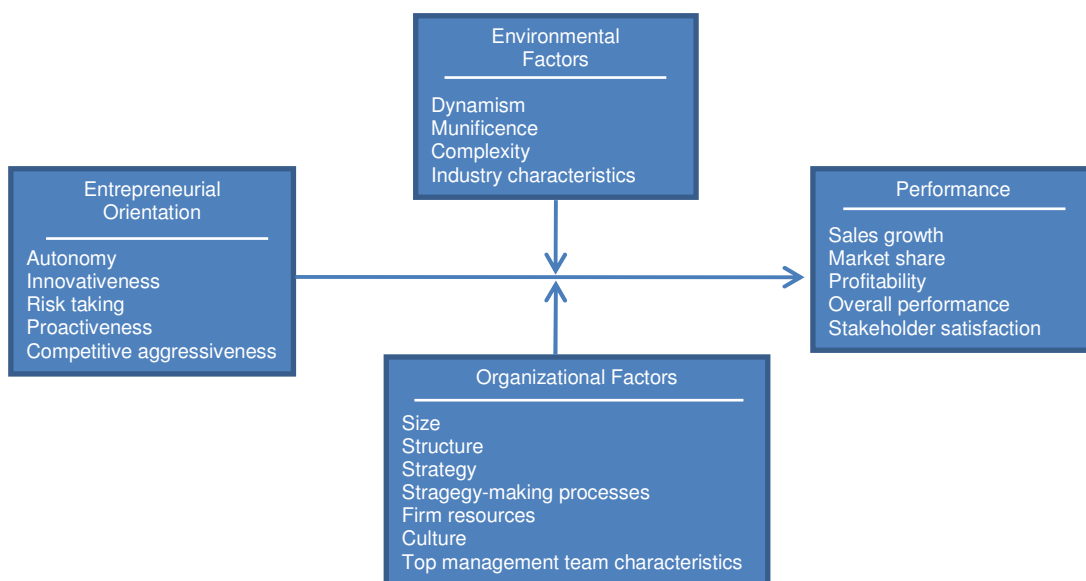


Figure 18: Entrepreneurial orientation according to Lumpkin and Dess (1996:152)

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Oden (1997:8-10) asserts that the fundamental role of intrapreneurship is the development of new products. Intrapreneurship can then only be successful if there is an appropriate company culture. He puts the shaping of the internal business environment at the forefront. As well as an aggressive strategy and an entrepreneurial culture, the developments of optimisation and innovation processes are central to the achievement of the global competitiveness required. In realising entrepreneurial product innovation processes, he distinguishes three fundamental phases: concept development (with brainstorming and concept evaluation), technical development (with the draft design, the setting up and testing of prototypes, as well as the final design and pilot production) and the launching onto the market of the new product. Through this process, ideas that can be marketed can be specified and transferred into a business plan. This is then implemented by an entrepreneurial team working together with the functional unit of the organisation. Because the required entrepreneurial culture often does not exist, entrepreneurs would have to overcome certain obstacles.

Oden also provides guidelines for dealing with external and internal partners. He says it is important, for example, to take a first small step successfully and to get customers and suppliers involved at an early stage. Also, it is necessary to enter into coalitions that support entrepreneurial activities such as projects for product, market or process development; supporters must be found within the organisation. In order to build up credibility, intrapreneurs preferably have to establish performance criteria in a low key way and make sure they succeed in meeting them.

In putting together entrepreneurial teams, complementary abilities and entrepreneurial competencies have to be taken into account. Oden divides the entrepreneurial team into a core team and a virtual team with alternating members from across the organisation. He emphasises the necessity of network structures in place of a rigid hierarchy for the achievement of better results. Entrepreneurial organisations must learn continuously if they are to be able to react to changing framework conditions. Adaptable entrepreneurial activities have to analyse themselves and the business environment continuously and learn about and apply systems thinking.

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To achieve an entrepreneurial culture, all managers have to display a long-term orientation in their thinking and action and all employees, at all levels of the organisation, have to develop new ideas. The entrepreneurial organisation must develop a strong customer focus, constantly improve performance quality and also have flexible and adaptable structures. Organisational learning must accompany change and decisions must be taken at the point where the necessary information is available. The development of the internal culture follows the same path as strategy development, which in turn is determined by adapting to the external business environment.

According to Weick and Sutcliffe (2007) how one deals with risks and crises is classed as an important field of action. They say that it is important to understand the dynamic and uncertain business environment and to react consistently even to weak signals. The objective must be to create a robust organisation. They emphasise the necessity to continuously learn from success and failure and define five success principles for attaining attentiveness at all levels of the organisation:

- (1) Failures are documented and interpreted as indicators that something can be learned and that something within the company system has to be changed. Small failures can be indications of larger problems.
- (2) Organisations must get as comprehensive a picture as possible of themselves and their business environment and continuously update it, even when this is complex, unstable, barely predictable and difficult to interpret.
- (3) There must be continuous adjustments in how operational activities are carried out in order to prevent an accumulation of mistakes.
- (4) Entrepreneurial activities must achieve a stable state even in difficult situations or crisis situations.
- (5) Decisions must be delegated to employees who have the most knowledge about the task in question.

According to Morris and Kuratko (2002:3-17), an entrepreneurial organisation uses the company resources adeptly for entrepreneurial projects in global markets. Entrepreneurial management wear two hats here: they are visionary change agents and at the same time, effective managers.

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They make mistakes and learn from them for future success. Entrepreneurial organisations can thus have various characteristics in terms of entrepreneurial orientation. Morris et al (2008) present a model (see figure 19) for the transformation of organisations without entrepreneurial orientation into organisations with a strong entrepreneurial alignment. This model has three components. Firstly, they define the basic elements for entrepreneurial thinking and action in established organisations (Morris et al 2008:1-133)⁶⁴. To become an entrepreneurial organisation, the four key elements of strategy, structure, culture and human resources must be developed (Morris et al 2008:137-273)⁶⁵. The third component of the model is concerned with the restrictive and beneficial elements required for the attainment of a sustainable entrepreneurial organisation (Morris et al 2008:277-421).

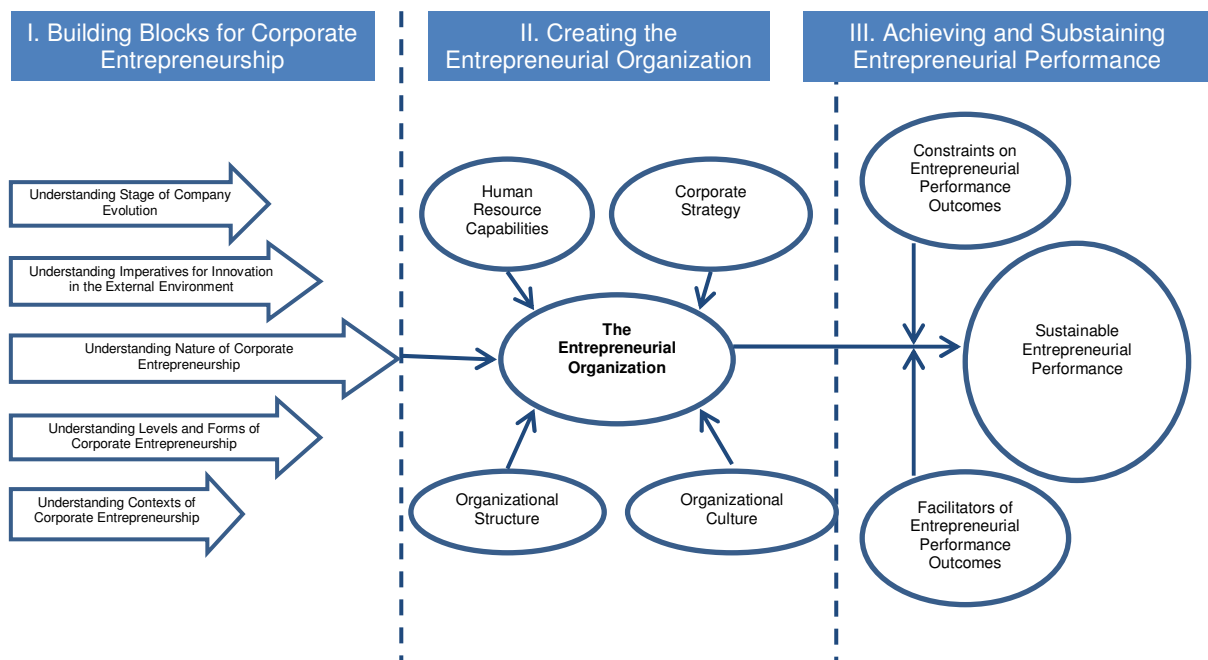


Figure 19: Intrapreneurship model according to Morris et al (2008:21)

The management orientated theoretical concepts of intrapreneurship at the level of the organisation have further basic implications for the role of intrapreneurship (e.g. systematic analyses of the business environment, entrepreneurial activities in new and existing markets / new and existing products, renewal of organisation and shaping of organisational architecture and synergies). In chapter 3.1.3, the focus is more at the level of the individual actors and the interaction inside the organisation.

⁶⁴ Here, the five fundamental building blocks for corporate entrepreneurship are described in detail.

⁶⁵ These elements are examined in more detail in chapter 4.3.

3.1.3 Management-oriented approaches at the micro level⁶⁶

The following chapter describes findings from management research concerning implementation of intrapreneurship in the fields of structure and culture (see sections 3.1.3.1 and 3.1.3.2), top management and strategic leadership (see section 3.1.3.3), collective and individual action (see section 3.1.3.4).

3.1.3.1 Concepts on entrepreneurial structure and internal division of labour

Peters and Waterman (1982:200-234)⁶⁷ emphasise the prominent role of innovation for an entrepreneurial organisation. Their recipe for success is to be big, but at the same time to act like a small unit. The spirit of enterprise must be able to have an impact in autonomous and decentralised units. Champions of innovation must be given support and must in turn, be the drivers of the most important projects and developments. This project structure with its innovation champions, which is often initially applied in secrecy, is said to be far superior to formal product planning. Accordingly, entrepreneurial organisations must tolerate these creative fanatics. New things would not only be thought about but would be put into operation. Peters and Waterman (1982:208) define three necessary roles of a system of championing. In addition to the innovation champion (product champion), there must also be a sponsor (executive champion) and a guardian (godfather).

According to Peters and Waterman (1982:209) for sustainable innovation success, it is necessary to initiate a large number of entrepreneurial projects since a very many of the activities would have no success. Successful companies, therefore, have to be organised in such a way that as many champions as possible can be present and take action. Whether intrapreneurship is pursued in formal or informal structures is not the decisive factor, as long as the structures are clear.

⁶⁶ see table 1

⁶⁷ Some of the thoughts formulated there are also contained in Pinchot (1988) - *Heroic Intrapreneurs* - and Collins (2008) - *first who then what*. For a critique on Peters and Waterman's research methods see Aupperle et al (1986). They state, that the strong culture's role in business performance indicated by Peters and Waterman should be analyzed more methodically and empirically driven and that the strategies, structures and resources could also have a critical role to performance (see chapter 4.3 and the proposed holistic shaping of the four organisational levers). Hitt and Ireland (1987) make reference to the relevance of the industry and competitive environment.

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However, such an intrapreneurship system fundamentally exhibits a more informal culture. Communication has a high value and there is a higher fault tolerance. The informal communication system serves at the same time as a control system and enables a transfer of technology across all departments. The reward system must be arranged in such a way that the innovation champion and the whole team are rewarded for success. Successful heroes should be celebrated and success stories promulgated in the long term so that a culture of entrepreneurialism can be nurtured.

Kanter (1983) postulates that individual employees are the most important lever for new ideas, creative activities and the implementation of opportunities. She examines how employees fashion new products, new markets, new technological processes or working practices for the overall good of the organisation and for themselves. Small and large changes can contribute to an organisation being able to adapt successfully to changing framework conditions. Thus, Kanter requires that all employees at all levels of the organisation should be involved in the creation and implementation of ideas. She states that entrepreneurial thinking and action should already be anchored as an aspect of the national culture. At the level of the business, new ideas, processes, products or services can be promoted by the way that problems are solved and by an appropriate organisation structure and culture. In new sectors, intrapreneurs would develop new products and services and use technological developments for product improvements. In established sectors, innovations for increases in efficiency and cost reductions would be at the forefront.

Changes in the business environment would require a high level of innovation in the organisation and employees with an entrepreneurial orientation. Thereby, more and more unfamiliar paths must be followed in making adaptations. A holistic approach in dealing with entrepreneurial activities which stretch staff to the limits of their competencies and resources is the key to creating more innovation. At the same time, the information flow in the company beyond divisional boundaries by the development of cooperative structures and cultures takes on an important role. Individual actors are often the starting point for entrepreneurial activities, but implementation has to be taken care of by a team.

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Kanter (1989) demands the application of entrepreneurial principles in established companies as well as the need to strive for continuous improvements, cooperation and teamwork in relation to existing business. Mature companies would require a revitalisation if they are to be able to react with increased innovation to the dynamic change in the business environment. How this revitalisation would in fact happen for an organisation must depend on the history of the company, the current situation and the specific business environment. With such a revitalisation, the human capital of the workforce would be developed and a greater involvement in entrepreneurial decisions would be realised. At the same time, dreams and discipline have to be balanced out. New opportunities have to be pursued with limited resources and a strong international orientation⁶⁸.

Companies have to appear in many games across the whole world against national and international competitors. In addition, excellent individual battlers and organised, high performance teams must take responsibility together and deal with constant change in the internal and external business environment. In particular, entrepreneurial actors have to develop a close relationship with customers and employees. Less bureaucracy and a more entrepreneurial orientation of employees and the organisation are necessary. Kanter (1989) also formulates a number of fields of conflict at the management level. Thus, there must be strategic and future-oriented thinking at the same time as current tasks are completed.

Entrepreneurial thinking and action must take risks, but may not endanger existing business. Creativity and innovation should lead in new directions without abandoning their own trails. Decentralisation should delegate responsibility to small, autonomous units without neglecting the efficiency drive when combining resources through centralisation⁶⁹. New technologies and globalisation make new entrepreneurial opportunities possible and these must be actively sought out. In a complex world with more competition, more entrepreneurial opportunities must be realised. Thereby, resource efficiency with an entrepreneurial orientation must be combined in order to be able to use new opportunities with fewer resources.

⁶⁸ Kanter describes this entrepreneurial competition as *global corporate olympics*.

⁶⁹ The necessity of dual orientation of an entrepreneurial organisation is described in more detail in chapter 4.3.1.1.

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Kanter (1989) names several components of a success strategy for global entrepreneurial competition. Firstly, synergies between the various divisions and businesses must be pursued within the organisation so that the whole is worth more than the sum of its parts. A second important component is the development of close alliances and partnerships with other organisations. New entrepreneurial opportunities must be developed continuously as a third component in current or new business areas. Overall, bureaucratic management must be replaced by stronger people-orientated entrepreneurial management which focuses on efficiency as well as creativity and innovation. Entrepreneurial managers must operate successfully, even without formal authority and also be capable of achieving results. They must be proficient in competition and cooperation, maintain personal standards, and be able to drive through processes that are strong, flexible and multi-faceted and which, at the same time, transcend divisions.

Kanter (1997) emphasises that all managers who have current tasks to fulfil must, at the same time, devise future developments in their role as agents of change⁷⁰. With continuous improvement and innovation, change can be shaped proactively before external threats enforce changes. The organisation must be structured such that a change-friendly culture ensues and continuous change is perceived by the actors in a business as being natural. To be successful in a period of change, as many employees as possible have to be involved in creation of ideas, innovation, in learning and working together. The research and development department in an organisation has to pursue new ideas and a culture of innovation must promote entrepreneurial experiments. In this way, employees can act as idea scouts and seek out ideas for entrepreneurial opportunities inside and outside the business. Ideas can also be identified within the framework of customer and supplier relationships. Entrepreneurial organisations must combine decentralised creation of ideas with centralised and formal processes for rapid implementation of ideas. Thereby, centralised, bureaucratic structures are increasingly replaced by networks, alliances and partnerships.

⁷⁰ According to Kanter (1997:252-269), entrepreneurial organisations in the future have to attain global competitiveness, even if they only wish to serve local markets. Companies in foreign markets should use entrepreneurial actors who commit themselves also for the development of local entrepreneurial activities in the long-term and thus use the local environment as partners.

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However, abrupt changes within the organisation should be avoided if the required basis for the development of new business is to be achieved. As a first step, information about markets and customers must be collected and their wishes for the future anticipated. Then, existing resources and competencies have to be analysed and, on the basis of this, new paths pursued using a large number of entrepreneurial experiments⁷¹.

Block (1987) states that all employees should increasingly take on entrepreneurial responsibility. This is in the interests of the organisation and of the employees themselves. He puts forward a way in which all employees can replace bureaucracy with entrepreneurial orientation. The key, he says, is the development of a culture in which employees can take on responsibility for themselves and at the same time for the organisation. Every individual employee is then a source of improvement and of cultural change, and thus of the creation of an organisation, business unit or a task in accordance with his own beliefs. Important in this process is to obtain the agreement of other employees and managers in order to secure their support for their activities⁷².

In established companies, entrepreneurial orientation must be re-awakened and anchored in the company's culture. This in itself is a fundamental entrepreneurial activity. By making his own personal choice of activities, every individual employee can then decide how to adapt to his own individual business environment, even though this is restricted by the effective norms and values of the organisation. Basically, this means there is a choice between a bureaucratic and an entrepreneurial path. The way of carrying out the task then shows how the individual employee would like to shape the whole organisation. By choosing his way, each employee has an influence on the shaping and entrepreneurial orientation of his organisation. Block (1987) also asserts that following periods with a lot of entrepreneurial activity and high levels of change, there should be a (short) period of stabilisation.

⁷¹ Kanter (1997:99-107) defines three phases of innovation: project definition, forming and implementation of coalitions.

⁷² Block (1987:1-6,99-195) calls this dialogue *positive political skills at work*.

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The choice of an entrepreneurial or bureaucratic orientation involves four elements which together would make up an activities flow diagram (see figure 20):

- Element 1 defines the fundamental agreement between the individual actor and the organisation;
- Element 2 defines how each actor pursues his own gain;
- Element 3 defines the efforts of individual actors to gain support for their activities;
- Element 4 defines the level of autonomy of individual actors.

In order to achieve an entrepreneurial approach, the bureaucratic cycle must be broken. Entrepreneurial employees work at all levels of the organisation in a self organised fashion and with an awareness of responsibility, as well as with a level of motivation that they would have if they were working for their own organisation. Success would be defined by the contribution to the whole organisation and to the benefit accruing to customers. Reward for employees is in terms of meaningful tasks and opportunities to learn and be creative. Monetary incentives are important but only of secondary relevance. Entrepreneurial employees can act authentically and in harmony with their own values and support the general use of information within the organisation. Autonomy in the fulfillment of tasks creates space and serves as a role model for other employees or other business units.

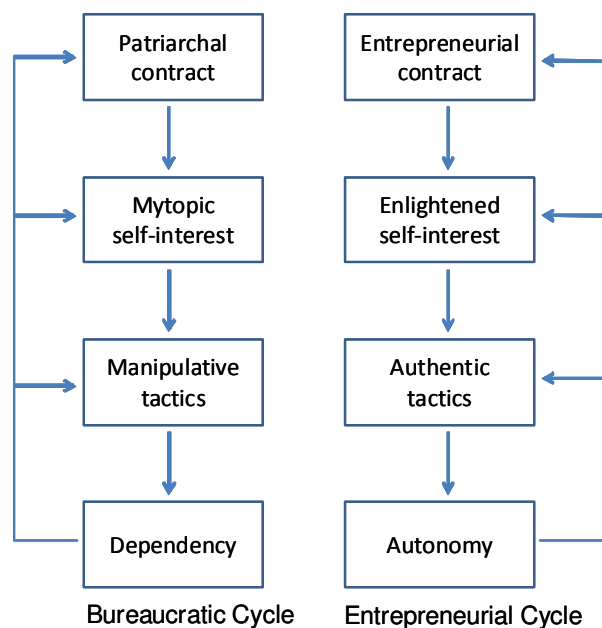


Figure 20: Block's activity flow diagram defining bureaucratic versus entrepreneurial basic orientation of employees (Block 1987:20)

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As well as the personal orientation of the employees, each element of the entrepreneurial sphere requires the entrepreneurial structures, processes and policies set up by management. An important entrepreneurial management task is thus their own empowerment for an entrepreneurial orientation and the shaping of an organisation which enables employees to tread the same entrepreneurial path.

This would be how employees would take on responsibility for their own activities and for the success of their own business unit or of their own project. Thus, an entrepreneurial organisation achieves passion, energy, enthusiasm and motivation in the fulfilment of tasks and in adapting to unforeseeable events and situations. Aided by learning opportunities and a real contribution to performance and by a combining of the interests of the employee with the interest of the organisation, the employees would avow themselves to the company objectives and act in harmony with the entire organisation.

According to Pinchot (1988), intrapreneuring means the creation of a revolutionary system for the acceleration of innovation within large companies by using individual entrepreneurial talents. Intrapreneurs take on responsibility for the practical implementation of basic innovations within an organisation, realise worthwhile ideas and thus close the innovation gap (see figure 21).

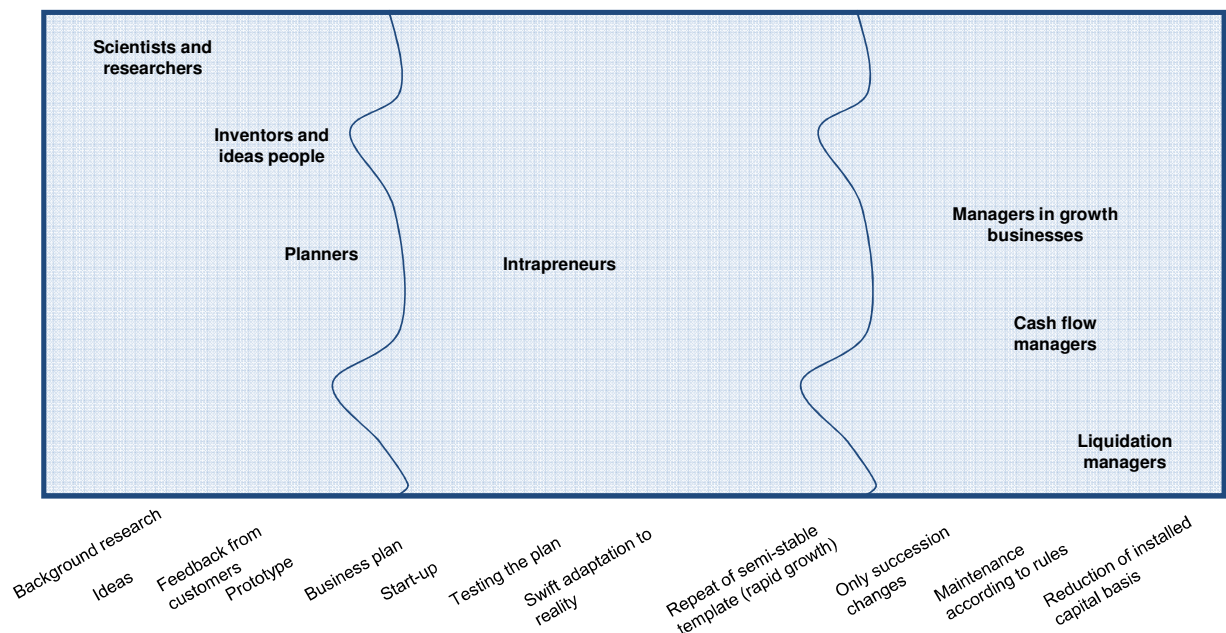


Figure 21: Pinchot's intrapreneurs close the innovation gap (Pinchot 1988:58)

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These innovations secure the viability of the organisation in an ever-changing business environment. In this way, intrapreneurs bypass the formal systems. They build underground teams and networks. They manage to allocate working time to work on tasks they have set themselves. There are clear boundaries from the rest of the company.

Intrapreneurs integrate technicians and marketing specialists for the development of new products, services, or processes. They realise profits and growth. Pinchot's individualistic approach sees the intrapreneur as being very close to the classical entrepreneur, who due to the advantages of a large-scale organisation prefers to pursue his entrepreneurial leanings within the existing organisation.

The possibility of using production plants, supplier networks, technology, personnel resources and marketing of existing business more than compensates, from the point of view of intrapreneurs, for perceived obstacles often found in bureaucratic systems. Companies can retain entrepreneurial talent by way of intrapreneuring in the organisation. According to Pinchot, entrepreneurial actors are often seen by other employees as money-hungry, empire builders. In reality, however, most of them would only satisfy their own needs. For Pinchot, the needs of intrapreneurs are that the search for innovation is possible, there is (tolerated) authority for action, there is material reward and that successes enable the build up of internal capital for future plans.

Intrapreneuring is said to be the method that brings the spirit of enterprise into large enterprises. This is said to be necessary to combine the benefits of economies of scale with the flexibility of entrepreneurial units, since many tasks are too complex for small companies⁷³. In this way, the large enterprise can also act as an integrated force in a system encompassing the whole company⁷⁴.

⁷³ For a critique of this type of intrapreneurship (big idea) see inter alia Kuhn (2000:34-37).

⁷⁴ According to Pinchot (1988), these can be realised for example by cooperative procurement systems, joint ventures, R&D partnerships, issue of licences, marketing collaborations or outsourcing (see also Baumol 2002b).

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Entrepreneurial passion of intrapreneurs cannot be replaced by planned innovation processes⁷⁵. Intrapreneurs must have strong conceptual ability and combine them with entrepreneurial action, keeping in mind a permanently changing world. They must know the specific peculiarities of the business sectors and relevant markets, possess management qualities, demonstrate the ability to make quick decisions in unsure circumstances and be able to act independently. Pinchot concludes that companies remain competitive as a result and frustrated intrapreneurs are not driven into self-employment.

According to Pinchot, individual employees become intrapreneurs when circumstances are such that it is an act of volition. Intrapreneurs can come from all functions if the will to create something new is strong enough. Internal attitudes towards intrapreneuring are a function of individual experience and one's life situation. The individual employee asks himself whether he would like to develop the competencies required for intrapreneuring. If the intrapreneur finds himself in unknown territory, he has to be guided by his imagination and ability to judge. Pinchot formulates 10 commandments for successful intrapreneuring (see figure 22).

Intrapreneur's 10 commandments
1. Come to work each day willing to be fired.
2. Elude any orders aimed at stopping your dream.
3. Do any job needed to make your project work, regardless of your job description.
4. Find people to help you.
5. Follow your intuition about people you choose and work only with the best.
6. Work underground as long as you can, publicity triggers corporate immune mechanism.
7. Never bet on a race unless you are running in it.
8. Remember it is easier to ask for forgiveness than to ask for permission.
9. Be true to your goals, but realistic about the ways to achieve them.
10. Honor your sponsors.

Figure 22: Intrapreneur's 10 commandments as per Pinchot (1988:43)

⁷⁵ Collins (2008), who formulated *first who, then what* as the basis for the implementation of entrepreneurial activities, also sees great relevance of personal implementation competencies for successful companies.

3.1.3.2 Concepts on entrepreneurial process, culture and structural leadership

According to Block and MacMillan (1995:3-12,20-32), if organisations in global competition are to survive, they must continuously generate new and successful entrepreneurial activities within the existing organisation. In order to achieve this, organisations cannot simply copy proven recipes but must tread an individual path in order to develop the organisation culture for their long-term effectiveness. As well as a vision that is adequately communicated and a target oriented strategy, Block and MacMillan require the competent management of individual entrepreneurial activities in the spheres of products, markets, technology as well as the entrepreneurial orientation of the whole organisation. Management acquire their entrepreneurial orientation by experience and training and not as biological characteristics. Entrepreneurial management are said to be risk managers but not risk seekers. The entrepreneurial process must be understood as a part of the organisation and attain collective dimensions. The organisation structure has a basic effect on the entrepreneurial orientation of the organisation members. Entrepreneurial opportunities must be pursued with a view to an optimal use of the available resources.

Block and MacMillan (1995:5-12) also define an intrapreneurship process model for the development and realisation of new activities⁷⁶; the model has six systematic steps based on a division of labour. In the first step, a framework for the generation of ideas and a process for the management of entrepreneurial activities is developed. As a second step, entrepreneurial opportunities and the implementation team is identified. Subsequently, in the third step, the planning of entrepreneurial activities is to be concluded and implementation begins. In the implementation stage (fourth step), individual entrepreneurial activities must be monitored and an evaluation takes place which keeps in mind the fundamental entrepreneurial implementation process. In the fifth step, entrepreneurial activity reaches the level of an established business.

⁷⁶ Block and MacMillan (1995:14) define an entrepreneurial activity in opposition to normal activities as new activities that improve the quality, productivity, profit situations or sales. Entrepreneurial activities must be separately organised and pursued by integrated entrepreneurial management from existing businesses.

3. Intrapreneurship and the global business environment

As a sixth step, experiences are evaluated for future entrepreneurial activities and the entire process model, enabling the entrepreneurial organisation to learn from success and failure. All six phases require different competencies to manage the individual entrepreneurial activities from start-up through to established business. Implementation must take place with the respective opportunity and total entrepreneurial organisation in mind. The integration is done by the organisation's management team. The frame of reference⁷⁷ for the management team⁷⁸ of the individual entrepreneurial activity is set using direct entrepreneurial decisions and structural leadership.

In the process, it is said to be important that the entrepreneurial organisation sees the realisation of many entrepreneurial activities as an integral part of the strategy for strengthening long-term viability⁷⁹ and that they promote an entrepreneurial culture. The starting point for entrepreneurial activities should be the present competency base. Evolutionary strategies for the use of existing knowledge for new products and dealing with new markets could be complemented by revolutionary strategies based on the company's own technological developments⁸⁰.

⁷⁷ According to Block and MacMillan (1995:11), included in this are what decisions and what activities in the view of the organisation are desirable and necessary, what structures and processes entrepreneurial activities can promote, how the respective management teams for individual entrepreneurial activities are to be put together, how the organisational connection of the individual entrepreneurial activities should take place, how monitoring and control of the entrepreneurial activities can take place and how information gathering on activities carried out have to be organised to secure organisational learning.

⁷⁸ Block and MacMillan (1995:11) define tasks in the decision phase as the identification, evaluation and description of individual entrepreneurial activities in business plans. In the implementation phase, management and control of individual activities and the learning transfer for future entrepreneurial activities are at the forefront. For the elements of a business plan, see Block and MacMillan (1995:161-193).

⁷⁹ According to Block and MacMillan (1995:72,89,90) entrepreneurial activities together with existing business and external acquisitions determine the basis for growth and innovation. The more turbulent the external business environment is, the more important it is to have continuing entrepreneurial activities to secure viability. It must be established in an entrepreneurial strategy whether only opportunities should be pursued as they arise or whether there should be an active search for new opportunities, how close new business should be to existing business, what portfolio considerations should be considered, how the selection process and implementation should take place in order to achieve a fit between entrepreneurial activities and strategy.

⁸⁰ Block and MacMillan (1995:195-230) distinguish seven basic types of entrepreneurial activities (see chapter 6.4) for achievement of new business: (1) new products for existing markets using existing technology, (2) new products using new technologies for existing markets, (3) use of new technology for existing products in existing markets, (4) conquest of new markets with existing products using existing technologies, (5) conquest of new markets using new technologies with existing products, (6) conquest of new markets with new products using existing technologies, (7) conquest of new markets with new products using new technologies. The less an entrepreneurial organisation wished to accept various practices and rules in comparison with existing business, the more the new business should be like the existing business (see Block and MacMillan 1995:243).

3. Intrapreneurship and the global business environment

According to Block and MacMillan (1995), the internal and external environments are sources for entrepreneurial activities. In particular, changes within the industries and markets dealt with could give indications of future entrepreneurial opportunities.

Wunderer (2006:3-32,49-91,526-543) develops an entrepreneurial management theory with indirect management using business models and direct management by fine-tuning of attitudes. As central starting points of structural management, he names culture, strategy, organisation and qualitative personnel structure. The basic values, behaviour patterns, symbolic action, rituals and layouts of an organisation would also be features of entrepreneurial strategy development, organisation and personnel structure. Wunderer sees a mixture of the internal market and the social network as a configuration for regulation of the future.

Decentralisation, partly autonomous units and a comprehensive market and product orientation promote entrepreneurial thinking and action. Creation and innovation are at the forefront. Personnel selection, development and deployment together with interactive personnel management should mean that as many employees as possible from all levels of the hierarchy and all functions can think and act entrepreneurially as much as possible (see figure 23).

E M P L O Y E E	Influences	What are the goals?			C O - E N T R E P R E N E U R S
	Framework conditions	<p>Company objective : Creating value for viability of the organisation through stakeholder satisfaction</p> <p>Development goal ; Implementing firm strategy through employee's problem -solving , soft skills and action at all levels , in all functions</p> <p>Personalgoals:</p> <p>1. Co -knowing /Co-thinking 3. Co -responsibility 5. Co -developing</p> <p>2. Co -decisions /Co-acting 4. Co -feeling/Co-participation 6. Co -earning /Co-sharing</p>			
	Macro - Environment				
	Micro - Environment				
	Stakeholder needs	What competencies are necessary ?	What concepts in Leadership and Controlling are efficient ?	What concepts in Human Resources Management are efficient ?	
	Co-entrepreneurial key competencies	Co-entrepreneurial steering	Co-entrepreneurial HR-structure		
Resources	Co-entrepreneurial identification and motivation	Co-entrepreneurial Leadership - structural leadership - direct leadership	Co-entrepreneurial key notes and guiding principles		
ENVIRONMENT	POTENTIAL	LEADERSHIP AND DEVELOPMENT			

Realization 

Figure 23: Wunderer's frame of reference for the concept of co-entrepreneurship (Wunderer 2006:21)

3. Intrapreneurship and the global business environment

Wunderer asserts that the advantages of division of labour and collaboration arising from the use of synergies, especially in today's organisation structures, must be linked with internal competition. In terms of implementation, he formulates a co-entrepreneurship development concept which is designed to encourage employees to become entrepreneurs. Entrepreneurial employees create and use knowledge within the framework of their own areas of responsibility and act as entrepreneurs.

As a first element of the development concept, he defines the periphery that determines how far entrepreneurial thinking and action are necessary and possible. The external framework conditions are comprised of the macro context, with its political, economic, enterprise and technical systems, and these, added to the globalisation of markets require a broad based internal entrepreneurship. The shaping of the internal company framework conditions with their cultural, strategic, organisational and qualitative staffing structure factors determines how far co-entrepreneurship can be achieved. The needs of the central relational groups, in particular customers, suppliers, employees, suppliers of capital and the company can be better met with co-entrepreneurship. The deployment of new ideas depends then, to a large extent on the availability of resources.

The second element concerns objectives. The long-term increase in the company's value is defined as the entrepreneurial objective. This can best be achieved by benefits for the central relational groups. In addition, the employees must know, think, decide, act, take responsibility, feel, experience, develop and earn jointly and also be a part of the company. As a consideration for the fulfilment of their tasks in the interests of the organisation, the employees must be given the opportunity of fulfilling work, performance-related remuneration, as well as a share in the company's success. Thus, as many employees as possible should support the company strategy by thinking and acting entrepreneurially (development target). Wunderer defines a long-term, balanced exchange relationship between performance and consideration as a critical success factor⁸¹. The personal requirements for entrepreneurial behaviour are given as the third element.

⁸¹ Wunderer (2006:92-95) examines the limits and potential problems of the transformation of employees into co-entrepreneurs.

3. Intrapreneurship and the global business environment

Key co-entrepreneurial skills for Wunderer are organisational skills, social skills for cooperative and autonomous action as well as, in particular, implementation skills (Wunderer and Bruch 2000) which, together with basic entrepreneurial motivation⁸² determine the entrepreneurial orientation of employees. Thus, Wunderer makes the assumption that personal requirements are distinctly different and distinguishes five employee groups (see also figure 24):

- (1) Co-entrepreneurs as core group of entrepreneurial employees;
- (2) Entrepreneurially motivated employees who do not fully meet the key entrepreneurial qualifications but who support the entrepreneurial activities;
- (3) Entrepreneurially qualified employees who, however, only show a low degree of willingness to support entrepreneurial activities;
- (4) Employees with low entrepreneurial competence (routine employees) who only have a low level of qualification or show low motivation for entrepreneurial behaviour;
- (5) Overstretched and/or demotivated employees who could not or do not want to support entrepreneurial activities.

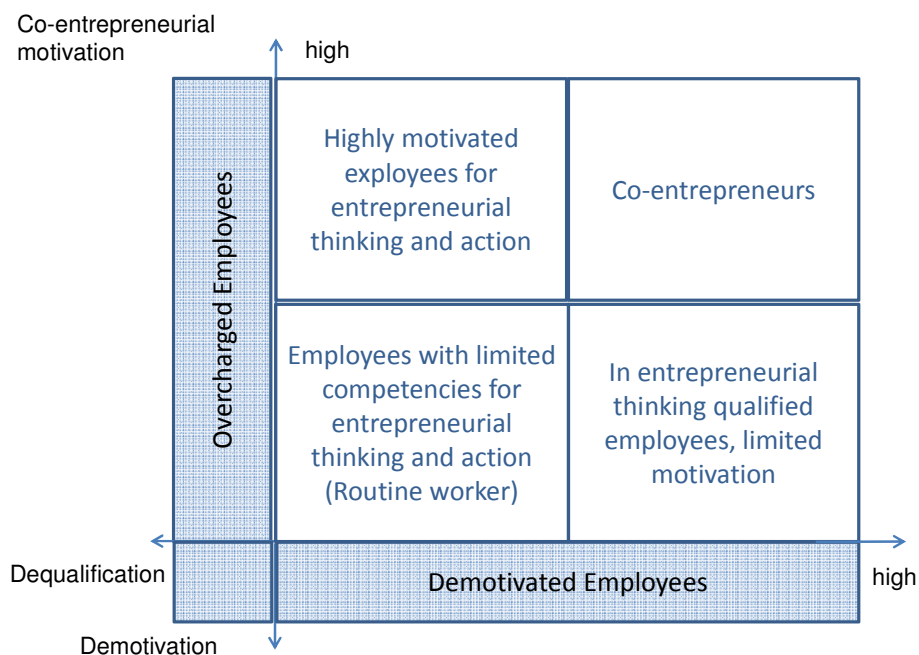


Figure 24: Portfolio approach to co-entrepreneurial competence for employee groups as per Wunderer (2006:63)

⁸² Wunderer (2006:64) describes co-entrepreneurial motivation as a key element of entrepreneurial thinking and action. He defines five motivational factors for this: to use and recognise one's own motivation, commitment to supporting fulfilment of even unpopular tasks, to increase situational motivation, to reduce demotivation via removal of motivational barriers, to promote implementation, for example by personal attribution of success.

3. Intrapreneurship and the global business environment

The fourth element defines the co-entrepreneurial regulation concept. Here, Wunderer sees the regulation of markets in combination with regulation of social networks as having a dominant role. This would then be linked with a decrease of regulation by hierarchies (bureaucracy). The shaping of person-specific and permanent exchange relationships can occur in accordance with the concept of repeated games and thus enable gains in cooperation (Axelrod 1987). Wunderer describes this concept as comprising fair internal competition and entrepreneurial cooperation and also as a social market economy within the organisation.

The individual co-entrepreneurs have to be directed by objectives, performance and revenues (hard factors) as well as values, obligations, feelings and motives (soft factors). As well as a structural dimension (culture, strategy, organisation, personnel structure), entrepreneurial leadership would then have, an interactive dimension (realisation, communication, decision, coordination, motivation, development). Entrepreneurial leadership thus means promoting entrepreneurial behaviour with structural and interactive leadership.

Personnel selection and personnel development to achieve entrepreneurial orientation of employees, groups and organisations are the building blocks of the five elements. Thus, employees have to be selected, deployed and developed in accordance with their entrepreneurial qualification and motivation. In this way, a long-term entrepreneurial culture can ensue and can be considered as the most important lever for intrapreneurship. Intrapreneurship as a long-term investment and strategic core competence opens up, in the medium-term, competitive advantages that are difficult to replicate, as well as development and career potential for staff together with material reward.

Baden-Fuller and Stopford (1994:109-142) see it as a danger that past success leads to organisations not making timely changes in the market. Thus, it is said to be hard for mature companies to react appropriately to risks and even harder to spot opportunities to make sure that crises do not happen. The challenge is to attain a common will for entrepreneurial activities within the organisation. The starting point has to be to develop strategic and organisational innovation that together lead to the organisation taking on entrepreneurial characteristics.

3. Intrapreneurship and the global business environment

Starting with entrepreneurial activities in small teams, the whole organisation must commit itself to entrepreneurial activities and learn from success and failure. The individual actors and teams must follow a holistic orientation and develop cooperation with external network partners outside the company. There has to be an orientation towards future opportunities and adjustments have to be made to changes in the industry; this must be at all levels of the organisation.

