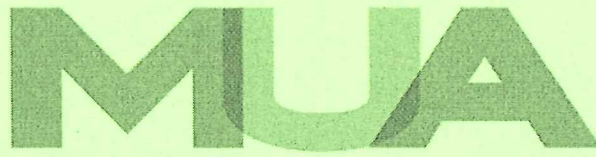


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POSTGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION

DBE 904: ADVANCED ENTREPRENEURSHIP AND INNOVATIONS

DATE: 9th DECEMBER 2022

DURATION: 3 HOURS

MAXIMUM MARKS: 50

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains Four **(4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and, answer the questions that follow:

INTRAPRENEURSHIP IN PRACTICE

The intrapreneur is not to be confused with the "innerpreneur", a person who aims at personal fulfilment more than at economic gains when creating a business. For innerpreneurs the primary motivation is the need to implement their vision of something the world needs, something that aligns with their values.

The first written use of the terms 'intrapreneur', 'intrapreneuring,' and 'intrapreneurship' date from a 1978 white paper, Intra-Corporate Entrepreneurship, by Gifford Pinchot III and Elizabeth S. Pinchot.^[5] Later Norman Macrae, who read the white paper, credited the term to Gifford Pinchot III in the April 17, 1982 issue of *The Economist*.^[6] The first formal academic case study of corporate entrepreneurship or intrapreneurship was published in June 1982, as a Master's in Management thesis, by Howard Edward Haller, on the intrapreneurial creation of PR1ME Leasing within PR1ME Computer Inc. (from 1977 to 1981). This academic research was later published as a case study by VDM Verlag as *Intrapreneurship Success: A Prime Example*. The *American Heritage Dictionary of the English Language* included the term 'intrapreneur' in its 3rd 1992 Edition,^[7] with Pinchot as the originator of the concept. The term "intrapreneurship" was used in the popular media first in February 1985 by *TIME* magazine article "Here Come the Intrapreneurs"^[8] and then the same year in another major popular publication was in a quote by Steve Jobs, Apple Computer's Chairman, in an interview in the September 1985 *Newsweek* article,^[9] which quotes him as saying, "The Macintosh team was what is commonly known as intrapreneurship; only a few years before the term was coined – a group of people going, in essence, back to the garage, but in a large company." In the African context, intrapreneurship education started in the early 1990s at the University of Cape Town, and then at the University of Pretoria. Professor Antonites Alexander and later Professor Alain Ndedi were among the first scholars to conduct research in the field. Professor Alain Ndedi Master research was rated among the best books of all times in the field of intrapreneurship by BookAuthority (<https://bookauthority.org/books/best-intrapreneurship-books>).

"Intrapreneurship refers to employee initiatives in organizations to undertake something new, without being asked to do so."(Ndedi, 2004), Intrapreneurship Conceptualizing entrepreneurial employee behaviour. <http://www.entrepreneurship-sme.eu/pdf-ez/H200802.pdf> Archived 3 December 2008 at the Wayback Machine</ref> Hence, the *intrapreneur* focuses on innovation and creativity, and transforms an idea into a profitable venture, while operating within the organizational environment. Thus, intrapreneurs are *Inside entrepreneurs* who follow the goal of the

organization. Intrapreneurship is an example of motivation through job design, either formally or informally. (See also Corporate Social Entrepreneurship: intrapreneurship within the firm which is driven to produce social capital in addition to economic capital.) Employees, such as marketing executives,^[10] internal professionals^[11] or perhaps those engaged in a special project within a larger firm, are encouraged to behave as entrepreneurs, even though they have the resources, capabilities and security of the larger firm to draw upon. Capturing a little of the dynamic nature of entrepreneurial management (trying things until successful, learning from failures, attempting to conserve resources, etc.) adds to the potential of an otherwise static organization, without exposing those employees to the risks or accountability normally associated with entrepreneurial failure. Alain Ndedi (2004) in his research found that there are five antecedents to intrapreneurship development within organisations. (Ndedi, 2004; <https://bookauthority.org/books/best-intrapreneurship-books>). Another characteristic of intrapreneurs is their courage and flexibility to think outside of the box, which allows them to work on ideas that may change strategic direction and add value to the organisation (Ndedi, 2004). Even though many managers are afraid of radical changes, they are often the only way to help companies grow. This is exemplified by Wipro in India, a small vegetable company that ended up being a software outsourcing powerhouse. Another example is Tony Hsieh of Zappos, who started as a commercial footwear vendor and became the CEO of Zappos, which has expanded into an online customer experience company.

According to Pinchot,^[12] intrapreneurs are both employees and leaders of a large organizations that act similar to entrepreneurs in terms of e.g. self-motivation, creativity and pro-activity. Pinchot claims that while intrapreneurs must be leaders, they differ very much from managers. Strong leadership skills are needed to strengthen teams and to persuade others to follow and execute their ideas. Leadership skills are also important to support rapid decision making under uncertainty. Managers, on the contrary, consider more risks than uncertainty and often work within established patterns. Moreover, traditional managers get their authority from the above; intrapreneurs, by contrast, start without the recognition of the same degree of power. Intrapreneurs are able to search for opportunities and shape them into high-potential innovations through teamwork and with access to corporate resources. This assumes the right conditions of good leadership, communication and the appropriate environment to support creativity, these are essential for entrepreneurial outcomes to take place ^[13]). The win-win situation of intrapreneurial motivation leading to corporate benefits are considered idealistic by some. According to Smedley ^[14]), only a few companies know how to encourage intrapreneurs. Some examples are listed below.

