

Corporate Entrepreneurship:  
Exploring the role of leaders' supervision by  
means of employee creativity and innovation.



A dissertation submitted in partial fulfilment for the  
degree of Master of Science in Innovation and  
Entrepreneurship

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(May 21, 2017)

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2017

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## **ACKNOWLEDGEMENTS**

This thesis would not have been possible without the support and encouragement from many wonderful people with great personalities.

I would like to acknowledge and extend my gratitude to our supervisor Tronn Å. Skjerstad for his valuable guidance and advice on this topic and for helping me stay on right course while writing this thesis.

I am very grateful to all the professionals who took time out of their busy schedules and put in the effort to participate in interviews and share their valuable inputs and ideas, which formed the basis of this dissertation.

I would also like to thank all my professors and fellow students of the Innovation and Entrepreneurship master program at the Universitetet i Oslo. I am very grateful to all the fantastic people I met here, and have learned from all of them. Thankyou all.

## **ABSTRACT**

Corporate entrepreneurship (CE) is an institutionalised process, where a broad range of employees and managers act as entrepreneurs in the innovation process. CE needs to be nurtured and managed as a strategic, deliberate act. Isolated “skunkworks” type projects traditionally followed by large organisations are no longer the primary option in the creation of new businesses. There is a continuous need for research to identify the factors that contribute to the development and growth of entrepreneurial ventures. Previous research supports the notion that manager’s supervision has a significant impact on individual creative ability, and employees who reported high-quality relationships with their supervisors were more likely to generate creative ideas. Existing literature on CE shows a strong association between employee creative ability and employees engagement with entrepreneurial activities. This research study explores the role of leader supervision in relation to corporate entrepreneurship with regards to employee creativity and innovation.

This research study is performed at NETS Holding A/S, a major financial organisation in the Nordic region. Due to the accelerating rate of technological changes, NETS Holding A/S wants to cultivate CE to achieve competitive advantage and further improve their business. A mixed method approach is employed involving audit questionnaire to compile quantitative data on innovative activity and an interview to gather qualitative data to identify some critical insights on the CE process. Findings from the research indicate organisation structure without any barriers and motivating internal culture provide entrepreneurial employees with the necessary flexibility and motivation to use their entrepreneurial skills as opposed to the senior management supervision approach.

Supportive supervision is far from a CE panacea; it is the culture of the organisation which promotes proliferates of entrepreneurial activities. These findings support the notion that environmental dynamism and heterogeneity (multiplicity and complexity of environmental components) intensify corporate entrepreneurship. Further research can build upon the current study to identify how managers can rejuvenate the internal culture of the organisation to improve CE.

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# **1. INTRODUCTION**

The issue of improving Corporate Entrepreneurship (CE) phenomenon by applying positive leadership is an important one; the function of this research study is primarily to explore how leaders' or managers' supervision style facilitates corporate entrepreneurship in the context of employee engagement and creativity in large firms. In this chapter, I will present background context for the current research study, and in subsequent chapters, the existing literature on the characteristics of CE, supervision style and its influence on innovation, creativity and employee engagement will be reviewed in detail. The literature review builds a picture that leaders' management style can be an antecedent for CE. In later chapters' the methodology used for this research, data collection and the analysis process will be presented. After thoroughly discussing the research findings, research results are presented with limitations along with topics for further study.

## **1.1. Background context for the research**

Nowadays due to constant economic and environmental changes, growing competition and globalisation, organisations are faced with having to modify the ways they gain and sustain competitive advantage in order survive (Dess, 2003). It is argued that if an organisation fails to innovate, it will face inevitable disruption. One way firms can survive the process of creative destruction and stay on the growth path is by nurturing their entrepreneurial environment to secure competitiveness, growth and survival, i.e. cultivating entrepreneurship into the organisation. Because of this CE, a subfield in entrepreneurship has taken a prominent place in the survival, uninterrupted renewal and innovative processes of established organisations in order to secure higher levels of efficiency and performance (Sumo, 2010).

Academics and practitioners have accepted CE as a legitimate route towards increased levels of organisational performance (Hornsby, Kuratko, Shepherd, & Bott, 2009). CE is about identifying, weighing up, choosing, and then organising selected entrepreneurial opportunities. The corporate entrepreneur is the very person who cultivates an idea, accepts and assumes responsibility for all risks, as well as overcomes a venture's inertia (Ariail, Quinet, & Thacker, 2010). However, some researchers have recently begun to debate whether demands and

challenges of CE fall most saliently on the shoulders of the organisation's top leadership team (Heavey & Simsek, 2013). In the pursuit of CE in large organisations, this line of research demonstrates the enabling of top management team by focusing on various aspects of senior managers' activities, roles and processes.

According to Zahra (1993), the CE process is highly subjective and complex in nature, and any single model of CE is by definition incomplete. Innovativeness is one core dimension of CE, and it refers to the creation of new products, services, and technologies. The crux of innovative dimension is to create an environment that fosters corporate thinking and behaviour (Antoncic & Hisrich, 2001). Several theories on CE agree on the importance of the facilitation of entrepreneurial behaviour and its influence on corporate performance and innovation (Morris, Kuratko, & Covin, 2011).

Many research studies have focused on organisational climate and its influence on creativity and innovation (Baer & Frese, 2003). Organisational support involves the availability of resources for the implementation of new ideas, support for discussion about new ideas, top-management support and the use of rewards for good ideas (Hunter, Bedell, & Mumford, 2007). The perception of top-management support, i.e. how employees perceive organisational rules and procedures, influences innovative behaviour (Baer & Frese, 2003). An organisational environment where top management is supportive of innovation tends to have strong antecedents of entrepreneurial activities (Hornsby, Kuratko, & Zahra, 2002).

Entrepreneurial behaviour is defined as the discovery, evaluation, and exploitation of entrepreneurial opportunities. In existing literature, scholars have proposed several themes and highlighted some important areas for consideration in defining entrepreneurial behaviour. However, it comes down to the process by which members of an established organisation engage in and create and support new ideas, experimentation, novelty, and creative processes that may result in new products, services or technological processes (Wolcott & Lippitz, 2007).