Knowledge can be tested and competencies developed using entrepreneurial experiments. By learning in teams, problems can be resolved and opportunities pursued on the authority of individuals. Entrepreneurial teams can be used as an instrument for linking of interests between individual actors and the organisation.

Kuhn (2000) asserts that entrepreneurial success of an organisation is dependent upon entrepreneurial behaviour of people and groups. He supports the thesis that, because of changed entrepreneurial contexts, internal entrepreneurship should be pursued as a collective approach. The more complex and dynamic the business environment is, the more collectively intrapreneurship is to be organised⁸³ (see figure 25).

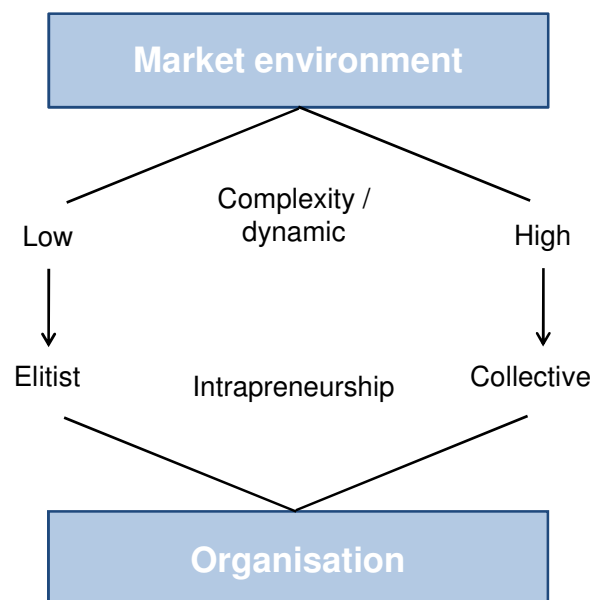


Figure 25: Dependence of development of the internal business environment on the external environment as per Kuhn (2000:68)

⁸³ The position proposed in this thesis is that the more complex and dynamic the business environment is, the stronger the entrepreneurial orientation should be. Thus, the cultural context defines the individualistic versus collectivistic approach to organise holistic intrapreneurship.

3. Intrapreneurship and the global business environment

He defines two basic conditions for the implementation of collective entrepreneurship. Entrepreneurial empowerment by way of entrepreneurial arrangement of work and entrepreneurial training empower the employees to behave in an entrepreneurial way, and entrepreneurial commitment via the development of an entrepreneurial culture and entrepreneurial motivation, commit the employees to behave entrepreneurially (see figure 26).

Kuhn also develops guiding principles for strengthening a decentralised perception of functions and competencies via function and task integration, together with self-regulation and new forms of cooperation and communication. The workplace is said to be the most important place for learning entrepreneurial behaviour. He sees teams working with synergies and using both collective knowledge and collective experience as the ideal of cooperative self-learning. Thus, in principle, all employees can contribute to an increase in entrepreneurial success. If even head-strong employees are to act in the interests of the organisation in situations that cannot be monitored, an appropriate inner obligation to the business and its objectives has to be achieved.

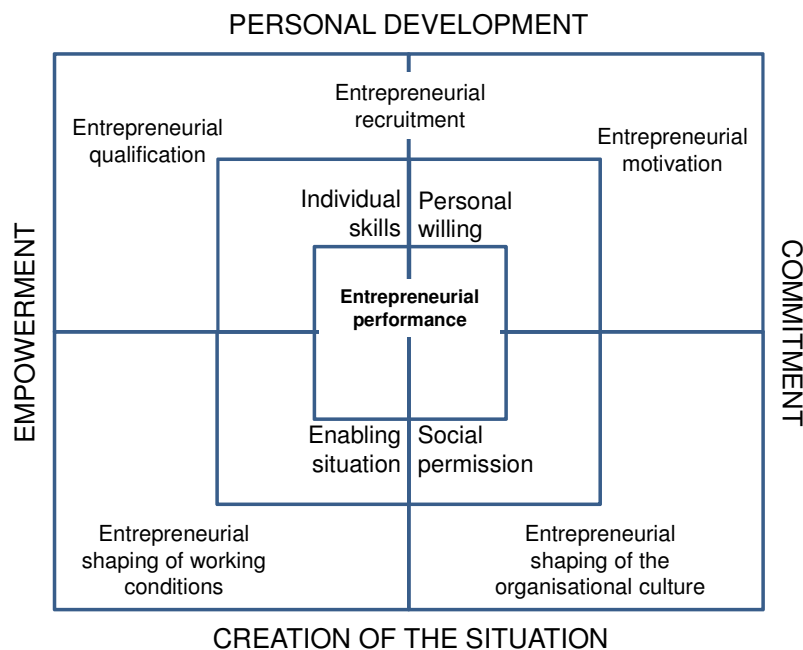


Figure 26: Relational framework for collective entrepreneurship according to Kuhn (2000:88)⁸⁴

⁸⁴ For entrepreneurial work design and entrepreneurial training see Kuhn (2000:90-104), for entrepreneurial culture design and entrepreneurial motivation see Kuhn (2000:117-139).

3. Intrapreneurship and the global business environment

The company culture would be able to influence behaviour in such situations. The use and maintenance of intrinsic motivation is more likely to be successful in achieving entrepreneurial behaviour than the influence of extrinsic motivation via incentive systems. He states that the business must show a commitment in relation to the values and objectives of employees in order to obtain the employees' entrepreneurial commitment to the objectives of the business.

In terms of entrepreneurial performance, the entrepreneurial assurance of success (see figure 27) demands rational development of the internal transformation and value creation process (efficiency directed from within), as well as the systematic monitoring and proactive consideration of changes in the environment of the organisation (effectiveness from outside).

Internal (collective) entrepreneurship would be practically enforced by the momentum of the external environment and can be divided into two central internal groupings. Management (sub-entrepreneurs), with strategic tasks, are thus responsible for long-term effective adjustment to the external environment and the employees (co-entrepreneurs), with operational tasks, provide for continuous innovation and internal company efficiency.

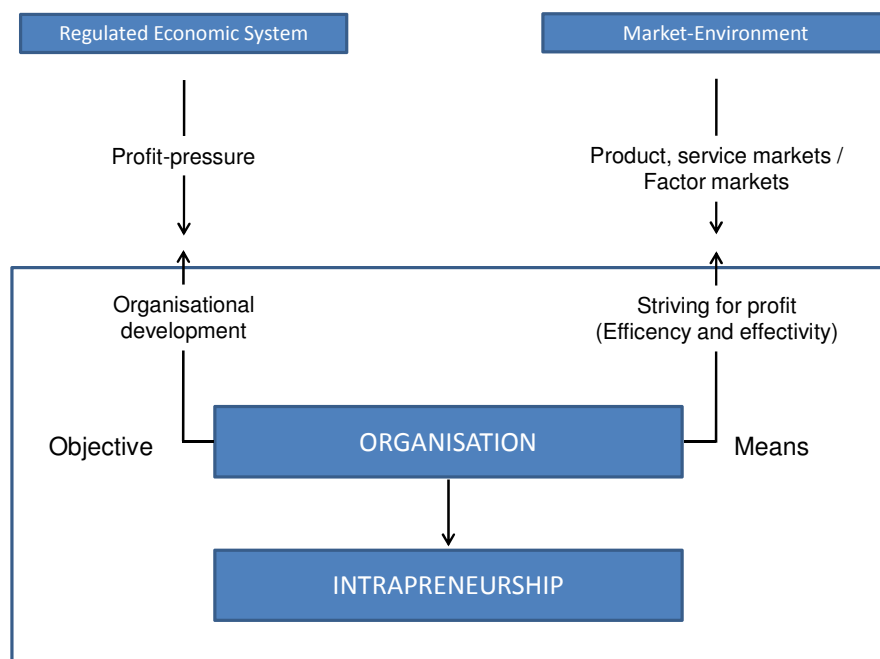


Figure 27: Business, environment and internal entrepreneurship as per to Kuhn (2000:10)

3.1.3.3 Concepts on entrepreneurial top management, strategic leadership and learning

Sathe (2003) states that in global competition, particularly in a time of increasing technological change, the company must develop a stronger entrepreneurial orientation. The starting point here is said to be company strategy. The correct strategy and intrapreneurship would not automatically lead to successful entrepreneurial activities. Top management must also create the right organisational context and take account of the differences between the pursuit of new entrepreneurial opportunities and existing business⁸⁵.

Thus, the regulation of entrepreneurial activities must take into account that pursuing new opportunities involves more and different risks than the pursuit of existing business. The initiation of entrepreneurial activities in existing companies requires different instruments than those in independent company start-ups.

Sathe also defines three entrepreneurial tasks:

- (1) Recognition and definition of entrepreneurial opportunities;
- (2) Motivation and commitment of entrepreneurial actors and provision of the necessary resources for the realisation of opportunities;
- (3) Evaluation and regulation of entrepreneurial activity and the development of new competencies for commercialisation of the activity.

He puts the focus on entrepreneurial activities in particular at the level of individual, decentralised operating units and distinguishes these activities from the pursuit of entrepreneurial activities at the level of the whole organisation⁸⁶. Sathe says that entrepreneurial activities are driven by the business environment⁸⁷, management culture⁸⁸, and the top managers in the business unit⁸⁹ (see figure 28).

⁸⁵ Sathe (2003:123) also speaks here of *good times managers* who pursue new opportunities, and *hard times managers* who attempt to revitalise mature, competitive, declining businesses or those rocked by crisis.

⁸⁶ Sathe (2003:8) calls entrepreneurial activities here mergers and acquisitions, strategic alliances, joint ventures or also central research and development.

⁸⁷ Sathe (2003:20,21,41-59) distinguishes between the external and internal business environment.

⁸⁸ Sathe (2003:21,22,61-79) defines management culture as common beliefs of top managers at the level of the company and the top managers in the business units.

3. Intrapreneurship and the global business environment

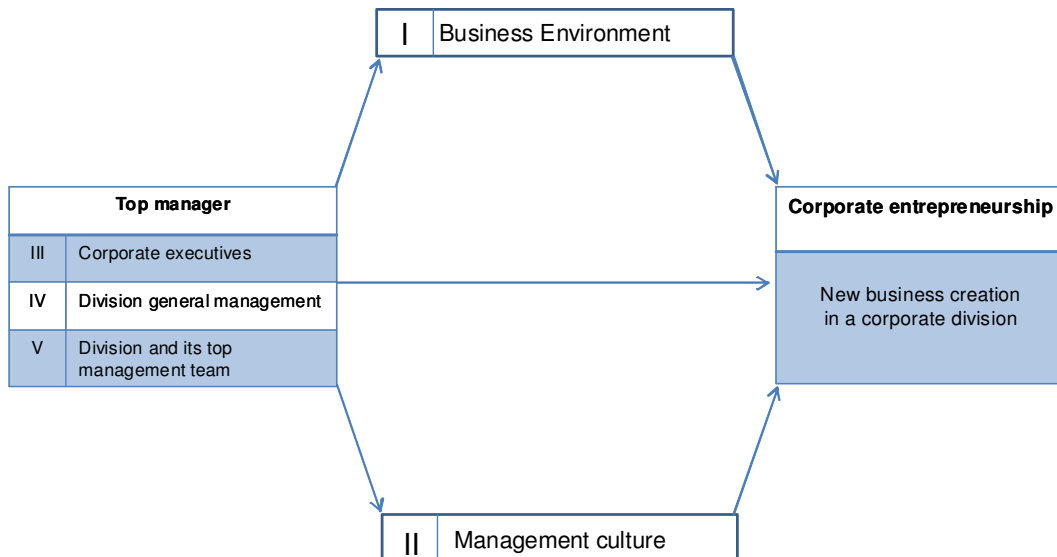


Figure 28: Direct and indirect influence of top managers on entrepreneurial activities according to Sathe (2003:10)

He defines a conceptual framework which names five direct or indirect levers with which entrepreneurial activities can be driven. In turn, these five levers are also cross-linked. As well as the business environment and the management culture being indirect levers for top managers, top managers at the company level, general managers at the level of the business unit and top management teams at the level of the business units are direct levers for the entrepreneurial orientation of a business. In particular, consumer wishes and the pressure of competition are elements from the external environment which call for entrepreneurial activities.

In addition, there are changes in the legal-political framework conditions and technological trends which make new entrepreneurial opportunities possible. The availability of resources, the market situation for existing business and the concern about cannibalisation of existing business by new business are important influences from the internal business environment. Thus, consideration must be given to the future without neglecting the present. If new activities are already being pursued, new opportunities would be more difficult to implement since business that is already growing ties up resources⁹⁰.

⁸⁹ Sathe (2003:9) sees here a direct influence by top management on their activities and behaviour when implementing entrepreneurial opportunities and an indirect influence through the design of interaction with the business environment and through the influence of the management culture.

⁹⁰ Sathe (2003:58) establishes that entrepreneurial activities do not follow resources, but rather that the resources are allocated to attractive entrepreneurial activities.

Sathe (2003) names product and process innovations as internal drivers for new entrepreneurial activities. He asserts that monetary incentives must not be at the forefront when promoting entrepreneurial activities, but rather the development of a supportive entrepreneurial management culture. This would then be a guide for top management. At the same time, a culture has to be developed which is tolerant of entrepreneurial activities failing and which uses the resultant potential for learning. Equally, an incentive scheme that is perceived as unfair could have a negative influence on employee motivation and endanger successful collaboration.

The philosophy of top managers in the company determines whether a few large entrepreneurial opportunities are pursued within the organisation or whether many small entrepreneurial activities at the level of the business unit determine the entrepreneurial orientation. Fundamentally, it should however be possible to pursue both philosophies: Intrapreneurs at the level of the company are then responsible for the large entrepreneurial activities and for maintaining an ongoing strategic dialogue in the place of rigid and fixed strategic planning. Intrapreneurs at the level of the business division⁹¹ would then pursue the smaller opportunities⁹².

The general manager of a business division must convince his staff to adopt the vision and strategy of creating new entrepreneurial opportunities, motivate them and prepare them for the tasks that are needed. Within business divisions that organised as autonomous units, top management teams must seek out the most attractive opportunities and systematically realise them⁹³. Furthermore, there must be cooperation across the board between business divisions in order to develop further the core competencies of the whole organisation and to pursue entrepreneurial opportunities that cannot be realised by individual business divisions.

⁹¹ Sathe (2003:149-165) defines personal requirements of the general manager at the business division level for example as a more outward intuitive orientation directed towards customers and competitors with well-established knowledge of the industry and with good relations with top managers at the level of the company.

⁹² Sathe (2003:172) names here, for example, new products for existing markets, existing and new products for extended markets or also new products for emerging markets.

⁹³ Sathe (2003:226) also describes a phase concept with six steps: business concept, feasibility analysis, business and product development, test production, product standardisation, business operation.

3. Intrapreneurship and the global business environment

According to Hentze et al (2005:501), intrapreneurship can be seen from the point of view of strategic management as complementary to the rational, analytical and methodical approaches of economics. Because of today's necessity for a variety of innovation and change processes within organisations, a greater spirit of enterprise and entrepreneurial action is increasingly required from large and established companies. Intrapreneurship as a leadership concept should lead to an increase in innovation in situations where there is increasing complexity in the business environment; previously this was inhibited by hierarchical structures.

Thus, from the viewpoint of large companies, intrapreneurship can be interpreted as a basic approach for galvanising change in sluggish organisation structures. Within the company, there is a particular focus on creativity and entrepreneurial initiative, willingness to take risks and ability to motivate, together with the experience and intuition of the entrepreneurial actors. A target when fast tracking the implementation of entrepreneurial opportunities could be to combine the innovation potential of large companies with the entrepreneurial competencies of small units.

In addition, to assist restructuring, there must be a dynamic and systems-based approach in which the boundaries created by central management become clear. Entrepreneurial leadership means developing structures and processes in such a way as to make use of self-monitoring potential within the organisation.

According to Thornberry (2006), entrepreneurial managers drive the development of the entrepreneurial organisation by identifying, developing and implementing new external and internal entrepreneurial opportunities. An entrepreneurial orientation and entrepreneurial competencies can be learned. Bureaucratic hurdles can be mastered or avoided so that the organisation and entrepreneurial managers can benefit. Especially in established organisations, the one-sided focus on the optimisation of existing business (doing things the right way) can be supplemented by an additional focus on the generation of new entrepreneurial opportunities (doing the right things).

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Thornberry (2006) states that, in a turbulent business environment that is difficult to predict, the only starting point for the identification of opportunities and risks can be an analysis of the competition or scenario planning. The continuous search for opportunities that are offered by a dynamic and chaotic business environment is more important than inflexible long-term strategic plans.

Thus, planning processes must definitely be able to respond to unexpected entrepreneurial opportunities. The levers for this are entrepreneurial managers at all levels of the organisation, since entrepreneurial opportunities can emerge everywhere. These managers must view their management and leadership tasks with an entrepreneurial eye at all times.

The development of entrepreneurial opportunities must be understood as a dynamic process, in that learning through environmental conditions and in particular, through potential customers, new technologies and market developments lead to a necessary change in how the opportunity is perceived. Thus, as well as identifying entrepreneurial activities, entrepreneurial managers also have to shape them to fit the market and provide the necessary material and personnel resources. This can be easier if the entrepreneurial opportunity lies within the entrepreneurial strategy and the existing core competencies.

Thornberry⁹⁴ describes certain characteristics of entrepreneurial management. These must be, for example, operationally strong, be able to work in uncertain and ambiguous environments, know boundaries and involve employees with complementary skills, change situations and want to create things, develop a great passion for entrepreneurial activities and be able to pursue these tenaciously with urgency and resilience. They must believe in success *with a smile on their face*, possess or at least learn entrepreneurial talent.

According to Thornberry, entrepreneurial managers can play various roles (see figure 29).

⁹⁴ For the ten characteristics see Thornberry (2006:46-57)

3. Intrapreneurship and the global business environment

	Internal	External
Activist	Miners (Operational)	Explorers (Market)
Catalyst	Accelerators (Unit)	Integrators (Enterprise)

Figure 29: Focus and roles of entrepreneurial management according to Thornberry (2006:60)

Activists identify new internal (e.g. process innovations) or external (e.g. product innovations) opportunities. Catalysts create an internal business environment which promotes entrepreneurial activities within business divisions or within the organisation as a whole⁹⁵.

Thornberry (2006:205-219) gives various ways of developing an entrepreneurial organisation. For example, entrepreneurial organisation units can be created or entrepreneurial managers can be deployed as missionaries inside the organisation. Incentive systems can reward managers for entrepreneurial activities and formal processes can help where the manager's personality is not naturally entrepreneurial.

Maucher (2007) gives a guideline for entrepreneurial success. He distinguishes between the classical manager and the classical entrepreneur (see table 2) and asserts that management requires both entrepreneurial and management qualities⁹⁶. Entrepreneurial decisions are then based on experience, information, analyses and intuition.

⁹⁵ *Integrator* as organisation architects, according to Thornberry (2006) first create an entrepreneurial strategy to then design the resources, structures and processes with the aim of achieving an entrepreneurial orientation in the organisation.

⁹⁶ See also Pearce et al (1997), Luchsinger and Bagby (2001). Stevenson and Gumpert (1998) distinguish a *promoter* with an entrepreneurial focus from an *administrator* with an administrative focus. The promoter or entrepreneur firstly asks about the possibility and then the necessary resources, the administrator first looks at the existing resources, structures and securing scope for creativity. At the level of the organisation, there then results either a culture of innovation or an administrative culture.

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The Manager	The (corporate) entrepreneur
...above all sees his tasks in the organisation	... above all sees entrepreneurial opportunities
...makes administration and optimisation in the organisation	... is more of a strategy and company developer
...has special skills	... has charisma and enthusiasm
...does forecasts and planning (planning horizon is more short term)	... has imagination, visions of the future of the company and above all thinks long term
...protects against risk with checklists and figures	... takes risks into account and has courage
...works with analyses, target-setting and measures	...works with simple concepts and basic ideas that he follows doggedly
...makes decisions with rational assessment of pros and cons	... relies on intuition in difficult situations where rationality alone is not enough
... has special management qualities	... is a leader

Table 2: Management and entrepreneurial qualities according to Maucher (2007:12,13)

The entrepreneurial alignment of a company must be checked from time to time, keeping in mind the ownership structure⁹⁷, the portfolio⁹⁸, the operating range and size⁹⁹, the risks¹⁰⁰ and the company politics¹⁰¹. Entrepreneurial organisations must be bold and set themselves apart from the competition with creative ideas and solutions. Internal growth can occur with existing products and in existing markets and can also be achieved with new products and entry into markets in new countries. A balance between conflicting viewpoints is necessary for the entrepreneurial success of an organisation. Maucher (2007:29) names seven fields in this respect:

- Long-term versus short-term aspects¹⁰²;
- Centralisation versus decentralisation;
- Marketing versus controlling (spending or saving);
- Diversification versus focusing;

⁹⁷ Here Maucher (2007:16-19) distinguishes in particular between family companies and publicly listed companies and public companies and trusts.

⁹⁸ Maucher (2007:20) stated that a certain diversification is more successful in the long-term than too strong a focus on the current core business. Thus, it is possible to better provide against risks and follow trends. Orientation towards the future means investing in potential and creating know how and the right management.

⁹⁹ According to Maucher (2007:22) greater internationalisation and growth are superior to local restriction without growth.

¹⁰⁰ Maucher (2007:23) states that it is necessary to take risks to secure the future. Large companies with many products and action fields in many countries could carry easier risks than companies with only one or fewer products.

¹⁰¹ Principles about the general alignment must be formulated in company policy. Maucher (2007:23-26) demands a strong orientation to people, to long-term success and to decentralised structures.

¹⁰² Abell (1993) emphasises the necessity to connect strategies for a successful present (use of existing competencies and resources for entrepreneurial opportunities) with strategies for a successful future development (transformation and change to be able to use future entrepreneurial opportunities).

3. Intrapreneurship and the global business environment

- Necessity of complying with rules and regulations versus allowing individual room for manoeuvre;
- Performance and competition orientation versus social responsibility and social protection;
- National and cultural identity of the organisation versus international demands and worldwide activities.

The structure of the organisation should be decentralised by using project groups, networks, and centre of excellence¹⁰³. Entrepreneurial managers have to be courageous, able to learn and sensitive to innovations. In particular, they must develop an understanding for other countries and cultures and a vision of the future, they must create a climate of innovation and make decisions and think in context. Management teams have to add to their competencies and strengths and stand unreservedly by the company culture. The competitiveness of an organisation must be strengthened by many small innovations and innovation thrusts. In addition, creativity potential should be promoted more through staff selection. The ability to innovate can be enhanced by transferring entrepreneurial responsibility to smaller, independent company units. Research and evaluation of demand are thus the basis for creating ideas. If a positive climate in the business environment is to be attained, then a market-oriented product development must ensue within a context of credible marketing and professional public relations.

3.1.3.4 Concepts on viable entrepreneurial communities and individual entrepreneurial action

In Joyce's view (2008) the role of intrapreneurship is seen as developing adaptability and resistance of teams and employees as the key for entrepreneurial success and the survival of companies. By using cooperative intelligence and collective experience, organisations can build viable communities. Joyce defines cooperative intelligence as having eight elements:

¹⁰³ Company units within the organisation as a whole take on strategic mandates to increase the competitiveness of the transnational value creation network. *Centre of Excellence* takes on, for example, strategic leadership when working out strategic concepts for certain company divisions – see, for example, Holtbrügge and Welge (2010:148-151).

3. Intrapreneurship and the global business environment

- Discovering, checking and changing of individual and collective basic assumptions about the reality and correct configuration of useful assumptions about the world in order to increase resistance and adaptability of a team or an organisation¹⁰⁴;
- Perception of reality from different perspectives to ease cooperation and use of energy deriving from groups and networks for the achievement of common goals and one's own goals¹⁰⁵;
- Self control and controlling one's own feelings as a requirement of personal resistance and for a self-determined choice of a mental model¹⁰⁶;
- Communication as a basis for the creation of harmony and cooperation in the group or organisation and for the information exchange needed to shape the future¹⁰⁷;
- Functional interaction and collective relations within two-way alternate dependent relations to bind the actors to their organisation, to develop a sense of community and two-way alternate information about changes in the business environment and possible reactions to this¹⁰⁸;

¹⁰⁴ Rampe (2005) prescribes seven pillars of resilience for dealing with adverse circumstances: optimism as a basis for conquering crisis and conflict; acceptance of the situation; orientation to finding solutions; relinquishing the role of victim and consciousness of own strengths; taking on of responsibility for one's own actions; network orientation as source of power; planning for the future and development of alternatives to increase flexibility.

¹⁰⁵ According to Maturana and Varela (2009:19-36), each act of individual cognition creates a world which involves the cognitive person. The starting point is then necessarily the operational effectiveness of the creature in its area of existence. If this individual phenomenon of cognition is superseded, the world must be created in a collective cognition process. Mutual experience then determines how the world is seen. By reflection, we can then recognise how we recognise things. The creation of a world can be seen as a starting point for the generation of ideas. If one agrees with Maturana and Varela, the mutual recognition and determination of a mutual mental model can be said to be entrepreneurial activities. This world picture then determines the interaction of the organisation with the business environment and the discovery process for entrepreneurial opportunities and risks.

¹⁰⁶ According to Collins (2008:155-183), a culture of discipline in combination with entrepreneurial thinking and action is the key for higher performance and sustainable success.

¹⁰⁷ Brown (2005) describes a dialogue process for the use of multiple perspectives and the collective intelligence of groups so that common pictures of the future, new and practicable ideas or community knowledge and learning are developed. The dialogue process contains seven basic design elements: (1) Clarification of context and purpose of the conversation; (2) Creation of a stimulating and friendly atmosphere; (3) Presentation of the key questions which are to be discussed by joint endeavours; (4) Encouragement of all those involved to participate actively; (5) Use of the diversity of the participants and perspectives and focusing on mutual aims; (6) Discovery of templates, insights and deeper issues; (7) Formulation and retention of collective insights, common knowledge and of plans for action and for the future.

¹⁰⁸ Scharmer (2009) stresses the power of the actors' deep sources of inspiration and of collective thinking when shaping the future.

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- Entrepreneurial adaptation and shaping of the future by internally developed creative solutions and application of creativity to practical problems¹⁰⁹;
- Every individual makes an operationally strong and sensible contribution to the whole, so that the dynamic between individualism and collectivism is used productively¹¹⁰;
- The team learns collectively from every new situation and interaction within the business environment and also from each other¹¹¹.

According to Kotter (2009:193-196), a company culture characterised by a sense of urgency can be identified as a source of entrepreneurial thinking and action. Every individual employee can then seize good opportunities and keep an attentive look out for risks in the business environment. Thus, it is necessary to have a realistic assessment of external events and a love of reaction, meaning urgent action. There must be a consistent distinction of the important from the unimportant in order to achieve exclusive concentration on matters of the highest priorities. Necessary changes must be implemented as quickly as possible. These management qualities would drive change forward independently of hierarchical positions. Therefore, the basic position of this approach is a collectivist one.

¹⁰⁹ Micic (2007:115-153) analyses as many future opportunities and action options as possible within his model for entrepreneurial management of the future using his *green future spectacles*. He defines four further future spectacles to analyse future developments and to identify future entrepreneurial opportunities: with the *blue spectacles for the future*, the probable development of the business environment is examined, the *yellow future spectacles* define the long-term direction of the organisation, the *red future spectacles* identify possible surprises and the *violet future spectacles* define action so that the desired future can be achieved. The future spectacles serve as a thinking tool and template for the design of projects for the future.

¹¹⁰ Senge et al (2004:3-15) describe the relationship between an organisation and its members from the view of the living system. The members together build the whole system collectively with its own social identity. The dichotomy between the individual and the collective is eliminated. They stress the necessity of discovering and understanding mental models to achieve collective thinking and thus see new ideas. This often also requires a pause together with a sensitivity for the whole in order to be able to achieve a new direction.

¹¹¹ According to Raelin (2008:70-81,83-123), collective learning processes when adapting the organisation to changes in the business environment are at the forefront together with individual learning. Learning in careers, deceleration and reflection about work practices and continuous organisational learning through knowledge generation, knowledge distribution and knowledge use enables the transformation of the organisation. Changes in the business environment require adaptations with work practices (single-loop learning), learning dialogues and learning transfers between various contexts (double-loop learning) as well as a checking of the mental models in the organisation to date (triple-loop learning). Every viable organisation must develop a culture for organisational learning, design a continuous process with discovery and experimentation and learn from success and failure. Creativity and learning are closely related according to this work-based learning theory and central success factors of an entrepreneurial learning organisation.

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The feeling of urgency for continuous change can be seen as a fundamental element of entrepreneurial survival strategy. Kotter (2009:13-31) states that this basic principle can be applied virtually unchanged to different cultural groups. He points to the feeling for urgency bringing an invaluable advantage for survival in turbulent times in comparison to what he describes as the alternative of self-content (insistence on the status quo and lack of attention to opportunities and risks) and misunderstood feelings of urgency (hectic and disorganised action). The driver for urgent action is said to be the inner conviction of the actors that new opportunities and new risks will develop continuously. Opportunities must be spotted, communicated and actively dealt with by monitoring internal and external environments. Employees from all levels of the company can see and process opportunities and risks everywhere. Therefore, they contribute to the creation and conservation of valuable competitive advantages. With its feeling for urgency, a company can recognise what is changing in the global environment. The correct internal changes, for example new working methods, new business models or new products can be set up against the background of external change.

According to Kotter's illustration, there are eight steps for overcoming the entrepreneurial challenges of change successfully:

- To awaken the feeling of urgency in as many employees as possible and to maintain it;
- To build a management team that can get things done;
- To develop objectives and strategies together;
- To achieve a sense of urgency at all levels of the company via communication;
- To give entrepreneurial teams sufficient room for manouver and decision-making competencies;
- The first short-term successes should keep the sceptics happy;
- To continuously implement and develop the change process;
- To anchor the necessary changes permanently in the entrepreneurial structures, systems and company culture.

Individual actors who are able to give a kick-start to development are often the starting point for achieving real urgency¹¹². Opportunities can be immediately seized and dangers averted at the right time by the systematic consideration of external events and the gathering and evaluation of information from customer contacts and also from external information sources (for example, competitors or technological innovations and trends). The evaluation of entrepreneurial activities should occur with the focus on the long-term. In this context, Kotter speaks of patience being an urgent necessity which should be a priority during the implementation stage¹¹³.

Kohlöffel and Rosche (2009) propose a people-oriented approach to the development of entrepreneurial competencies. They talk of life and career situations as playing fields and the actors¹¹⁴, for example, as playmakers, sponsors or co-players. Thus, the players would be increasingly active on several playing fields simultaneously, i.e. act in different career situations and experience totally different roles in each of them. These play situations are characterised by more or less intensive forms of competition or by cooperation with other players. For the existence and the survival of the company's own business, effective strategies must be developed and implemented; the important success factors are the ability to analyse for discovery and evaluation of opportunities and risks, a feeling for actions and reactions in the environment, as well as the entrepreneurial know-how to be able, in turn, to react in a target-oriented way.

Entrepreneurial behaviour must be set up for the long-term, develop attractive ideas in the present, fix resources, select playing fields, take account of environmental change and incorporate the behaviour of and relationships to other players. Entrepreneurial actors set themselves apart with extraordinary inner drive, momentum and desire to develop things that Kohlöffel and Rosche (2009) describe as *drive* (see figure 30). Players with *drive* have a feel for development, opportunities and risks. They develop ideas and consistently realise opportunities.

¹¹² Gladwell (2002) describes the principle of the *Tipping Point*, according to which a small push can lead to large-scale changes.

¹¹³ For implementation competencies see Wunderer and Bruch (2000).

¹¹⁴ Kohlöffel and Rosche (2009:110-128) name 19 possible roles: playmaker, player, play leader, star player, impulse giver, free-rider, spoilsport, outside player, rebel, opinion maker, referee, decider, coach, substitute player, scout, sponsor, fan, media representative, spectator.

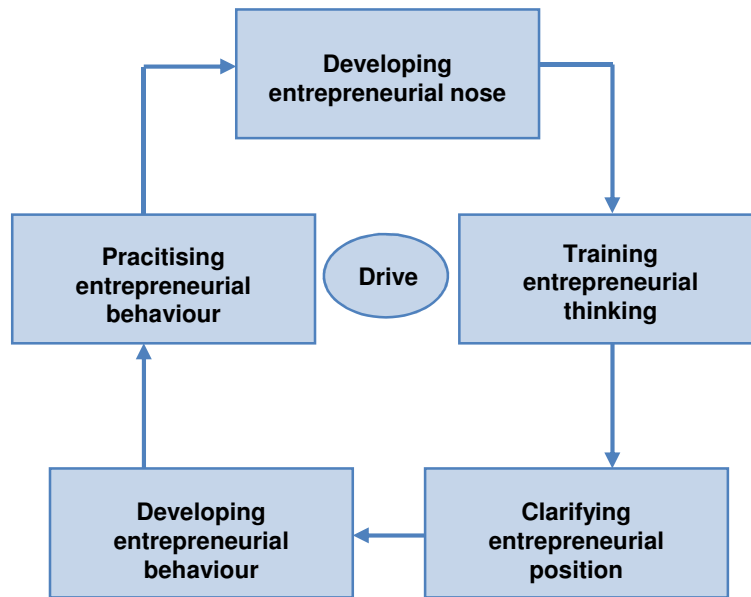


Figure 30: Drive model for entrepreneurial orientation of actors and teams according to Kohlöffel and Rosche (2009:22)

The drive model contains five elements. Firstly, an entrepreneurial feel for people, situations and trends must be developed and the associated opportunities and risks recognised. There must also be an openness for new (uncertain) paths and responses, situations and problems must be thoroughly examined from different perspectives and the rational and emotional behaviour of co-players and opponents must be taken into account. On top of this, entrepreneurial employees would develop a creative and innovative environment. The second element describes how entrepreneurial thinking can be trained. What is required here is networked and forward-looking thinking in systems, scenarios and considering options¹¹⁵.

The third element relates to the clarification of entrepreneurial positions as a starting point for the development of options. The fourth element is the attainment of entrepreneurial behaviour through the development and implementation of ideas, the constitution of rules and order, entrepreneurial learning and the development of relationships. The important feature of the fifth element is collaboration in the attainment of entrepreneurial targets.

¹¹⁵ Kohlöffel and Rosche (2009:64) name the following in this context as elements for the generation of new customer benefits; new technology, materials, procedures; new products, performances, solutions; new business, new business types; new rules of the game in business; new value creation chains; new competition positions, new market shares; new regional structures, new countries; new networks, relationships and communication forms.

Kohlöffel and Rosche (2009) consider entrepreneurial activities from the point of view individual employees who are active in internal playing fields, as well as from the perspective of management who are in charge of business in markets which are external to the company¹¹⁶. The appropriate playing fields for business ideas have to be selected. Learning from one's own entrepreneurial activities and those of others must be supplemented by learning that takes account of the future. Also, experienced players can pass on valuable experience to younger colleagues.

The management orientated theoretical concepts of intrapreneurship at the micro level¹¹⁷ make a further contribution to providing a holistic picture of the role of intrapreneurship (e.g. focus on continuous improvements and new opportunities / entrepreneurial processes, Top-Management and spirit of enterprise / culture as drivers). In chapter 3.1.4 the focus is further extended to the changed global context and the implications for the role of intrapreneurship in a global business arena.

3.1.4 Intrapreneurship and the changing global context

This chapter will, to some extent, look further into the role of intrapreneurship to show some key factors for entrepreneurial organisations in the changing global context. Entrepreneurial action for organisational success means taking decisions about internationalisation and the processes of an organisation in the context of globalisation (see Zahra and Garvis 2000). Which countries and locations are interesting for production, research and development? Which markets should be won over through exporting? Which locations should be importing? The literature gives a great deal of economic and behaviour oriented explanations (Dülfer 1997) as a theoretical justification of the internationalisation of companies. For example, Vernon's (1966) market theoretical product life-cycle theory (see figure 31) already sketches the global picture (see also Vernon and Wells 1991:82-86, Rugman and Collinson 2006:164-165, Morrison 2006:323-324, Sheth and Sisodia 2006:1-230, Fuchs and Apfelthaler 2009:74-81), according to which products are firstly produced and developed in a strongly innovative domestic environment. Subsequently, there is an export phase in which there is entry into a foreign market.

¹¹⁶ Kohlöffel and Rosche (2009:157-170) see the individual actors as human capital entrepreneurs who themselves take responsibility for their own future.

¹¹⁷ see table 1

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Huse and Gabrielsson (2004) demonstrate in their empirical study that a strong entrepreneurial orientation raises expectations of an increase in international activities. When seeking competitive advantages, Senge (2003) requires that learning is quicker than the competition and that learning potential at all levels of the organisation is tapped. At the individual and organisational level, adaptive and creative learning must occur. The individual actor is the central unit of action of an organisation such that individual learning has to be combined with collective learning. Responsibility for this must be assumed at headquarters. It is for management to develop learning processes and experiments.

At the same time, mental models of perceptions of the world should be uncovered, questioned and redeveloped with the future in mind. Organisations should promote innovative and creative skills and pursue adaptation to a changed business environment by exploration and advocacy, i.e. the best arguments should win the day and not just be rammed through. Basic structures, cause-effect relationships and possible leverages can be uncovered and used on the basis of systems archetypes¹¹⁸ (Senge 2006:389-400).

The disciplines of the learning organisation¹¹⁹ can help in achieving a holistic orientation, making important entrepreneurial decisions and in thinking through the consequences of them. The growth boundaries¹²⁰ of the business or individual business units can, for example, be analysed, avoid delays in problem-solving and identify levers for problem-solving. Thus, continuing to develop existing products may lead to delays in dealing with problems, while development of new products or the conquest of new markets can act as a lever for the viability of the organisation and, thus, as a fundamental problem-solver. With analysis of feedback, time delays can be recognised and be prevented by the interconnection of individual and common visions.

¹¹⁸ Senge (2006:389-400,422) point out, that the archetypes are often called generic structures and describes the following systems archetypes (structures): Balancing Process with delay; Limits to Growth; Shifting the burden; Eroding goals; Escalation; Success to the successful; Tragedy of the Commons; Fixes that fail; Growth and Underinvestment.

¹¹⁹ Senge (2003:75-167,171-332) describes systems thinking, personal mastery, mental models, the common vision and team learning as the five cornerstones of the learning organisation.

¹²⁰ According to Senge (2003:457) the removal of the cause of growth restriction can be defined as an entrepreneurial task.

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Senge (2006) sees entrepreneurial managers as researchers and designers who are seeking a better understanding of the organisation system and internal and external forces of change, and who wish to recognise the effects of their own actions on the overall system¹²¹. The design of local learning processes by decentralised management can help to understand trends and contexts. Top management have then to take over the development of the structure and culture. In this way, a common vision can be pursued whilst at the same time solving everyday problems.

De Geus (2002) proposes key factors for viable entrepreneurial organisations. Firstly, a global view of the business environment has to be taken and harmonious relations between the organisation and the external environment have to be developed by adapting and learning. Within the organisation, a strong integrated identity and community must be developed and the viability of the organisation as a whole must be pursued as a top priority. There must be a tolerance of decentralised activities and entrepreneurial experiments and they be supported with the organisation's own financial means. Thus, constructive relations within the organisation and with external partners are used and the company's own development is guided effectively. If the organisation wishes to maintain harmonious relations with a changing environment, it must learn effectively, develop a knowledge base and continuously adapt the internal structures and operations.

It is precisely the risks and crises from the external business environment that can highlight new entrepreneurial opportunities. Entrepreneurial organisations seize such opportunities and make the changes and reallocation of resources necessary within the organisation. Viable entrepreneurial organisations search for signals in the external business environment and in so doing, use earlier experience so that entrepreneurial activities can be seized at an early stage. In addition, they develop potential options¹²² for hypothetical future events in the business environment. The more such future scenarios are developed, the more it is likely that the signals of the external environment described by de Geus are uncovered.

¹²¹ Senge (2003:513) states that, for the whole to function, the individuals have also to omit (or do) something that would have been advantageous (disadvantageous) for him or his division.

¹²² De Geus (2002:22-37) describes these scenarios as *reminders of the future*.

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According to de Geus (2002) entrepreneurial organisations develop stories about feasible futures on the basis of identified drivers of change for the preparation of entrepreneurial decisions. Making entrepreneurial decisions is in itself a learning process again which improves the viability of the organisation. The entrepreneurial organisation develops itself into a whole with its own historical experiences and sub-systems which are then again open to the environment. De Geus states that the aims and values of the individual actors have to be harmonised with those of the organisation. This can be achieved through recruitment and personnel development. In turbulent business environments, viable entrepreneurial organisations must enable decentralised room for manoeuvre for potential innovation so that the entire organisation becomes adaptable and innovative and entrepreneurial strategies can emerge from decentralised entrepreneurial activities. Central regulation of decentralised activities occurs then through contextualisation. The common value system and the long-term orientation of cooperation between the organisation and its members make it possible for the entrepreneurial organisation and the entrepreneurial actors to have target-oriented development via learning processes in symbiosis with a dynamic business environment.