One of the most well-known examples of intrapreneurship is the "Skunk Works" group at Lockheed Martin. The group was originally named after a reference in a cartoon, and was first brought together in 1943 to build the P-80 fighter jet. Because the project was to eventually become a part of the war effort, the project was internally protected and

secretive. Kelly Johnson, later famous for Kelly's 14 rules of intrapreneurship,^[15] was the director of this group.

Another example could be 3M, who encourage many projects within the company. They give certain freedom to employees to create their own projects, and they even give them funds to use for these projects. (In the days of its founders, HP *used to* have similar policies and just such an innovation-friendly atmosphere and intrapreneurial reputation.) Besides 3M, Intel also has a tradition of implementing intrapreneurship. Google is also known to be intrapreneur friendly, allowing their employees to spend up to 20% of their time to pursue projects of their choice. Other companies such as Xerox, Virgin, Siemens and Microsoft are also looking for unique solutions to promote Corporate Entrepreneurship, CE, in their own businesses, e.g. by developing separate research and development departments. Siemens-Nixdorf took a different approach, designing a 2-year corporate program to turn 300 managers into intrapreneurs, skilled in spotting new business opportunities with notable potential.^[16] Kanter and Richardson's ^[17] case study research "Engines of Progress" describes how Ohio-Bell encouraged intrapreneurial behaviour through the development of a system of innovation called "Enter-Prize". Ostensibly, the program was about generating innovation but the design was cultural rather than financial.

CISCO lead an Innovation Everywhere Challenge to build a corporate culture of Innovation in 2016. They offered \$50,000 cash (\$25,000 Seed, \$25,000 Reward) and 3 Months paid time off to the winners. The three ideas presented included virtual reality videoconferencing, disability hiring programs, and digital media productivity suite.^[18]

The biggest challenge for intrapreneurs is dealing with the "Corporate Immune System".^[19] This expression means that corporate organizational structures such as bureaucracy, hierarchy, rules etc. do not support intrapreneurial culture and behaviour. Many companies struggle with applying the concept of intrapreneurship into their daily routines due to high levels of defined tasks and schedules that deter opportunities for serendipity and for new ideas to be recognised.^[20] Issues around a highly defined schedule and lack of necessary time and space for idea creation are also highlighted in an article by Sushain Pandit (2015).^[21] Kawasaki (2006) also highlights the lack of rewards for entrepreneurial behaviour as a demotivating factor to search for new ideas.^[22] Failure, or fear of failure, is another reason for organisations not becoming more entrepreneurial. Wladawsky-Berger (2010) found that firms act to protect resources by avoiding risk and penalizing failure.^[23] This resonates with the framework proposed by Ahuja and Lampert (2001) that explains why companies fail to develop breakthrough inventions.^[24] According to the framework, there is a tendency in large firms to favour familiar and mature technologies, and also search for new ideas that are similar to existing solutions. The authors propose investing in developing novel and emerging technologies, because this will increase the likelihood of breakthrough inventions. However their model lacks how to build upon the ideas. On the contrary, Ireland et al. (2009) present a model that conceptualises the CE strategy. Their model

considers three main elements: entrepreneurial vision, organisational structure and behaviour, all of which influence and complement each other.^[25] The authors claim that these factors have to be adapted at three levels: at the organisational level, at the level of top-managers and at the level of other employees. It means that an effective CE strategy cannot be dictated by top-managers, only instigated by them. In doing so, they have to create CE strategy from interactions between entrepreneurial vision, pro-entrepreneurial architecture and entrepreneurial behaviour.

Jones and Butler (1992) stated that due to organisational size, age and complex functions, entrepreneurship and management are often separated.^[26] Their different levels of tolerance for risks (i.e. managers tend to avoid risks, while entrepreneurs work under uncertain conditions) generally result in managers penalizing failure. In addition, the lack of rewards and bureaucracy lead to outside entrepreneurship. Consequently, intrapreneurs often quit their jobs and set up their own businesses.^[27] Behrens and Patzelt (2015) claims that this could be prevented by choosing managers with failure experience in their previous positions.^[28] Smedley (2013) also suggests that creating structure for new ideas depends on managers personal experience and attitude. He gives an example of SAP, a company who claims to celebrate failure.^[29] One of the recognized approaches to achieve this is through an "I wish/ I like session": the "I like" statements recognize new projects, while the "I wish" statements consider how things can be done in a different way.

- A. As a CEO of an organization whose prime objective is to offer BDS, enumerate the importance of intrapreneurship as discussed in the case **(10 marks)**

- B. Illustrate how a CEO can enhance intrapreneurship within her organization **(10 marks)**

- C. Despite its importance in the organisation's success, some managers do not take initiative to nurture intrapreneurship. Highlight potential benefits of intrapreneurship and critique the statement that "some CEOs are incompetent when it comes to nurturing intrapreneuship in their organisations". **(10 marks)**

QUESTION TWO

Entrepreneurial propagation dates back to as early as 1961 when David McClelland considered an entrepreneur as a "highly motivated, energetic, moderate risk taker".

With aid of examples, discuss the relevance of McClelland's Manifest Needs Theory to entrepreneurship **(10 marks)**

QUESTION THREE

With special focuses on entrepreneurial orientation, discuss how contemporary approaches to management roles could be used to put an entrepreneurial firm to a world leaders position **(10 marks)**

QUESTION FOUR

One of the critical success factors, yet the most forgotten terminology in today's entrepreneurial firms as they chase for higher profits is business integrity. Discuss business ethics and enumerate steps that entrepreneurial firms should use to focus on Business Integrity **(10 marks)**