Researchers have found that visionary leaders can inspire employees in their organisation to participate in innovative activities. Management support refers to the willingness of managers to facilitate and promote entrepreneurial phenomena in the organisation (Hornsby et al., 2002). In the case of innovative work behaviour, direct management support emerges as one of the

relevant aspects (de Jong & Den Hartog, 2007). Leaders' verbal support triggers individuals' innovation efforts (Krause, 2004), as does recognition of innovative efforts (Judge, Fryxell, & Dooley, 1997) and enacted support, i.e. providing necessary resources to implement innovations (Judge et al., 1997; Nijhof, Krabbendam, & Looise, 2002). Previous research supports the notion that manager's supervision has a significant impact on individual creative ability (Deci & Ryan, 1987).

Previous research showed that perceived managerial support influences employee creativity (Amabile et al., 2004). In a similar way, Kuratko et al. (2005) found that as the entrepreneurial behaviour of managers increased, subordinates' satisfaction with supervision increased as well. Finally, Lukeš, Stephan and Černíková (2009) demonstrated the mediating role of perceived managerial support for supporting innovations in an organisation. In other words, even if the organisation supports innovation, this support does not function well when the support from middle managers is missing. Therefore, support of innovations at the middle management level should obtain attention from top management.

Existing Research literature on innovation at the individual level has focused on factors that predict individual creativity, such as work context, which plays a paramount role in enabling creativity at work (Teresa M Amabile et al., 2004). The quality of the supervisor-subordinate relationship in terms of trust, support, and autonomy is not only paramount but has been found to mediate the subordinate's perception of the extent to which the organisation supports innovation (Scott & Bruce, 1994). Scholars observed increased levels of creativity in teams where employees are more engaged they use sensible approaches, sought out other sources of information, asked different questions and identified new opportunities. Engaging in creative processes can be viewed as a form of learning, as employee searching for new and novel approaches to their work (Kazanjian, Drazin, & Glynn, 2000).

In recent years, the term 'employee engagement' has been gaining much attention. Despite an acute need for engaged employees, the current situation regarding employee engagement in many organisations remains potentially alarming. A lack of employee engagement has been evidenced to represent corporate-wide potential losses in creativity (Gilson & Shalley, 2004), productivity and corporate performance (Harter, Schmidt, & Hayes, 2002).



There is broad agreement in the research literature that a multitude of factors influences an individual's ability to innovate at work, research scholars have provided many insights into specific aspects of innovation. Problems general managers facing in managing innovation have been largely overlooked, little of this research has focused on the agreement between managers and individual employee on the idea of innovation or the differences in their perceptions and very few empirical studies have been conducted on how a supervisor's style influences employee creativity and engagement.

## **1.2. Research Aim**

There is no empirical evidence on the impact supportive leadership has on corporate entrepreneurship. However, this kind of contribution can be presumed, considering the consequences of supportive leadership on employees. The alleged influence especially concerns the team members of the supportive leader, and the component most likely to be of importance here is entrepreneurial activity. It allows employees to express their interests, which, in turn, allows for the bottom-up creation of new ventures. This discussion leads to the following hypothesis:

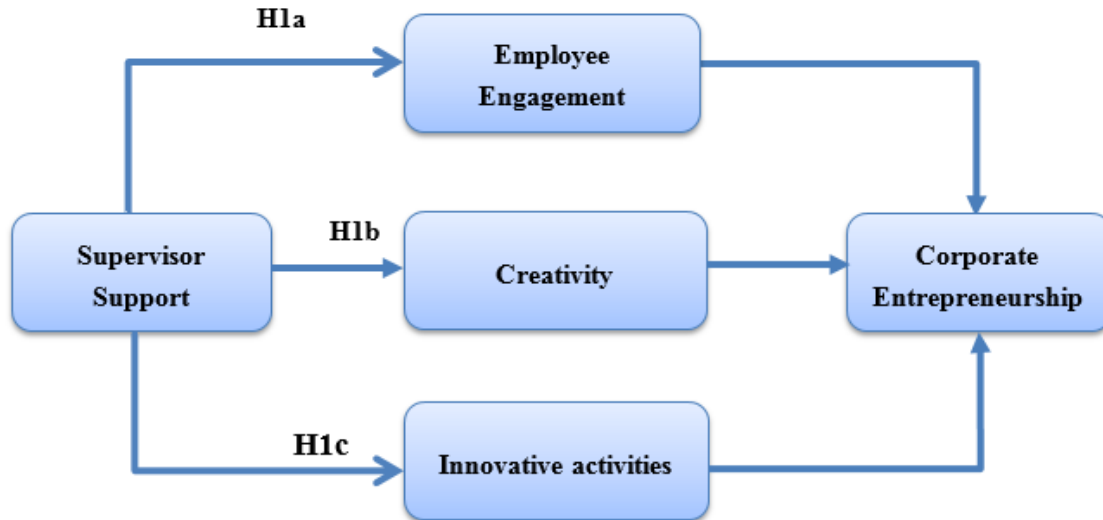
*“Supportive Leadership will have a direct positive relationship with corporate entrepreneurship intensity.”*

**Hypothesis 1a:** Supportive supervision from managers increases employee engagement, which in turn contributes to corporate entrepreneurship.

**Hypothesis 1b:** Supportive supervision from managers has a positive impact on employee creativity, which contributes to increased entrepreneurial activities.

**Hypothesis 1c:** Supportive supervision from managers improves employee participation in innovative activities, which enhances the CE process.

Figure 1 Proposed conceptual model for Corporate Entrepreneurship



The linkage between leaders' supervision, innovation and employee creativity is a particularly relevant topic for research within the context of CE, because, the act of launching a new product is perceived as a valid and intrinsically motivated undertaking by an individual or, in most cases, a team of founders (Mcmullen, Bagby, & Palich, n.d. (2008)). Leaders play an important role in providing necessary enacted support through their supervision.

Academics are not the only people with interest in understanding the varying levels of innovation; it is also a focal interest for many practising managers. However, if firms want to encourage the CE process within their organisations, how do they try to do this? What are the initiatives and practices they should attempt? Moreover, how do these practices relate to their wider organisational experiences? Within the positive leadership domain, there is much debate around the question of whether the positive style of leadership enhances entrepreneurship within firms conceptualised as having an entrepreneurial orientation. The purpose of the current research study is to explore various aspects of leadership support as perceived by team members, which lead to a "corporate entrepreneurship" practice.