According to Trompenaars and Hampden-Turner (1998), the influence of culture¹²³ when designing entrepreneurial activities is an absolute must. Activities that work in one culture are often not successful in another cultural context. Global companies would normally wish to have global harmonisation of organisation design, systems and processes. However, it is said to be better to adapt the organisation to local conditions. Therefore, culture has to be considered as a part of the general business environment when taking entrepreneurial decisions. Thus, *what* and *how* are both important questions in entrepreneurial activities. Analytical thinking can be applied to technical questions, for example, all over the world, but not to human interaction¹²⁴. In some cultures, the analytical thinking model works because the actors have an analytical way of thinking. In other cultures with other thinking and action orientations, such a way of thinking often fails. Due to internationalisation, more of a knowledge model rather than a cultural one is required. Culture is the context in which everything happens.

¹²³ Culture is thus the way and means that a group understands and interprets the world.

¹²⁴ Trompenaars and Hampden-Turner (1998:4) add to this: *when in Rome do as the Romans*.

Therefore, it is not necessary to place knowledge *above* culture (Hofstede 2001), but rather to have knowledge *for* a variety of cultures (Trompenaars and Wooliams 2003). International activities and structures make it possible, then, for the organisation to make use of the advantages of various cultures (and to avoid disadvantages). Trompenaars (2007) also describes the role of culture in innovation and the performance of individual actors, teams and organisations. He asserts that the creation of a support culture by managers is particularly necessary if long-term entrepreneurial successes arising from creativity and innovation are to be achieved. Here, it is important to develop the interests of the organisation together with the needs of the individual actors by making use of synergies. In order to create an innovative culture, it is important in entrepreneurial teams that the actors operate using complementary competencies so that they are able to implement creative ideas. The individual actors and teams must then practice a form of cooperation which supports the aims of the whole business using the interactions developed.

Trompenaars describes how individual creativity can be increased (Trompenaars 2007:9-73), names central roles for innovative teams (Trompenaars 2007:75-178)¹²⁵ and develops interaction models which help the organisation to implement innovation (Trompenaars 2007:179-261,263-269)¹²⁶. Thus, an integral culture of innovation must be attained via adaptation and flexibility, tasks and targets, structures and reliability, as well as loyalty and self-commitment. Birkinshaw (2000) examines the contribution of managers in foreign subsidiaries to the entrepreneurial orientation of globally active companies. The focus of his analysis are managers in foreign subsidiaries who, together with top management at the parent company, use entrepreneurial activities to drive structural and strategic change in the interests of the organisation as a whole.

¹²⁵ As well as the necessary diversity of team members – according to Belbin (1996), the following team roles can be defined: idea finder, idea designer, resource finder, coordinator, specialist, critic, implementer, finisher, team worker - it is particularly necessary to take account of the tension between these roles.

¹²⁶ In the organisation's development and growth process, the various dilemmas have to be resolved. For this, a dilemma way of thinking has to be developed and the innovation process must have four components: observation of cultural differences within the organisation, respect for these differences, resolution of dilemmas related to culture and innovation, realisation of entrepreneurial activities on the basis of mutual values and the connection of different standpoints within the organisation as a whole.

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The foreign subsidiary can identify entrepreneurial opportunities in local, global and internal markets and entrepreneurial activities to react to changes in the business environment. He distinguishes between internal and external entrepreneurial initiatives (Birkinshaw 2000:11,64-77). External initiatives create new products or markets. Internal initiatives optimise activities and resource allocation within the whole network of the global business. In both cases, internal agents are at the fore in the subsidiaries when it comes to change arising from changed environmental conditions within the global company as opposed to change driven by top management. Birkinshaw names two fundamental orientations of organisations in implementing entrepreneurial activities. In the focussed approach, management and entrepreneurship are seen as different processes. The development of new entrepreneurial opportunities occurs then either in a department for new entrepreneurial activities or in a strictly administration-oriented research and development.

In the broad approach, basically every employee has competencies for management tasks and for entrepreneurial tasks. According to this concept, entrepreneurial orientation of staff and an entrepreneurial culture play a central role. Here, all employees would have a latent dual focus on ongoing tasks and on the identification and implementation of new opportunities. With this, there is a danger that management tasks will displace entrepreneurial tasks on an everyday level. Birkinshaw states that both approaches should be seen as complementary. Existing business must be carried out profitably just as new business ideas have to be realised.

The leader of the entrepreneurial subsidiary would thus not only have operational responsibility for current business but also for entrepreneurial opportunities that arise. Birkinshaw also develops a conceptual framework with three sorts of entrepreneurial initiatives (see figure 32). In local market initiatives (local for local), local customers are offered new products or services. If the customer-base is extended on a global scale, then global market initiatives arise. Through this, the subsidiary develops new entrepreneurial activities for the whole organisation as well as for other subsidiaries (see also Ihrig and Knyphausen 2009). Internal entrepreneurial initiatives by subsidiaries contribute to increases in efficiency by a reconfiguration of existing operations within the company network.

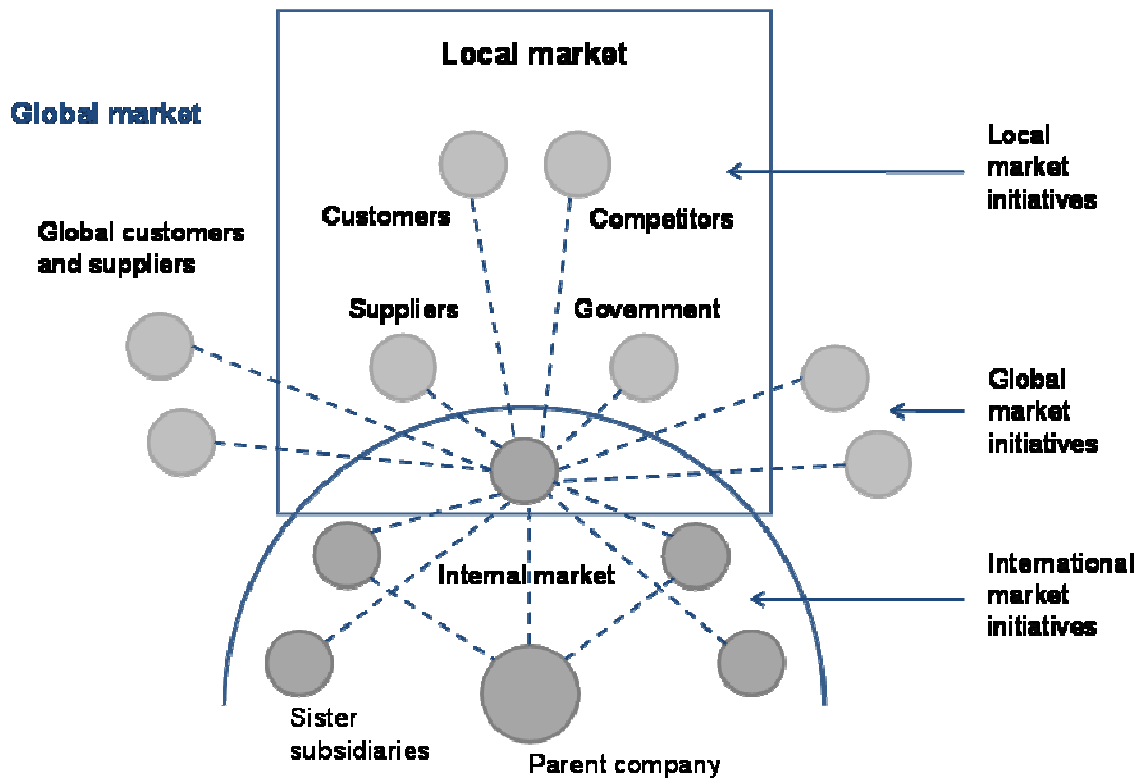


Figure 32: Conceptual model for generation of entrepreneurial initiatives of national subsidiaries according to Birkinshaw (2000:21)

Birkinshaw asserts that, for internal initiatives, it is necessary to have a close connection between the subsidiary and the parent company but that this could impede external initiatives. In any event, the subsidiary must be seen as an entrepreneurial actor and not as an instrument of the parent company. The head of the entrepreneurial subsidiary must be prepared to lobby top management on behalf of the subsidiary for entrepreneurial initiatives.

Top management, on the other hand, have to develop an incentive system that ensures the subsidiary manager doesn't pursue his own interests at the cost of the organisation as a whole¹²⁷. Furthermore, the nature of the business environment is relevant in terms of whether internal or external initiatives are a priority. Traditional, capital intensive industries with high fixed costs and a stable environment tend to require internal initiatives for efficiency increases, while knowledge-based industries with higher market and environmental dynamics tend to require external initiatives and a high degree of autonomy for the subsidiary.

¹²⁷ In this context, Birkinshaw (2000:131,132) refers in particular to the danger that managers in subsidiaries may invest too much in building their own empires.

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If the production processes are tested and standardised sufficiently, production will take place at good value international locations and there is a subsequent import phase in the country of origin. In Vernon's product life-cycle theory, an outline is given of the fundamental global entrepreneurial decision-making parameters. Individual organisations have to approach the design tasks that are decisive for the future success of the organisation within the context of globalisation proactively and make their own specific entrepreneurial decisions concerning entrepreneurial activities in accordance with actual opportunities and risks.

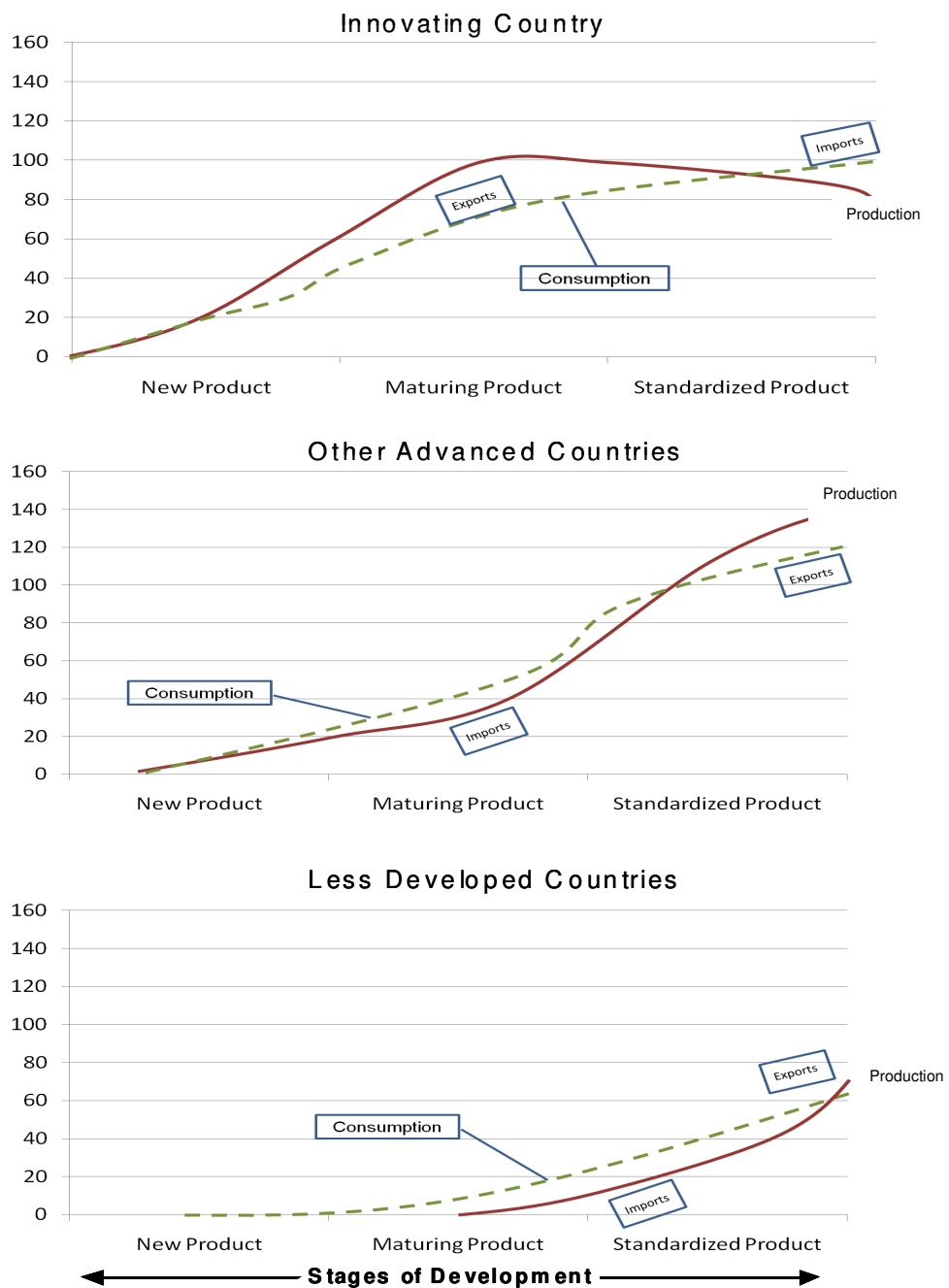


Figure 31: Product life-cycle theory according to Vernon and Wells (1991:85)

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Zahra and George (2002) analyse a concept for international entrepreneurial activities and the strategies, organisational and environmental key factors necessary for this. They name international expansion by entering foreign markets as a central, international entrepreneurial activity. At the level of the business, top management must examine the relationship between entrepreneurial activities and the international business environment.

The business environment thus plays an important role for the realisation of entrepreneurial activities. In particular, national cultures, institutional framework conditions and the existence of available innovation clusters would have an influence on entrepreneurial activities. They create a connection between the internationalisation process of a business and the pursuit of opportunities by the organisation. The focus is on innovative, proactive realisation of opportunities and encountering risks when entering international markets. International entrepreneurial activities create opportunities for learning activities which, according to Zahra and George (2002), improve the knowledge base of the entrepreneurial organisation. The analysis of the international business environment and monitoring of international locations (see Stam 2007) and foreign markets makes it possible to pursue international entrepreneurial activities. Accordingly, information gathering skills are required so that international opportunities in international markets can be identified.

Zahra and George (2002) present a model (see figure 33) with factors that support international entrepreneurial activities. They name the organisational factors as being abilities of top management teams, company resources and company-specific characteristics, such as company size and locations. In terms of strategic factors, ability plays a role; for example, how well a business can transfer competencies such as product processes into the international market or how well cultural differences can be used productively. In terms of environmental factors, they name, in particular, effective competitiveness, growth opportunities, potential for economies of scale and how attractive the sector is. All of the factors would support international entrepreneurial activities in the various business environments (Zahra and George 2002:276) and influence the number of markets considered or the intensity with which new markets can be conquered.

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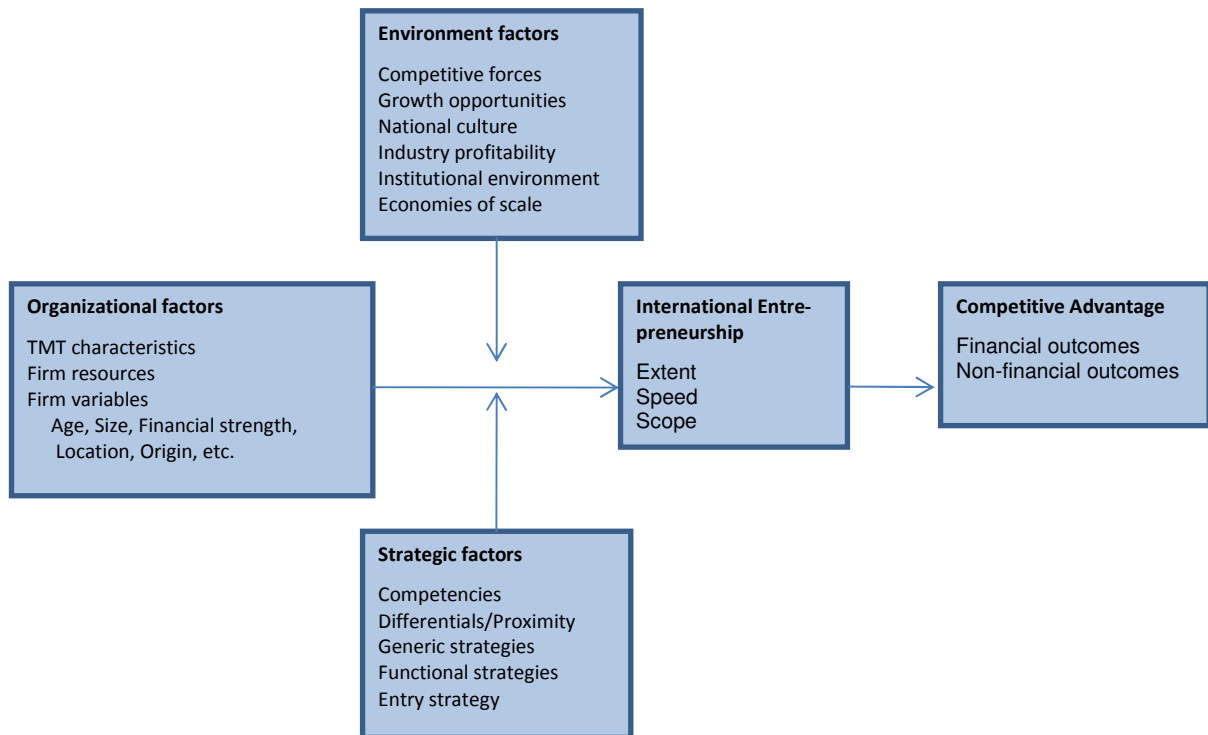


Figure 33: Integrated model for international intrapreneurship according to Zahra and George (2002:276)¹²⁸

Hitt et al (2005:406-424)¹²⁹ consider intrapreneurship from a strategic perspective. Entrepreneurial opportunities and competitive advantages must be pursued simultaneously by individual actors and the organisation as a whole if companies are to hold their own in a globally competitive market. Due to the uncertainty and complexity of the competitive environment, it is difficult for organisations to predict future developments in the global business environment, so it is necessary to follow a flexible strategy which offers alternatives. Therefore, resources and abilities should be developed which permit proactive activities or adaptation to dynamic environments. Strategic activities for the development and exploitation of current competitive advantages must be combined with entrepreneurial activities that are able to establish future competitive advantages (Hitt et al 2002:2,3)¹³⁰.

¹²⁸ Zahra and George (2002:280) see a fundamental and important research task in the examination of environmental factors that influence the internationalisation of entrepreneurial organisations. Equally, the contribution of international entrepreneurial activities to organisational learning is to be researched further.

¹²⁹ They describe this intrapreneurship approach as strategic entrepreneurship. The strategic and entrepreneurial perspectives are combined in such a way that values are created by the implementation of an entrepreneurial strategy.

¹³⁰ Entrepreneurial (the creation of new goods and services) and strategic activities (creation of competitive advantages with the new goods and services) would in so doing build a complementary relationship.

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In addition to this, entrepreneurial opportunities must be identified in an uncertain business environment and innovations have to be realised as the main result of the entrepreneurial process via strategic company plans¹³¹. An entrepreneurial orientation of this kind is said to be an important source of competitive advantage at the macroeconomic and microeconomic level, particularly in turbulent and very competitive environments. In order to be able to use the entrepreneurial opportunities identified, organisations must develop the characteristics and competencies required for this¹³². Indeed, in large and established organisations, it is also possible to create synergies from various, individual entrepreneurial activities.

In order to identify entrepreneurial opportunities in the international business environment, there must be a detailed analysis. Different country cultures would establish differing levels of entrepreneurial orientation. Overall, a balance between individual desire to take initiatives and collective willingness to work together for the realisation of innovations has to be attained. With increasing globalisation, a growing number of entrepreneurial activities on a global scale would be realised immediately (born global) and use social and business networks (Vasilchenko and Morish 2011). Drivers of this are top managers with international experience. With regard to entrepreneurial activities, there should be a distinction between innovations that bring small improvements to existing products and radical innovations which represent technological breakthroughs and generate new knowledge. Radical innovations are rare, but when they occur they mostly have market and technological risks attached. Entrepreneurial activities can have their origin either in current strategy and structure (top-down process) or be initiated by autonomous product champions with entrepreneurial vision (bottom-up process). In either case, effective implementation must be achieved in order to attain successful market access.

¹³¹ As external strategies for the realisation of innovations, Hitt et al (2005:419-421) name and describe the pursuit of cooperation with other organisations in order to integrate their knowledge and resources into the implementation of entrepreneurial activities and also the acquisition of other organisations in order to gain access to their innovations. The significance of alliances and networks for the development of entrepreneurial opportunities is described by Cooper (2002). Against this background, the creation of synergies between cooperating organisations becomes the focus.

¹³² Changes in the business environment limit the life cycle of core competencies and thus competitive advantages. Accordingly, company-specific knowledge that is difficult to imitate must be newly developed repeatedly and transferred over into new competitive advantages. Knowledge about use of new technology or new markets must be used for new entrepreneurial activities and current knowledge for current activities.

It is also necessary to have effective interaction, coordination and communication if knowledge and skills are to be used productively for innovation beyond departmental parameters. Because international markets offer many entrepreneurial opportunities, if they want to generate knowledge, entrepreneurial organisations should enter global markets and use new technology and management concepts from other countries within the organisation. Which international markets are chosen would be dependent particularly on the general business environment, the competitive situation and the national culture (Hitt et al 2002:10).

The concepts with regard to the changing global context give further implications for the role of intrapreneurship (e.g. international entrepreneurial activities, entrepreneurial initiatives from subsidiaries, learning and adaptation in different cultural contexts). On the basis of the analysed theoretical concepts of intrapreneurship in this chapter, it is possible via theoretical exploration to derive design elements for holistic intrapreneurship in a global business environment to integrate the various aspects into a coherent framework (see chapter 3.1.5).

3.1.5 Conclusion: Design elements of holistic intrapreneurship

Various central aspects for the determination and description of the role of intrapreneurship can be identified from the literature survey (chapter 3.1). Reflecting this, the fundamental role of intrapreneurship is defined by the identification and pursuit of opportunities and risks (e.g. Drucker 1985, Zahra et al 2002, Hitt et al 2002, Ireland et al 2009) together with the use of company resources for entrepreneurial opportunities (e.g. Hamel and Prahalad 1994, Penrose 1995) that secure competitiveness and viability (e.g. Guth and Ginsberg 1990, De Geus 2002). The various literature sources define different main themes in terms of the process, implementation and design of intrapreneurship. Some approaches demand a collective effort (e.g. Wunderer 2006, Joyce 2008) with a holistic orientation (e.g. Senge 2003), others see strong entrepreneurial personalities (e.g. Kanter 1983, Pinchot 1988) as the driving force for intrapreneurship (see also Bouchard and Basso 2011).

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Numerous approaches focus on the internal design of the entrepreneurial organisation (e.g. Covin and Slevin 1991), others put the emphasis on the entrepreneurial strategy fields of innovation, adaptation and optimisation (e.g. Abell 1993, Schumpeter 2006, Weick and Sutcliffe 2007, Morris et al 2008), while others see the action fields of products, markets and technology (e. g. Vernon 1966, Block and MacMillan 1995, Birkinshaw 2000) as being central (see also Roininen and Ylinenpää 2009). In all of this, it is clear that entrepreneurial activities should not only be pursued in new businesses, but also in existing businesses if the viability of the entrepreneurial organisation in a global context is to be secured. To summarize and synthesize, nine central design elements of intrapreneurship (Platzek et al 2011a) as a theoretical construct are identified and deduced in the literature research¹³³ (see figure 34) to define holistic intrapreneurship in this thesis.

<p>Element 1: Entrepreneurial task Identify and set up opportunities and risks in existing and new businesses</p>	<p>Element 2: External entrepreneurial operation fields Analyse general macro environment, local and global factor and product markets (micro environment) as sources of opportunities</p>	<p>Element 3: Entrepreneurial organisation design Analyse and develop entrepreneurial vision, mission and strategy, structure and culture, resources and competencies</p>
<p>Element 4: Entrepreneurial strategy fields innovation adaptation optimisation agreement</p>	<p>Element 5: Entrepreneurial decision fields define buy-side in-side sell-side</p>	<p>Element 6: Entrepreneurial action fields process product market technology</p>
<p>Element 7: Orientation towards viability Pursue short and long term potential Make use of <i>life cycle thinking</i> and positioning as mature organisation: Continuous renewal, adjustment of organisation boundaries</p>	<p>Element 8: Global orientation Global playing fields Global strategies Global and local perspectives Use of cultural differences and learning from global activities</p>	<p>Element 9: Holistic orientation Identify system structures and development models, understand and use harmonisation of objectives and interests within the organisation Symbiosis with environment Internal and external synergies</p>

Figure 34: Nine central design elements for holistic intrapreneurship¹³⁴

¹³³ The different aspects of the role of intrapreneurship are summarised in the appendix. The nine design elements for holistic intrapreneurship are identified in a qualitative theory based exploration via reflection, comparison, and integration of the implications for the role of intrapreneurship from the section 3.1.1 (elements 1,3,4,5), section 3.1.2 (elements 1,2,6,9), section 3.1.3 (elements 3,7), and section 3.1.4 (elements 7,8). Thus, the nine design elements define a new coherent framework to relate the different concepts from literature.

¹³⁴ The design concept presented with nine design elements for holistic intrapreneurship represents the conclusions from the literature study on the role of intrapreneurship and the theoretical concepts on intrapreneurship analysed there (see chapter 3.1).

3. Intrapreneurship and the global business environment

The starting point and first element is a definition of the entrepreneurial task: Entrepreneurial organisations must identify and process opportunities and risks in the internal and external business environment. Here, strong implementation skills are important if entrepreneurial activities are to be realised in existing and new businesses using both existing and future resources and competencies.

The second element defines the entrepreneurial fields of operation in the external business environment: entrepreneurial opportunities and risks can be identified in both the macro and micro environment. In particular, changes in the local and global business and factor markets are sources of opportunities and risks.

The third element is the internal business environment. The entrepreneurial design of the organisation impacts upon its entrepreneurial orientation. The entrepreneurial dynamic of an organisation is determined by the entrepreneurial strategy, structure and culture, as well as by the entrepreneurial actors, the resources and competencies. Flexibility to increase adaptability and innovation, as well as stability in production in order to increase efficiency are quoted as targets to help implementation and adaptation of the entrepreneurial vision and mission. This is achieved through decentralised responsibility, initiative and self-monitoring simultaneously with central coordination and planning.

The fourth element explicitly specifies the three entrepreneurial strategy fields as innovation, adaptation and optimisation. Entrepreneurial decision fields are the fifth element and relate to the buy-side (input), the sell-side (output) and the in-side (throughput). The sixth element comprises the entrepreneurial action fields of product, market and technology.

The remaining elements determine the entrepreneurial alignment of the organisation. Orientation towards viability is the seventh element and requires the pursuit of short-term and long-term success potential.

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In this process, when entrepreneurial decisions are taken, the life cycles of the organisation (Wright 1989:51-55)¹³⁵ as well as the products, markets and technologies are taken into account. By carrying out entrepreneurial activities, a continuous renewal of the organisation (Wright 1989:141)¹³⁶ is achieved and the boundaries and networks of the organisation are continuously adjusted. The eighth element is global orientation (Bartlett and Ghoshal 2002:281-299)¹³⁷, which widens the field of play for entrepreneurial activities and takes into consideration the global dynamics of the markets and cultural differences in terms of how opportunities and risks are identified and processed. Subsidiaries in various countries can be the agents of global entrepreneurial activities. The ninth element, holistic orientation (see Jackson 2006, O'Connor and McDermott 2006)¹³⁸, makes it possible to have internal and external synergies, internal harmony between the individual actors and the organisation, as well as a symbiosis of the entrepreneurial organisation with the external environment. Common mental models and scenarios strengthen collaboration and adaptation within the organisation (Bleicher 2005)¹³⁹.

¹³⁵ Wright (1989) describes the life cycle of an organisation as being in four phases: formative stage, mature stage, ageing stage and demise stage. At the start of the life cycle there is an informal, adaptable entrepreneurial spirit present. Only in the mature stage is this accompanied by the development of efficient, formal internal structures, an increase in decentralised responsibility and the establishment of central functions. In the mature stage, bureaucratic efficiency prevails and the spirit of enterprise is lost. In the fourth stage, a strong inward orientation and loss of the ability to react to changes in the external business environment are a threat to the viability of the organisation. Orientation to viability subsequently requires a well-balanced mixture of efficiency and bureaucracy on the one hand, and a spirit of enterprise and innovation on the other. This is achieved when the organisation is approaching the mature stage.

¹³⁶ According to Wright (1989) a renewal is required if either the internal configuration has developed in an inconsistent way or the symbiosis with the external environment has been destroyed.

¹³⁷ Bartlett and Ghoshal (2002) state that consideration of opportunities and risks in the global business environment requires global and local perspectives. Accordingly, a global orientation requires global competitiveness and efficiency (global integration and coordination) combined with local adaptability, as well as learning and innovation on a global level.

¹³⁸ According to O'Connor and McDermott (2006) a holistic orientation requires a way of thinking that sees the system as a whole with the parts working together. In this way, models that determine future systems can be identified and long-term effects of activities can be examined. Understanding the structure of the system makes it possible to influence the system. Thus, it is possible to develop creative and efficient problem solving.

¹³⁹ According to Bleicher (2005), adaptations to new global, structural and economic trends require team spirit, a mutually held mission and vision together with mutual recognition and trust in the collaborative relationship. Thus, it is possible to achieve innovation and change in dynamic and unstable environments through orientation and the desire to discover in the individual actors. He stresses here the organisation's own evolutionary development dynamic which is integrated into holistic change via the company culture. In addition, managers have to recognise whole contexts and interdependencies in thinking and dialogue processes with employees and achieve flexibility in structures and behaviour, as well as proactive ideas.

Global, holistic and sustainable orientation lends support to the entrepreneurial alignment of the organisation. In order to carry out the entrepreneurial task, it is necessary to examine the external business environment to identify entrepreneurial opportunities and risks and also to shape the internal business environment so that entrepreneurial strategies, decisions and activities can be implemented. Thus, it can be seen that it is necessary for an entrepreneurial organisation to consider the internal and external business environment in a systematic and uniform way and also to take account of the interactions between the organisation and the environment so that opportunities and risks can be identified and dealt with. The next two chapters take a detailed look at this.

3.2 Business Environment: Characterisation, Segments, Analysis

In the previous chapter 3.1 it was clear from the literature pertaining to the role of intrapreneurship that entrepreneurial organisations must systematically identify opportunities and risks from the external business environment whilst paying attention to current and future resources and competencies. If there is to be a proactive implementation of the selected opportunities and if threats are to be dealt with, adjustments have to be made within the internal business environment. An understanding of the internal and external business environment is extremely significant for entrepreneurial organisations. It is against this background that the following chapter 3.2 examines some fundamental aspects of understanding the business environment. For orientation, there are firstly some basic hints for environmental analysis and a short illustration of a process model for the environmental analysis as an exemplary illustration of the connection between the external environmental analysis and the internal determination of the strategic position that results from the internal and external environmental analysis. Following this introduction to the analysis of the total view of an environment analysis, the business environment is holistically described in chapter 3.2.1, as is the cultural context of global operational fields. The areas of analysis for the business environment are then outlined in chapter 3.2.2.

3. Intrapreneurship and the global business environment

The analysis of the relationships between the organisation and the environment can be carried out from two perspectives (Fahey and Narayanan 1986:46-50, Bea and Haas 2005:87-89, Louw 2006:22-29)¹⁴⁰. The inside-out approach looks at the external environment from within the organisation. The outside-in approach (Malik 2008)¹⁴¹ looks firstly at the external environment and from there at the business. Both perspectives help an organisation to identify the internal adjustments necessary for changing external framework conditions. They also help to reflect on entrepreneurial strategies, decisions and activities.

According to Chandler (1962)¹⁴², Mintzberg (1993)¹⁴³ and Ansoff (2007)¹⁴⁴, an environment-strategy-structure approach should be adopted in order to achieve a *fit* between the environment and organisation strategy, especially if it is to be in tune with the company structure and the company culture. In what follows, this approach serves as a guide in terms of systemising the fundamental relationship between the environment and the organisation so as to make it possible to examine the entrepreneurial issues of an organisation within the context of the relevant environment. Johnson and Scholes (1993:75-111)¹⁴⁵ pursue an outside-in approach and specify a five-step model for the way forward. Firstly, there must be a characterisation of the business environment which relates to networks and complexity, dynamics, uncertainty and diversity.

¹⁴⁰ See Fahey and Narayanan (1986) which require an integration of both approaches; Bea and Haas (2005) trace the historical perspective from the inside-out approach up to the outside-in approach; Louw and Venter (2006) describe a framework for connecting the inside-out perspective with the internal environment and the outside-in perspective with the external environment.

¹⁴¹ Malik (2008) states that an inside-outside-inside perspective is necessary. It appears sensible to consider the external business environment that is relevant for the business when adopting an outside-in approach. This implicitly requires firstly the adoption of an in-perspective before the external business environment is analysed. With such a focus on the relevant business environment, it is also possible to speak of an implicit inside-outside-inside perspective.

¹⁴² Chandler (1962) demands that the strategy framework must follow and that entrepreneurial opportunities can be deduced from developments in the business environment and then pursued within decentralised structures. An entrepreneurial organisation must continuously reorganise.

¹⁴³ Mintzberg (1993) proposes the necessity of internal harmony as well as consistency in relation to the external organisation situation.

¹⁴⁴ Ansoff (2007) makes explicit reference to Chandler.

¹⁴⁵ Lynch (1997:87-22) defines six basic analytical steps: (1) Observation of environmental features to learn whether predictions about development are possible; (2) Examination of the general business environment to understand events and relationships and to identify relevant influences. (3) Analysis of success factors in the industry; (4) Analysis of industry competition; (5) Analysis of competitors; (6) Analysis of customers.

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As a second step, general influences on the business environment are identified and examined taking the past and the future into account. After an analysis of the competitive environment, it is possible to attain an intermediate position whereby there is an understanding of the business environment and to identify relevant trends and important influences. The fourth step is to investigate the strategic position of the organisation in relation to the competition and customers using a structural analysis. In so doing, as well as examining one's own market position, the current and future attractiveness of the market segments in question has to be examined. It is not only the market position in the business market that has to be focused on, but also strategic positioning in the factor market. The fifth step then enables identification of entrepreneurial opportunities and risks. The implementation of entrepreneurial opportunities and dealing with risks displays the strategic position (see figure 35).



Figure 35: Process model for analysis of environment as per Johnson and Scholes (1993:76)

The analysis of the business environment must be combined with an analysis of the business resources. This systematic process enables the organisation to sharpen its view of the external business environment within which an organisation operates. Due to growing uncertainty in the business environment, it is more and more necessary to think strategically as well (Johnson and Scholes 1993:111)¹⁴⁶.

¹⁴⁶ Johnson and Scholes (1993) point out in this context the relevance of organisation culture, organisation structure and the quality of personnel management for successful adaptation of the organisation to changes in the external business environment.

3.2.1 Concepts for describing the business environment

For the development of a strategic position through entrepreneurial activities and the examination of the role of intrapreneurship, it is necessary to have a holistic understanding of the global and dynamic business environment. Chapter 3.2.1, gives a first look at the characteristics of the relevant business environment (see chapter 3.2.1.1), the whole business environment and the cooperation of the individual components (see chapter 3.2.1.2), and also the cultural peculiarities in the global operational fields (see chapter 3.2.1.3) so that the action field of the entrepreneurial organisation can be explored thoroughly. Secondly, the enquiry takes a look at the individual components and dimensions of the business environment as areas of analysis (see chapter 3.2.2) so that the entrepreneurial action field can be described alternating between consideration of the whole and consideration of the individual components of the business environment.

3.2.1.1 Nature of the business environment

Companies must stand their ground in different environments as well as select their strategic positions depending upon the nature of the environment. Changes in the business environment must be met with adaptations and reactions from within the organisation at a number of different levels. The relevant environmental characteristics will determine the necessity, type and effect of entrepreneurial activities (Sathe 2003:41-52). A diagnosis of the nature of the environment in terms of input and output is thus an important requirement for determining the required entrepreneurial intensity (Morris et al 2008:69-76)¹⁴⁷ and the entrepreneurial activities to be selected. In particular, characterisation of the business environment may take place in accordance with the availability of resources or the total prevailing complexity and dynamics in relation to changes and characteristics of products, market structures or available technology. For Aldrich (2008), it is critical that every organisational change takes the internal characteristics of the organisation and the external environmental characteristics into account.

¹⁴⁷ Morris et al (2008) define the entrepreneurial intensity of an organisation bearing in mind the frequency and scope or degree of entrepreneurial activities. These can vary in the course of time and are at a higher level in turbulent environments to secure viability and growth.

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In addition, he proposes an evolutionary model (Population Ecology Model) and postulates that defining the selection unit is an important issue. These could be individual organisation routines and competencies, batches of routines and competencies, organisations or even sectors (populations). He defines the organisation as the central actor. Aldrich asserts that the intensity of entrepreneurial action varies in different business environments. If one is to pursue his evolutionary perspective, organisations within the business environment must consider in a global context the other organisations as well as the collective effects of the actions of all organisations in a sector. The central focus here is on the business environment as the resource controller. Accordingly, the business environment can be characterised by considering the availability of resources.

According to Aldrich (2008:56-74), six environmental dimensions can be defined which have a particular influence on the availability of resources:

- First dimension: the environment capacity defines how well companies can cover their resource requirement in the defined environment. The wealth of resources attracts other companies. Paucity of resources leads to disaffection or to a more efficient use of resources.
- Second dimension: the degree of homogeneity of the environment defines the degree of differentiation of the firm's marketable products and services.
- Third dimension: the degree of environmental stability determines to what extent companies can optimise and establish their organisation structures and routines when dealing with the business environment.
- Fourth dimension: The concentration of resource distribution within the environment determines whether it is possible to learn from how resources were generated historically, in other words, the development of better strategies for generating resources.
- Fifth dimension: The degree of achievement by protected areas defines how far individual companies can fall back on a protected area when generating resources.
- Sixth dimension: The degree of environmental turbulence, defined by the strength of increased networking within the environment, determines the degree of predictability of changes and how far the future can be planned.

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Aldrich (2008:70,71) states that the six dimensions for analysing environment types in accordance with Emery and Trist (1965) can be combined into four environment types (see figure 36). Using these four environment types, it is possible to identify opportunities and dangers of resource shortages when generating resources.

Bea and Haas (2005:90)¹⁴⁸ define four types of environment using the criteria of complexity (number and diversity of the elements of a business environment and its interdependence) and dynamic (changes of the elements and their interdependence in the course of time): (1) simple static conditions, (2) simple dynamic conditions, (3) complex static conditions, (4) complex dynamic conditions. The phenomenon of uncertainty (see e. g. Kar and Duin 2004) follows then from the complexity and dynamic (see figure 37).

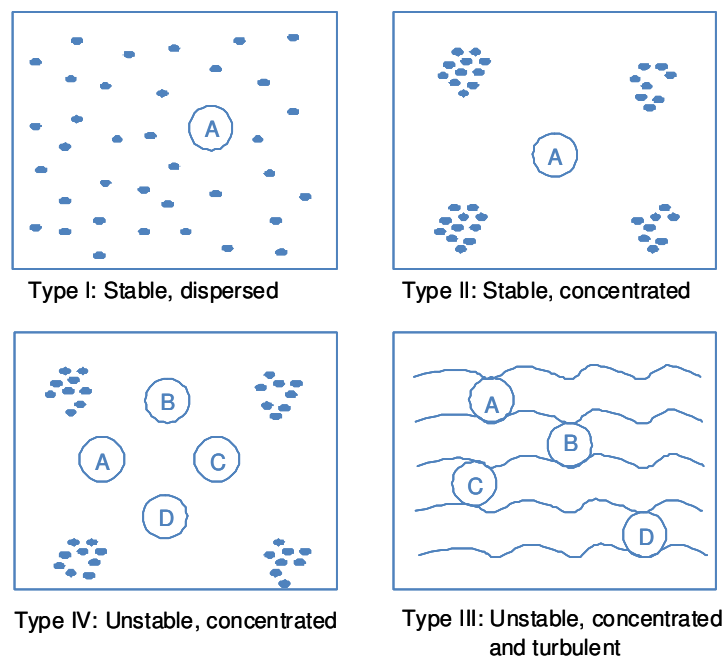


Figure 36: Resource distribution in different environment types as per Aldrich (2008:71)

¹⁴⁸ Khandwalla (1977:333-341) names five features of the external business environment: turbulence, hostility, diversity, technical complexity, restrictiveness. A turbulent business environment offers many entrepreneurial opportunities and risks and demands intensive information gathering about the changes in the business environment. A hostile business environment in times of crisis leads to a greater standardisation of production and to more centralisation. Diversity leads to different local (differentiated) structure with coordination problems and efficiency losses due redundant structures and activities. Within the organisation sub-cultures demand active coordination and integration. Technical complexity leads to long-term planning and commitments together with automation and the use of IT in production. Many restrictions in the business environment shrink strategic options, but enable optimisation taking into account the additional conditions. According to Khandwalla, entrepreneurial organisations have to simultaneously take into account the various effective environmental characteristics.