## 2. LITERATURE REVIEW

### 2.1. Corporate Entrepreneurship and Leadership

The idea behind Corporate entrepreneurship (CE) goes back to the mid-1970s. CE refers to entrepreneurial activities at the level of the established organisation. Peterson and Berger (1971) first introduced CE as a strategy and leadership style adopted by large firms to cope with the increasing level of market turbulence and improve the firms' competitive advantage. In the mid-1980s, CE turned into a different research theme through the works of Burgelman (1983) and Miller (1983), and specifically when Pinchot's (1985) book on enterprise endeavour was distributed.

Scholars expressed increasing interest and conducted research on how CE could be perpetuated within large firms, given its considerable potential to renew companies through innovation and creativity based initiatives (Van de Ven & Engleman, 2004). Studies show that CE can play a major role in achieving higher levels of corporate performance, growth (Morris et al., 2011; S. a. Zahra, 1991; S. A. Zahra, 1993), and profitability (Covin & Slevin, 1991). Corporate entrepreneurship strategy can be then defined as *“an entrepreneurial behaviour or set of behaviours with an organization-wide reliance and vision, which continuously and purposefully rejuvenate the firm and shapes the scope of its operations by recognising and exploring entrepreneurial opportunities”* (Kuratko, 2011, p.61).

Previous research studies have mainly focused on leadership actions, initiatives, structural factors (Simsek et al., 2007; Zahra, 1993) and business environment. This literature is not focussed on the organisational capacities. In recent reviews and studies, the need for making associations between top management capabilities and CE has been reinforced.

Individual employees can play various roles in the process of corporate entrepreneurship (Morris et al., 2011), but the most important role in the facilitation of CE is from a sponsor, i.e. a high-ranking manager who functions as the advocate of entrepreneurial activity. The manager role lies in advising the champion, helping to find resources and information, supporting an innovative project with personal authority, and functioning as a protective buffer when the champion must go against some company rule in order to overcome a barrier and proceed with the innovation.

Therefore, in summary, leaders promote creativity and improve team members' engagement in innovation activities to further progress CE phenomenon in firms.

Managers of all levels are potential drivers of corporate entrepreneurship. The executive team is responsible for the overall strategy, mission and vision of the future, all of which in turn are a prerequisite to, and catalyst for, successful intrapreneurial ventures (Bhardwaj et al., 2010). The literature on individual characteristics supporting corporate entrepreneurship suggests that entrepreneurs prefer to take moderate, calculated risks (Pinchot, 1987; Morris and Trotter, 1990). Brockhaus and Horwitz (1982) suggested that locus of control, risk-taking propensity, and achievement motivation are important characteristics of entrepreneurs. Other variables such as energy level, conformity, need for autonomy, need for achievement, dominance, persistence, a desire for personal control (Greenberger and Sexton, 1988); and the desire to build something of one's own (Knight, 1987) have been found as important traits for entrepreneurs.

## **2.2.Creativity and Innovation**

Innovation is considered to be one of the most significant factors that influence the success of a business in today's intensely competitive and dynamic environment, and creativity is the most basic and critical component of innovation. The term creativity is defined as the production of novel and useful ideas by an individual or small group of individuals working together (Amabile, T. M, 1988), and innovation is built on creative ideas. There are multiple definitions for innovation. Van de Ven (1986, p.3) terms innovation as "*the development and implementation of new concepts by people who over time engage in transactions with others with an institutional order*". While Kanter (1983, p.20) defines it as "*the process bringing any new, problem-solving ideas into use.*". Overall the two phenomena creativity and innovation, are interrelated and inseparable.

Amabile (1988) says that individuals fail to produce creative work when they lack creative-relevant skills, and the creative, relevant skills include the cognitive style, which involves looking the problems from a new perspective. These creative, relevant skills depend on several factors; most notable are individual personal characteristics related to independence and self-discipline (Campbell, 1960; Hogarth, 1980). Based on a review of the research on creativity,

Amabile (1988) concluded that individual creativity efforts were strengthened by the presence of organisational systems, procedures, and processes that enabled creativity.

Paradoxically, when people were given free reign to solve a problem, they tended to be uncreative, defaulting to focusing on what had worked best in the past. According to Stokes, a cognitive psychologist, due to the profound nature of human knowledge, we think the future from what we already know from the past. No boundaries additionally leave too many questions open; they create doubt and confusion. (Stokes, 2007) .

People generally fill in the blanks with assumptions, because as humans we do not tend to like uncertainty. It sounds counter-intuitive, but boundaries can boost creativity. *“Deadlines force employee to ensure a project gets done within the timelines. When we have a fixed scope, then creative thinking is enhanced.”* (Pérez-Bustamante, 1999, p.66). Because the fewer avenues we have open to ourselves, the more we are forced to rely on our ingenuity.

Creative individuals are more intrinsically motivated and less organisation oriented (Udwadia, F. E, 1990). They can be irreverent toward widely accepted scheme and often challenge them. They need to be controlled with delicacy and balance. For instance, it may be impossible for a manager to inspect how things are progressing routinely because the creative mind often proceeds in an intuitive, nonsequential modality of thinking. The creative individual often behaves like a child who revels in play and is likely to be temperamental, less disciplined and less self-organized. This person, therefore, needs special attention compared to a typical organisational member who behaves like a well-developed adult, and whose thinking is more algorithmic than creative. Creative individuals thus require supportive from their supervisors. This managerial function gains added significance when dealing with creative individuals. The existing literature clearly shows that individual creativity and innovation ability depend on two important factors-creative relative skills and leader supervision.

### **2.3.Employee Engagement and Innovation**

Employee engagement is one of many key business drivers for an organisational success; an engaged employee engages cognitive, emotional and physical dimensions of themselves in their work (Pitsis, 2012). Research has shown that high levels of engagement at work promote

organisational performance through innovation. *“Today the challenge is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives.”* (Nijhof et al., 2002, p.2). Levels of engagement matter, because employee engagement correlates with performance. Even more significantly, research evidence shows that improving engagement correlates with improving performance. In fact, employees with the highest levels of commitment perform 20% better and are 87% less likely to lead the organisation, which indicates that engagement is linked to organisational performance. Research results from scholars May.D, Gilson, R. L., & Harter (2004) show that organisations that furnish a working environment culture with the psychological conditions of importance (job enrichment, work-role fit), accessibility (resources available) and safety (supportive manager and co-workers) are more likely to have engaged employees.

Research from Gallup, a performance management consulting company, indicates that higher levels of engagement are strongly related to higher levels of innovation. Moreover, Professor Julian Birkinshaw of the London Business School states that *“employee engagement is the sine qua non of innovation. In my experience, engaged employees are those who invest their quality time in multiple tasks (such as servicing clients, creating quality products) but you cannot foster true innovation without engaged employees.”* (Rao, 2016, p.2). Medlin.B & Green Jr, K.W (2009). Watson Wyatt in his research studied 115 companies and concluded that a company with highly engaged employees achieves a financial performance four times higher than companies with poor engagement.

Leadership and management heavily influence employee engagement. Authors MacLeod.D & Clarke.N (2009) identified various inhibitors that affect engagement, and the most common of those were Leadership and management. Among those pioneers who are worried about representative engagement, there is impressive variety in their reasoning and devotion to it. Often the potential of employee engagement is truly underestimated, and a substantial number of leaders stay unaware of the idea of employee engagement and the advantages it brings to the organisation’s success. Engaging leaders are at the heart of any successful organisational culture they facilitate and empower rather than control or restrict their staff. Work from researchers Douglas R. May et al. (2004) suggests that supportive supervisor relations are positively associated with employee engagement at work.

## **2.4. Leadership Style and Innovation**

The term leadership means different things to various individuals. The most popular definition is, leadership is the process of influencing others towards achieving some desired outcome (de Jong & Den Hartog, 2007). In the past 20 years, both transformational and charismatic leadership approaches have gained popularity (Schippers, Den Hartog, & Koopman, 2007). For our research, we limit ourselves to the behavioural perspective and address how leader behaviour influences employees idea generation and its progression. While the impact of leaders seems intuitively appealing, most behavioural leadership studies look at performance or practical outcomes rather than innovation-related outcomes.

One of the strong determinants of employee creativity at work is the style of supervision (T.M Amabile & Gryskiewicz, 1987). There is a clear association between supervisor style and employee engagement. Previous research supports the notion that supervision that is supportive of employees will enhance their creative thinking, and supervision which is controlling or limiting is projected to decrease the creative performance of an individual (Deci et al., 1989; Deci & Ryan, 1985, 1987). When supervisors are supportive, they show concern for employees' feelings and needs, encourage them to voice their concerns, provide positive, chiefly informational feedback, and facilitate employee skill development (Deci & Ryan, 1987). Amabile and Gryskiewicz (1989) found significant relations between employee ratings of supervisory encouragement and creativity. Scott and Bruce (1994) demonstrated through their research that professional employees who reported high-quality relationships with their supervisors (relationships characterised by support, trust, and autonomy) were described by those supervisors as more likely to generate creative ideas. The previous research additionally provides some support for the association.

Available research on the relationship between leader behaviour and employee innovation has investigated transformational leadership, participative leadership, and leader-member exchange (LMX) theory. Transformational leadership is hypothesised to encourage creativity (Kahai et al., 2003). Transformational leaders induce their followers to view problems in novel ways and help them to grow to their full potential; this will result in the increased creativity of followers. Participative leadership can take different forms, including consultation, joint decision making

and delegation (Yukl, 2002). Such leadership has been identified as an antecedent of individual innovation. Judge et al. (1997), for example, interviewed R&D managers, scientists, and technicians from new biotechnology firms and concluded that giving employees operational autonomy encouraged an innovative culture. LMX theory focuses on the social exchange relationships between leaders and staff. The theory suggests that the quality of the relationship between a leader and follower influences outcomes such as low satisfaction, supervisor satisfaction, performance, commitment, role conflict, role clarity and turnover intentions (Yukl, 2002).

Though research scholars have been developing many tools and techniques in an attempt to make the innovation process more efficient; product development projects are still prone to failure. Cormican.K & O'Sullivan.D (2004) proposed a best practice model and scorecard to enable managers to measure their performance regarding new product innovation management. Leaders have a powerful source of influence on employees' work behaviour (Yukl, 2002). Innovative behaviour is no exception. Leaders must develop a commitment within their team to adopt an innovation mindset where each employee figures out how to apply the distinctions that exist in each other for their success and the success of the organisation. The commitment that leaders make to the execution of their organisation road map can be significant. Upper echelons theory proposed by researcher Hambrick.D.C (1984), argues that decisions and choices by management have an influence on the fulfilment of an organisation, through their assessment of the environment, strategic decision making and support for innovation.

Previous studies have treated employees' innovative behaviour as a one-dimensional construct that encompasses both idea generation, idea progression and application behaviour (Scott and Bruce,1994; Janssen,2000). Day & Hamblin (1964) have conducted research on the link between leadership, and the mental health of individuals and the results conclude that poor-quality leadership has adverse effects on employees. Researchers identified both benefits and problems associated with different styles of leadership. Leadership boundaries increase efficiency, morale, forward thinking ideas and focused team effort. Without limitations, there can be unfocused innovative activity, poor lateral communications and reinforcement of a culture of inferiority.



As Hackman (1984, p.40) points out, "*an unsupportive organisational context can easily undermine the positive features of even a well-designed team.*" There is an increasing recognition from research scholars that innovation requires a special kind of supportive leadership". Supportive leadership offers a vision of what could be and gives a sense of purpose and meaning to those who would share similar vision. It builds commitment, enthusiasm, and excitement. It creates hope for the future and a belief that the world is knowable, manageable, and understandable.

## **2.5.Creative Culture**

There are few factors that affect the level of entrepreneurial initiatives taken inside the firm at a point in time to pursue CE (Sumo, 2010). These factors are recognised as antecedents of the entrepreneurial actions on which corporate entrepreneurship is built (Kuratko, 2006). One of the core antecedents is the organisational culture. Corporate culture surfaces as critical to gain a competitive advantage. Internal environment and company strategy are influenced by culture so the needs must be fulfilled by internal culture. Several past researchers explored the relationship between different aspects of firms culture and entrepreneurial behaviour across cultures (Yildiz, 2014). An organisation's ability to create and keep up an entrepreneurial stance is contingent on that organisation's culture (Covin & Slevin, 1991)

When management commits to an entrepreneurial orientation of the employees, the culture of the organisation through its people must be able to support this transformation. Culture is broadly defined as the way in which things are done in an organisation (Gorden, 1984; Schein, 1999). Kanter (1994) has emphasised the fundamental role culture plays in motivating and shaping entrepreneurial behaviour in organisations. Establishing and nurturing intrapreneurial behaviour and practices so they become part of an organisation's culture, and ethos can provide the opportunity to initiate renewal and create innovation (Robinson, 2001). The entrepreneurial culture is centred squarely on accepting and managing the forces of change and creating new possibilities - to be creative and take risks. However, intrapreneurs need an environment of safety and freedom to experiment without fear of reprisal when initiatives do not lead to desired results.