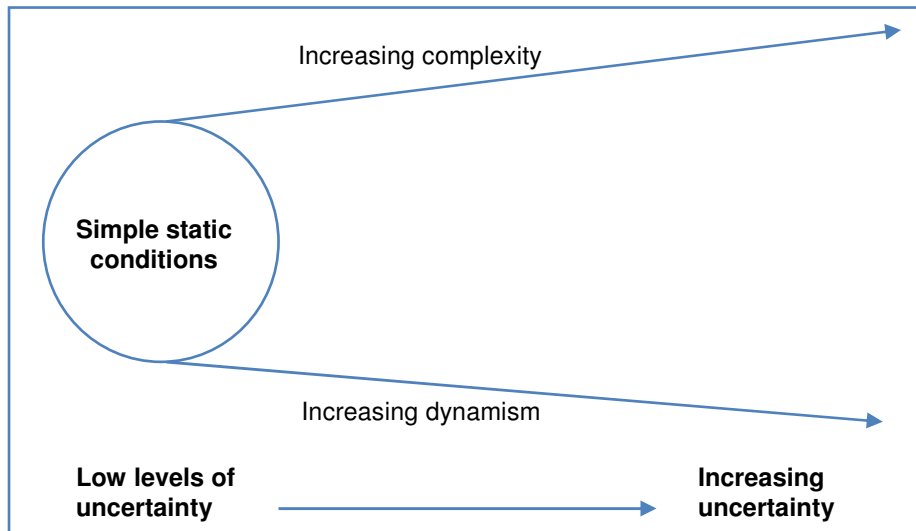


Figure 37: Increasing uncertainty with increasing complexity and dynamic as per Johnson and Scholes (1993:78)

Ansoff (2007:29-43) presents a historical perspective on the development of the business environment and notes that there was a significant increase in complexity and dynamic of change as long as three decades ago. The change in the business environment is characterised by a move away from historical perspectives. Companies had to set themselves challenges with new technologies, new competitors, new consumer preferences and new business challenges. Much of the relevant change thereby had its origin from outside of the sector itself and was difficult to foresee. He defines five different levels of environmental turbulence:

- (1) Stable environment (mature sector) with mature, defined products and little change in technology and market structure;
- (2) Reactive environment (sector in early phase of growth) with little adaptation of products, little change in technology and moderate shifting of market structure, expansion in known markets;
- (3) Anticipative environment (sector in late stage of growth) with product innovations based on known technology, little shift in market structure;
- (4) Researched environment (sector in search of direction) with new product concepts, application of new technology, expansion in foreign markets;
- (5) Creative environment (sector in change) with new, innovative products, technological breakthroughs, large shifts in the market structure, creation of new markets.

If one starts from the position of a newly-founded sector with a high degree of competition and growth dynamic, lots of innovation and therefore high turbulence, a maturing of the sector would result in less turbulent environmental situations with lower growth, stagnation or a decline. Individual happenings in the business environment, for example as a result of technological progress and globalisation, could then overlay this natural pattern and tend to lead to an overall increase in environmental turbulence. The various environments each require different reactions from the organisation and thus this also accounts for differing necessities and intensities for entrepreneurial activities and innovation (Ansoff 2007:23)¹⁴⁹.

Most globally active organisations must assert themselves in business environments that are turbulent, unstable, driven by technology and difficult to predict¹⁵⁰. In such a complex, dynamic and competitive environment, purely analytical company management can often be of only limited value (Winzker 2006:5, Grant and Nippa 2006:649).

For an entrepreneurial organisation, a key strategic task therefore, is to systematically examine and characterise the business environment in question as far as possible with a holistic approach so that relevant environment segments and opportunities and risks can be identified and also in order to be able to determine suitable actions based on the company's own competencies and available resources (Bea and Haas 2005:86-110).

As part of the process, there must be a systematic prioritising of potential entrepreneurial activities so as not to select too many or too few opportunities than are necessary for securing the future (Daniels et al 2007:416). As well as a general characterisation of the environment, an entrepreneurial organisation must therefore systematically specify and analyse the relevant segments of the business environment. The following chapter gives some indications of what the components of the business environment are.

¹⁴⁹ Ansoff (2007) demands an extension of the microeconomic behaviour model based on systematic, psychological and sociological argumentation as a central behaviour assumption, but confirms the fundamental striving for self interest of the *environment-serving organisation* for the security of the long-term viability of the organisation in interplay with the environment.

¹⁵⁰ The historical development of the business environment is described by inter alia Ansoff (2007:29-39); Besanko et al (2007:43-73); Chandler (2004).

3.2.1.2 Specification of the business environment

The literature contains various approaches to the specification or classification of the environment of an organisation¹⁵¹. One useful type of analysis (Worthington and Britton 2000:6, Palmer and Hartley 2002:5) defines a distinction between external factors in the general environment (macro environment)¹⁵² and external factors in the operational environment (micro environment)¹⁵³ which tend to have an effect on a firm (see figure 38).

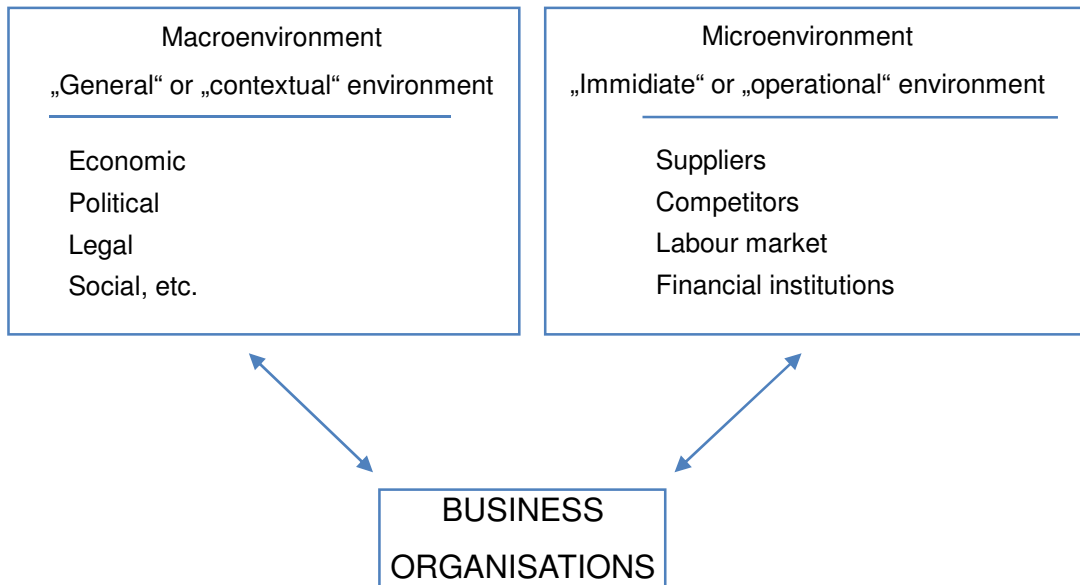


Figure 38: Two levels of the business environment according to Worthington and Britton (2000:6)

Events in the macro environment can more directly influence organisations or indirectly influence them in that they influence the micro environment. The micro environment, in turn, has a more direct effect on the organisation (see figure 39).

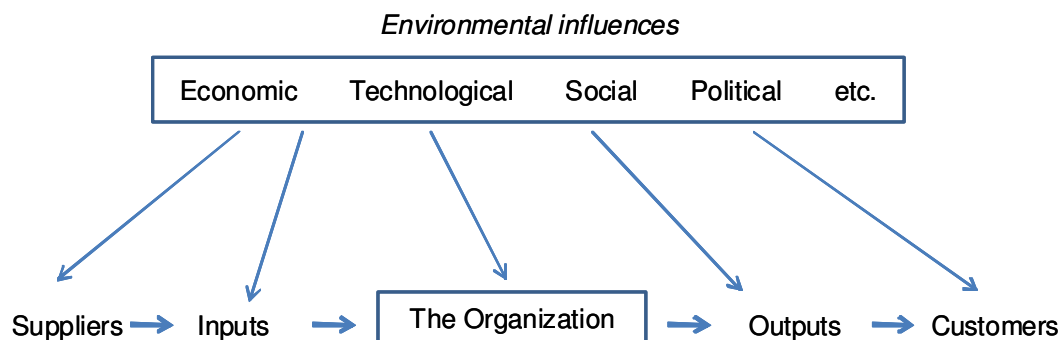


Figure 39: Organisation and business environment as per Palmer and Hartley (2002:5)

¹⁵¹ Andrews (1987:35-39) includes technology, ecology, economy, industry, society and politics as components. Changes in these areas would bring new opportunities and risks.

¹⁵² This macro environment is also described as the global business environment.

¹⁵³ The micro environment is also often described as a company and industry-specific environment.

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Kerr and Littlefield (1974:7-58) take into account the environmental analysis together with the general economic climate¹⁵⁴ and the market dimension¹⁵⁵ when defining further relevant areas; these are the technological dimension, the international dimension, the internal company dimension and the legal, ethical and social dimensions. The technological environment has a particular influence on the production of new and existing products, their distribution and forms of communication. With an eye on the increasing significance of the international dimension of entrepreneurial activities, the differences in the various national environments should in particular be taken into consideration. The organisation structure, the cost structure as well as the harmonisation of the organisation's objectives with the individual objectives of the actors are cited as the central internal company design areas. When it comes to the legal dimension, the legal situation regarding competition is said to be of particular importance. The ethical and social dimension also defines the framework for market communication. Overall, Kerr and Littlefield emphasise the necessity of placing human needs at the forefront when dealing with the market in an entrepreneurial way. In their analysis of environment classification (see figure 40), they make reference to Dawsen (1969).

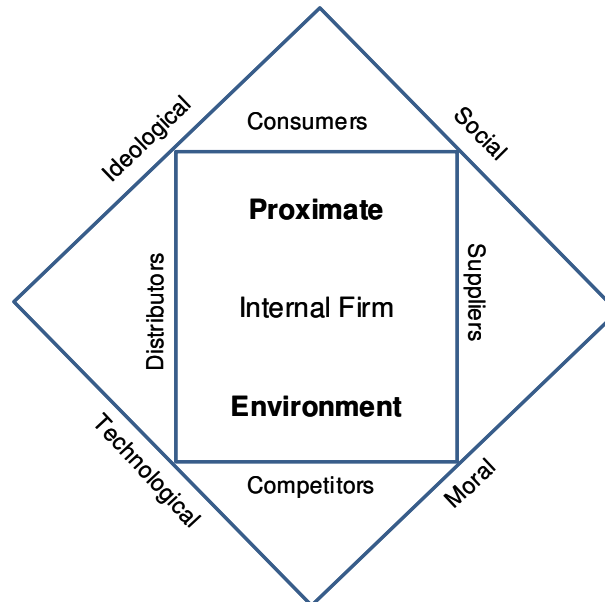


Figure 40: Business environment according to Dawsen (1969:32, quoted from Kerr and Littlefield 1974:46)

¹⁵⁴ Kerr and Littlefield (1974:8) name, for example, political economy, economic stability and the income situation, training standards, capital accumulation as well as quantitative and qualitative employee potential, interdependence between private and public economy and ability to deal with change in both areas.

¹⁵⁵ Kerr and Littlefield (1974:10-13) cite central elements to include the market structure and consumer behaviour.

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Within the entrepreneurial organisation, the individual actors should wish to and be allowed to act entrepreneurially. Within the indirect proximate environment, the entrepreneurial organisation must achieve a balance in its relationship to customers, competitors, suppliers and distributors. In the relationship with the external business environment (ultimate environment), entrepreneurial organisations must operate in a way that takes account of the existing internal needs and values of companies. Drivers of the external environment dynamic are, in particular, technical progress, the improved production efficiency associated with this, an increased intensity of competition in the sector, changing values along with changed consumer wishes. Inside the organisation, human resources management takes on greater significance ¹⁵⁶.

Weinshall (1977:383-428) states that, as well as the competitive environment, the individual national business environments are also particularly relevant for the success of entrepreneurial activities in the areas of products, services, markets and technology. International companies would also be able to enter new and attractive foreign markets with their products. In addition, five relevant environment systems in the respective national business environment have to be analysed in order to make a judgment of the attractiveness of a country.

In the labour market system, the availability of management and workers is said to be of particular significance. In respect of the capital markets, a country has to be judged in terms of the availability of capital for investment. An important factor for market attractiveness in the consumer goods market is the purchasing power of consumers. The acceptance and availability of modern technology also define how attractive a location (a country) is in terms of social structure, cultural values and the political framework. According to Weinshall, these five general environment systems together form the total competitive environment of an organisation (see figure 41).

¹⁵⁶ See also Tyson (1995), who describes the effects of changes in the external business environment on human resources management.

3. Intrapreneurship and the global business environment

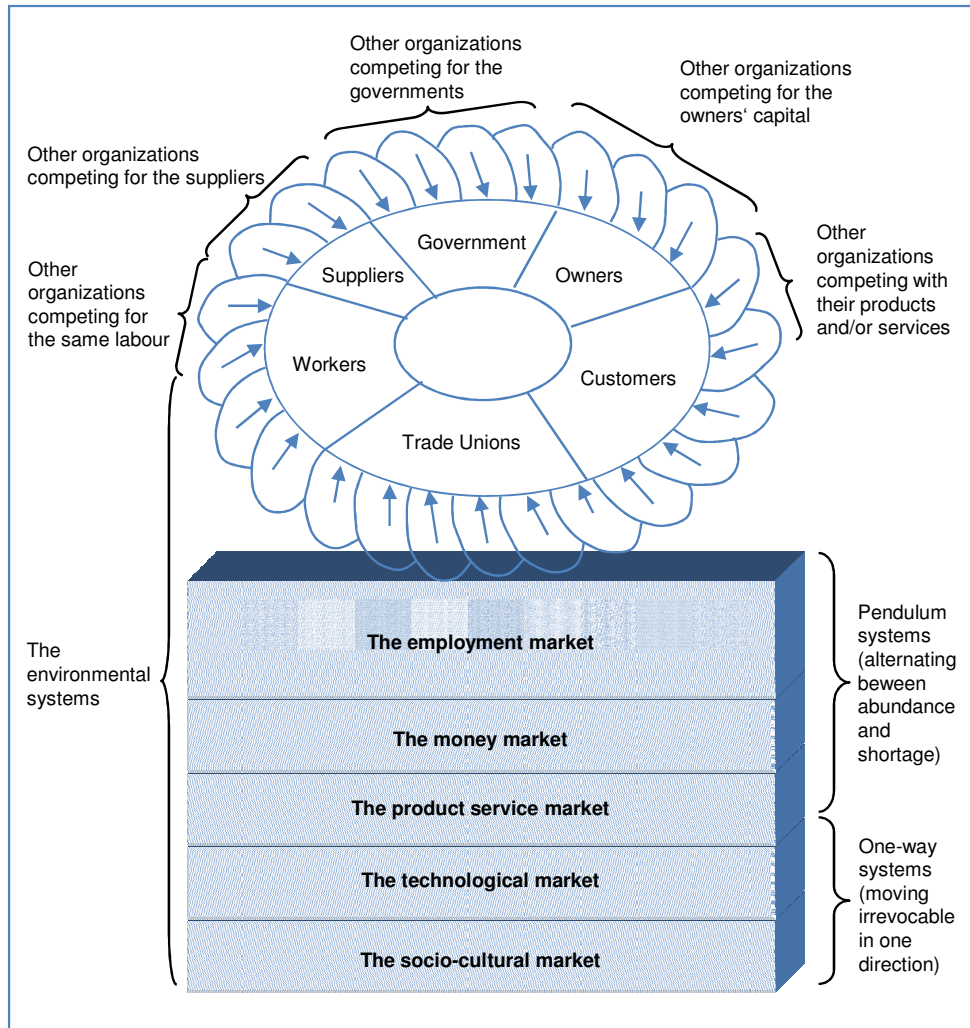


Figure 41: Business environment as per Weinshall (1977:390)

Fayerweather (1978:79-98) distinguishes basically between the (political) economical system and the social system in his description of the national business environment. These two systems both interact in turn with the company system. Global companies would act as intercultural agents of change and influence the international business environment, with the specific country cultures themselves influencing the company cultures. The social system, like the economic system, would be steered by the political system, whilst the economic system in turn would control resource allocation and economic activities. All actors, then, would have individual positions and roles in the various sub-systems. The social system and therefore, also individual actions would be dictated by the value system of a company¹⁵⁷.

¹⁵⁷ Fayerweather (1978:84-93) sees the value system as being the result of other societal sub-systems. The central question here is the way in which a society goes about competition and co-operation.

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The company system as part of the total system would then take on the function of making available within the economic system certain of the population's goods or services. The economic system would be closely linked to the social sub-system (see figure 42) such that the entrepreneurial decisions of the organisation inevitably take account of the various country-specific environmental elements and the social orientations. Thus, entrepreneurial activities of international companies might be successful if they harmonise with the orientation of the local community and, at the same time, can make a contribution to the development of the community. It is precisely this use of cultural differences for innovation that can establish entrepreneurial opportunities in international markets¹⁵⁸.

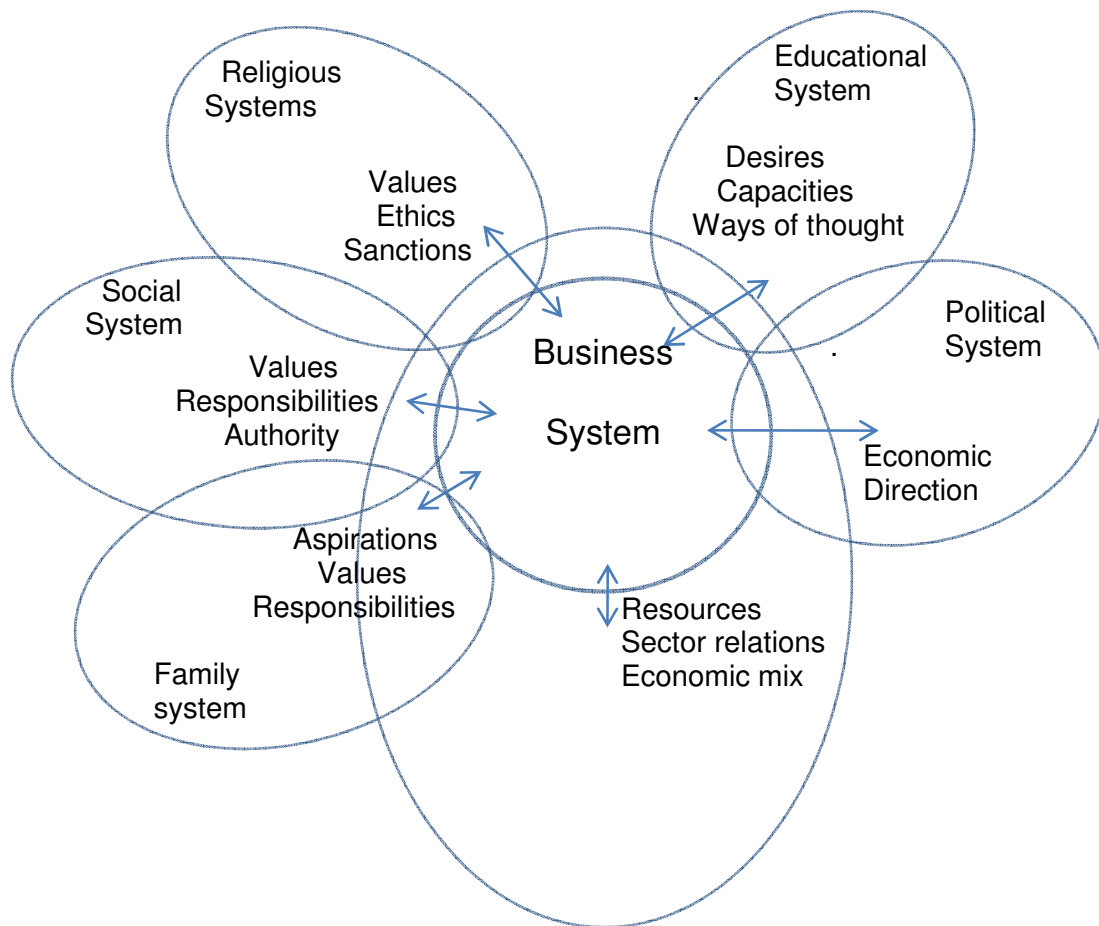


Figure 42: Interaction of systems in a society as per Fayerweather (1978:83)

¹⁵⁸ Fayerweather (1978:96-98) argues for an active adaptation of entrepreneurial activities to local markets based on one's own strengths and not for a strict acceptance of local conventions when entering foreign markets. In this way, the competitiveness of the organisation can increase and at the same time, this can make a contribution to the development of the local community. Entrepreneurial organisations must, therefore, firstly understand the local market and local customers in order to be able to use their strengths in entrepreneurial activities for specific adaptations to the foreign market and its own company systems (see also Fayerweather 1970:19-29).

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For Fahey and Narayanan (1986:27) companies must firstly understand current and potential changes in the respective business environment within geographical areas and secondly, for the purpose of strategic decisions, they must identify relevant information from the three-tier system of the general environment, the sector environment and the task environment (see figure 43) and thirdly, they have to learn and impart strategic thinking by way of an analysis of the relevant business environment.

Ulrich and Probst (1991:50-56) define the business environment as having a kind of circular interdependency with the company. With this, they emphasise the indispensable interdependency in terms of information. As well as the economic dimension with market relations, they define the social, technological and ecological dimensions of the business environment whereby the company can be seen as a part of the superordinate social system (see figure 44). Ulrich and Probst propose the state, customers, competitors, providers of capital, suppliers and employees as being institutions in the business environment¹⁵⁹.

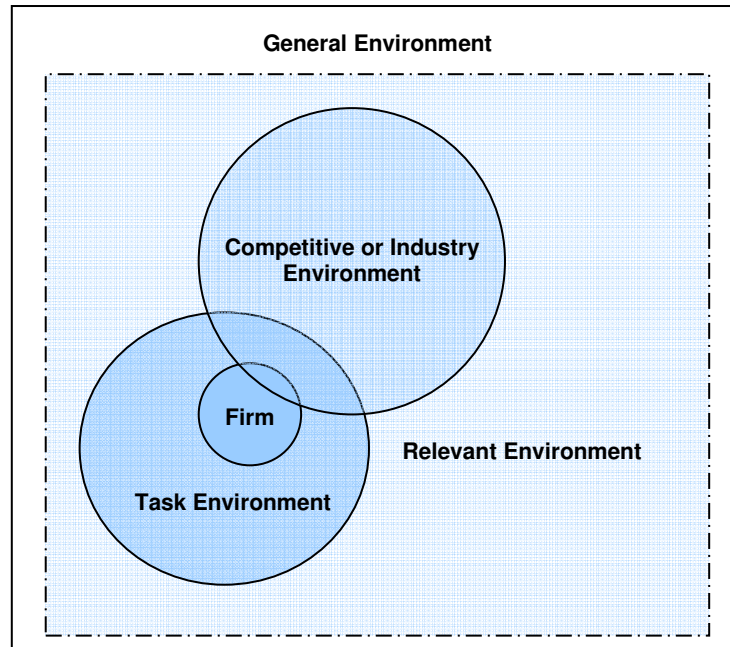


Figure 43: Company and business environment as per Fahey and Narayanan (1986:27)

¹⁵⁹ Malik (2008:201) explicitly includes the media as institutions and points out that the dimensions (he calls these spheres) and institutions for the respective examination are modular (and depending on the purpose, can be structured more steeply). Institutions and spheres would alternate to complement themselves and the change of system perspectives is eased by the intended redundancy such that the relevant developments in the environment can be more easily discovered.

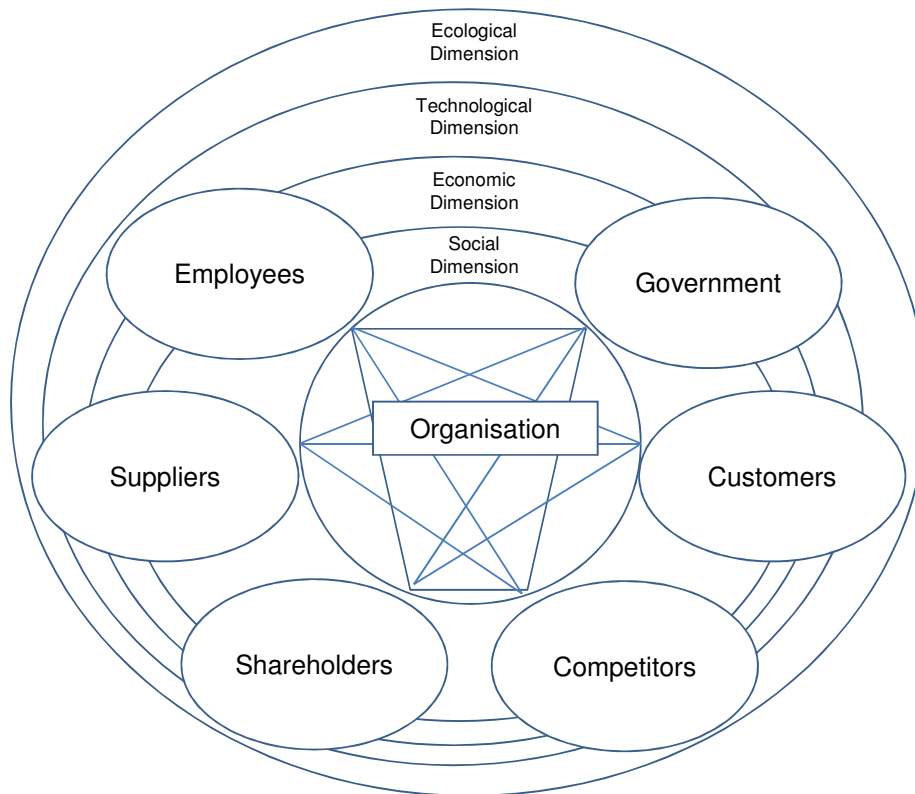


Figure 44: Institutions and dimensions of the business environment according to Ulrich and Probst (1991:54)

Ulrich and Probst (1991:195-221) observe the effects of the business environment of strategic action fields for entrepreneurial activities via an environment influence matrix. In this process, entrepreneurial activities must firstly be sought after and judged with creative thinking within a creative process, so that entrepreneurial decisions can be taken for tangible actions with an overall entrepreneurial strategy in mind. Problems and opportunities can be identified via the perception and assessment of the reality and checked by taking the resource needs and the company's own potential into account.

Within this process, entrepreneurial strategies and activities in various scenarios within the different potential future framework conditions are to be taken into consideration. The relationship between the relevant framework conditions and the alternative entrepreneurial actions can be analysed systematically using a matrix (see figure 45).

3. Intrapreneurship and the global business environment

Strategic fields \ Environmental factors	Business cycle	Exchange rates	Regulations	Technological Development	Ethics and Society		
Product Development	1	1	2	3	3		
Mergers & Acquisitions	2	3	2	3	1	1	
Manufacturing processes	1	1	2	3	2	1	
Entry new markets	3	3	3	1	1	0	
Finance	2	3	1	0	0	1	
Human Resources	3	0	1	2	3	2	
Joint-Venture						3	

Figure 45: Environment influence matrix as per Ulrich and Probst (1991:205)

The key environmental factors determine the degree of influence on the entrepreneurial action fields and the measures for implementation of a defined entrepreneurial strategy. With such a matrix, the intensity of influence¹⁶⁰ of the environmental factors on individual fields of action or in total can be assessed and documented. By doing this, it becomes clear how far individual action fields are influenced by the various environmental factors¹⁶¹.

In this way, the chances of success of alternative entrepreneurial strategies and activities can be checked in conjunction with influencing factors from the business environment within a systematic process that has access to the available experience and specialist knowledge in an organisation; also environmental factors that are critical for success¹⁶² can be identified taking into account various scenarios concerning their potential development.

¹⁶⁰ In the example, the following scale is defined: 0 = no influence; 1 = little influence; 2 = big influence; 3 = very big influence.

¹⁶¹ A high number of lines means that the action field is strongly influenced by the business environment and alternative environment scenarios should be examined more closely in order to evaluate the chances of success in different future scenarios.

¹⁶² A high number of columns means that success of entrepreneurial strategy strongly depends on future development of environmental factors.

3. Intrapreneurship and the global business environment

Thus, Ulrich and Probst provide a clear and easy-to-use instrument for describing the environment, whilst at the same time keeping the effect of the individual environmental factors on strategic entrepreneurial activities in mind.

Tepstra and David (1991:223-231) classify the external business environment into three sectors. The Eco-system as a physical environment is defined here as natural resources, climate, geography as well as natural plants and animals. The company's task environment is described here as the business and market structures, the competitive situation, the available technology, suppliers, customers and partners. The corporate environment is comprised of social relations, language, welfare and the infrastructure, together with the legal system and the political system. These three sectors form the environment for the internal business environment of national and international organisations (see figure 46). The internal business environment is a function of the company strategy, the organisation structure, the company systems and the company culture. The physical environment can then be illustrated as a natural environment within the corporate environment.

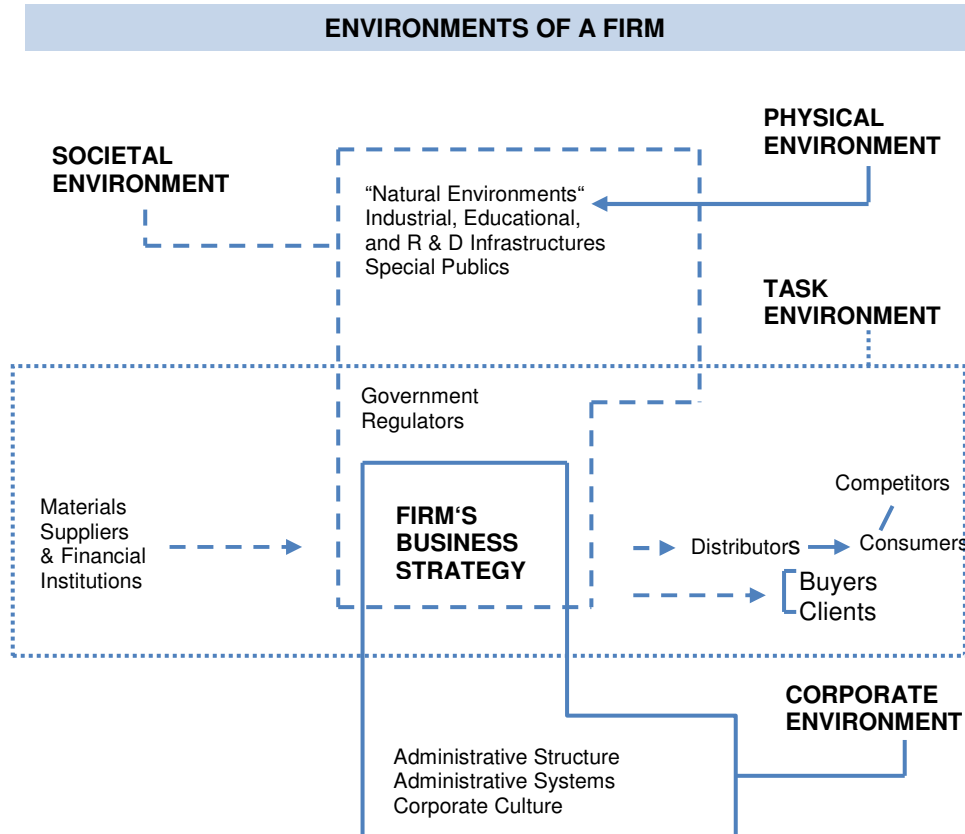


Figure 46: Business environment according to Tepstra and David (1991:224)

3. Intrapreneurship and the global business environment

Global companies realise internal and external entrepreneurial activities at home and abroad and thus operate in culturally different surroundings. They have to operate a globally entrepreneurial strategy and in so doing, take into account international trade, finance, currency and political systems when implementing entrepreneurial activities.

With his layer model (see figure 47), Dülfer (1997:248-270) provides a conceptual framework describing environmental effects on the business; the purpose is to show the adjustments that need to be made to unknown, natural and cultural conditions within the context of global, entrepreneurial initiatives. As a first step, there must be a structural analysis of the task environment. Here, the organisation as a whole and individual actors in the organisation enter into an interaction with the external partners in the task environment. A second step could include an analysis of the natural and cultural environmental influences that impact upon the behaviour of the actors.

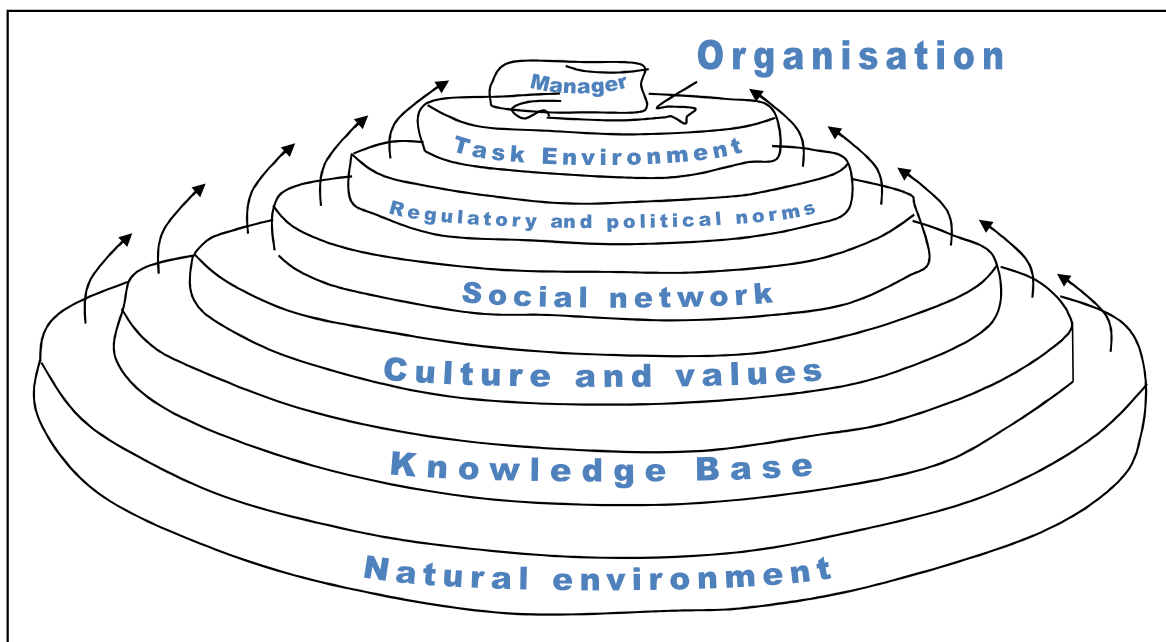


Figure 47: Layer model for considering the environment as per Dülfer (1997:261)

The task environment then develops the external business environment using the natural and cultural framework conditions. The influencing relationships and feedback between the individual layers and thus the networking of the business environment is made clear by Dülfer with a vertical cut through the layer model (see figure 48).

3. Intrapreneurship and the global business environment

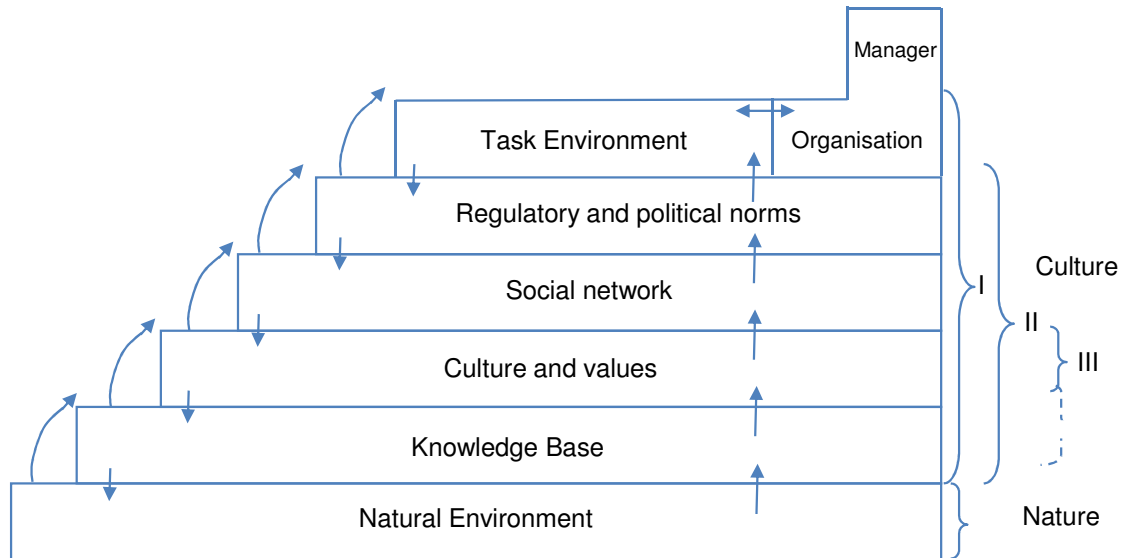


Figure 48: Vertical cut in the layer model as per Dülfer (1997:261)

The company director or manager, the providers of capital, possible cooperation partners and employees are central figures in the internal company system (see figure 49).

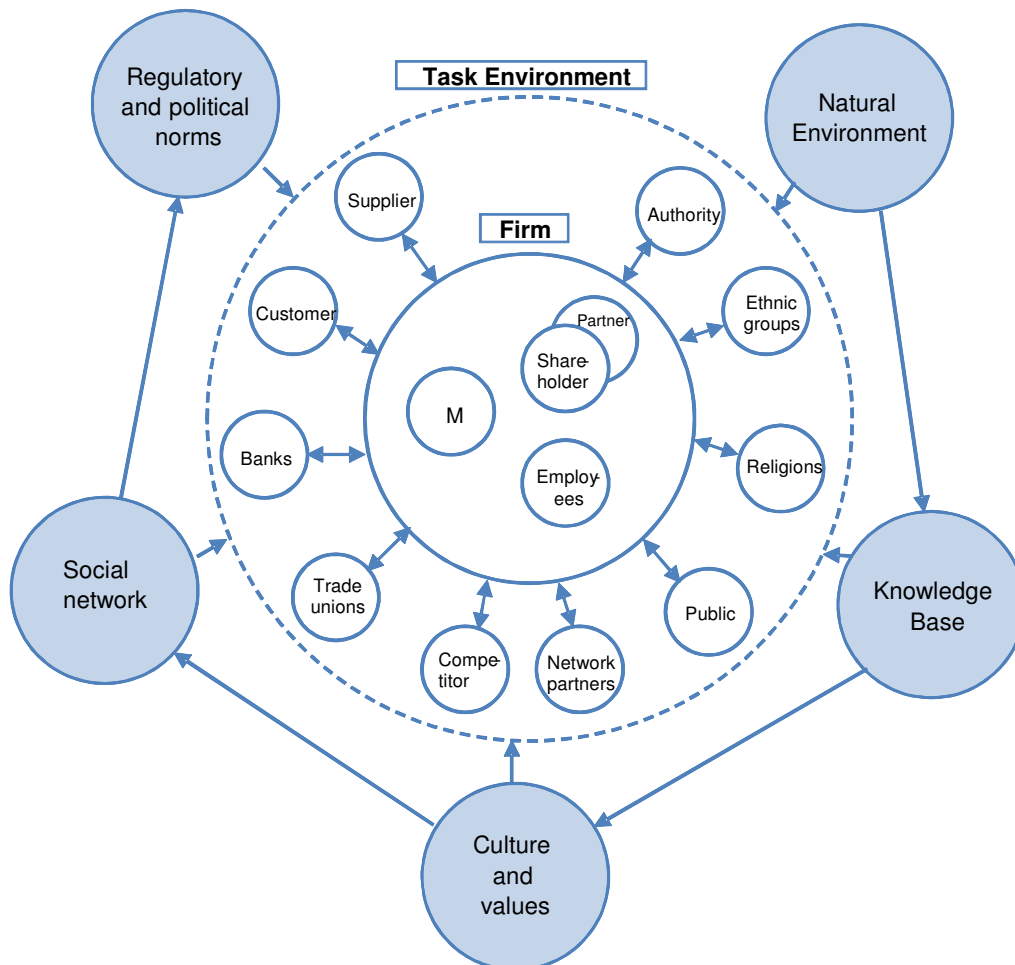


Figure 49: Simultaneous influence of the natural and cultural framework conditions on the task environment and the business according to Dülfer (1997:262)

3. Intrapreneurship and the global business environment

Suppliers and customers, banks and unions, competitors and network partners, official authorities and public, as well as religious or ethnic authorities, are given as external interaction partners in the task environment of a particular country. Other natural (ecological) and cultural environmental elements, such as the legal-political norms, social relationships and links, culturally restricted values and the degree of recognition of reality and technology all then have an effect on the task environment and a direct effect on the business¹⁶³.

According to Hitt et al (2005:38-41), companies must first understand the six segments of the general business environment, keeping in mind the sector and the companies operating therein and they must recognise developments at an early stage. Furthermore, entrepreneurial organisations must use the factors that directly impact on the sector for their own positioning and must also analyse the competition. In so doing, their activities, intentions, and reactions must be identified and taken into consideration in their own decision-making (see figure 50).