In conclusion, most research studies on the connection between leadership style, individual innovation and the innovation context have explored the role of theory-based leadership styles. Initially, these theories were developed for other purposes, such as the assessing leaders' impact on performance or effectiveness, rather than innovation-related outcomes. Researchers did not seek to develop models aimed specifically at finding out how supervisor behaviour could stimulate the innovative conduct of subordinate employees. Leadership models developed for normal settings may not generalise to the direction of innovative people (Mumford & Licuanan, 2004). Also, the previous studies that were carried out focus on the leader's role in stimulating creativity (Gilson & Shalley, 2004) whereas the role of leaders in employees' implementation of innovations received little got little attention.

In summary, the literature review suggests that managers can boost the creativity and improve employee engagement with various initiatives, and these are the core characteristics of corporate entrepreneurship.

### **3. RESEARCH DESIGN AND METHODOLOGY**

As it was introduced the purpose of this research is to explore how managers and supervisor leadership style shape the corporate entrepreneurship process. The research design chosen was an inductive, in-depth single case study. The purpose of the single case study is not to test the hypothesis but to gain an understanding of what management factors or attributes empower employees to participate in entrepreneurial activities. This section contains details on research design, data collection and data analysis techniques.

#### **3.1. Research Design**

##### **Mixed method approach**

The research design is a mixed method, theory-inducing approach to addressing the research question. The study uses a research questionnaire, shown in Appendix A designed to gather information about innovation activity and management supervision. The work will combine the questionnaire shown in Appendix B with an interview at the same time to produce a case study. Employees answer on a Likert-type scale from 1 (fully agree) to 5 (fully disagree) regarding how well the statement describes the current situation.

Qualitative research is acknowledged across various disciplines, fields and topics as a way to explore the comprehensive and multifaceted processes, behaviours and actions involving human beings in a specific domain (Roller & Lavrakas, 2015). Qualitative research is thus useful to explore CE because the subject is multifaceted, comprehensive and requires an approach that can capture what scholars have described as a very complex phenomenon. Also, qualitative methods can generate surprising discoveries and improve understanding if not much is known about the topic, or if prior studies are scarce (Morse & Richards, 2002). Therefore, qualitative research is an ideal way to explore what the core aspects of supervision and the extent to which CE is influenced by those characteristics.

##### **A single case study approach**

According to Yin (2011), the case study is a very appropriate approach to research, particularly when the researcher wishes to know how something can happen, what happens, and what the outcomes can be. Specific to this research, the researcher wishes to ascertain how corporate entrepreneurship occurs, what the activities are, and what are the causes and results of intrapreneurial behaviour may be. Further, the case study can shed light on descriptive and explanatory events where the goal may be to gain a close understanding of events from the perspective of the actors in the field (Bryman & Bell, 2003; Gerring, 2011).

A single case study approach was selected due to the researcher's position as an employee of the target organisation. This provided special access to actors in the field as well as the removal of barriers or inhibitions towards truthfulness (Gerring, 2011).

The case study, applied to the IT division of Merchant Services in NETS Holding A/S, will give insight into the factors that lead the organisation to become entrepreneurial. With the launch of the new strategy, 'From Good to Great', NETS Holding A/S wants to identify the factors that determine whether and how they can move forward, how individual intrapreneurs behave, and the numerous outputs from such activities. Development of this case has the potential to answer the repeated calls for further research into the process of CE and the nuances of how the NETS Holding A/S behaves entrepreneurially.

### **3.2.Data Collection**

The current research involved collecting both primary and secondary data. Primary data was collected by interviewing the individuals, and the same respondents were asked to complete a research survey to collect quantitative data necessary to triangulate the results. All interview candidates were at management level and responsible for supervising a team of five to six members in Merchant Services department. The interviewees were selected by their job title and their responsibilities within the organisation. All candidates are on same hierarchical level and report to same manager. All interviewees were briefed on the research topic before the interview in order to get an accurate assessment of the research topic.

Interviews were semi-structured to allow the participant's point of view to be clearly expressed and to give a clear depiction of the data required. The semi-structured qualitative interview was

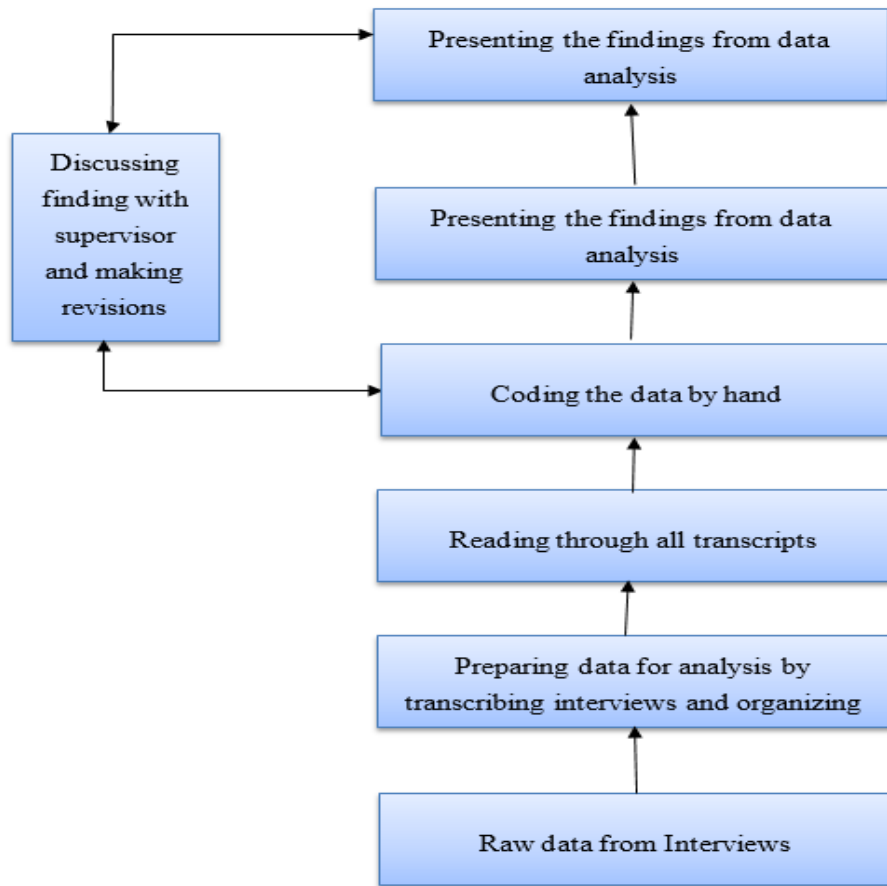
the best way to collect data (Creswell, 2007), given that it is the preferred method for many authors and scholars, and previous research has shown that people prefer to explain their answers. In this manner, we can reduce the degree of uncertainty between respondents.