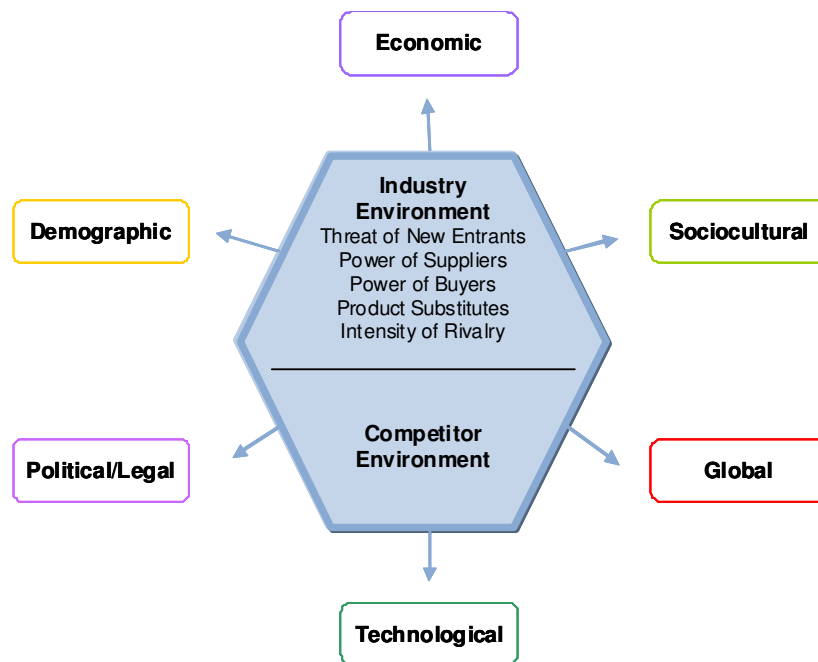


Figure 50: Segments of the external business environment according to Hitt et al (2005:39)

¹⁶³ Dülfer (1997:257) calls these further environmental elements the global environment. Because he does not mean the globally active framework conditions with this term, but rather he just wants to use a collective term for the remaining environmental elements, the label global environment is not applied here. Even Dülfer himself considers the description of the remaining environment as global environment as being problematic.

3. Intrapreneurship and the global business environment

Palmer and Hartley (2002:4-29) propose three central elements of the business environment (see figure 51). The organisations and actors in the business environment who directly influence the activities of an organisation are identified as a micro environment. Also part of the micro environment are competitors, sales partners, customers or suppliers and other stakeholders. The elements that indirectly influence the organisation are identified as the macro environment. Of particular note is that the general trends and happenings from the macro environment influence the relationships of the organisation with the micro environment. The internal business environment determines the ability of an organisation to respond to entrepreneurial opportunities and risks. In particular, structures, processes and motivated actors shape the internal business environment.

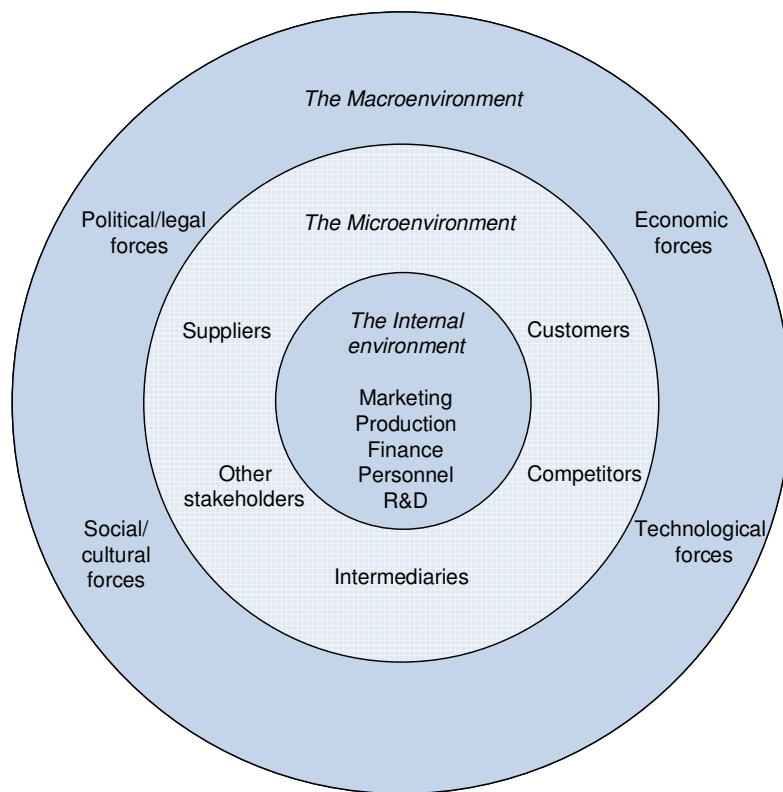


Figure 51: Internal business environment, micro environment and macro environment as central elements of the business environment according to Palmer and Hartley (2002:5)

Morrison (2006) uses the internal business environment as a starting point to describe the connection of an organisation to the external international business environment (see figure 52). This external business environment comprises various dimensions which contain, in particular, socio-cultural, economic, political, legal and technological factors.

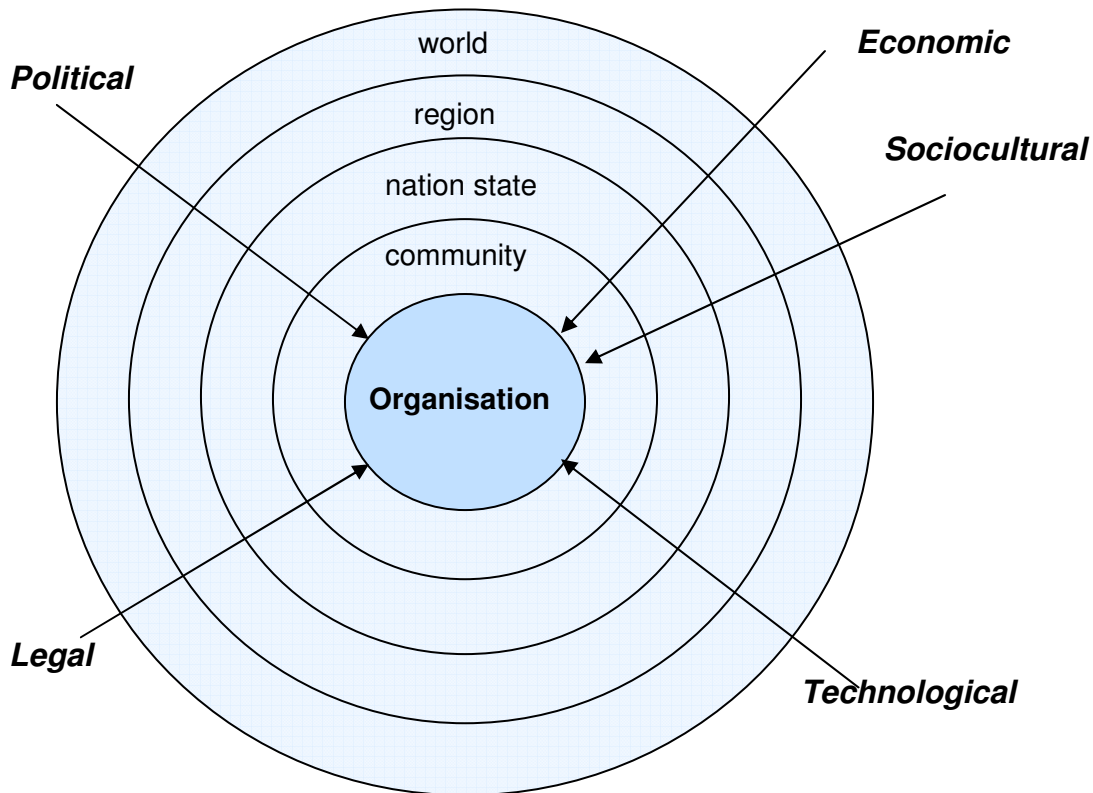


Figure 52: Organisation and international business environment as per Morrison (2006:4)

Since the entrepreneurial activities of a globally active company no longer relate only to operational fields domestically, international aspects and forces must increasingly be taken into account when considering the external factors of the business environment which, in turn, would interact with national and local factors. The networking of the organisation with the business environment exists, therefore, at various geographical levels.

The various concepts for specifying the business environment provide an initial overview of the environmental components which may serve as the subject matter of an entrepreneurial analysis for the identification of opportunities and risks. Furthermore, they provide important tips for carrying out a systematic analysis of the business environment.

The global context of the business environment is the justification for referring to cultural aspects when examining the role of intrapreneurship in a global economy. Also, in the next chapter 3.2.1.3, we shall examine the cultural context of entrepreneurial decisions and activities.

3.2.1.3 Cultural Context

Taking on board the trend of extending company operations and market activities beyond national boundaries (Dess and Lumpkin 2003:51), globally active companies must take into consideration and make use of the respective cultural context in their entrepreneurial decision-making (Dülfer 1997:217)¹⁶⁴. Intercultural communication and cooperation support international entrepreneurial activities (Schuster and Copeland 2006:7-19)¹⁶⁵. Differing national cultures must be examined bearing in mind the differences from one's own local culture and in relation to the organisation's culture (Hofstede 2001:440-445).

Trompenaars and Hampden-Turner (1998) assert that the way in which something functions cannot easily be transferred into another cultural context¹⁶⁶. Thus, there is no one best way for management and organisations. Firstly, one's own culture and cultural differences have to be understood in general before global and local aspects of the culture from the viewpoint of internationally active organisations can be analysed and used for entrepreneurial decisions¹⁶⁷.

Thus, the balancing of company-specific standardisation in the design of the organisation or in the systems and processes on the one hand, and the appropriate adjustment to local peculiarities on the other, become the focus of the entrepreneurial organisation. The successful realisation of international entrepreneurial activities requires a deep knowledge of the cultural template, i.e. particularly about the way in which actors resolve problems and dilemmas (Trompenaars and Wooliams 2003:30)¹⁶⁸.

¹⁶⁴ Dülfer (1997) states that consideration of natural and cultural environmental influences in international company activities is in practice often neglected and in academic approaches, very much neglected.

¹⁶⁵ According to Schuster and Copeland (2006) differing views of the world and various assumptions about desirable behaviour are often the cause of misunderstanding in intercultural communication.

¹⁶⁶ Dülfer (1997:221) speaks in this context of the degree of foreignness of the host country environment: the decision-maker cannot recognise or identify the contentual effects of present and future environmental influences.

¹⁶⁷ If this argumentation is to be espoused when examining the role of intrapreneurship, then it follows that this role should be seen as independent of culture in various international fields of operation.

¹⁶⁸ Trompenaars and Wooliams (2003) define a dilemma as a situation in which it is necessary to choose between two good and desirable situations.

3. Intrapreneurship and the global business environment

Trompenaars and Hampden-Turner (1998:8-11) give seven dimensions (in three topic areas¹⁶⁹) for identifying and classifying classifications of cultural differences on a national level:

1st dimension (Trompenaars and Hampden-Turner 1998:38-50): cultures in which rules and procedures are complied with consistently in order to achieve equality within the system and consistency of central control (universalism), as against cultures in which rules serve as a guideline which, where necessary, are adapted in actual situations so that consideration can be given to relationships and in order to avoid inhibitive bureaucracy (particularism).

2nd dimension (Trompenaars and Hampden-Turner 1998:58-69): cultures in which the individual actors see themselves principally as independent individuals who act with other actors for common targets as a means to achieve their own targets (individualism), as against cultures in which the individual actors see themselves principally as part of a group that pursues common targets¹⁷⁰ (communitarianism).

3rd dimension (Trompenaars and Hampden-Turner 1998:78-81): cultures in which emotions are shown (affective) as against cultures in which emotions are not shown and objectivity dominates (neutral).

¹⁶⁹ The three topic areas are dealings with other actors (1st to 5th dimension), dealings with time (6th dimension), and dealings with the environment (7th dimension).

¹⁷⁰ Such cultural orientation accords with the African UBUNTU philosophy (see for example, Mbigi 2005:67-77). According to this philosophy, man only becomes man as a result of inter human relations and mankind should be considered as a interwoven whole. With this orientation, the success of the group is super ordinate to the success of the individual. The feeling of community and a common purpose is transferred into a management concept for teams by Lundin and Nelson (2010). Within this, recognition through respect, trust and openness are at the fore before material reward comes into being. Based on this African value, Mbigi (2005), developed a management concept that recognises the independence of actors and striving for mutual harmony and which stands in direct contrast to authoritarian concepts. Thus, he suggests that African managers should successfully combine global management concepts with their own cultural roots. Cultural strengths (e.g. focus on market innovations in North America, focus on technological innovations in western Europe, focus on process innovations in Asia, focus on solidarity and cooperation in Africa) should be supplemented by strengthening the less strong orientations so that the holistic orientation required in global competition can become effective with specific characteristics. For a brief introduction to African management philosophy, see Werner (2007b). Rensburg (2007) demands learning from different cultures and world images so that visions and growth can be enabled.

3. Intrapreneurship and the global business environment

4th dimension (Trompenaars and Hampden-Turner 1998:92-104): cultures in which aspects and tasks that are fundamental for the business are priorities (specific) as against cultures in which multiple personal relationships and context play an additional important role (diffuse).

5th dimension (Trompenaars and Hampden-Turner 1998:106-122): cultures in which what is achieved and performance are in the forefront (achievement), as against cultures in which status (e.g. through birth, relationships, age, education) are main factors when evaluating people (ascription).

6th dimension (Trompenaars and Hampden-Turner 1998:125-144): cultures in which orientation to the future is given a high weighting as against cultures that are highly oriented to what was achieved in the past, versus cultures who focus on the present (sequential versus synchronic).

7th dimension (Trompenaars and Hampden-Turner 1998:151-160): cultures in which the effect of the natural environment on actors is at the forefront (external control, organic nature) as against cultures in which the effect of actors on the natural environment is at the forefront (internal control, mechanism nature).

In their discussion about the 7th dimension, Trompenaars and Hampden-Turner (1998:149-153) assert that a modern view of the relationship between actors or the organisation and the environment (cybernetic nature) should have, as a starting point, a concept of a viable system in which agreement should be reached on the two basic control concepts of internal and external control. The interaction between organisation and environment is then at the forefront. In terms of viability, a decisive factor is how well an organisation uses external niches and conditions when interacting with the business environment and how well they can adapt to customers, market forces and new technology.

Organisations can indeed act in the environment but cannot really control it in a way that the environment has a formative effect on the organisation. It is thus a question of achieving an advantageous *fit* of the strategy to the internal and external business environment.

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This occurs, for example, when a strategy that has developed or merely has an internal focus is adapted in accordance with external effectiveness or developed further. The necessary outward oriented approach is said to be a matter of course for some cultures (e.g. Japan or Singapore), whilst other cultures (e.g. USA and Western Europe) have to learn how to systematically analyse the external business environment. The pursuit of entrepreneurial activities is based, on the other hand, on a strong inner orientation. Cultures without this orientation have to learn an entrepreneurial culture (Low 2006), even when there is already a strong external orientation. The interplay between internal and external orientation is thus key in the pursuit of entrepreneurial activities (see figure 53).

The role of intrapreneurship and in particular its design, must therefore be seen and defined as culture-specific. Today's business environment requires both orientations to be effective, if possible, thus giving a balanced culture. A strong internal entrepreneurial orientation should therefore be combined with an external orientation that is geared to adapt to changes in the international business environment. With this, cultural differences must be seen and considered if entrepreneurial opportunities are to be identified and if consistent entrepreneurial decisions are to be taken (see Ambos and Schlegelmilch 2008). In so doing, the second dimension (individualism versus communitarianism) and the sixth dimension (sequential versus synchronic) must be allocated greater importance.

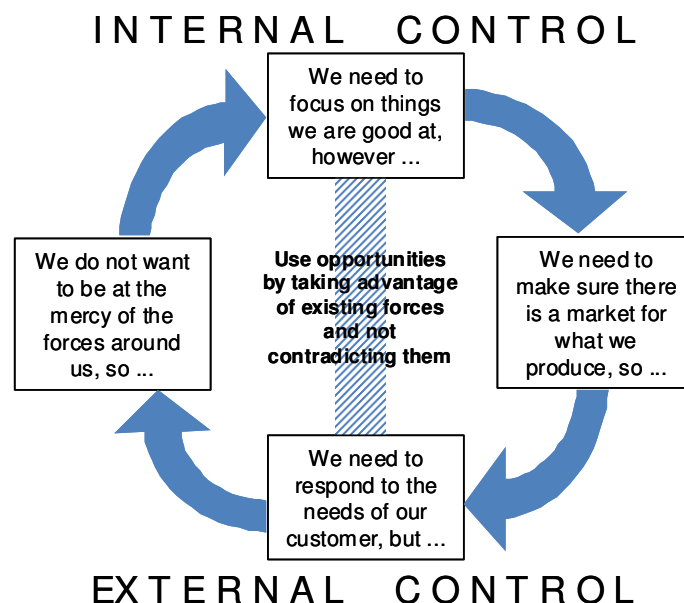


Figure 53: Internal and external control of the relationship between the organisation and the environment as per Trompenaars and Hampden-Turner (1998:157)

Hofstede (2001)¹⁷¹ specifies a value system with five dimensions which pervade the mental programmes of the actors:

- 1st dimension: degree of acceptance from less influential members of an organisation or company for the existence of unfair distribution of power (power distance).
- 2nd dimension: extent to which members of an organisation or company feel unhappy with unstructured, new, unknown or unexpected situations (uncertainty avoidance).
- 3rd dimension: positioning of members of an organisation or company as between individualism and collectivism.
- 4th dimension: orientation of members of an organisation or company as between hard, unaccommodating and soft positions (masculinity versus femininity).
- 5th dimension: short-term versus long-term orientation of the members of an organisation or company¹⁷².

All country-specific cultural contexts can thus be described by placing them within these five dimensions. Hofstede shows in his empirical studies that these cultural dimensions are influenced by geographical, economic, demographic and political indicators. In time, it can be seen that there is a change of values worldwide, but a convergence between the countries is not evident. He asserts that, alongside national cultures, organisation cultures moulded by company founders and significant management members are effective. In addition to the cultural environment of their domestic environment, internationally active organisations must take their international locations into account.

¹⁷¹ Werner (2007a:29-30,36-42) uses the five dimensions to explain differences in organisation cultures. With globalisation in mind, the significance of an ethical culture grows and the use of cultural differences becomes more important.

¹⁷² Javidan (2007) states, on the basis of a world wide empirical study, that, at the individual level, there is a positive attitude to orientation towards the future. At the level of the company, there are, however, big differences in how strongly behaviour is oriented towards the future. He ascertains that the stronger the orientation to the future of local managers, the greater is national competitiveness and the degree of innovation. He identifies a fundamental context between innovation and long-term orientation. The study shows that Singapore, Switzerland, Holland and Malaysia are the most future-oriented, whereas Russia, Argentina, Poland and Hungary are the least future-oriented. Approximately in the middle of the scale are Germany, Taiwan, Korea and Ireland together with (with less competitiveness) China, Brasil, Indonesia, Mexico, South Africa and India.

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Through this, the necessary cultural *fit* can be achieved. In particular, if the dependence of local suppliers is high and the employees are unionised, a significant regional adjustment is necessary. Differences in uncertainty avoidance (2nd dimension) are said to be not easy to overcome. Overall, cultural differences in an ever increasingly integrated global economy are an important source for the achievement of competitive advantages. Since the various cultural characteristics bring advantages or disadvantages subject to the specific company situation (see table 3), it is important to take these cultural characteristics into account (see Russell 2004) when making entrepreneurial decisions within the context of strategic planning and when making decisions about international locations.

In the area of human resource management, Hofstede identifies some basic findings. In terms of collegial working, for example, differences in the first and third dimensions (power distance, individualism versus collectivism) would create problems in cooperation. The regional culture that results from the company culture and the national culture must be brought into equilibrium with the company strategy, structure and control. Depending on the business environment, the geographical coordination with the specific culture of the regional business unit or structural coordination would be dominant. This would lead to patchwork structures within the international organisation which would follow in the direction of market requirements.

Power distance small Acceptance of responsibility	Power distance large Discipline
Uncertainty avoidance weak Basic innovations	Uncertainty avoidance strong Precision
Collectivism Employee commitment	Individualism Management mobility
Femininity Personal service Custom-made products Agriculture Food Biochemistry	Masculinity Mass production Efficiency Heavy industry Chemistry Bulk chemistry
Short-term orientation Fast adaptation	Long-term orientation Development of new markets

Table 3: Competitive advantages based on cultural differences as per Hofstede (2001:443)

3. Intrapreneurship and the global business environment

To have entrepreneurial success, effective managers acting as agents of culture are key requirements: The entrepreneurial manager of the business units in the various countries must have the ability to be able to work successfully in two cultures (bicultural), i.e. in the culture of the regional business unit which is characterised by the national culture on site and in the culture of the organisation as a whole, which is in turn characterised by the home culture.

According to Hofstede (2001), within the organisation as a whole, what he calls *corporate diplomats* should help to hold the international organisation together. The agents of culture can then also initiate new entrepreneurial activities in the various countries. In terms of intrapreneurship, the fifth dimension (time horizon) appears more than any to be highly relevant when taking entrepreneurial decisions for securing long term viability.

Trompenaars and Woolliams (2003) examine cultural differences and use Trompenaars and Hampden-Turner's seven classifying bi-polar descriptions above as a starting point for the definition of dilemmas¹⁷³. They argue that these dilemmas can be resolved gainfully both on the individual level and the organisational level by the integration of cultural differences. According to this approach, cultural differences must be seen, respected and reconciled together, i.e. the question has to be asked as to how cultural differences can be used in entrepreneurial activities, for example within alliances. Cultures can be analysed on the three levels of explicit culture (visible behaviour, language, clothes etc.), norms and values (common orientation) and implicit culture (fundamental internalised assumptions, routines and methods). Different cultural orientations and views of the world must be respected and one's own mental models and cultural pre-dispositions recognised in order to be able to use cultural differences. Centralising versus decentralising of dilemmas can be resolved for example, by the centralisation of higher-ranking information and coordination on the one hand, and by the decentralisation of activities on the basis of local information on the other.

¹⁷³ Trompenaars and Woolliams (2003:31,32) use the seven dimension culture model to define (1) Universalism-Particularism, (2) Individualism-Communitarianism, (3) Neutral-Affective, (4) Specific-Diffuse, (5) Achievement-Ascription, (6) Sequential-Synchronic, (7) Internal-External Control, the corresponding dilemma situations. For example, both of the dilemma positions of two countries or organisations can be illustrated on this continuum.

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General rules and standards (universalism) attempt to define an optimal global way and thus ignore cultural differences, whilst local adaptations (particularism) attempt a full adaptation and thereby abandon the company's own cultural orientation and the achievement of cost advantages from economies of scale. Compromises situated in the middle are often not a good solution. The strengths of the two different cultural characteristics should rather be used simultaneously. Thus, the company's own orientation (universalistic global approach) can be the starting point for harmonisation with local adjustment (multi-local approach).

Thus, regional specialisation within the global organisation can be taken on by management (leadership). This convergence process is executed in a spiral fashion (see figure 54). In this way, local knowledge can also be used for improving global standard systems. From a range of solutions and ideas based on existing diversity, the best solutions can be implemented systematically and improvements and innovations can be achieved. In order to achieve this, dilemmas must be resolved both from the perspective of individual managers and at the level of the whole organisation. Culture is said to be not an additional element of the environment in the same way as, for example, the political or technological segment, but rather it pervades (as a contextual environment) the entire relationship between the organisation and the business environment.

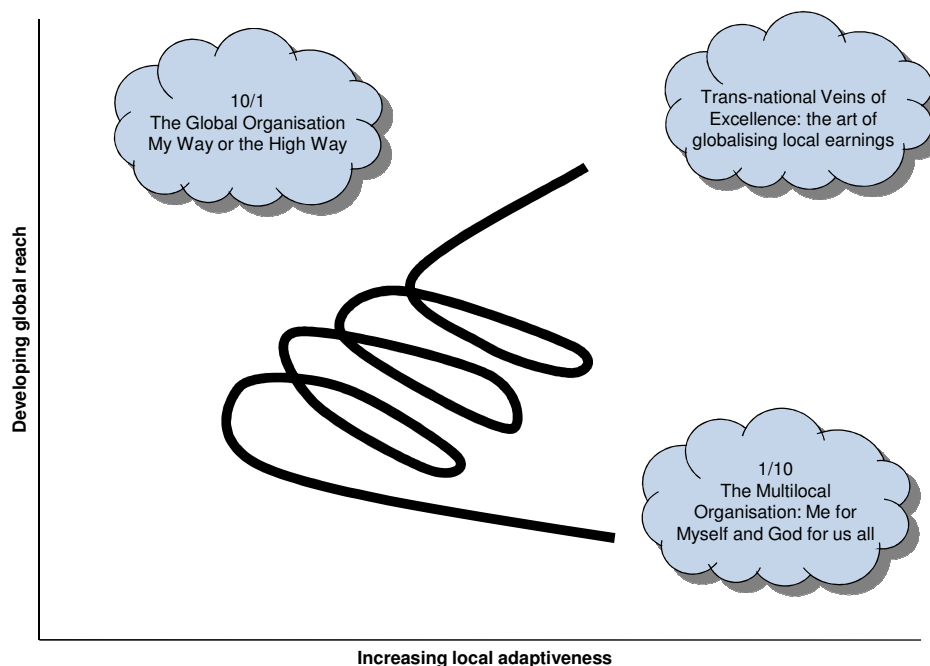


Figure 54: Use of local knowledge for improvement of global corporation as per Trompenaars and Woolliams (2003:41)

3. Intrapreneurship and the global business environment

Schuster and Copeland (2006) propose a model which places cultural groups on a continuum with the three basic elements that are fundamental for entrepreneurial decisions; task, time and relationship (see figure 55)¹⁷⁴. Thus, it is possible to determine similarities to or differences from other cultural groups.

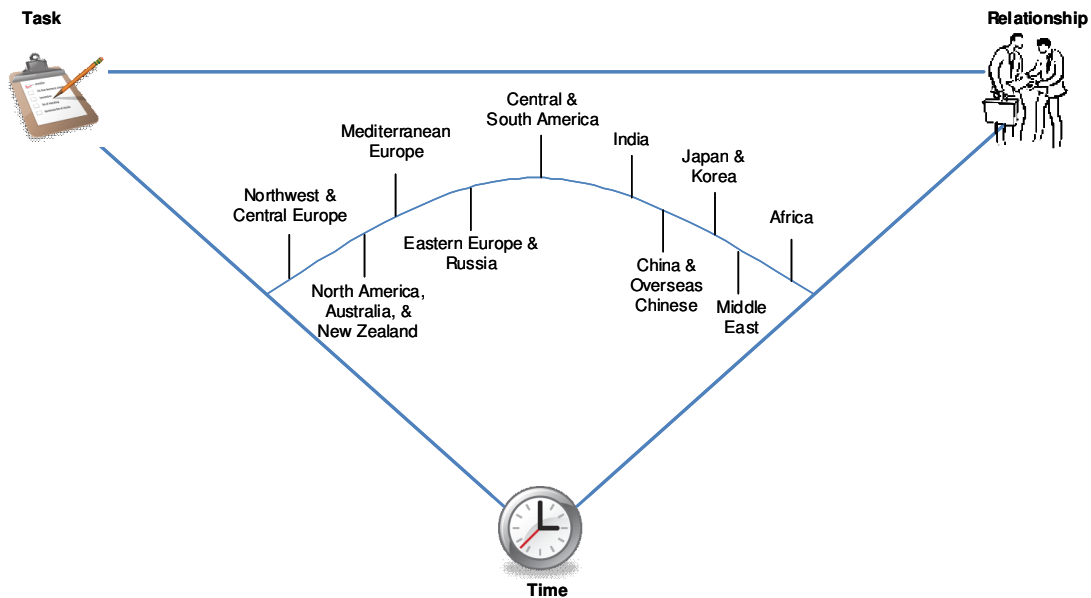


Figure 55: Model for classification of cultures as per Schuster and Copeland (2006:13)

¹⁷⁴ Business practices in North-West and Central Europe are said to be task-oriented, formal and time-structured. Because of their European origins, the orientation in North America, Australia and New Zealand is similar. Mediterranean Europe, on the other hand, is said to be more person-oriented and more flexible in terms of time. Relationships can consolidate task fulfilment. In eastern Europe and Russia, there is a sharper focus on an informal task fulfilment that can provide a basis for intrapreneuring as per Pinchot. In South and Central America, the relationship orientation is more important. Information is shared and individual relationships are developed. In India, it is said to be difficult for outsiders to do business. A lot of time has to be invested in building relationships. In so doing, one has to take into consideration the interdependence between the economy, politics and social networks within regions and industries. Within the regions, there are also local informal systems at work. The complexity of the business environment is also increased by reason of the large social differences within the country. In China, the process of achieving goals is often said to be more important than the goal itself. Various views and philosophies can exist at the same time in such a way that there can be different interpretations of the truth. Self respect and prestige play a big role and accordingly, relationships pervade the business environment. In Japan and South Korea, there is a strong link between the economy and politics and a high acceptance of permanent change. This openness to change and adaptation when carrying out individual activities goes hand in hand with a holistic view and a long-term time horizon. Accordingly, cooperation within networks has a high value. In the Middle East, personal (familial) relationships have a fundamental influence on business activities. In such a business environment, doors must first be opened before relationships can be established. In North Africa, there are cultural similarities to Mediterranean Europe as well as to the Middle East. Some countries in southern, western and northern Africa also have European cultural roots. In many countries, there is a *big man* tradition and a strong (regional) network orientation. The diversity of cultural groups really excludes the idea that there can be one universal best way for entrepreneurial management in all economic regions.

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Cultures on the left-hand side of the continuum invest a lot of time in task fulfilment, whilst cultures on the right-hand side invest a lot of time in business relationships. The model is helpful in a general way in terms of reflecting over the necessary adjustments to business practices of various cultures and implementing changes to company systems. The global business practices model (see table 4) makes it possible to compare specific cultural elements as between cultural groups. In so doing, it is possible to see the effects of a batch of basic structural elements (roles of the government, legal and hierarchical system), process elements (approach to time, separation of work and private life) and communication elements (views, ways of thinking, communication style) on business practices.

It is possible to classify structure elements according to the degree of freedom of the market, the prevalent legal system or the status system in place. For the process element, the use of, planning of and philosophy regarding time are at the fore. Communication elements are characterised by the relevant view of the world in various cultures. Thus, cultures distinguish themselves by the universal or pragmatic (situational or individual) perception of reality, by the mode of written communication (words, symbols), by the way of oral communication (direct, respectful) and by the way of thinking (formal-logical, heuristic). Using the model as a base, Schuster and Copeland (2006) believe the world view can be better understood and taken on board when carrying out entrepreneurial activities and making entrepreneurial decisions. Cultural aspects of the business environment are highly relevant for the design of intrapreneurship in a global context. In particular, individualistic or more so the collectivist basic orientation of entrepreneurial actors and their attitudes to change must be allowed for (Abraham 1997). When analysing the business environment, various cultural characteristics can lead to the actors either placing their focus more on the internal business environment or more on the external one. However, to strengthen entrepreneurial orientation, both areas must be in focus so that the weaker orientations can be compensated for by the design of the company culture or the definition of learning fields (see chapter 6.4). According to Baumol (2004), national growth policy can stimulate the natural spirit of enterprise. Cultural differences can also establish entrepreneurial opportunities such that the cultural context as part of the interaction of the entrepreneurial organisation with the external business environment can have a significant influence.

3. Intrapreneurship and the global business environment

Areas of World	Gov't	Law	Hier.	Privacy	Punct.	Flow	Truth	Words	Style	Logic
Northwest & Central Europe	Grey		Grey							
North America, Australia, & NZ										Grey
Mediterranean Europe	Grey	Grey			Grey	Grey			Grey	
Eastern Europe & Russia	Grey	Grey	Grey		Grey	Grey	Grey	Grey		Grey
South & Central America	Grey	Grey	Black	Black	Grey	Grey	Grey	Grey	Grey	Grey
India	Grey	Grey	Black	Black	Grey	Grey	Black	Grey	Grey	Grey
China & Overseas Chinese	Black	Grey	Grey	Black	Black	Black	Black	Black	Black	Black
Japan & Korea	Grey	Grey	Black	Black	White	Black	Black	Black	Black	Grey
Middle East	Black	Grey	Black	Black	Black	Black	Black	Black	Black	Black
Africa	Black	Grey	Black	Black	Black	Black	Grey	Black	Black	Black

Role of Government: White = the government sets parameters and constraints to create the environment for doing business. Black = Direct involvement of government in business as a business partner.
Rule of Law: White = Reliance on systems and procedures. Black = Pragmatism or situational considerations.
Sens of Hierarchy: White = Assumption of equality. Black = Assumption of status difference.
View of Privacy: White = Business and private matters are separate. Black = Business and private matters are all part of one reality.
Punctuality: White = Fixed time. Black = Flexible or "rubber" time.
Flow of Activities: White = Time works in a linear fashion. Black = Time works in a cyclical fashion.
Truth: White = Universal truth. Black = Many truths exist at once.
Words: White = Words have explicit meanings. Black = Words have implicit meanings.
Style: White = Communication is direct and forthright. Black = Communication is indirect.
Logic: White = Formal deductive reasoning. Black = Alternative heuristic.

Table 4: Model to describe culture specific business practices as per Schuster and Copeland (2006:31)

Following the holistic specification of the business environment in chapter 3.2.1, a systematic consideration of the individual areas of analysis follows in chapter 3.2.2. Through this, it is possible develop further insights to help understand the business environment as a landscape for opportunities and risks.

3.2.2 Areas of analysis

When analysing the business environment, various areas of analysis can be determined arriving at a structure. Keeping in mind the interaction and possibility of mutual influence and taking into consideration the literature examined so far, a classification of three areas of analysis is presented:

- The first area of analysis (see chapter 3.2.2.1) relates to the macro environment, i.e. the general business environment;
- The second area of analysis (see chapter 3.2.2.2) relates to the specific micro environment with tasks, industry and competitive environment;
- The third area of analysis (see chapter 3.2.2.4) relates to the internal business environment.

Bearing in mind the entrepreneurial organisation's local and global operational fields, it becomes clear that the analysis of the business environment must take account of various levels of analysis (see chapter 3.2.2.6) as well as cultural aspects. The networking of components within the internal and external business environment (see chapter 3.2.2.3), as well as the interaction between them (see chapter 3.2.2.5) on various geographical systems levels, paints a picture of a complex business environment.

In what follows, a number of analytical frameworks are presented which are helpful for a systematic analysis of the business environment.

3.2.2.1 Framework of analysis for the general macro environment

The PEST¹⁷⁵ analysis (Palmer and Hartley 2002:484, Morrison 2006:30,31, Worthington and Britton 2000:452, Holzhauser 2007:184)¹⁷⁶ is a framework often used in theory and practice for the systematic identification of future opportunities and risks in the general business environment (see figure 56).

The general business environment is classified, using an analytical construct, into the areas of political and legal situations and trends, economic situations and trends, social and societal or socio-cultural situations and trends and technological situations and trends. In so doing, various information and knowledge sources are used in the analysis¹⁷⁷.

Using a systematic evaluation of the information collected, entrepreneurial opportunities and risks can be identified and effects of the general business environment on the relevant sectors, competition and task environments can be analysed.

¹⁷⁵ To remember the four areas **P**olitical, **E**conomic, **S**ocial and **T**echnical it is used the acronym PEST.

¹⁷⁶ Occasionally, the acronym STEP is used as an aide-memoire

¹⁷⁷ For the analysis of the economic situation and trends, apart from a range of open information in statistically relevant institutions, there are also professional services such as www.globalinsight.com or www.economistintelligenceunit.com.

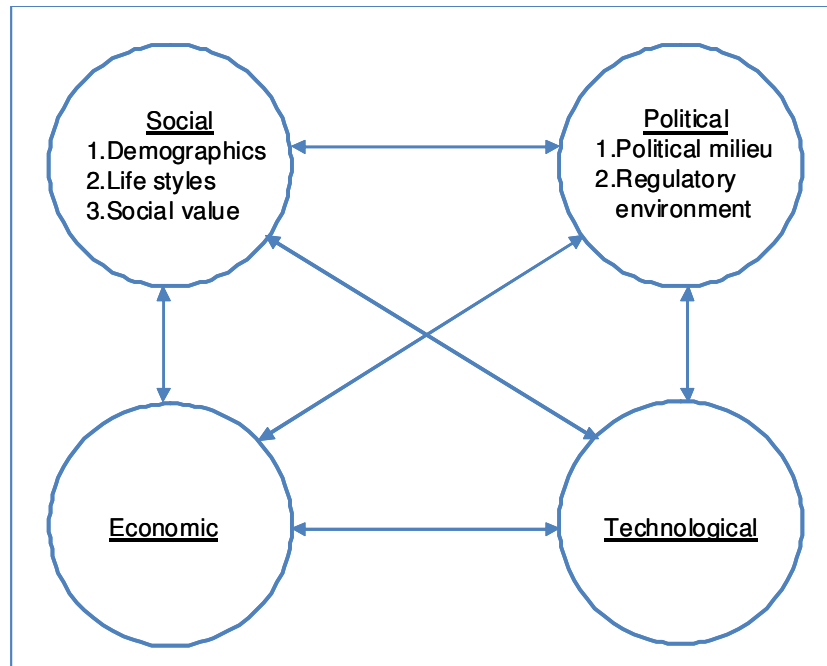


Figure 56: Model of the macro environment as per Fahey and Narayanan (1986:29)

According to Fahey and Narayanan (1986:28,29), the general business environment can have a direct influence on the company or an indirect effect by its influence on the industry environment, which in turn has an effect on the task environment. Against this background, Fahey and Narayanan propose that the general environment (macro environment) should firstly be analysed for its own sake, as well as within the framework of the development of company strategies in the organisation.

At the same time, current and future developments in the segments have to be analysed, entrepreneurial ideas collected and entrepreneurial activities undertaken. Thus, the organisation can adapt to the changed business environment outside of its own sector and achieve organisational learning.

According to Porter (1991), the national conditions (factor conditions; demand conditions; related and supporting industries; firm strategy, structure and rivalry) determine the competitiveness of the industry and the organisations. Entrepreneurial organisations identify and pursue business opportunities from the national conditions with a special focus on the specific micro environment (see the following section).

3.2.2.2 Analytical framework for the specific micro environment

As well as the general business environment¹⁷⁸ (macro environment), the specific business environment (micro environment) must also be analysed. It is possible to identify further entrepreneurial opportunities and risks as well as evaluate opportunities and risks from the general business environment too, using a systematic observation of the task environment with customers and suppliers, the industry and competition environment with competitors and the industrial structure. The involvement of these three search fields of the specific business environment is sometimes referred to in the literature by the acronym SCEPTIC¹⁷⁹ (Haines 1998:48)¹⁸⁰. The three sub areas of the micro environment are illustrated briefly in the following three paragraphs.

Porter (2004a:3-33) provides a framework for the analysis of the industry and competition environment. Thus, it is possible to take into account the relevant factors that have an influence on the competitive situation in an industry (Porter 2004a:126-155)¹⁸¹. Companies must continuously observe changes in their sector and observe their competitors' strategies in order to be able to determine their own competitive position and entrepreneurial activities. Using the framework of the five competitive forces in an industry¹⁸² (see figure 57), the evolution of the sector and various industry sector types can also be examined. Competitive strategies make it possible for companies to respond systematically to opportunities and risks.

¹⁷⁸ See chapter 3.2.2.1

¹⁷⁹ To remember the four areas **P**olitical, **E**conomic, **S**ocial and **T**echnical of the macro environment and the three areas **C**ustomers, **I**ndustry and **C**ompetition of the micro environment it is used the acronym SCEPTIC.

¹⁸⁰ Using the acronym PITO and bearing in mind the individual actors within an organisation, Haines (1998:48) describes four personal areas that must be taken into account with changes in the business environment. The personal area (P) with body, spirit and soul, the interpersonal area (I) with family, friends and colleagues, the team area (T) with partners, community and department, and the area of the whole organisation (O) with job, career and wealth.

¹⁸¹ Porter (2004a) asserts that companies within a sector have differing strategy options, e.g. because they differ in their strengths and weaknesses or have gained differing experiences historically. Therefore, one sector can be distributed into various strategic groups. The five competitive forces would then have an effect in differing ways on the various strategic groups.

¹⁸² According to Porter (2008), the five forces determine the industry's long-run profit potential. To identify opportunities and risks, the following attributes of an industry come into further investigation: Industry growth rate; Technology and Innovations in an industry; Government policies which affect the industry; Complimentary products and services.