The interview questions were designed to discover participants' experience with the innovation process and all questions are included in Appendix B. Secondary data was also collected using the extensive literature available in the form of journal articles and publications, it is used as a background information to enrich and enhance the reliability and trustworthiness of interview data. Information from archival documents from company website materials is used to verify important details on innovation and the entrepreneurial process.

### **3.3.Data analysis**

Interpreting data is at the core of qualitative research (Creswell, 2007; Morse & Richards, 2002). While there are many ways in which data can be interpreted, to ensure a scholarly approach for data analysis, I followed the data analysis process recommended by Creswell (2011). Figure 2 below suggests a linear process for identifying key findings from raw interview data; the process is iterative in nature because the boundaries between the phases are fuzzier than they appear in the figure. Throughout the research, I was moving back and forth between phases. In the following sections, I explain in detail the different phases of data analysis. I completed the data analysis consistent with exemplars of case research from the published literature (Eisenhardt & Graebner, 2007)

*Figure 2 Data Analysis Process*



Adapted from Research Design: Qualitative, Quantitative, and Research Methods Approaches (p. 185), By J.W. Creswell, 2009.CA: Sage

### 3.4.Coding

Coding is the process of interpreting and organising textual material by labelling the data into categories so that all data relevant to a category can be retained and revisited until patterns emerge (Creswell, 2007; Klarner, Treffers, & Picot, 2013; Morse & Richards, 2002). Open coding is a process of coding advocated by many scholars, followed by implementation of expanded codes (Creswell, 2007; Singh, Corner, & Pavlovich, 2016).

*Open coding:* Open coding is considered to be the starting point when looking to create a theory and is one of the first steps required to interpret data phenomena to build concepts (Lemanski, 2011). Open codes are a few, very broad categories that can be applied to portions of text. In this study, I identified several open codes based on an initial reading of transcripts and key concepts from the current literature. These open codes included “Entrepreneurial activity,” “Bureaucracy,” “Failure tolerance,” “Ad-hoc process,” “Lack of standards,” “Motivation”, and “Access to data”.

*Expanded coding:* The second step of coding involved breaking down open codes into more detailed codes. This process is known as expanded coding (Creswell, 2007; Morse & Richards, 2002). Expanded codes represent more detailed concepts within open codes as well as possible relationships and processes. Margin notes help facilitate expanded coding. An example of an expanded code within the open code of entrepreneurial activity was “Failure tolerance”,-a concept describing organisation’s approach towards adapting new ideas or services.

The final step in the analysis of qualitative data is theorising (Creswell, 2007). Theorising is generally a step beyond pattern recognition, involving induction of process, or graphic depictions of models in the data (Patton, 2005).

### **3.5. Reliability of the data**

The use of a scorecard to measure innovation activity is a common technique and provides an overall view of the activities in use to support innovation at the firm (Chiesa et al., 1996), but for long-term management and in-depth analysis, a more rigorous approach would be necessary. Tabulation of the quantitative data will be undertaken, and the results entered into a spreadsheet designed to make totalling the results as accurate as possible. To complete triangulation of the study, the score will be compared with the opinions expressed during the interview to ensure there is cohesion between the both qualitative and quantitative information.

## 4. FINDINGS AND DISCUSSION

### 4.1. Findings

This thesis *explored the role of leaders' supervision in relation to corporate entrepreneurship with regards to employee creativity and innovation*". The research questions were designed to gather data on entrepreneurial intensity and the supportiveness of supervisors at NETS Holding A/S. The data was a mix of quantitative and qualitative information; the quantitative data was in the form of 'innovation audits' to score the organisation on different topics regarding innovation and entrepreneurial activity. The qualitative data was in the shape of recorded interviews during which the interviewee were asked about innovation and management support.

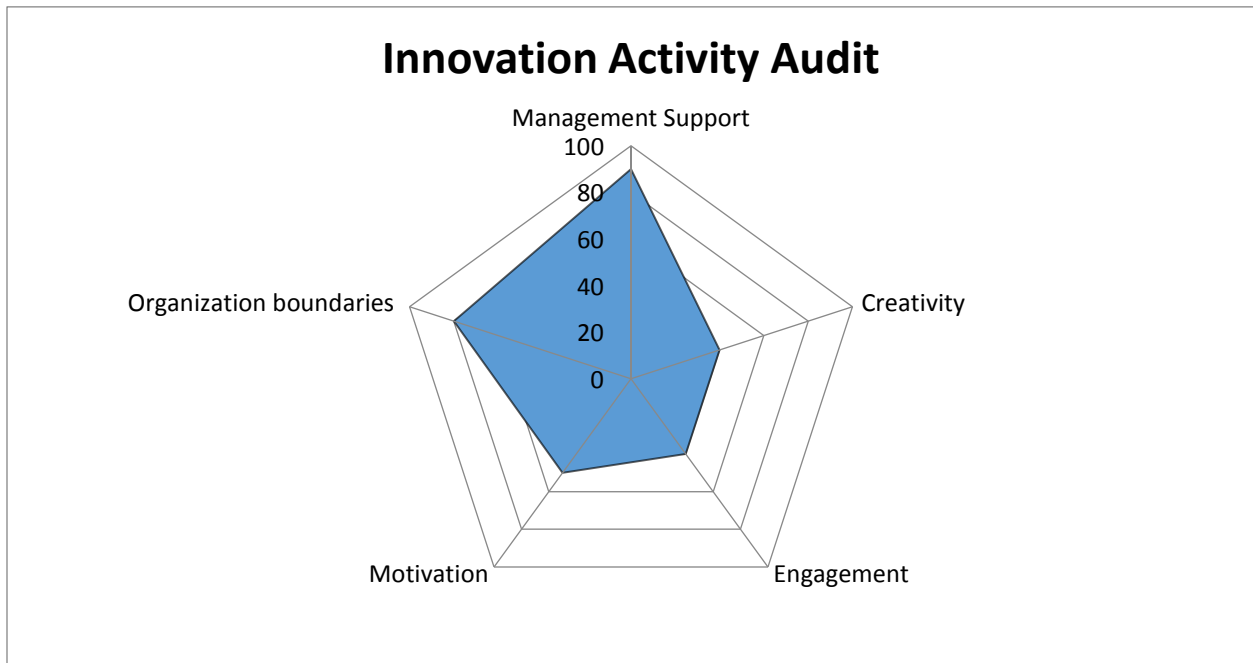
The results from the innovation audit show that albeit complete support from management, innovative activities suffered due to lack of motivation in employees and poor organisation culture. Management has paid very little attention to the factors which discourage and act as barriers for employees to be innovative. Instead, they have focused on other initiatives to promote entrepreneurship, such as hackathons and digital labs. Figure 3 depicts the results from the audit survey in graphical format. Audit survey questions have been categorised into different themes such as motivation, organisation boundaries, engagement, etc., and mean score of each theme was used to plot the graph.

The data from the graph reveal that more than 90% of the responses show that the management is very supportive towards innovation and creative activities. Almost all respondents described positive behaviour from their senior management towards innovative activities, and they were ready to provide clear direction and support in terms of financial and human resources when approached with a clear business case. The open-door policy to ensure capture of new ideas has been categorised as support from management, and all candidates reported a positive attitude towards this theme, showing encouraging support from leaders, it got 100 % positive response.

When asked whether the firm was good at innovation, most of the candidates responded with a very poor rating, only 30% responded positively towards creativity at work, and the same number of respondents evaluated the firm as very poor in motivation and engagement. Overall the results convey the message that entrepreneurial phenomena have suffered due to poor motivation and organisational boundaries.



Figure 3 Innovation Activity Audit



The results from the quantitative data show that lack of motivation and organisational boundaries are acting as barriers in NETS Holding A/S towards employees being creative and entrepreneurial. We further used the qualitative data to identify the core aspects leading towards lack of motivation and acting as barriers for employees to practice entrepreneurial activities.

The findings of the quantitative data indicated that there lacked a positive relationship between the role of leader supervision and corporate entrepreneurship through employee creativity and innovation. The qualitative data was used to discover the factors impeding employees from taking part in entrepreneurial activities. The coding process employed to analyse the data revealed multiple factors act as barriers between employees' creative and innovative abilities and their participation in related activities. The factors identified during the analysis process are presented in Figure 4. Corporate entrepreneurship influenced by creativity and innovation existed in organisations where employees were highly motivated, where bureaucracy was not a form of leadership, and where increased trust allowed employees to be innovative and creative.

Figure 4 Factors discouraging Innovative and Entrepreneurial activities in organisations



Based on the nature of the aspects acting as barriers for entrepreneurship in a firm, we grouped and categorised them as shown in Figure 4. Lack of collaboration, trust issues, empowerment and process heaviness were all categorised under motivation theme. These impediments causing of lack of motivation in team members. Bureaucracy, lack of access to tools and failure tolerance were some of the organisational boundaries hampering CE phenomenon.

Furthermore, the flow channels which nurtured entrepreneurship in the organisation were informal. entrepreneurship existed within firms where internal culture encourages innovation and creativity. However, the diverse cultural backgrounds affected the form of leadership adopted, and the relationship between employees and management in an organisation would succeed in being entrepreneurial is mainly depends on the organisational entrepreneurial culture. Likewise, where the organisation had a low tolerance for failure, it means innovation and creativity were not encouraged, while organisations with high tolerance to uncertainty did promote intrapreneurs. A leader's role is to overcome the aforementioned obstacles to create a creative culture for employees to continue their entrepreneurial activities.

## 4.2. Discussion

### 4.2.1. Bureaucracy

The way an organisation is run influences whether the employees come up with innovative and creative ideas that nurture corporate entrepreneurship. Bureaucracy as a form of running a company which entails a set guidelines, and where deviation is deemed wrong regardless of the outcome. Such an environment means that employees and management follow the rules as a set, and thinking outside of box is unacceptable. Several respondents cited this as one of the core reason employees were not engaged or innovative.

*'To open a firewall takes a maximum of 5 min, but due to the cumbersome process, there are instances that we have to wait for weeks to get it done. Moreover, you need to follow up with number of people to get their approval.'*

*'Sometimes it takes months to get approval for a license or a new server, and you have to run behind that responsible person to get things done.'*

*"we need a virtual sandbox environment with access to necessary data. Where we just choose, and plugin required components . It would have been ideal for testing our creative ideas."*

However, a favourable organisational system would be ideal for growing corporate entrepreneurship. Such a system could exist with a unique organisational culture where bureaucracy is not encouraged. The organisational culture is a company's shared assumptions, values and beliefs guiding the people in the enterprise. As a result, the organisational culture provides the boundaries and guidelines that assist the employees in performing their duties as assigned. Since organisational culture is ingrained in the behaviour of the employees of the organisation, it provides a challenge when instituting change.

Therefore, in order to change and create an environment of favourable to CE, the culture of entrepreneurship needs to be infused from the top down. Top management or the strategic management level needs to come up with an organisational environment that emphasises CE. This means that the policies established need to encourage transformational policies that discourages bureaucracy (S. Zahra, Neubaum, & Hayton, 2016).

The downside of bureaucracy is that it delays systems and discourages out of the box thinking. This is because bureaucracy pushes employees to do as per the guidelines without challenging the policies and tasks (Adair, 2007). As a result, creativity and innovativeness fail to be tapped from the employees, and hence the lack of CE in most companies (Covin, Kuratko, & Morris, 2011). To counter this challenge of bureaucracy, the use of transformational policies ensures that all members of the organisation look at issues when performing tasks where there is need to change for better (S. Zahra et al., 2016).