3. Intrapreneurship and the global business environment

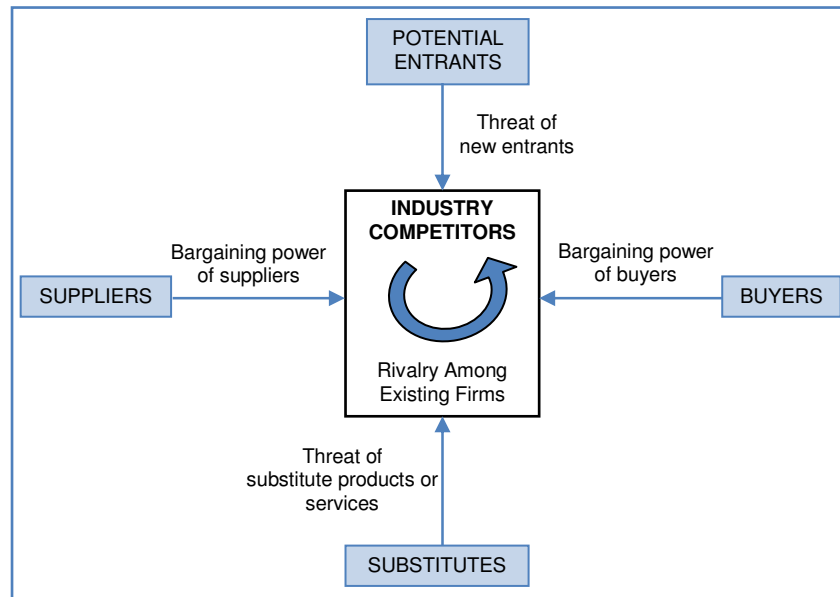


Figure 57: Five competitive forces of an industry as per Porter (2004a:4)

Through analysing the competitive forces, an organisation can evaluate its own strengths and weaknesses in relation to the industry as a whole, strive for suitable positioning and seek to influence the competitive forces to its own advantage. Furthermore, changes to the competitive forces can be anticipated and used for the pursuit of entrepreneurial opportunities by adopting a new direction.

Porter (2004a:34-46) also defines three generic competitive strategies. Cost leadership can be pursued strategically by using economies of scale and learning curve effects together with cost efficiency. Product differentiation via, for example, image building, unique technology or customer service can be pursued as a second central competitive strategy. Porter names focussing on certain purchaser groups, product segments or geographical markets as a third strategy option. The pursuit of the various basic strategies requires different leadership styles and organisation cultures during the implementation stage¹⁸³.

Against this background, entrepreneurial organisations can select an industry as an action field, take up and, in time, improve upon their positioning within the sector or within a strategic group or also they can establish sectors or strategic groups within an industry.

¹⁸³ According to Ireland (2009), the pursuit of an entrepreneurial strategy vision can also be described as a basic strategy option.

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Along with McGahan (2004) entrepreneurial organisations have to understand the nature of industry change to exploit industry evolution and to detect new emerging industries. Porter (2004a:156-188) states that the evolution of the industrial structure is driven by investment decisions of established and new companies. In this process, the following dynamic processes are at work:

- Growth of the sector (with the influencing variables of demographic development, changes in consumer preferences, changes in substitute goods and ability to engage buyers following market saturation);
- Changes in buyer groups and learning processes of buyers;
- Reduction of uncertainty within the sector due to learning processes;
- Diffusion of knowledge and experience within the industry;
- Potential for achieving economies of scale and change in costs for input factors;
- Innovation with products, processes and in marketing;
- Structural change in adjacent industries and changes in politics;
- Market entry and market exits.

Porter (2004a:189-298) distinguishes five industrial structures:

- (1) Fragmented industries in which no business has market power, i.e. has a significant market share or meaningful production volume, there are few barriers to market entry, no economies of scale or learning curve effects can be achieved and there are high transport and storage costs;
- (2) New industries that have come about through new products or changed framework conditions and in which viable entrepreneurial opportunities (e.g. new products, new markets, new technologies) exist but, in turn, exhibit a high degree of uncertainty when implemented;
- (3) Industries in transition from high growth to maturity, in which intensive, increasingly international competition for market share is dominant, profits are declining and adaptations within the organisation are necessary in terms of management and strategic direction;
- (4) Shrinking industries in which market demand is declining, e.g. due to technological substitution, demographic developments or new consumer preferences;
- (5) Global industries in which competitors compete globally and in various national markets take advantage of differences in factor costs in different countries and also achieve economies of scale, learning curve effects and learning effects.

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Porter (2004a:47-74) sees the analysis of competitors as a central aspect in developing a competition strategy. In so doing, data about competitors must be gathered, potential competitor changes of strategy have to be anticipated and their probable reaction to changes in the macro environment or in the industry environment and industry structure has to be taken on board. In addition, it is necessary to examine four areas of diagnosis in order to draw up a competition response profile: Competitors' future targets ¹⁸⁴, current competitor strategy ¹⁸⁵, assumptions of competitors about the industry and their own organisation ¹⁸⁶, and strengths and weakness of competitors ¹⁸⁷ (see figure 58)¹⁸⁸.

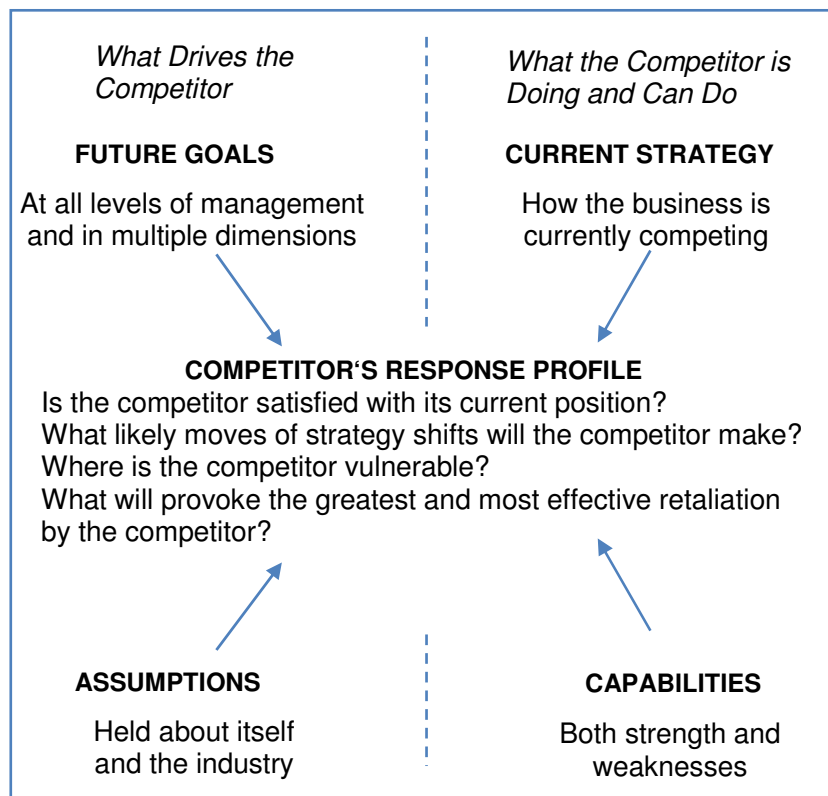


Figure 58: Framework for competition analysis according to Porter (2004a:49)

¹⁸⁴Recognition of future targets of a competitor allows a prognosis of how much it is satisfied with the current situation and how strong a reaction is to be expected – also to changes in the business environment. Thus, targets should be considered on various systems levels of the competitor (company level, business unit, functional area, actors). In this way, possible complementary strategic positions can be identified.

¹⁸⁵Activities of an organisation can implicitly reveal the current strategy and show which objectives an organisation wants to achieve.

¹⁸⁶The examination of assumptions of competitors shows how they see their own competitive situation. Since these assumptions determine the future behaviour of the company, certain prognoses can be deduced. In this way, consideration of competitors' company history can provide important indicators for the identification of assumptions and organisational targets

¹⁸⁷Awareness of strengths and weaknesses of competitors enables an assessment of the ability to adapt and take proactive action in response to changes in the business environment. Also, the competitor can be analysed in relation to his position with reference to the five competitive forces.

¹⁸⁸According to Porter (2004a), this framework of analysis can also be used for self-analysis.

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The analysis of all current and potential competitors can then be used as an input for the prognosis of future sector conditions. Potential information sources are, for example, public reports and presentations by management of competitors, business news, mutual customers and suppliers, expert appraisals and product analyses.

The direct task environment of an organisation can be defined within the specific micro environment of an organisation. According to Ulrich and Fluri (1995:41-44), the organisation’s procurement market, sales market, employment market and finance market are all part of the company-specific task environment (see figure 59). As a result, entrepreneurial organisations can exploit industry changes and shape the industry structure (Porter 2008).

The task environment thus defines the direct business environment for the entrepreneurial activities and operations of an organisation. In a global economy, the entrepreneurial shaping of the supply chain beyond company boundaries and thus networking with external partners is of outstanding significance. The selection and design of relationships with suppliers, customers and producers of complementary products and services is thus a central entrepreneurial task¹⁸⁹.

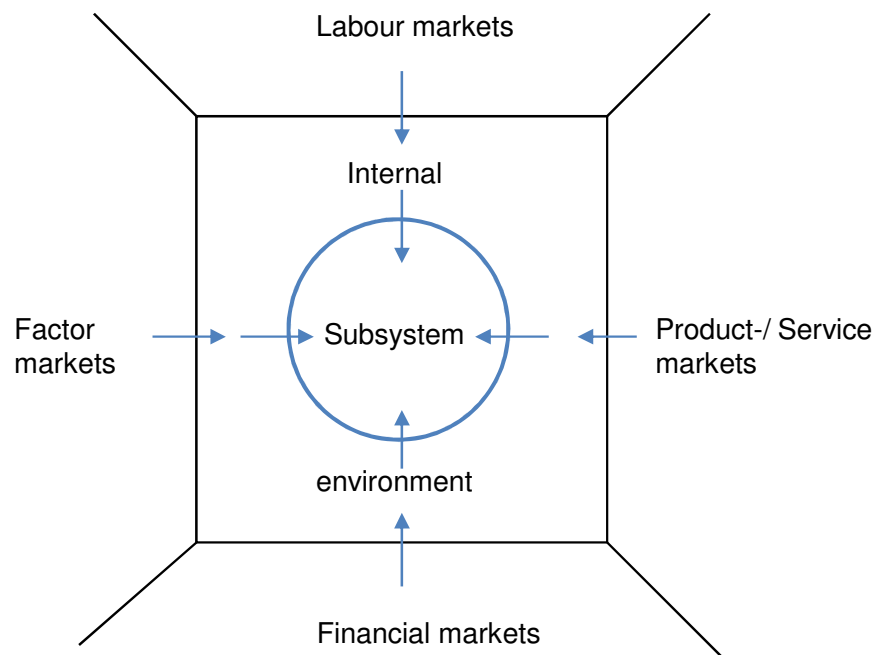


Figure 59: Task environment according to Ulrich and Fluri (1995:43)

¹⁸⁹ This aspect is emphasised by Porter (2004a).

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Entrepreneurial organisations secure and create competitive advantages and use existing and future core competencies to strengthen their own competitiveness within the markets they are active. At the same time, they attempt to work interactively with the environment and try to achieve a viable position within the framework of the international division of labour. As well as competitive strategies, entrepreneurial organisations also pursue cooperative strategies. They actively seek out opportunities for cooperation with other enterprises and form, amongst other things, alliances and partnerships. Brandenburger and Nalebuff (1996) describe this interplay between competition and cooperation as co-opetition. They cite the search for and analysis of complementary products as important sources for identifying opportunities and risks. The total task environment will only be seized by taking into consideration providers of complementary products. To describe the organisation in the task environment, they propose a value net (see figure 60).

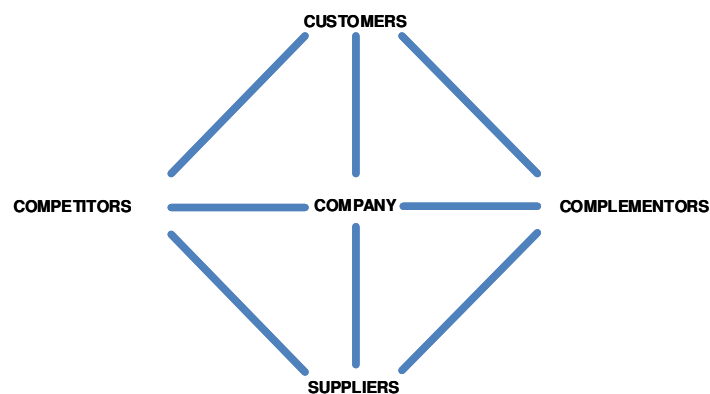


Figure 60: Value net according to Brandenburger and Nalebuff (1996:17)

For a holistic understanding of the external business environment, it is also necessary to be aware of the networking and the connections between the components of the macro and micro environment (see the following chapter 3.2.2.3).

3.2.2.3 Networking within the external business environment

According to Fahey and Narayanan (1986:188-205) and Grant (2005:68,69), changes in the macro environment have an effect on the industrial and competition environment in different ways. In particular, the viability of industries and industrial sectors and the boundaries and structures of an industry would be influenced by general economic development. Changes in the macro environment have an effect on customers, suppliers and competitors (see figure 61).

3. Intrapreneurship and the global business environment

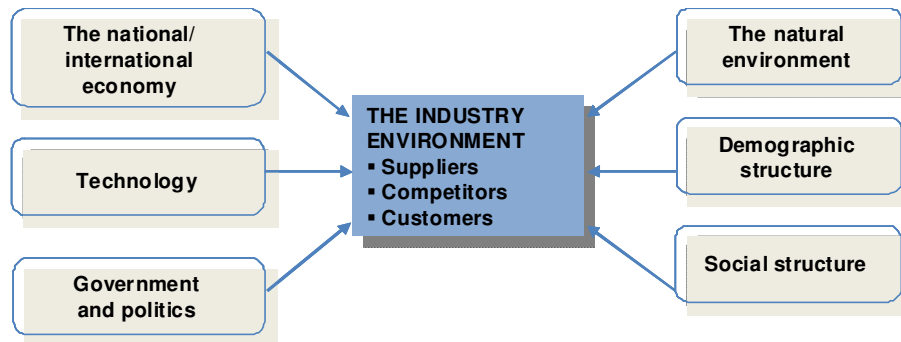


Figure 61: Macro and industrial environments according to Grant (2005:68)

Technological developments can trigger changes in the products and structures of suppliers and competitors. A change in society’s values and life styles can have a big influence on consumers. Changes in political and legal framework conditions could, for example, create barriers to market entry or promote the formation of strategic groups. Trends in the macro environment also influence the general expectations within the industry.

Therefore, many entrepreneurial decisions involve information from the macro and micro environment being collected and integrated and then processed. For example then, for the technology segment (Narayanan 2001:21-58,201-213), general technology-relevant information, trends, and the effects for one’s own organisation must be observed and evaluated (Narayanan 2001:202)¹⁹⁰ at the macro level in order to recognise whether and when one’s own key technologies have to be removed (see figure 62).

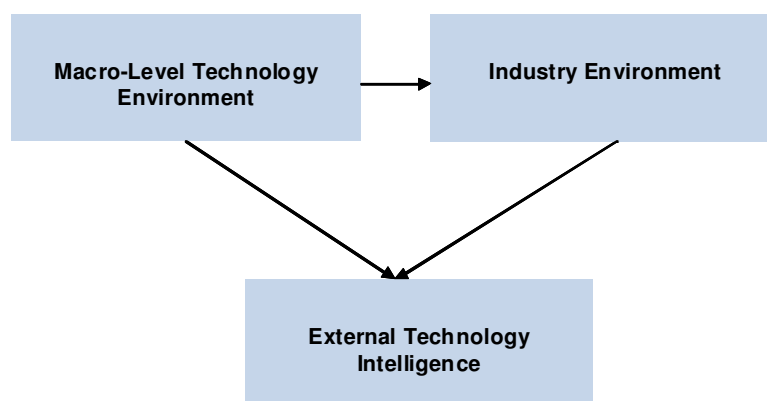


Figure 62: Technology intelligence according to Narayanan (2001:206)

¹⁹⁰ Narayanan (2001) describes the collection of information from the technology segment for strategic decisions as technology intelligence. Where the analysis focuses on technological developments outside of the organisation, he speaks of external technology intelligence. The specific situation of the company determines the relevance of additional internal technological developments and the associated internal observation of technology.

In doing this, time delays between findings of basic research, application-orientated research projects and possible applications to products and markets must be taken into account. At the micro level (Narayanan 2001:210-213), technological developments that directly influence the company's own sector have to be taken into account. In this context, the sector type and its maturity should be taken into account. Narayanan asserts that the observation of technology, particularly in knowledge based industries, is of great significance. Whereas in new industries, a wider focus should at first be placed on observing technology in order to unearth new opportunities, the emphasis in mature industries has to be on the search for process innovations and signs of threats to the industry by new technology. The application of the technologies in the organisation's operations then places the focus on the internal business environment. Thus, it is useful to look in the following chapter 3.2.2.4 at some theoretical constructs of the internal environment.

3.2.2.4 Analytical framework for the internal business environment

Mintzberg (1993:9-19) describes the internal business environment of an organisation with reference to five elements¹⁹¹ (see figure 63). Subsequently, the operating core of employees build the basis of an organisation. The latter would perform the fundamental tasks in the production of goods or services. Because of the increasing complexity of large organisations, the operating core has to be directed by middle line managers and the organisation as a whole, by top managers (strategic apex). In addition, staff (analysts) who improve the standardisation and coordination within the growing organisation (technostructure) and staff who deliver indirect services within the organisation (support staff) are required. The operating core purchase factors of production, convert inputs into outputs in the production process and sell the products and services. Top management has responsibility for the organisation as a whole and achievement of targets in accordance with the prescribed mission. For this, the internal business environment, external relationship management as well as decisions of the organisation are shaped taking the external business environment into account.

¹⁹¹ This organisation model assumes basic central structure planning by top management.

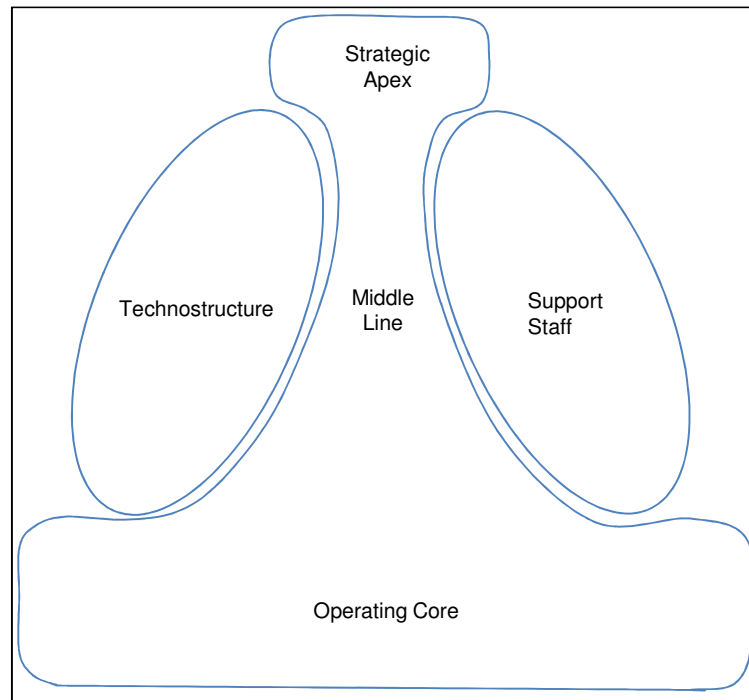


Figure 63: The five basic elements of an organisation according to Mintzberg (1993:11)

A requirement for the development of consistent strategies for the organisation's communication with its external environment is an understanding of the business environment. The required adaptations and actions would not shock the internal organisation.

Middle line managers communicate within the hierarchy via their own interfaces, develop agreed strategies for their own areas, have coordination tasks and undertake direct leadership of the operating core of one or several organisational units. The company analysts design the organisation structure and the core work. This is done, on the one hand, for the organisation to adapt to changes in the external business environment and on the other hand, to increase efficiency.

Efficiency improvements are achieved through the standardisation of work processes, products and services or by training staff within the organisation. Service facilities work independently from the actual performance process and deliver specific services for the organisation.

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Mintzberg uses his five organisational elements to present five approaches about the functioning of an organisation and these together convey an impression of the complexity of the internal business environment.

Within an organisation, there are (1) formal organisational units, positions and formal authorities for the direct management of employees and (2) for activities regulated by standardisation. In addition to this, there is (3) an informal communication and power structure, (4) clusters for task resolution and (5) ad hoc decision processes that span all the elements. All five approaches together define the internal business world of an organisation (see figure 64).

The total model can make a fundamental contribution to the understanding of the internal business environment so that in further steps, the activities within the organisation structure can be more sharply focused.

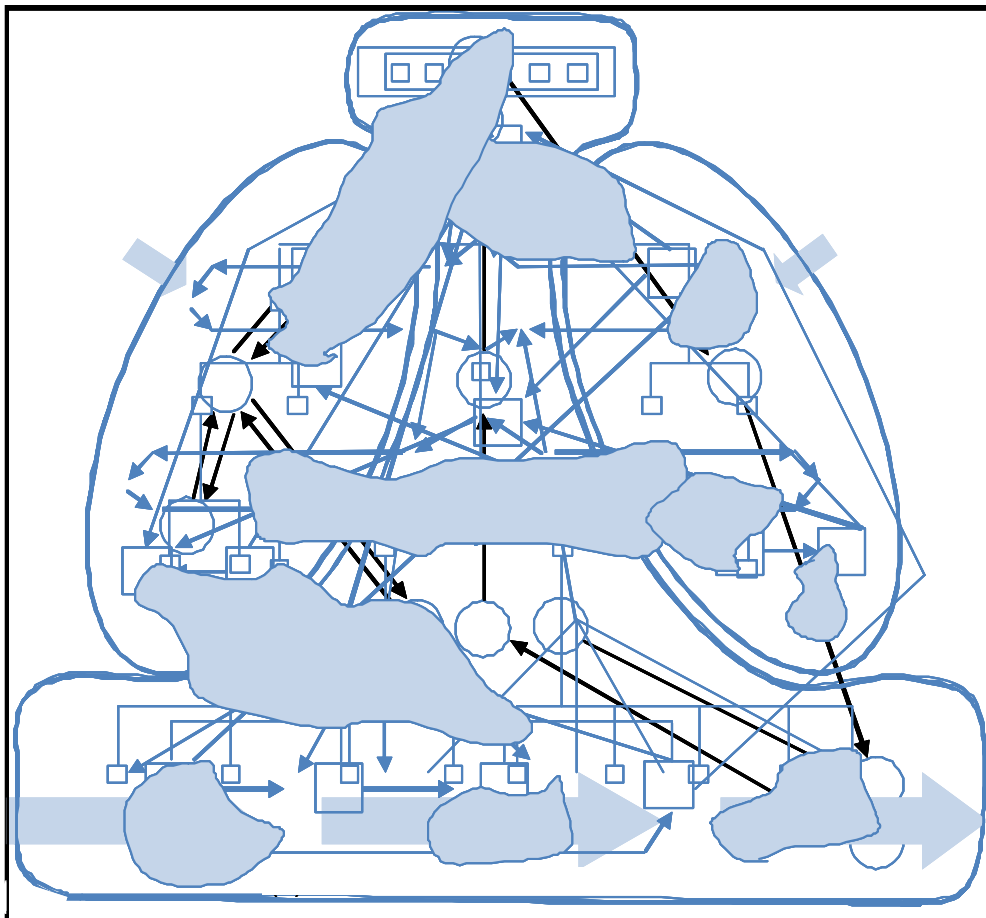


Figure 64: The internal business environment according to Mintzberg (1993:22)

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Porter (2004b) describes the internal business environment with reference to the activities that are necessary for development, production and sale of the strategically relevant products and services. He categorises the activities of an organisation into primary and supporting activities (see figure 65). All activities taken together represent the value chain of an organisation. By referring to the value chain of an organisation, it is possible to analyse the strengths and weaknesses of a company within the internal business environment in relation to the competition. Where activities are carried out less expensively or better in comparison to the competition, competitive advantages accrue.

An entrepreneurial organisation must have a clear picture of its own core competencies. It must identify and develop resources and skills that form the basis of competitive advantage and take on a central role in competitive strategy as well as in the realisation of entrepreneurial opportunities (Venter 2006:148-175). The value chain (Porter 2004b:33-61) forms the basis of an analysis¹⁹² of the strengths and weaknesses of an organisation. Porter focuses on those individual activities of a business that are necessary for every business. For every activity, there must be an examination of what difference is being made and the cost. Consistent configuration of the individual activities then defines the strategy and the independent system of a company.

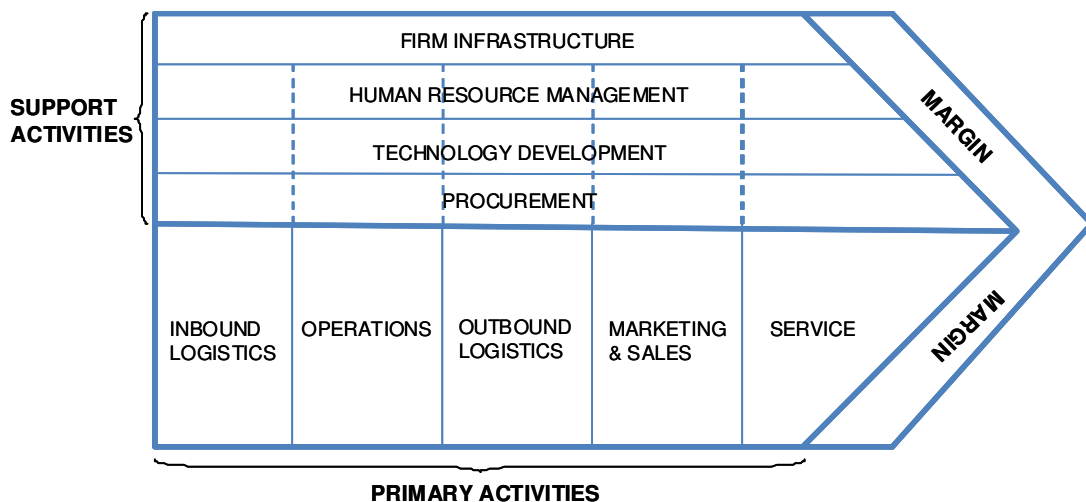


Figure 65: The internal business environment as a value chain of activities according to Porter (2004b:37)

¹⁹² Palmer and Hartley (2002:485) names, for example, the following as instruments for an internal audit: gap-analysis, finance analysis, product portfolio analysis, marketing mix analysis, marketing organisation.

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In this way, it becomes clear that all actors in a business are part of the strategy and that such a configuration can be a sustainable source of competitive advantages. With the focus on activities, strategies could be developed for the achievement of synergies between different businesses, locations or also for the transfer of knowledge as between different entrepreneurial activities. A company's competencies would become effective as a result of the activities. Porter's process view of the business for the generation of customer benefit offers a good starting point for the observation of the internal business environment. Bearing in mind the entrepreneurial activities in a dynamic and complex business environment, more emphasis must however be placed on aspects of strategy implementation and change.

According to Hammer (1997:221-236), companies can be defined in particular by their processes, i.e. by organised tasks that they are able to do best. Efficient processes can then be used as a basis for the development of new products and services or for the exploitation of new markets. Existing processes in existing businesses can be improved or expanded and new processes for existing or new businesses can be developed. Efficient processes can also be offered as services to other companies and customers. The processes should be designed in such a way that customer wishes can be satisfied in a flexible way. Hammer describes the internal business environment using four central elements: company processes, organisation structure with jobs, management and evaluation systems, expectations of value and beliefs (see figure 66).

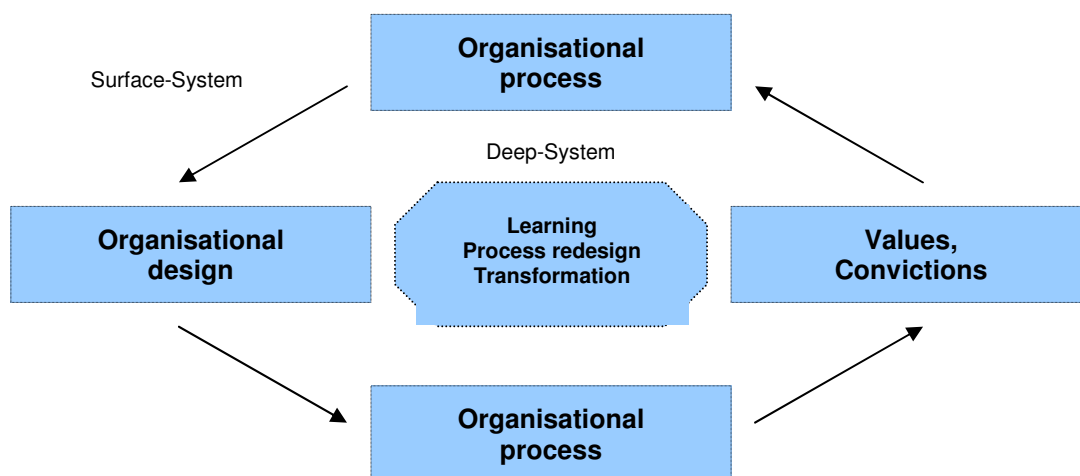


Figure 66: The internal business environment with structural and deep system as per Hammer 1997:246-248

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To secure long-term competitiveness, change processes must be put into place which enable an organised adaptation to changes in the external business environment (Hammer 1997:240)¹⁹³. The process-centred business system outlined above with its four elements is described by Hammer as a structure system that must be adapted when there are changes to the external business environment.

Adaptation of the value-creating structure system is controlled by a deep system (Hammer 1997:247-257)¹⁹⁴. The deep system is then responsible for realising changes in the external environment and steering the transformations and innovations that are necessary in the organisation. The deep system is said to be defined by the three processes of learning, process re-design and transition. The learning processes identify, evaluate and communicate information from the external environment. The actors have to be active in the structure system and at the same time, think about the resolution of tasks in the deep system. New ways of working then come about and these must be integrated into the process re-design and introduced into the structure system via the transition.

Rüegg-Stürm (2004) also defines value-creation from resources within the internal business environment (see figure 67) with reference to process architecture with management processes, business processes and support processes. The structuring factor strategy, structure and culture should steer the activities and resources towards certain effects and results. The strategy is said to have a directional function, whilst the structures have a coordination function and the culture, a function of creating meaning. Culture can ensure that the individual actors act and react for the good of the whole.

The optimisation and innovation modes of development are the two fundamental templates of entrepreneurial change processes. Within the framework of entrepreneurial development, the phases of optimisation with incremental change would alternate with the phases of innovation with radical change. The structuring factors can then be described as a central lever for intrapreneurship.

¹⁹³ Hammer asserts that a fragmented hierarchical organisation structure is not suitable for the realisation of dynamic changes in the environment.

¹⁹⁴ Hammer emphasises that actors who design the change process must demonstrate a creative drive for improvement and a holistic orientation.

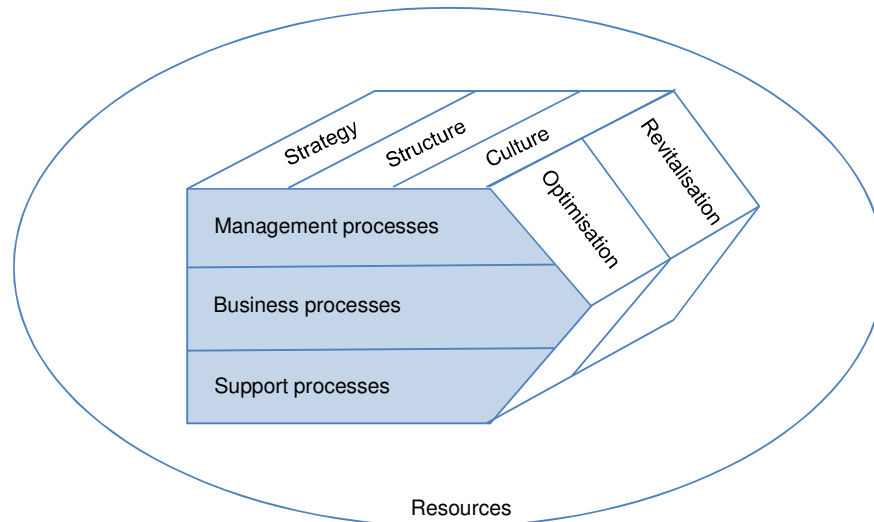


Figure 67: Internal business environment according to Rüeegg-Stürm (2004:125)

According to Child (2005) the collective activities are determined by an adaptive and emergent design of an organisation's components (see table 5). Resources and actors can then be directed via structural process components from all parts of the organisation in such a way that organisational objectives can be achieved, even in a permanently changing environment.

In terms of the structural components, he makes a distinction between the basic structure with agreements about hierarchy and specialisation, and procedures with rules, standards, processes and systems. Existing procedures have to be changed if external change demands flexible adaptation of the organisation or innovation. In terms of systems, there must be a system of signals to recognise the need for adjustment.

In terms of process components, Child (2005) defines three fundamental organisation processes: integration should achieve the coordination of complementary activities. A control system sets targets and checks achievement of them, although it is also possible to have self-checking while at the same time committing to collective targets. Reward mechanisms support motivation in order to attain individual contributions to the organisation as a whole, to change and to innovation. Overall, there must be direct communication, an intensive exchange of information, active coordination and productive relations between the divisions of the organisation.

Structural components	Processual components	Boundary-crossing components
<i>Basic structure</i> Hierarchy: levels, authority (centralized versus decentralized), reporting lines Specialization: roles, groups, and units <i>Procedures</i> Rules and standards, systems	Integration/ Coordination Control Reward	Outsourcing Virtual organisation Alliances Organisation across borders

Table 5: Components of organisation according to Child (2005:7)

According to Child¹⁹⁵ synergies must be creatively and proactively pursued within and between organisations that go beyond the relevant divisional and company boundaries and networks, and relations have to be developed and nurtured. An entrepreneurial culture can help in shaping network relationships. In interplay between global and local orientation, global networks can promote flexibility, innovation and cooperation within the organisation. The analysis of problems that occur¹⁹⁶ within the organisation can provide important indications for what adjustments are necessary to the configuration of components.

Child (2005:29-51) talks of important implications for the design of the components of an organisation that are dependent on trends in the business environment. Globalisation offers many organisations the opportunity to achieve economies of scale or diversification in new overseas markets. Resulting from this, there are consequences for the coordination and reconfiguration of company resources. Technological developments influence communication and information and enable efficient local and global network and project structures. However, the latter should be coordinated by a strong company identity.

¹⁹⁵ According to Child (2005), entrepreneurial decisions have to be taken about outsourcing of activities, the forming of alliances, the shaping of virtual organisations as well as cross-border networks.

¹⁹⁶ Child (2005:17-21) cites: low motivation of actors, slow and unsuitable decisions, deficits of coordination and conflicts, poor reaction to changes in the business environment and few entrepreneurial activities, increasing costs.

3. Intrapreneurship and the global business environment

Within the organisation, learning processes must be supported in existing and new businesses and interdisciplinary teams must be promoted. In this process, existing businesses must be operated differently, like new businesses and these need to be designed more flexibly. It is important to develop the ability to continuously adapt the components of the organisation in response to changes in the business environment. With this, relating analyses to the internal and external business environment (see Chapter 3.2.2.5) in a global context (see Chapter 3.2.2.6) becomes the focus of an entrepreneurial organisation

3.2.2.5 Linking analyses to the external and internal environment

If one is to be able to exploit and identify opportunities and threats coming from the business environment by applying strategies, the latter must reflect the strengths and weaknesses of the organisation. This method of developing entrepreneurial strategies is described in the literature (Kotler et al 2003:169-172, Morrison 2006:31-33, Venter 2006:150, Worthington and Britton 2000:456-458, Bea and Haas 2005:121) as a SWOT¹⁹⁷ analysis (see figure 68). The objective is to adapt the organisation as well as possible to events in a turbulent business environment.

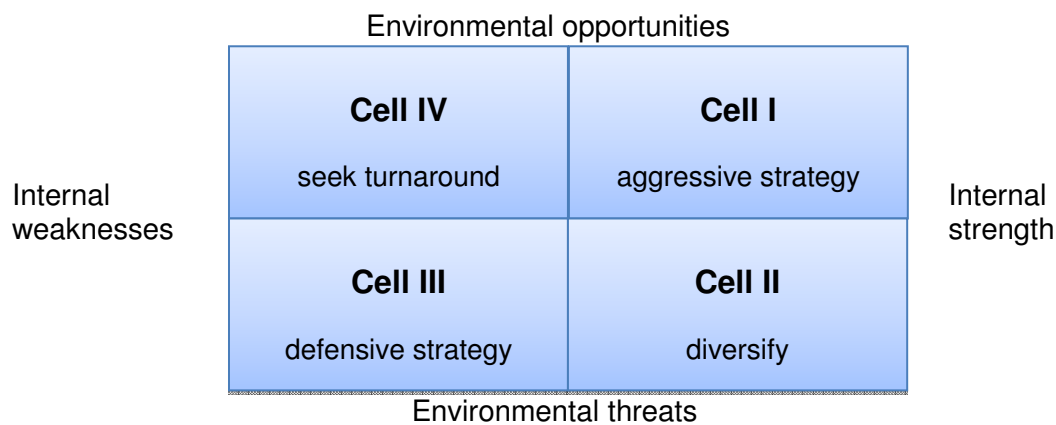


Figure 68: SWOT analysis as per Forgang and Einolf (2007:208)¹⁹⁸

¹⁹⁷ The acronym SWOT is used as an aide-memoire for **strengths**, **weaknesses**, **opportunities** and **threats**.

¹⁹⁸ The SWOT analysis (see also Wheelen and Hunger 1999:107-129) diagram classifies products on the basis of internal strengths and weaknesses as well as the opportunities and risks in the external business environment in a four field matrix. Products in cell I should be pursued as a priority (aggressive strategy) and resources should be steered into this area so that external opportunities can be used. Products in cell II (diversified strategy) are based on internal strengths, but have no attractive market so that a great number of resources should not be established for this area. Products in cell III (conservative strategy) have no strategic priority and should not be pursued further. Products in cell IV (searching strategy) have an attractive market but are not supported by internal strengths. Development of the necessary strengths should be checked as a strategic option in order to be able to achieve sustainable handling of the market.

3. Intrapreneurship and the global business environment

Ansoff (2007:10-28) examines the relationship of the organisation with its business environment in terms of an *open loop*: the organisation reacts to effects of the business environment in such a way that the business environment, the strategic reaction of the organisation and the internal adaptation of the structure are closely related to each other. Subsequently, the entrepreneurial organisation becomes efficient in its internal business environment, is aggressive in relation to the external business environment using entrepreneurial activities and this is combined with a strong orientation towards success. Within this context, Ansoff speaks of *environment serving organisations* and these have a strong orientation towards securing viability.

The analysis¹⁹⁹ of the internal and external business environment leads to an entrepreneurial gathering of information which enables opportunities and threats to be identified and reflected against the strengths and weaknesses of the organisation (see figure 69).

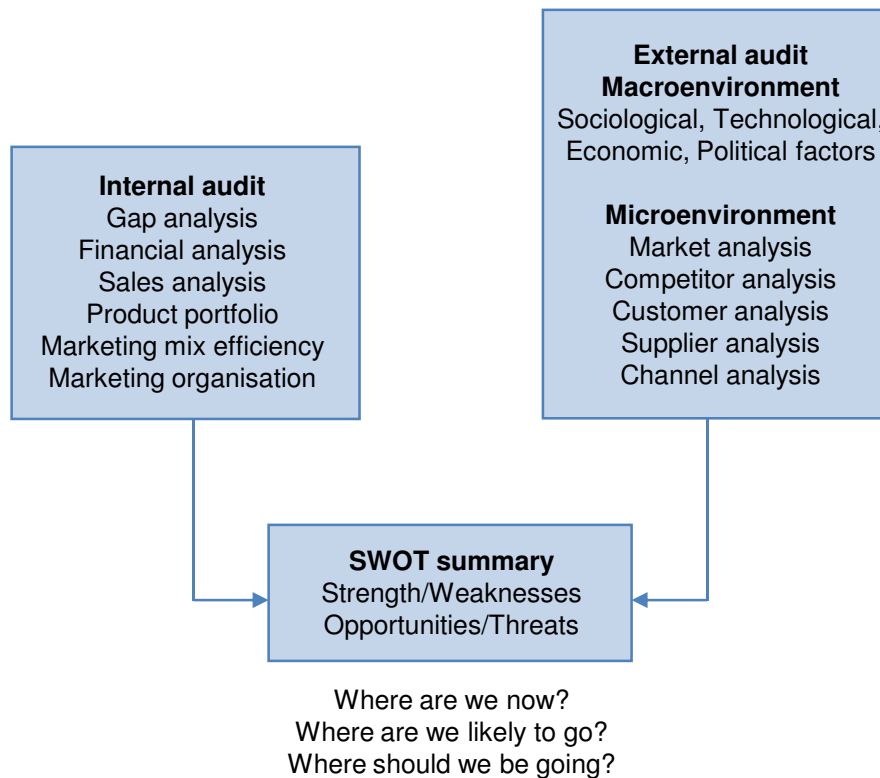


Figure 69: Identification of internal strengths and weaknesses and external opportunities and risks from the business environment as per Palmer and Hartley (2002:485)

¹⁹⁹ For a description of analytical techniques see for example Johnson and Scholes (1993:75-152), Worthington and Britton (2000: 453-459), Palmer and Hartley (2002:468-483).

3.2.2.6 Levels of analysis for the global business environment

The entrepreneurial organisation has to analyse the business environment on various geographical levels. In a global economy and in terms of securing long-term viability, it is important for an organisation to follow the development of the global economy if it is to be able to evaluate opportunities and risks and the effects of its entrepreneurial decisions. Graf (2005:330-332) also believes that information about supranational economic regions (see for example Melnikas 2008) is necessary in order to make strategic decisions. Bearing in mind the achievement of short-term viability and individual entrepreneurial activities, it is particularly important to examine markets, industries and national economies (see figure 70).

Graf suggests an inside-out perspective as a starting point for adapting the organisation to changed framework conditions and its positioning in the environment; this has to be supplemented with an outside-in perspective that bears in mind future developments in the business environment, enabling specific entrepreneurial activities to be planned. With this, it becomes clear that systems thinking and systematic consideration of the interplay between various system levels are of great significance when analysing the environment. In this way, relevant analyses appropriate to existing entrepreneurial questions and/or problems can be carried out on a global level, on the level of economic regions, on country levels and also on a regional level.

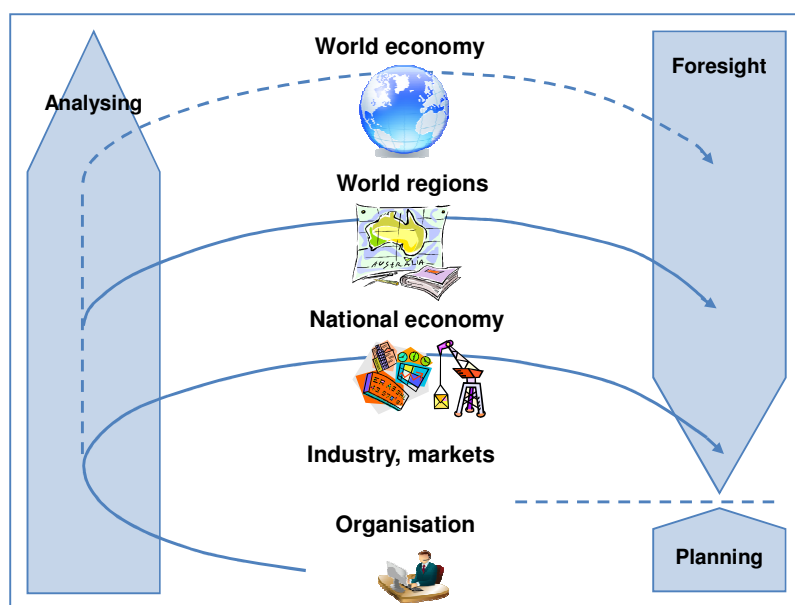


Figure 70: Business environment levels of analysis as per Graf (2005:331)

Kolde (1982) was calling for this global perspective some 30 years earlier. The global economy with its complex system that stretches beyond national boundaries has attained a new dimension and comprises a complex hierarchy of systems. The domestic economic system comprises public and private enterprises which, in turn, consist of sub-systems such as branches, departments, cost centres or teams. Added to this, there are professional bodies and associations as well as trades unions, interest groups and sub-systems which connect the economic system with other social systems. Each sub-system is then a component of a higher system. The exchange between the system in question and the environment takes place via inputs and outputs.

All connected national economic systems together form the international economic system and this international economic system is made up of the following five components (Kolde 1982:6)²⁰⁰:

- (1) Economic systems of the various countries;
- (2) Institutions which support exchanges that go beyond national boundaries (e.g. financial institutions);
- (3) Global companies;
- (4) International organisations that are an element of the world economy²⁰¹;
- (5) Supranational economic regions.

The operational fields that are relevant for an organisation within the network of international economic systems are determined by taking into account the entrepreneurial questions selected so that it is possible, in principle, to bring the whole world into focus for the entrepreneurial organisation. Each change in the business environment offers entrepreneurial organisations the chance to benefit from change by adapting. In turn, it is also necessary to analyse and understand the business environment at the level of individual countries to take an integrative perspective in developing entrepreneurial strategies on the basis of global market interdependence and national regulatory conditions (Wijen and Tulder 2011).

²⁰⁰ He describes the modern world as a mosaic of connected national states in which global enterprises are active beyond their own borders. Fuchs and Apfelthaler (2009) describe these transnational value creation and market development processes in detail.

²⁰¹ Today, these include the World Trade Organization (WTO) or the International Monetary Fund (IMF). For perspectives of a new world order see Müller (2008).

3. Intrapreneurship and the global business environment

Global entrepreneurial organisations operate, thus, in various local business environments in which there are different rates of change²⁰². Individual components (sub-systems) of the business environment may demonstrate a global dimension, whilst others are firmly anchored in national systems. Because of this, the socio-cultural segment stands out as a particularly country specific element²⁰³. According to Narayanan, it is particularly important to examine the economic and technological area, including in a global dimension (see figure 71).

The global economy is divided into various economic areas and these, in turn, into individual economies. Much of the literature (Rugman and Collinson 2006, Dülfer and Jöstingmeier 2008)²⁰⁴ often describes the three largest economic areas in the world (USA, EU and Japan) as the Triad and is separated from the other economic areas. Canada and Mexico are often included in the USA economic area and together with the USA, form a free trade zone²⁰⁵.

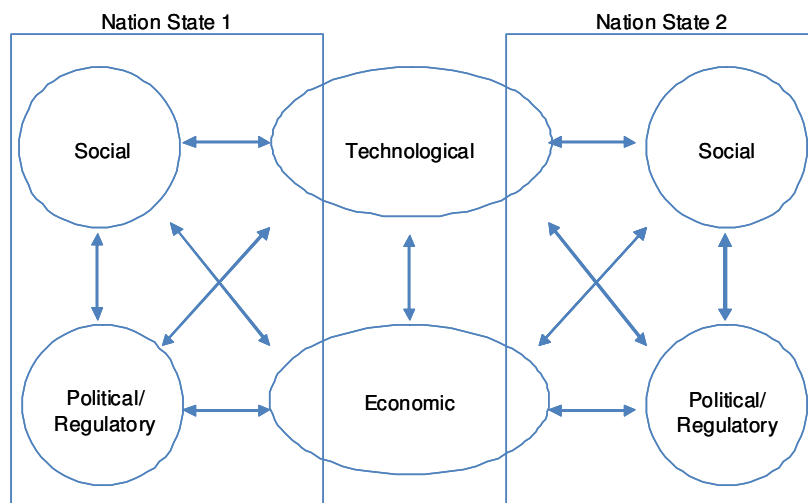


Figure 71: PEST analysis framework for a global company as per Narayanan (2001:25)

²⁰² According to Kolde (1973) it becomes important to not only see differences in various national environments, but rather to take account of the various change dynamics there and to consider these in their own entrepreneurial activities.

²⁰³ For cultural dimensions of the business environment see Tepstra and David (1991:1-126) and Hough and Neuland (2000:71-95). As well as adaptation of business to markets in other cultural contexts, one must also ask what can be learned from other cultures for the home country and for entrepreneurial activities overall.

²⁰⁴ For the evolution of the three large economic areas see Sheth and Sisodia (2006). With long-term global trends in mind, Sheth and Sisodia outline trends in the integration of global economic areas. Thus, an expansion of the EU eastwards and southwards to South Africa is to be expected. The USA would strive for integration with South America. Southern Asia strives for a free-trade zone. Japan and China would strive for integration with Australia and New Zealand.

²⁰⁵ NAFTA: North American Free Trade Agreement

3. Intrapreneurship and the global business environment

The Common Market of the European Union currently consists of 27 countries²⁰⁶. The Triad markets form the largest operational field and the companies in the Triad, with exports, imports and foreign direct investment (FDI), make for an increasingly networked world economy. Triad companies are mainly investing at the moment in other regions of the Triad or in regions that are geographically close²⁰⁷. The operational field of non-Triad members²⁰⁸ can be divided into these economic areas:

- Central and eastern Europe (non EU countries)²⁰⁹;
- Africa²¹⁰;
- South and East Asia²¹¹;
- Western Asia²¹²;
- Latin America and the Caribbean²¹³.

According to Rugman and Collinson (2006:570-571), the networking of the global economy has an additional dynamic, since global companies in the Triad will increasingly pursue entrepreneurial activities in non-Triad economic areas (see figure 72).

²⁰⁶ **Belgium, Germany, France, Italy, Luxemburg, the Netherlands**, Denmark, **Ireland**, United Kingdom (UK), **Greece, Spain, Portugal, Austria, Finland**, Sweden (= EU-15); **Estonia**, Latvia, Lithuania, **Malta**, Poland, **Slovakia, Slovenia**, Czech Republic, Hungary, **Cyprus** (= EU-25); Bulgaria, Romania (=EU-27). Countries in bold use a common currency, the Euro.

²⁰⁷ For further information see, for example, World Investment Report of the UNCTAD (United Nations Conference on Trade and Development: www.UNCTAD.ORG/WIR).

²⁰⁸ There are various other delimitations for country groups in the literature and according to international institutions. For example, emerging countries and developing countries are separated from the developed nations (see also Dülfer 1997).

²⁰⁹ Central and Eastern Europe currently receives 6,3 % of global foreign direct investment – FDI (World Investment Report 2010:6).

²¹⁰ Africa receives 5,3 % of global FDI (World Investment Report 2010:6). Some economies have a large wealth of resources. The developing economic area of Southern Africa (SADC - Southern African Development Community) comprises: The Congo, Tanzania, Angola, Zambia, Malawi, Mozambique, Zimbabwe, Madagascar, Mauritius, Namibia, Botswana, South Africa, Lesotho and Swaziland.

²¹¹ Together with the Middle-East, this economic area receives the highest FDI outside of the Triad (currently 20,9 % of global FDI – see World Investment Report 2010:6). This economic area comprises China, India and the ASEAN nations (Association of South-East Asian Nations) Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Singapore, Thailand and Vietnam. The growth and development dynamic is sustained in particular by the opening up of international trade and exports to Japan and the EU.

²¹² The growth dynamic and improvement in living standards in this economic area with 6,1 % of global FDI (World Investment Report 2010:6) is sustained from income from oil.

²¹³ Latin America and the Caribbean currently receive 10,5 % of global FDI (World Investment Report 2010:6). The ANDEAN COMMUNITY economic area comprises Bolivia, Columbia, Ecuador, Peru and Venezuela. The MERCUSOR economic area comprises Argentina, Brasil, Uruguay and Paraguay with associated members Chile, Bolivia, Peru. In the future, there is to be a free-trade agreement between North America, Central America, South America and the Caribbean.

3. Intrapreneurship and the global business environment

	Triad firms in non-triad regions	Non-triad firms in triad regions
Market-seeking	Growing disposable incomes and growing markets; potential future lead markets	Large, mature markets; large disposable incomes; home-base of many client companies and flagship firms
Resource-seeking	Cheaper (sometimes better) labor, land, resources, materials, and/or suppliers	Specific technological expertise and managerial capabilities; specialist suppliers; capital

Figure 72: Entrepreneurial opportunities in Triad and non-Triad regions as per Rugman and Collinson (2006:571)

In this way, new markets will be created and grow and, at the same time, new opportunities for gaining resources will come into being (see Tracey and Phillips 2011). Conversely, global companies from the non-Triad areas will aspire to entrepreneurial activities within the Triad²¹⁴. In particular, mature markets and the purchasing power of potential customers offer many entrepreneurial opportunities in terms of sales. In terms of buying, new competencies and technologies can be acquired. Graf (2005:247) requires actors in a global economy to direct and organise themselves on a local-global axis. On the one hand, globalisation and global networking require a global entrepreneurial perspective. On the other hand, at the level of the national economy and in terms of actual entrepreneurial activities, it is particularly important to take the specific local framework conditions²¹⁵ into account (see figure 73).

²¹⁴ According to Raman (2009), five fundamental changes starting from developing countries would become effective: (1) Developing countries with Brasil, China, India and South Africa at the head could, by strengthening domestic demand, remove themselves from the economic development in developed countries and develop attractive market segments; (2) Family businesses and public companies with long-term strategies and entrepreneurial managers facilitate future-oriented companies in the developing countries; (3) Companies from China, India, Russia or other developing countries pursue internationalisation strategies by acquisitions and are attractive cooperation partners for global companies from the developed countries when opening up new markets in developing countries; (4) Products following the principal of sustainability (Grunwald and Kopfmüller 2006, Meyer 2008, Ekardt 2005) could demonstrate great entrepreneurial potential in the economy of the future and particularly in the emerging markets; (5) Multinational companies make use of the great future market potential in Africa.

²¹⁵ Depending on the specific situation, natural and geographical conditions can have great relevance for the viability of an organisation. The influence of natural factors is described, for example, by Dülfer 1997:277-306.

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Demographic Characteristics <ul style="list-style-type: none"> • Geography • Population • Health/Illiteracy • Technology • Important home pages 	Loanable Funds Market (Interest Rates) <ul style="list-style-type: none"> • Central bank name • Money supply • Gross saving/GDP • General budget deficit or surplus/GDP • Interest rates
Real Goods Market and Labor Market <ul style="list-style-type: none"> • GDP/Income distribution • Labor force • Inflation rate • Leading economic indicators 	Foreign Exchange <ul style="list-style-type: none"> • Currency: Code • Exchange rate • Exchange rate system • Balance of payments

Figure 73: Conceptual framework for an analysis of countries as per Marthinsen (2008)

In practice, there are many overlaps between the different geographical levels of analysis. The exchange between the system levels in the business environment, in particular between a global and local perspective (see table 6), can help entrepreneurial organisations to achieve the required adjustments to changes in the environment. Kanter (2011) describes such a move across a continuum of perspectives with the *Zoom in* and *Zoom out* metaphor to bring details into sharp focus as well as to map the whole territory to identify emerging threats and opportunities.

Dimension	Global environment	National environment
Economic	Global and regional economic integration; globalisation of production	National economic systems
Cultural	Media and internet penetration; consumer society and global markets	National and subnational cultural, including linguistic and religious, groupings
Social	International division of labour; international migration	National and subnational social groupings, for example family and ethnic groups
Political	International and regional political interdependence and integration	National political systems; political parties in pluralist states
Legal	International law and practice (in, for example, human rights and environment); international tribunals	National legal systems, including national legislative processes and national judicial systems
Trade and competitive	Multilateral trade agreements (for example GATT); multilateral organisations (for example WTO); regional trade groupings	National strategic trade policy; bilateral trade agreements
Technological	Global R&D by transnational corporations and international bodies	National innovation systems
Financial	Global capital markets; international institutions (for example IMF and World Bank)	National financial systems, including banks and other financial institutions
Ecological	Climate change; international regulation	Resource depletion; environmental degradation; national regulation; national energy policies

Table 6: The global and national environment according to Morrison (2006:449)

3.2.3 Comment: Understanding the global business environment

A holistic understanding of the global and dynamic business environment is important for the consideration of the business arena for intrapreneurship. The literature analysed in chapter 3.2 gives a full picture of the whole business environment (see chapter 3.2.1.2) as well as a focus on the segments of the external macro and micro environment and the components of the internal, organisational environment (see chapter 3.2.2).

The role and character of intrapreneurship depends on the nature of the business environment. Thus, it is necessary to focus on understanding of the uncertainty arising from complexity and dynamism (see chapter 3.2.1.1). In a global business environment the cultural peculiarities in the global operational fields define business opportunities as well as the specific framework conditions for design of an entrepreneurial organisation in a specific cultural context. Thus, the knowledge about and for specific cultural situations has to be considered (see chapter 3.2.1.3).

Understanding and analysis of the levels of the global business environment (see chapter 3.2.2.6) is a requirement for identifying and pursuing entrepreneurial activities. Thus, chapter 3.2 lays the foundation to integrate the theoretical concepts in a framework with four dimensions (see analysis in chapter 4.1 and synthesis in chapter 5.2) for further exploration of the interaction between organisation and the environment (see chapter 3.3), the analysis (see chapter 4) of the entrepreneurial tasks identified (see chapter 3.4) and model building for holistic intrapreneurship (see chapter 5).

Explanations of the business environment already show that the interplay between the organisation and the environment is of great significance and that an analysis of the interaction should also include a systems approach. The following chapter examines some systems approaches and theoretical concepts.

3.3 Organisation, Environment and Systems Thinking

Chapter 3.3 looks at the interaction between the organisation and the external business environment and summarizes some major concepts of systems thinking. It shows that it is valuable to consider the organisation as an open system and to take a broader look at the networking of the total system (see chapter 5). Global companies operate in various business environments and many of these business environments are in a state of permanent change. It is critical for the organisation to adapt proactively in these dynamic framework conditions if it is to secure its viability. In order to be able to shape its own change in a focused way, global companies must observe and understand their dynamic and complex environments as well as possible. In doing this, it is important not only to analyse the individual elements of the business environment, but also to keep fully in mind the networking between them and their relationship to the organisation.

The complexity of the internal division of labour within the organisation must also be organised in a focused way. Due to the many technological developments and the complex social structures in the global economy, it appears to be an absolute necessity to have a holistic approach²¹⁶ within management and to see the individual parts as being connected to a coherent whole. The literature²¹⁷ gives a whole range of theoretical concepts and methods for systems thinking (Ramage and Shipp 2009). As well as the basic aspects and ideas, organisation cybernetics provide fruitful findings on the discussion about intrapreneurship in a dynamic business environment²¹⁸. Systems approaches seem to be crucial for the shaping of future-proof entrepreneurial organisations in complex and dynamic environments.

²¹⁶ An introduction to the origins of systems thinking in various disciplines can be found for example in Jackson (2000:43-89). Miller (1995:1) states that the various systems theories are very different. As a general starting point, he defines the object as being to organise the findings of different scientific disciplines within one uniform conceptual structure.

²¹⁷ Important ideas and methods from the systems approach in management can be found in Malik (1992), Haines (1998), Jackson (2000), Gharajedaghi (2006). A brief introduction to systems theory approaches in management is also given by Steinmann and Schreyögg (2005).

²¹⁸ Burns and Stalker (2001:119-125), distinguish the mechanistic and organic management system as polar types which have advantages, depending on the environmental situation. In stable business environments, the mechanistic management system is said to be more appropriate and in times of extensive change in technological and economic conditions, there has to be a more organic management system. Organisation types between the polar extremes can also be suitable for specific environmental situations.

3. Intrapreneurship and the global business environment

Systems thinking can, for example, be implemented when developing the necessary mental models (Senge 2006:163-190) of a global business environment that is continuously changed by competition and technological developments. It helps with the understanding of complex organisations and the interaction between the organisation and the business environment; it also helps to make future-oriented entrepreneurial decisions and to solve problems (Hipel et al 2007). These approaches (see Jackson 2000) dictate that organisations are seen as open systems that are proactive in relation to the business environment (see figure 74). With this perspective, changes in the environment can be identified by active monitoring and the input-output relationship of the organisation vis-a-vis the environment can be shaped in an active fashion.

According to Duncan (1975), the business environment is an integral part of reality for organisations. The organisation system is composed of (1) several sub-systems that interact with the environment, (2) one or more boundaries that separate the organisation from a superordinate peripheral system and (3) a process that transforms external inputs into outputs which are then, in turn, applied to the environment. The inputs are classified as information or goods and the organisation system in this illustration consists of three central sub-systems.

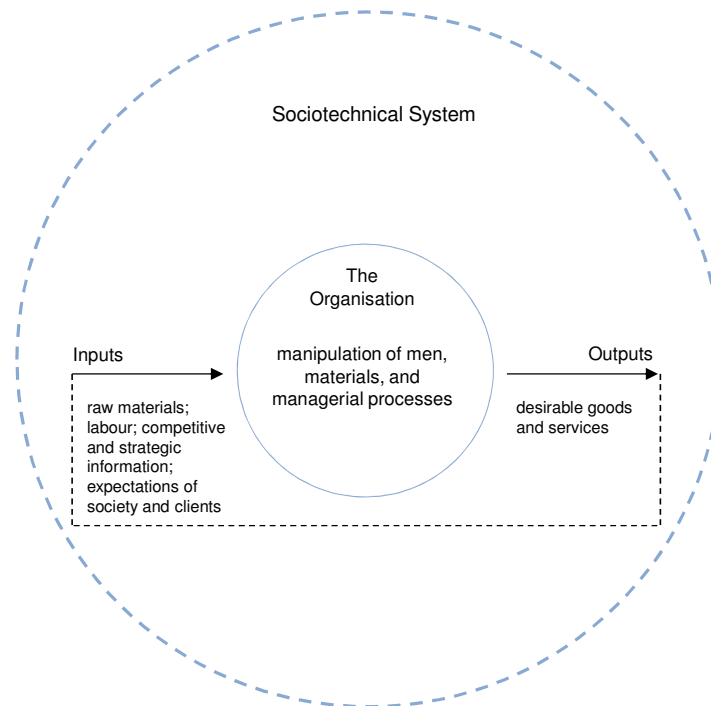


Figure 74: The organisation as an open system as per Duncan (1975:70)

3. Intrapreneurship and the global business environment

The formal sub-system contains all of the actively designed structural elements of the organisation, such as task specification, the organisation chart and organisation units. The informal sub-system results spontaneously and flexibly from the interaction of the actors. The political sub-system should enable the participation of the actors in the decision-making processes and also take account of the political dimension of group behaviour. The acceptance of outputs in the environment provides important feedback which is in turn, taken on board in the organisational process (see figure 75). In the following chapters, some of the major works on systems thinking and action is presented, with a particular emphasis on the interaction between the organisation and the environment. It will become clear that the shaping of these exchange relationships is the central entrepreneurial task and can be seen as the entrepreneurial shaping of the future.

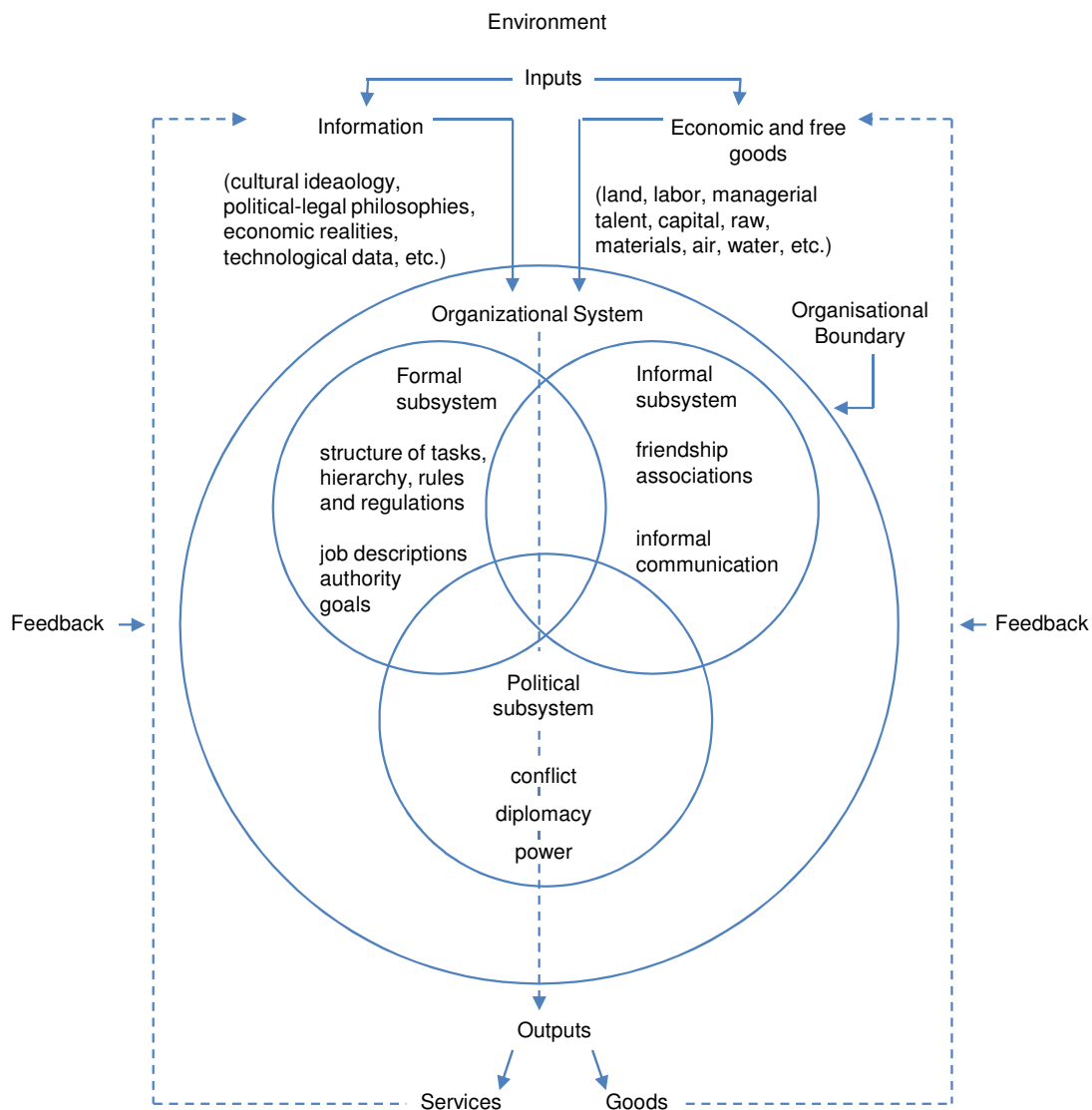


Figure 75: The organisation as an open system with three internal sub-systems as per Duncan (1975:373)

3.3.1 System and environment according to Bertalanffy

General systems theory provides us with a basic systems approach. In the work of Bertalanffy (1968:3-53), the necessity of systems thinking is derived from the interpretation of problems from various scientific disciplines. To understand many problems, it is not enough to understand the individual parts, and it is more a question firstly of the connections and the dynamic interplay of the parts defining the problem as a whole. In this context, it is worth remembering the expression that *the whole is more than the sum of all the parts*.

This is how an interdisciplinary systems philosophy²¹⁹ would shape a new world view. The world as a whole is comprised of various systems levels. The organisation exists on all systems levels. This world view would contain an explanation of the development and the origin of everything new. Social organisations would also have to be considered as living systems. The connected parts with their many interactions make the total system viable.

According to the general systems theory, all living systems are open to their environment, adaptive, deliberate, target-oriented and strive for a pre-determined situation. Bertalanffy states that central concepts for communication and control in open systems are the flow of information in respect of decisions made and a feedback schema (Bertalanffy 1968:42-43)²²⁰ that results in self-regulation of the system. This enables the system to be stabilised or controlled.

²¹⁹ Miller (1995:9) describes general systems theory as a set of connected definitions, assumptions and claims that understand reality as an integrated hierarchy of organisations.

²²⁰ The incoming message goes to an interpretation point via a receptor which forwards the message to an activated effector. The effectiveness of its stabilising reaction is registered in turn with the receptor.

He defines cybernetics²²¹ as a part of general systems theory in that self-regulation and the concepts of information and feedback as control mechanisms between the system and the environment, as well as within the system, are at the fore. A system can thus be defined as a *black box* with input-output relationships. Cybernetics is a further important premise for an in-depth discussion of the role of intrapreneurship.

3.3.2 Organisation and environment according to Katz and Kahn

Katz and Kahn (1966:86-104) also think an organisation should be looked at as an input-output system that is open to its environment. They define nine general characteristics of open systems. Open systems are dependent on a continuous supply from the business environment (1), they reorganise the input and create new products or services (2), which they then release into the business environment (3). All of these activities define a cycle of events (4), whereby open systems try to achieve a surplus from repeated activities in order to secure their viability (5). Along with this, the collection of information (feedback) about the structure of the environment is critical if one is to be able to undertake changes of direction (6). Open systems that can survive are able to achieve a consistent status. In a steady state, the system's character, the relations between the parts and the input-output rates of exchange, remain constant. The targetted surplus enables the system to grow (7). Open systems tend towards specialisation of the actors (8) and can achieve the same target in different ways and via various sources (9).

²²¹ Using the Greek word *kybernetes* (helmsman), Wiener (1992:39), gave this discipline its name. He asserts that a social system is an organisation that is similar to an individual and the organisation's individual parts can also be seen as individual organisations. The social system possesses a dynamic in which cyclic processes with feedback characteristics play a significant role. Thus, questions about the company and the economy can be examined within the context of cybernetics, since the present time can be described as an era of communication and regulation. Thus, the reception and transfer of information are of great significance. The integration of the social organisation or company via mutual understanding can work provided that the community acts in agreement. The effective transfer of information then determines the size of the group and the number of decisions that can be made in the group. Information in this sense holds the organisation together and smaller communities have more information that is available to the community than large communities. In particular, the ability to learn is a character of living systems and determines their adaptability to the environment. The following entrepreneurial tasks can be derived: Gathering and passing on of community information for the entrepreneurial control of the social system as a basis for the adaptation of the organisation to the environment, learning from experience and definition of the optimal organisation size.

When organisations are treated as open systems, this must result in companies being dependent on a continuous exchange with the environment. Due to the change in the business environment, this exchange cannot be maintained at a constant level. Should the organisation try to organise internal processes in a very stable fashion, then it would soon be realised that flexibility within the organisation is necessary to enable the company system to adjust to the changing environment²²².

Regular examination of the forces in the business environment that the organisation has an influence on, is a necessary condition if one wishes to build a viable organisation. A central entrepreneurial task is therefore the systematic collection of information relating to changes in the business environment.

3.3.3 Relationship networks according to Emery and Trist

Emery and Trist (1965:241-257) assert that the shaping of change in organisations is difficult as organisations exist within an environment that is also changing at an increasing rate and becoming increasingly complex. Accordingly, it is just as important to take care of the networking of parts of an organisation to the whole as to consider the relationships of the organisation to the environment. Emery and Trist formulate four relevant basic relationships of an open system. The first relationship network is concerned with internal interdependencies and processes. The second and third relationship networks are concerned with the mutual exchange between the organisation and its environment. The fourth relationship network relates to the interdependencies within the environment itself.

These four ideal-type networks exist in the real world simultaneously and together form an organisation-specific total network. Organisations must observe the networked events in the environment to be able to recognise general changes in the structure of the environment (network 4) at an early stage and to relate them to the other three networks. Emery and Trist present a range of total networks (types) which demonstrate, step by step, an increasing rate of networking.

²²² It must be taken into account that in open systems there are many different ways to achieve established objectives.

With environment type 1, there are no connections between the individual parts and thus the individual organisation can adapt itself as a small unit to its stable local environment. Environment type 2 is characterised by a number of stable local environments such that the individual organisation can choose optimal locations. Therefore, knowledge of the environment is important. The organisation can grow and is then increasingly hierarchically organised and centrally controlled.

With environment type 3, there are several similar organisations and thus a situation of competition arises. The quality and speed of strategic decisions and entrepreneurial reactions create new challenges. The necessary flexibility requires more decentralised decisions. Turbulent fields define environment type 4. The economic and social environments are increasingly networked. Research and development activities within organisations create competitive advantages. Uncertainties in a complex business environment increase. Orientation within the organisation results in values that are linked in with values in society. Cooperation within the organisation becomes more important.

An important entrepreneurial task for organisations at first is to see the environment as a whole so that they can understand its structure. These structures define the framework for the organisation's exchange relationships with the environment. By looking at the specific total network, organisations can shape the exchange processes with the business environment as an open system and shape the internal structures of the business as the whole of its connected parts.

3.3.4 Viable organisations according to Beer

Beer (1959:24-77,97-103,171-182,251-276) proposes cybernetics for application in management. He describes economic and company systems as having been for the previous 50 years extremely complex with a dynamic and change effect that cannot be fully described or predicted (see also Hoverstadt 2008, Malik 2008). Companies must behave in a similar way to a living organism and adapt to the changing economic, commercial, social and political environment and be able to learn from experience.

Complex systems examined in cybernetics can be described as a closely connected network of information. Using regulation and information, the industrial manager can reduce the complexity and keep the selected control variables with the desired limits. At the core of the regulation is the principle of feedback. It is important that the feedback regulator monitors all disturbances (including unknown ones) so that the system can be aligned to the defined purpose.

In order to cope with the variety in the environment there must be adequate variety²²³. Instead of an analysis of causes and effects, there has to be methods of input manipulation and output classification for the organisation system using a *black box*. A regulating mechanism is then developed from the real situation and real action is derived, in turn, from the system model – e.g. a production plan. When environmental factors change, the system model must change with them.

Beer also presents an outline of a cybernetic factory as a first part system which adapts to its surroundings (second part system) and thus achieves the end objective of survival. As well as identifying the market, it identifies the economic climate and confidence in the economic situation, these being part of the environment. Both part systems offer each other an up-to-date set of conditions which can be compared with the prevalent priority conditions at the time (see figure 76).

The regulatory function is not separable since businesses have to be understood as an integrated whole if they are to be a viable system. Decentralised regulation must at the same time be fully integrated into a higher level of the system and central regulations must operate on the lowest level. A central task of the entrepreneurial system is thus the integration of the parts of the company into a functional whole so that reality can keep pace with changed conditions. Beer (1959:264)²²⁴ describes a four-tier hierarchical system of rules that is distributed across the entire entrepreneurial system.

²²³ This requirement dates back to Ashby (1956)

²²⁴ Here he establishes that where there are divisions, the higher ranked part system must contain an image of the lower ranked one.

3. Intrapreneurship and the global business environment

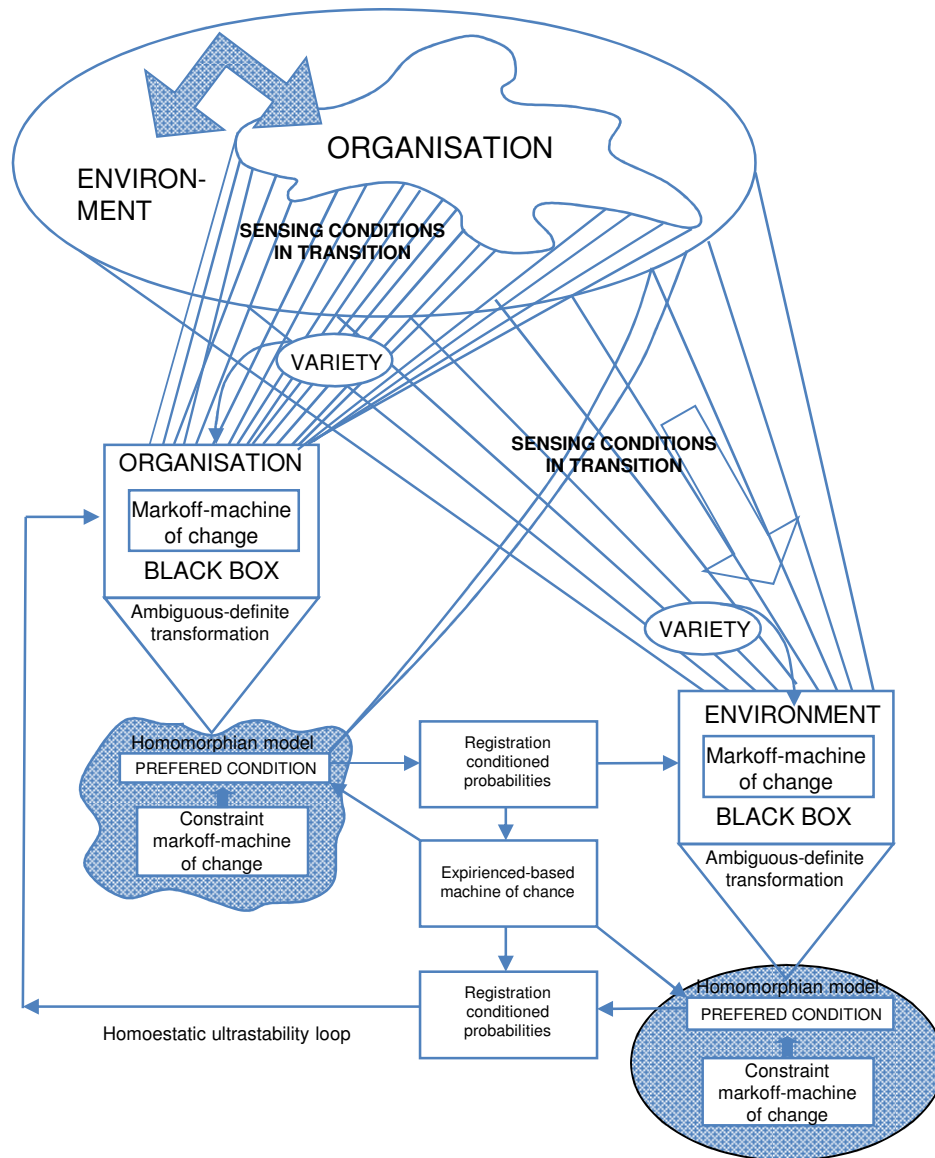


Figure 76: Business and environment as per Beer (1959:181)

Information receptors that register changes in the surroundings and behaviour effectors which define the reactions of the company to these changes, constitute the inputs and outputs of the company system in the present time (rule system 1).

As a result of taking the outside world into account in the system model, there is a reduction of variability and only important information is filtered in the model. As further elements of the present, he names (local) autonomous units (e.g. functional areas or subsidiaries) that are self-regulatory (rule system 2) and conscious control of the total company by senior management (rule system 3).

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Looking to the future, opportunities and risk have to be examined, alternative courses of action developed and areas of risk reduced. By use of targeted adjustments, change in the company can be shaped in harmony with change in the business environment. This ability of foresight must be firmly anchored in the company so that possible future situations can be investigated and probable outputs simulated (rule system 4).

This integrated, holistic view of the company and its surroundings enables optimal realisation of company policy and means that change in the outside world can be used to achieve an increase in profitability. Beer describes the company as a living organism: the brain has to control the organism and be informed about internal and external conditions. Internally, a balance is attained concerning the delegation of tasks to autonomous systems. The balance with the external world is realised by senior management enabling them to make the right decisions for the long-term future.

The following entrepreneurial tasks can be identified; future-proof adaptation of company systems to the business environment whilst taking systems contexts into account and the structural design of task distribution within the company system, bearing in mind the varying degrees of centralisation and decentralisation required.

In later works, Beer (1979, 1995) develops his management cybernetics further and, together with fundamental management principles, presents a model for viable organisations with five sub-systems. Above all, it is important for management to know how to deal with complexity, i.e. with an increasing number of potential system conditions (variety). He shows how dynamic complexity can be regulated by recursive organisation (see figure 77) and defines criteria for viability of organisations (see also Espejo et al 1996:105-145).

3. Intrapreneurship and the global business environment

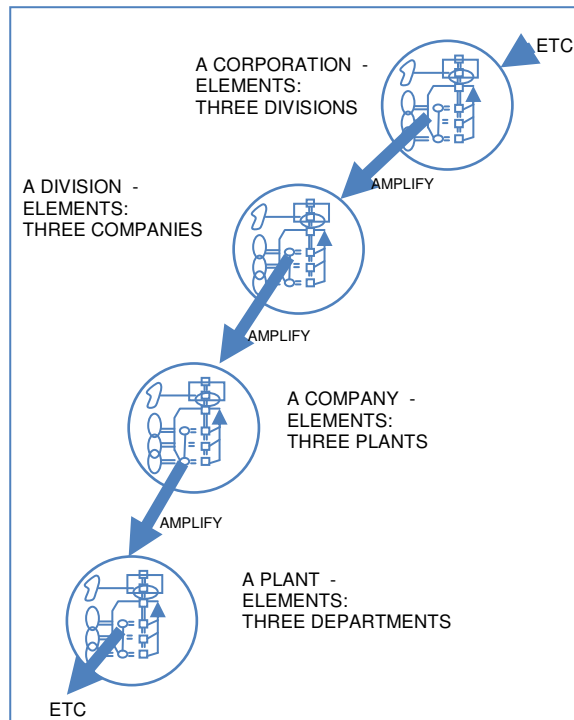


Figure 77: Recursive structure of viable organisations according to Beer (1979:315)

In the process, he also observes the regulatory principles that connect the individual actors and realise the organisation's identity. The autonomy of the elementary operative units is a key aspect (system 1). The external business world is then firstly observed with a focus on the effects on the operative unit (system 1). In terms of components of the meta-systems in the internal business environment, system 2 is responsible for stabilisation of system 1 and system 3 is responsible for the auditing of system 1. The external business environment for system 1 carries threats for internal stability but also brings future entrepreneurial opportunities. According to Beer, these opportunities and risks are processed by a meta-system (system 4). In order to bring together the internal and external business world, a viable system requires an identity, i.e. a company management (system 5) that is an administrator and also controls the variety between systems 3 and 4. The living system²²⁵ (see chapter 3.3.5, and in this context Tracy 1993, Maula 2006) then becomes a unit within its own milieu (see figure 78).

²²⁵ Maula (2006:83-90) describes the organisation as a self-producing, living system, co-evolving with its complex environment, with ten components: Identity; Perception of the environment; Strategy; Knowledge and knowledge management; Boundary elements; Interactive processes and communication; Triggers; Experimentation; Internal standards, processes, and communication; Information and communication systems.

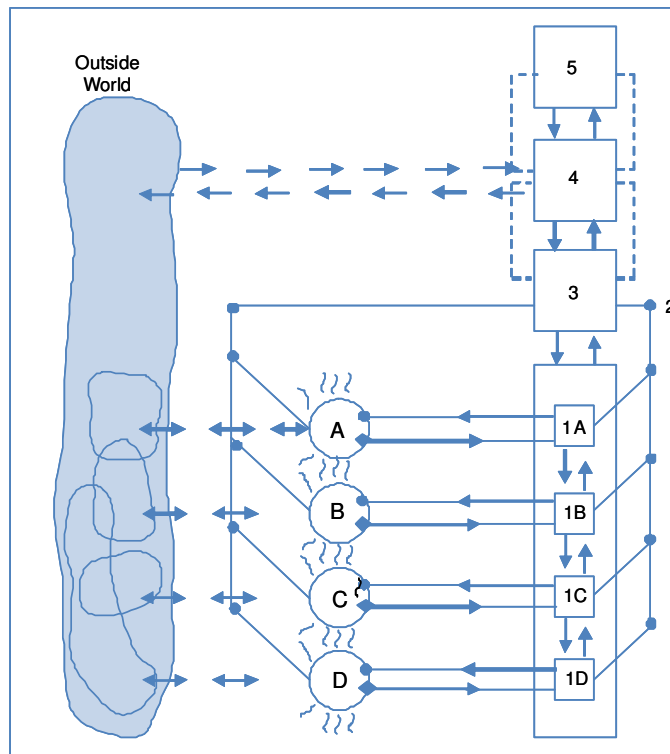


Figure 78: Viable organisation as an integrated whole with four units (A, B, C, D) according to Beer (1995:130)

A,B,C and D could be, for example, autonomous branches (system 1) which, using a viable organisation design (Beer 2003), can be integrated into a whole entrepreneurial organisation (systems 1 to 5). They take care of their own relationships with the local business environment and (via system 2) interact in a coordinated fashion with the other branches. Synergies between the branches are exploited and the internal business environment, including operations (via system 3), is stabilised (Beer, 1995:119-134)²²⁶, even when the system as a whole has to adapt to changes in the business environment. At the level of the whole organisation, relationships to the (global) environment are also taken care of (via system 4). In particular, information is gathered concerning the external business environment which is used as the basis for strategic and entrepreneurial decisions by top management (system 5). Beer requires continuous planning in the company and this has to be implemented without delay and continuously adapted to new information coming from the business environment. There is a permanent process of self-generation by the organisation.

²²⁶ Systems 1-3 form an autonomous system.

3.3.5 Living systems according to Miller

Using studies about biosocial evolution, Miller (1995) developed the General living systems theory with eight levels of living systems (cells, organs, organisms, groups, organisations, communities, societies and the supranational system) and 20 sub-systems (Miller 1995:52-69). Miller's variation of systems thinking (see figure 79) considers the connections between the individual parts to be fundamentally important for an understanding of the whole. Systems that are higher in the hierarchy show a higher degree of complexity than those lower in the hierarchy. Living systems use information from the environment and sub-systems to control and coordinate the system. This enables them to adapt to the continuously changing environment.

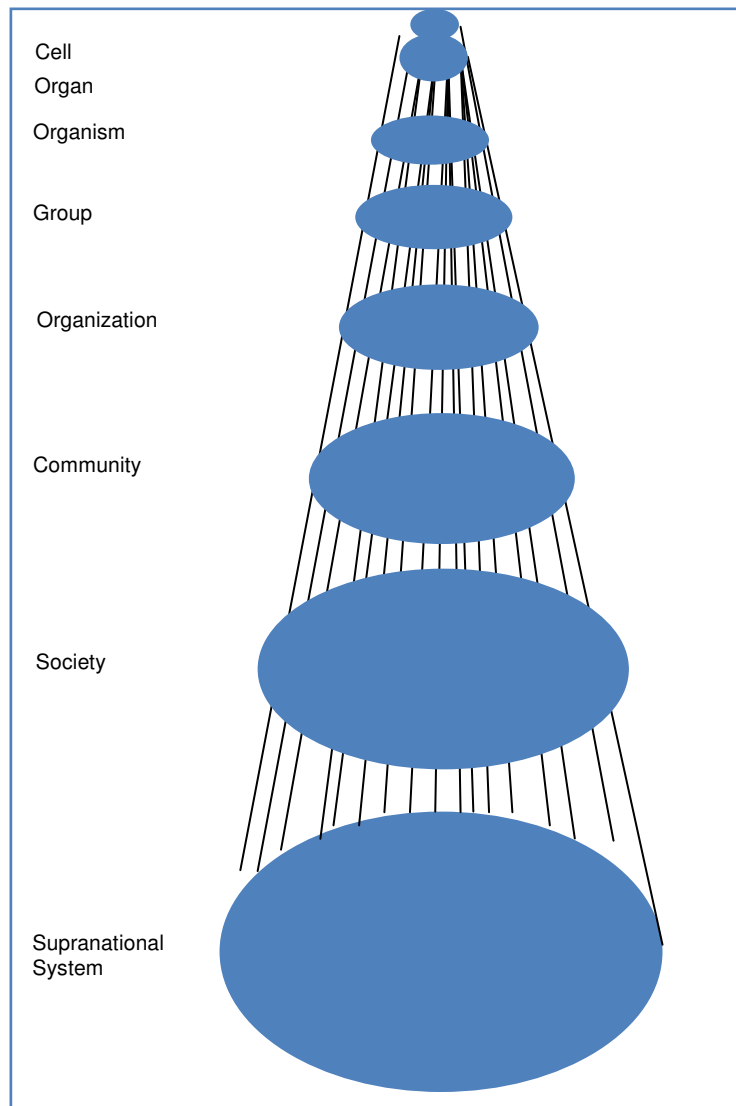


Figure 79: Levels of living systems according to Miller (1995:xvii)

Miller observes structures (arrangement of sub-systems) and processes (conversion of matter, energy or information) of living systems on a general level²²⁷ and examines specific aspects on different hierarchical levels as in an open system with inputs, throughputs and outputs in the form of matter, energy and information²²⁸. Thus, systems can be understood better and their environment can be better controlled. In order to survive, systems must interact with their environment and adjust to changing conditions. With this, the system and the environment (suprasystem) in turn change, so that following periods of interaction, the environment is reflected in the system and vice versa. In turn, the systems develop value hierarchies that guide decisions and are shaped by sub-systems that fulfil defined processes.

Organisations as systems comprise further sub-systems such as branches and subsidiaries, groups and people and are themselves sub-systems of companies or sub-components of supranational systems. An organisation is thus a *multi-level-multi-goal-seeking system* (Miller 1995:595) that is embedded in higher level social systems and provides a general organisation theory for the living systems theory²²⁹. The organisation system is defined by its sub-system. Structural relationships, process relationships and sensible relationships connect the individual sub-systems to each other. The total organisation system possesses input and output process relationships with the environment that are connected together by the internal process relationships between the sub-systems.

²²⁷ Miller (1995:26) describes this as an *intersystem generalization* based on similarities between the systems.

²²⁸ Miller (1995:28) speaks of *intersystem differentiation*, whereby all systems at the various levels also show distinguishable characteristics alongside general characteristics.

²²⁹ Miller (1995:605-665) describes in detail the sub-systems for the organisation. The reproducer (1) can, for example, be interpreted as a venture team, a new business unit or as a newly-founded company. For the matter-energy process he defines a boundary system (2) (e. g. buildings, security staff), a reception system (3) as an interface to the environment, a distribution system (4) for internal and external inputs, an (5) intermediate product system (5) for the production system (6), a buildings and plant system (7), a cleaning system (8), a transport system (9), a means system (10). For the information process, he defines an early warning and information system (11) for innovations (business intelligence), an internal information system (12) for increased efficiency, an internal information system (13) for communication with parts of the company, an expert system (14) for interpretation of information (pattern recognition), a learning system (15) for experiential learning to achieve process innovation, a learning system (16) for the archiving of information for knowledge management, a central decision system (17), a communication system (18) with the business environment, a contact management system (19) to look after relations with other organisations, an information system (20) that notifies time-related business environment states and system components to the decision-making system to facilitate coordination.

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The markets, which are part of the business environment, give rapid and clear feedback on the viability of an organisation. Using internal and external feedback, controlled adjustment processes in the matter, energy and information processes within the organisation and its environment, as well as within the organisation itself, establish a steady state. The organisation can grow as long as it makes the necessary internal structural adjustments and there is a demand for its products and services. Tasks of intrapreneurship can be defined as achieving the internal structural conditions for growth, identifying new (international) markets in the business environment and creating new demand via diversification²³⁰.

According to Miller, there are two basic templates for growth via product innovation. In template 1, product development and acquiring customers takes a long time, but the establishment of production locations is rapid. Competitor organisations can make up ground a little here on the innovative organisation as competitors copy the new product and can fairly quickly set up their own production where there is only slow development in demand. In template 2, customers quickly become familiar with the new product, the production locations are expensive and the technology is complicated and as a result, a long period is required for development, even for organisations that copy. In this situation, the market develops virtually simultaneously with the pioneering organisation and organisations that are first to innovate can reckon with pioneer-level profits.

Therefore, an important entrepreneurial task is to evaluate the growth and development models of products and markets so that the appropriate entrepreneurial projects can be selected. Growth can then be achieved by increasing decentralisation, whilst at the same time integrating the processes of decentralised units (e.g. by coordination of feedback, monitoring by management information systems or profit centre structures). One entrepreneurial task is to collect sufficient information about the information system for entrepreneurial decisions – e.g. selection of location – as well as feedback from the business environment so that entrepreneurial performance can be improved.

²³⁰ Miller (1995:696) describes organisations which adapt their processes to changes in the supra-system as *immortal*. By learning and adaptation to changing environmental conditions, established companies can achieve permanent success.

3.3.6 Organic organisations according to Wheatley

Wheatley (1999:7-9,17-25,75-90) calls for a reassessment of the mechanistic world view, with its focus on cause and effect, and the discovery and introduction of new organisational forms. Organisations must use learning and creativity from within. In this process, organisations as inventors have to find out, using unique and organisation-specific experiments, what works for their own organisation. In particular, they have to create structures that are flexible and adaptable. In this way, consideration of the individual parts is not the central focus in explaining the whole as it was in the mechanistic world view thus far, but rather the focus has to be on a holistic approach and the relationship between the parts and the network related to them (see Capra 2004).

It is important for organisations to demonstrate that they have such organic structures and be set up as learning organisations so that they can adapt to changes in the business environment and grow by taking advantage of new opportunities. The focal points are change and self-renewal and these continue to be so when the organisation system is troubled from outside. The organisational form as it is cannot then properly cope with the new situation and the only way to achieve a new order is by creative action. The result is alternation between change and stability and structures within organisations that have only temporary stability.

With regulatory feedback, it is possible for organisations to pursue a set course of action or by evaluating information received from positive feedback, to achieve the necessary adjustment and change. A situation of imbalance is the source of growth in an organisation. Organisations that are open, self-organising systems create structures that are suitable for the relevant business environment and thus maintain the organisation's viability; permanent structures are abandoned to achieve maximum flexibility and consequently, the necessary adjustments.

Information has to be gathered actively and interpreted by as many managers and employees as possible. The openness of an organisation to changes in the business environment can lead to a productive exchange with the business environment.

Organisations with a strong identity can use their own strengths to react intelligently to changes in the business environment and use new entrepreneurial opportunities appropriately. Organisations with a clear idea of their own values, company culture and their own experience and strengths (self-reference) can, using the natural process of self-renewal and growth, create new markets or conquer established markets. Decentralised freedom in taking entrepreneurial decisions that are controlled by an entrepreneurial identity creates dynamic, adaptable and creative organisations.

It is precisely self-organisation that brings new ideas, although creativity from only a few actors can provide entrepreneurial success. Order and freedom together give rise to healthy and ordered organisations in situations of local instability and continuous change. In this process, important information within the organisation has to flow freely and be able to be interpreted by all the actors. Thus, new ideas and projects can arise and new ideas generated. If knowledge and experience about environmental changes are shared within the network of the organisation, this enables informed actors to carry out tasks in a responsible way.

The creative search for new knowledge and the sharing of information from common systems perceptions of the business environment that varies from the situation to date can be identified as collective entrepreneurial tasks. Leadership have to specify order and freedom of the entrepreneurial actors as a necessary basis for change, temporary stability and self-renewal.

3.3.7 Holistic thinking and adjustment according to Ulrich and Probst

Ulrich and Probst (1991) require management to think synthetically, with reference to the wider context, and taking into account the many influencing factors in terms of the perception and solution of problems. The behaviour of the whole system has to be considered if the system behaviour is to be influenced. What also has to be considered is how people network with the natural environment. They set down seven building blocks for learnable holistic thinking:

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- Block 1: An observer defines a system a dynamic whole comprising connected parts and that is situated with a hierarchy of systems.
- Block 2: Between the parts, there is a network of relationships with reciprocal effects in a cycle of effects²³¹. The total behaviour of the system²³² results from the network of interactions.
- Block 3: Between the open system and its environment there are vital circular reciprocal effects, i.e. there are mutual adjustments in relation to material and informational exchanges²³³. The company develops a view about existing and future environment conditions as a basis for targeted behaviour towards the environment and for the adaptation of internal structures
- Block 4: Comprehensive control of a complex system is impossible, since, in a given time span, the system can take on a large number of unforeseeable, different conditions²³⁴. It is possible, however, to be able to influence the desired direction (preferred condition) of development, given an accepted order. The influencing happens by using situational measures (rule mechanisms) which increase the complexity of the system (e.g. by providing space for entrepreneurial activities) or reduce it (e.g. by introducing rules to create order).
- Block 5: The perception of models of order for complex systems makes it possible for the system's behaviour to be understood. It is possible to have orientation and coordination of the parts within the context of the whole.
- Block 6: The steering of systems (recording, processing and transfer of information, e.g. for adapting to a change in the business environment) can be done by control (impacting the system directly to achieve the goal) or regulation (rectifying disturbances – even unknown ones – from the environment by using the feedback principle). In complex systems, the steering is distributed across the whole system as well as the network. Higher priority target settings are prescribed to the self-regulating part systems as control variables.

²³¹ Ulrich and Probst (1991) refer here to feedback in relationship networks.

²³² Ulrich and Probst (1991) quote here upswing or downswing versus stabilisation in dynamic equilibrium.

²³³ This evolutionary process of adjustment is thus not to be seen as biased (as in natural selection).

²³⁴ The output is thus dependent on input, but also on the state of the system thus far.

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- Block 7: Social systems can be developed and set their targets and purpose either consciously or subconsciously. Via learning in the organisation as a whole, potential can be created or necessary adjustments and changes can be achieved. Consistency and changes are defined as complementary requirements for a system's viability and ability to develop.

Ulrich and Probst cite recognition and thinking in terms of opportunities and possibilities, together with permanent reflection about structures, as success factors for the successful adaptation of the organisation to changed environmental conditions. The organisation, in its role as an active unit and as part of the superordinate system, can set entrepreneurial targets and integrate its sub-systems into a target-oriented whole. The organisation can also achieve the development of specific environmental relationships through conscious decisions (e.g. exploitation of new export markets).

The development of self-regulating operating systems (see Probst 1987, Stacey 2011) and the achievement of innovation competencies and qualitative learning help the business to develop as a whole. Learning at the level of the organisation then leads to a change in the rules governing action. In given markets, with existing products and with relatively stable environmental conditions, learning processes in existing systems can make a significant contribution to the development of the organisation. According to Ulrich and Probst, changes to existing systems, in turn, make far reaching learning processes possible and create new behaviour and entrepreneurial opportunities in dynamic environmental conditions. The learning areas for existing and new business areas can both be simultaneously important for development of the company so that in a production area flexibility has to be at the fore and in other business areas, preservation and perfection.

The complexity of increased (structural management) or reduced (direct management) control interventions within a dynamic system can be determined as entrepreneurial management tasks. The more complex the business environment is, the more successful is indirect management via structures and self-organisation (regulation), without direct control.

A high dynamic and complexity in the business environment requires as much flexibility as possible in companies (behaviour variety) as well as variable systems. Dealing with situational entrepreneurial complexity means controlling a continuous interplay of variety reduction and variety increase.

Entrepreneurial action also means supporting the ability to learn and innovate in an organisation via the development of the company culture and prioritising long-term target setting in order to secure survivability in the economic system. Another entrepreneurial task that can be derived is the selection and justification of community value systems as an orientation towards entrepreneurial action and integration of the organisation in the community's value system. The organisation interacts with the political system in respect of the representation of interests. According to Ulrich and Probst, the business has therefore to practise an entrepreneurial exterior politics at all levels of business control. Central integration of the parts into a whole by holistic management should be a major entrepreneurial management task.

3.3.8 Dealing with complexity according to Bleicher

Bleicher (2004:25-71) emphasises the permanent search for new management instruments on account of the changing socio-economic environment. Because of increased turbulence in the environment, it is important for organisations to recognise all the contexts of dynamic environmental developments and take into account interdependencies in the environment when making decisions so that survivability and ability to develop can be secured. He sees a paradigm shift in management teaching, which is increasingly under the influence of a system-oriented approach as well as an increased significance of intrapreneurship and economic incentive and reward systems (see figure 80). He defines the core of today's management task as dealing with complexity in the internal and external business environment. In this way, it can also make sense to occasionally increase the complexity in order to realise adaptation to changed environmental conditions with new structures.

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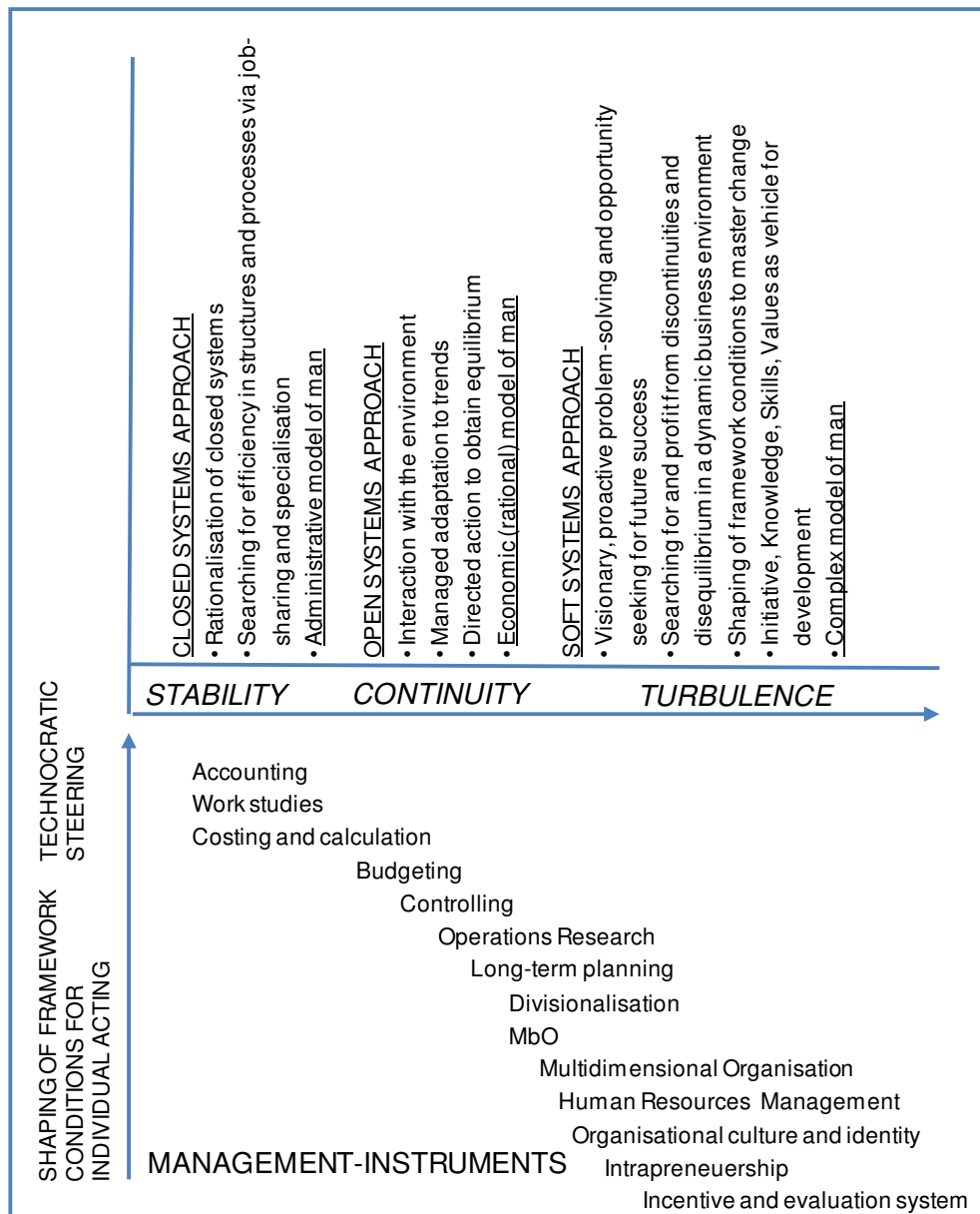


Figure 80: Systems approach and management instruments according to Bleicher (2004:14)

Bleicher calls for holistic thinking, recursion when carrying out structural development of complex systems (Stacey 2001), autonomy of sub-systems for the achievement of self-regulation and viability, as well as for an evolutionary perspective when dealing with the dynamic of the environment. Management must be aware of the three functions of design, steering and development and implement evolutionary processes in fields of tension involving environmental and internal changes (Stacey 1991). In so doing, consideration should be given to the strengths and weaknesses laid down in the past and which make specific future developments possible or otherwise.

Bleicher believes that the development of framework conditions using systems and structures is a central management task. Internal cooperation and intrapreneurship in small units promote creativity and innovation. It is possible to achieve a steady state between the environment and the internal environment as well as between the past and the future by using the intelligence of systems and political action in the company²³⁵.

3.3.9 Networking and recognition of models according to Vester

Vester (2005) notes that the pressure of short-term decisions prevents networked contexts (see Vester 1983:17-49) from being noticed. Indirect effects, relationship networks and time delays have to be taken into account in planning and action. When exploring system contexts, there is a dependence on the selection of correct information in terms of being able to recognise models and systems parameters. In terms of strategies, the cybernetics of the system have to be used strategically and it is important to achieve self-regulation of the system components²³⁶. Defects can be cancelled out by negative feedback, keeping the system in a situation that is tolerable or even desirable²³⁷.

Vester (2005) defines the main objectives as being to increase and secure the viability of a system. Thus, there is always an optimum for the number and size of units in a complex system or sub-system. Inappropriate growth priorities can lead to short-term priorities but hinders the sustainable development of an organisation. Individual optimisation of system components diminishes the viability of the whole system. Growth brings greater networking, which a new organisation form needs.

²³⁵ Bleicher (2004:78-91) presents here terms of reference for observation, diagnosis and resolution of management problems which give an overview of the dimensions and modules of an integrated management: normative management defines the target-oriented objectives of the business within the context of the economy and society and justifies every action of the company. Strategic management focuses on the development, care and exploitation of potential for success and aims to influence activities. Operative management carries out the normative and strategic tasks in operations and is oriented towards competencies and resources.

²³⁶ Errors made with complex systems are described by Dörner (2006)

²³⁷ See also building block 4 of holistic thinking (Ulrich and Probst 1991)

All viable systems have to create a superordinate structure with regional and economic sub-structures and achieve a healthy mixture of self dependence and dependence providing mutual feedback and self regulation. Organisations are in symbiosis with the business environment and are involved in feedback hierarchies of systems and sub-systems²³⁸. Vester warns of dependence on growth in terms of size and points out that companies can also strive for qualitative growth. The analysis of systems contexts and acceptance of models can also be defined as an entrepreneurial tasks. Networked systems must be recorded, interpreted and evaluated. In this way, one can identify levers for controlling the entrepreneurial system.

Vester defines eight ground rules for suitable system planning and action:

- Rule 1: With due consideration to the interplay between system and environment, negative feedback has to take priority over positive feedback. Whilst positive feedback has a self-strengthening effect, negative feedback provides for stability against disturbances and crossing borders.
- Rule 2: The system may not be dependent of growth. If a system grows, it must undergo metamorphoses if it is to survive.
- Rule 3: A system that can survive must be needs oriented (function oriented) and not product oriented. If there is not sufficient demand for a product, new ways have to be sought to achieve growth via evolution using employees and know-how.

²³⁸ Vester (2005:75-85) criticises the current lack of sustainability of the total global system and refers to developments of the short-sighted and non-networked orientation in sub-ordinated sub-systems that are harmful for the global system. Forrester (1972) develops the structure of a world model and examines systematically the boundaries for population and business growth on the earth. He shows that the system, with its main elements of population numbers, capital investment, food production, raw material stocks, pollution, living standards and geographical living space is not governable on a permanent basis and leads to an overburdening of the environment on a global basis. He derives 8 assertions from the model: (1) Industrialisation is a greater disturbance factor for equilibrium than population growth, (2) Humanity can select from four problem scenarios: suppression of the industrial community due to lack of natural raw materials; reduction of the world population due to pollution; restriction of the world population due to lack of food or disease, wars or social pressure; (3) Living standards cannot be maintained in the future; (4) Population control is not consistently effective; (5) Population growth is only suppressed by a serious fall in quality of life; (6) Underdeveloped regions cannot attain the living standard of developed countries; (7) with decreasing raw material stocks, industrialised countries can go backwards in terms of development; (8) For underdeveloped countries, the way to a new equilibrium with the environment can be shorter (directly via industrialisation). The achievement of equilibrium has been dealt with systematically in recent decades, particularly by Meadows et al (1972, 1994, 2004). They call for new targets and new ways for humanity to achieve sustainable development (Rogers et al 2008, Weizsäcker et al 2010).

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- Rule 4: The system should steer its existing forces in the desired direction (Jiu-Jitsu principle).
- Rule 5: The system should use products, functions and structures multiply.
- Rule 6: The system should develop cyclic processes in material usage (recycling).
- Rule 7: The system should actively seek symbiosis (mutual use of diversity by interfaces and exchange in decentralised structures).
- Rule 8: The system should not carry out isolated planning and development of products, functions and structures (use of feedback from the environment when designing).

According to Vester, the cybernetic ground rules can control entrepreneurial thinking and action in organisations.

3.3.10 The adaptable organisation according to Morgan

Morgan (1998:69-109)²³⁹ describes adaptable organisations as learning, holographic systems which organise themselves as a whole and which can develop themselves according to the challenges emerging from the business environment. Thereby, intelligence, information and control must be shared across the whole organisation. Decisions have to be made where the knowledge is situated. In turn, organisational learning occurs at the place where decisions are made²⁴⁰.

There is a continuous exchange of information between the organisation and the business environment which lead to learning processes, for example on the basis of self-regulation from negative feedback. Firstly, the business environment is examined and then the verified information is compared with given norms. If, in this process, undesired deviations are spotted, suitable activities are undertaken to keep the organisation on the course set down (*single loop learning*).

²³⁹ In order to describe the organisation from different perspectives, he uses various metaphors that help with the (better) understanding of actual theories. He uses *the organisation as a brain* as a metaphor for the organisational concept of autonomous groups in connection with organisational learning. Beer (1995), derive fundamental principles of a theory of effective organisation from the comparative observation of the brain and management structures.

²⁴⁰ For organisational learning see Argyris (1999).

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Modern cybernetics go one step further and also pose the question of whether the given operative norms are still suitable for purpose under new environmental conditions (*double loop learning*). The development of individual and organisational learning processes must occur on the basis of cybernetic principles. Information systems have to analyse the business environment, be aware of changes and as far as possible make predictions to enable entrepreneurial opportunities to be exploited.

In so doing, account has to be taken of the active intelligence of the organisation and its core competencies so that internal operations can be adjusted. Common mental models have to be understood and continuously adjusted in accordance with external changes. As a reference point, it is important for visions, values and norms to steer central action.

Morgan defines the continuous checking of current structures, processes, markets, products and services as an entrepreneurial task and sees the question of whether the hierarchical organisation can be replaced by a network of self-organised teams as a central question. So that *double loop learning* can control the system successfully, the company culture must be able to support dealings with change, risk and uncertainty.

The parts in holographical systems are self-organised, adapt progressively to changes in the environment, are agents of organisational knowledge gathered decentrally and share information for various tasks. Through this, organisations can reconstruct knowledge acquired in one part of the system in another part of it. Self-organisation (Probst 1987) can be achieved using a holographical organisation design.

The holographical organisation is then determined by the following five principles:

- Principle 1: The whole is contained within the parts, e.g. via the company culture, organisational information systems, organisation structures with an organisation template (holographical reproduction) that remains the same (differentiated) or holistic (autonomous) teams with differentiated roles within the teams.

- Principle 2: Redundancy and spare capacity create space for innovation and development from various perspectives and strengthen self-organisation within the system.
- Principle 3: The diversity of all self-organised parts must exhibit as a minimum the variety and complexity of the corresponding environment. Variety must therefore be developed at the interface to the environment (e.g. by decentralising development of processes).
- Principle 4: Fostering responsibility-conscious autonomy of self-organised units by structural management (creating enabling conditions).
- Principle 5: Development of operative norms by *double loop learning* and adapting to developments in the business environment.

3.3.11 Comment: Evolutionary organisational development and symbiosis with the environment

From the systems theory approaches, it is thus possible to derive the development of an intelligent, learning organisation with self-organising, decentralised, networked, autonomous organisational units as being an entrepreneurial task. Innovation and adaptation to changes in the business environment enable a future-proof evolution of the organisation in symbiosis with the environment. Consequently, in the analysis (see chapter 4.2.1) ten systems principles related to the interaction of the entrepreneurial organisation with the environment follow the systems theories analysed via qualitative exploration and synthesis. Consideration of systems principles enables reactive, proactive and future-oriented adjustments of the entrepreneurial organisation to shape the evolutionary development and symbiosis with the business environment.

The literature study of existing theoretical concepts for researching the role of intrapreneurship in a global and dynamic business environment shows that for a holistic understanding, it can be helpful to develop a new conceptual framework. In chapter 3.4, the findings so far are combined into an interim conclusion to specify the fundamental tasks of an entrepreneurial organisation in a global and dynamic business environment; this serves as a starting point for further theoretical exploration in chapter 4.

3.4 Conclusion: The three central tasks of an entrepreneurial organisation

A dynamic and complex business environment creates permanent new opportunities and risks for the entrepreneurial organisation. At the same time, to ensure viability, it is necessary to have permanent interaction between the organisation and the external environment. The starting point here is the gathering of information about changes in the business environment; it is on the basis of this that the exchange of inputs and outputs is developed in a future-oriented fashion. Within the organisation, this continuous adaptation to a changing environment requires strategic and organisational flexibility. Shaping of the future is accompanied by individual and organisational learning as well as continuous development of the internal configuration. From the literature analysed in chapter 3, it is possible to derive three fundamental tasks of an entrepreneurial organisation (see figure 81) as a theoretical construct via qualitative theory based exploration (Bortz and Döring 1995:334-341) and pattern recognition (Harnden 1990, Vester 2005). Entrepreneurial information gathering from the business environment as a basis for identifying opportunities and risks²⁴¹, entrepreneurial shaping of the future, in order to determine the interaction between the entrepreneurial organisation and the external business environment²⁴² as well as the entrepreneurial shaping of the organisation²⁴³ for adaptation of the organisational architecture and development of an entrepreneurial self-dynamic for optimisation, adaptation and innovation.

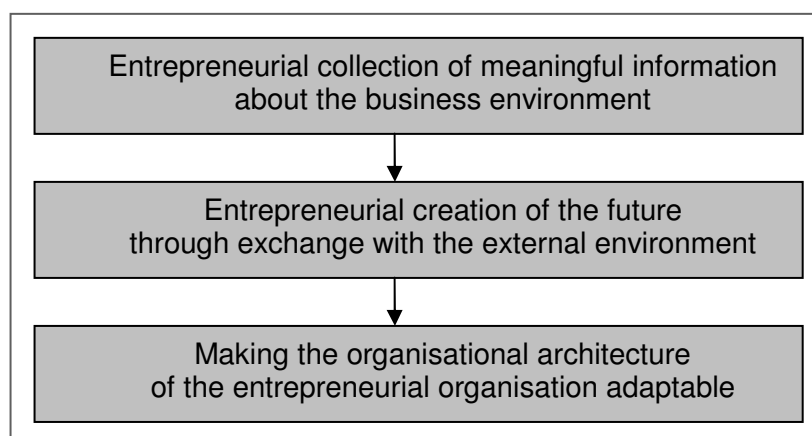


Figure 81: Three tasks of the entrepreneurial organisation

²⁴¹ See chapter 3.1.5 and in particular the design elements 1,2,3.

²⁴² See chapter 3.1.5 and in particular design elements 1,4,5,6,7,8,9

²⁴³ See chapter 3.1.5 and in particular design elements 1,3,4,5,6

3. Intrapreneurship and the global business environment

Findings from literature surrounding intrapreneurship (see chapter 3.1) already give important indicators in terms of the entrepreneurial development of the organisation. Analysis of the literature concerning the business environment (see chapter 3.2) leads in particular to a framework for entrepreneurial information gathering. The evaluation of systems approaches (see chapter 3.3) shows fundamental aspects of how to entrepreneurially shape the future.

The three tasks consolidate the nine development elements for intrapreneurship (chapter 3.1.5) derived and interpreted from the literature search (see figure 82).

Entrepreneurial collection of meaningful information			
Entrepreneurial creation of the future	Element 1: Entrepreneurial task Identify and set up opportunities and risks in existing and new businesses	Element 2: External entrepreneurial operation fields Analyse general macro environment, local and global factor and product markets (micro environment) as sources of opportunities	Element 3: Entrepreneurial organisation design Analyse and develop entrepreneurial vision, mission and strategy, structure and culture, resources and competencies
	Element 4: Entrepreneurial strategy fields innovation adaptation optimisation agreement	Element 5: Entrepreneurial decision fields define buy-side in-side sell-side	Element 6: Entrepreneurial action fields process product market technology
	Element 7: Orientation towards viability Pursue short and long term potential Make use of <i>life cycle thinking</i> and positioning as mature organisation: Continuous renewal, adjustment of organisation boundaries	Element 8: Global orientation Global playing fields Global strategies Global and local perspectives Use of cultural differences and learning from global activities	Element 9: Holistic orientation Identify system structures and development models, understand and use harmonisation of objectives and interests within the organisation Symbiosis with environment Internal and external synergies
Entrepreneurial orientation			

Figure 82: Tasks and design elements for holistic intrapreneurship

Implementation of the three entrepreneurial tasks leads to fulfilment of the entrepreneurial order and to the productive design of the interaction between the entrepreneurial organisation and the external business environment.

In what follows (see figure 83), the three central entrepreneurial tasks based on the literature study thus far are further clarified (chapter 4) and then transferred into a development concept with a role model for the entrepreneurial organisation (chapter 5).

Systems theory principles²⁴⁴, economic thinking (Kirchgässner 2000, Homann and Suchanek 2005) and a Schumpetrian development dynamic (Schumpeter 2006, Nelson and Winter 1982, Witt 1987) thereby support the entrepreneurial direction of an organisation (Kiechl 1990:28-30, Antoncic and Hisrich 2003, Morris et al 2008)²⁴⁵ and strengthen the viability of the entrepreneurial organisation. The starting point for the analysis of the three entrepreneurial tasks is now outlined from an economic perspective.

²⁴⁴ See chapter 3.3

²⁴⁵ Kiechl (1990) defines seven principles required for an entrepreneurial organisation to achieve an entrepreneurial orientation. The basis of intrapreneurship is formed by a market-oriented company management (first principle) in combination with an entrepreneurial culture that requires constant questioning of the current situation and the permanent search for new opportunities. Visionary management (second principle), should facilitate new areas of activity and more rational avenues of approach as well giving orientation within the development of more individual complementary visions from the individual actors in the organisation. The emphasis of entrepreneurial activities (third principle) promotes entrepreneurial experimentation and defines decentralised scope of action and allocation of resources. Calculated risks (fourth principle) have to be taken when realising internal and external entrepreneurial activities and mistakes must be learned from (fifth principle). Within the entrepreneurial organisation, there is an exchange of relevant information about plans, procedures, projects, success and failure (sixth principle). Successful actors should be rewarded with recognition and incentives (seventh principle). With this, a market-oriented shaping of the organisational architecture becomes the focal point. Antoncic and Hisrich (2003) define a multidimensional and activity-oriented concept with eight dimensions that are relevant for firm-level entrepreneurship: new ventures, new businesses, product/service innovativeness, process innovativeness, self-renewal, risk-taking, proactiveness, and competitive aggressiveness.

3. Intrapreneurship and the global business environment

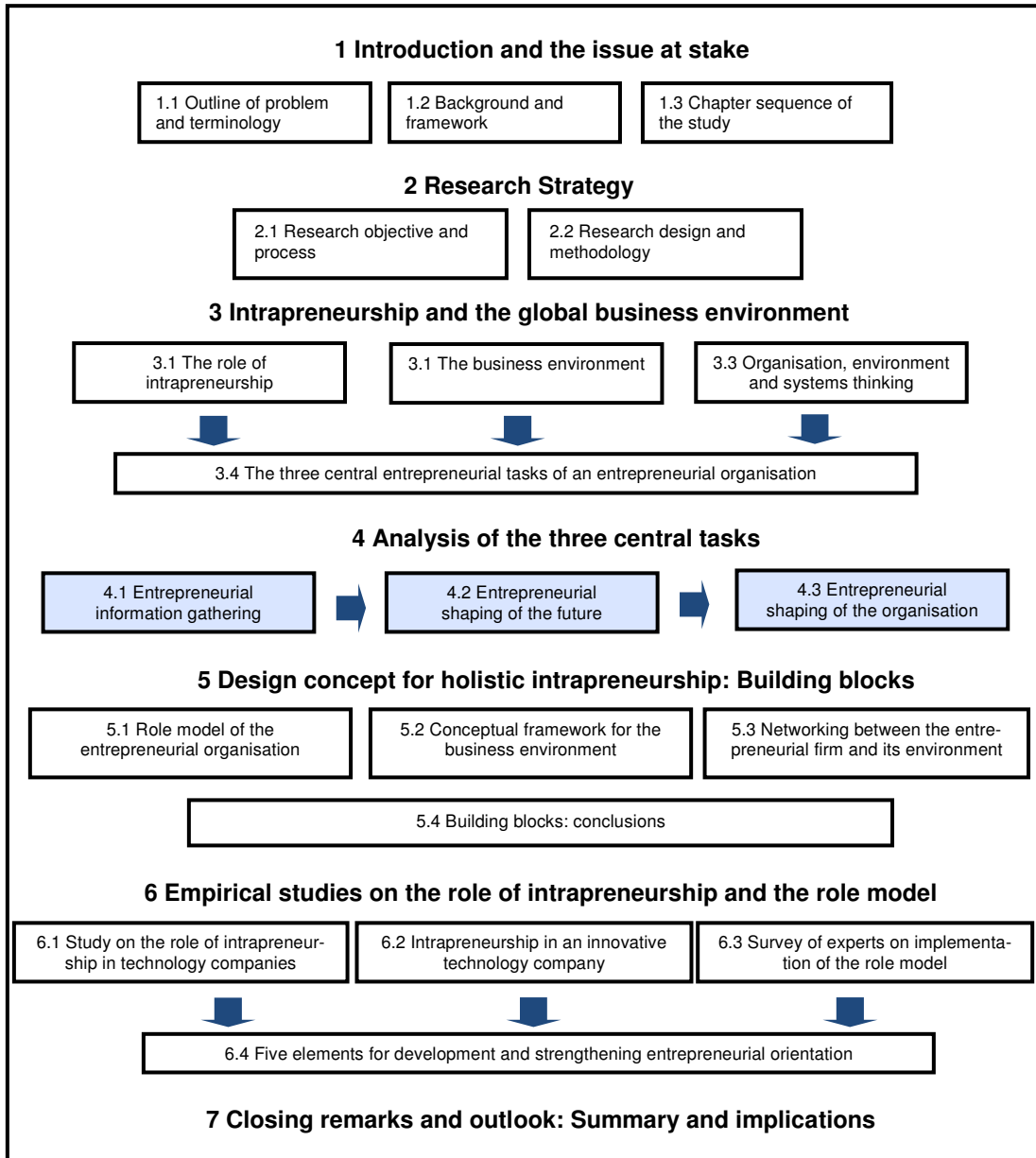


Figure 83: Method of analysis for the three entrepreneurial tasks