#### **4.2.2. Motivation**

From the findings, I discovered that motivation was not present in organisations due to various factors, which was evident from interview responses, they are, lack of trust, collaboration and organisational slack. To have CE, motivation is a very critical factor. Thus, a company needs to include incentive packages based on the project. Set policies such as gain-sharing or performance-based variable pay would be ideal since the employee identifies as a part of the company with such a contract.

*'In an ideal case, everything should come from bottom i.e. individual should be motivated to participate in innovation activities. It should be in your DNA. You will not survive if its only from top to bottom approach'.*

*'I really encourage people to come up good ideas, but I could see the struggle here. Employees are completely occupied with backlogs, so unless they are motivated it's difficult to involve in such activities'*

*"I think creativity and innovative ideas must be something that come from inside it's not the you can force someone. When people are motivated, they will automatically think on improving the process through new ideas."*

From the employee testimonials, for corporate entrepreneurship to exist, it is prudent for employees to be motivated. Motivation is the employees' inner state which fuels activities and channels one's behaviour towards achieving a set goal. Therefore, an individual's locus of control is relevant for setting and reaching organisational goals. Motivation can also be perceived

as the arousal of one's mind to perform certain actions and continuously sustain an activity in progress.

With agreements, an organisation makes an agreement with employees as to how to manage the CE, which also eliminates mistrust among employees. With trust, the employees have clear minds that allow them to work on entrepreneurial ventures. In addition, where there is trust employees are able to communicate with the owners of the company on how to participate in entrepreneurship with a clear mind that their ideas will be to the benefit of both the company as well as the employees. Hence a good reward system that relates to the participation relationship would be necessary for employees to feel motivated and continuously come up with new ideas for the company.

*“employees don't expect huge monetary rewards, recognition their contribution can also boost employee motivation.”*

Another cause of mistrust comes from the failure of management to recognise the efforts of the employee, regardless of level of contribution. Recognising effort should occur when an entrepreneurial action brings forth success or failure. At this point, if management can applaud an employee's initiative regardless of outcome, this ensures that employees come up with new ideas for an organisational sustainability. Thus, in order to eradicate mistrust and encourage trust in an organisation, it is crucial for a company to recognise the effort of an employee irrespective of the outcome for the enterprise.

Additionally, to motivate their employees, it is vital for the company to identify intrinsic motivation factors that drive employees to take entrepreneurial risks. The recognition of great business ventures would give the employee motivation to keep coming up with new ventures. Thus, creation of a participation relationship entails extrinsic motivators, while the recognition of ventures becomes an intrinsic motivator.

#### **4.2.3. Delay due to approval process due to long workflow channels**

*“They need to have this liberty and freedom, in a way that you would say we put x amount of money and provide quick access to tools and resources for innovative teams.”*

*“Most of the teams work in isolated environment and getting access to data from other teams need huge effort.”*

Formal workflow channels are well defined and documented for the purpose of understanding and making known every position in an organisation as well as the duties expected from the individual. Formal channels in an organisation provide limitations to what one can do within a given position and therefore discourage the development of entrepreneurial spirit within an organisation (Kubartz, 2009). On the contrary, for CE to grow, an organisation’s top management needs to encourage informal flow channels. Guidelines on to whom to report to should not be a concern when entrepreneurship culture is being nurtured.

In addition, the traditional flow channels tend to be specific regarding the duties of each and every person working, as well as to whom they ought to report. The challenge with this is that different supervisors have different personalities, which affects how organisations work and how entrepreneurship is encouraged. When an innovative employee is under a supervisor who may not condone entrepreneurship, growth fails to occur. Therefore, encouraging informal flow channels result in entrepreneurial employees seeking out supervisors who create working environments that encourage entrepreneurship.

#### **4.2.4. Empowerment**

*‘As a manager, you need to empower your team members to be creative and innovative to serve our clients.’*

*“management encourages team members and takes necessary initiatives to stimulate innovation.”*

Empowerment is a human resource principle that enables employees to have the freedom, flexibility and power needed to make decisions and solve problems. For this concept to succeed, employees need these capacities in order to execute their duties with utmost diligence and confidence. The concept of empowerment mainly relies on internal organisational factors influenced by autonomy and work discretion. Therefore, every organisation is tasked with the responsibility of inducing innovation through strategic human resource practices.

The canon of empowerment is decentralisation, which acts as an agent for innovation within an organisation (Erbe, 2014). Further, empowerment also results from employees being motivated due to the decentralisation processes allowing an employee to make decisions and have ownership of the responsibilities provided. Notably, empowerment reduces the burden on supervisors, allowing them to effectively become cheerleaders, ensuring that the employees come up with great innovations and creative ideas.

#### **4.2.5. Cultural Issues**

*“I think it's crucial that innovation becomes part of what we do in our day to day life and getting a business as we speak I don't think that sustainable to have innovation as a separate activity”.*

One's social and cultural background affects how organisations are run as well as how employees behave within an organisation. Firstly, the identity of a company is influenced by the social structure of a company. Companies with high power distance gives employees limited power to make decisions. Conversely, companies whose leadership has low power distance encourage employees to work by themselves with limited supervision as well as have a larger scope for decision-making, in contrast with high power distanced culture organisations. Therefore, organisations of high power distance tend to be low on innovation and creativity as well as CE. Likewise, in companies where low power distance culture exists, innovation and creativity are nurtured, thus encouraging corporate entrepreneurship.

Moreover, the cultural background of employees, as well as that of management, also affect how innovation and creativity and thus CE. If the management have a masculine characteristic, then the leadership is authoritative in nature. Where leadership is autocratic and authoritative, issues of flexibility, independent thinking and decision making arise. When within a masculine management culture, the employees tend to take up orders from their leaders without any hesitation and questioning. In such an environment, innovation and creativity is left to the management, who are thought to be superior. In such an environment innovation is not nurtured. Thus it fails to promote a good environment for CE (Yildiz, 2014). Employees from a culture that is feminist in nature tend to have a positive relationship with the management, and thus when new ideas come up, they are communicated to everyone, and anyone can contribute to the entrepreneurial project.

#### **4.2.6. Tolerance for Uncertainty**

*“The biggest risk is not to fail; it is not to try. Zero failure is not possible in the context of innovation, then you scare a lot from the people, and they don't dare to try.”*

*“I think you really need to be consistent in not punishing the people who fail. It's super crucial, and again you have to create the space for people to do this.”*

Cultural background dictates the level of acceptance an organisation has for uncertainty of outcomes. It is notable that where the national identity fails to attend to uncertainty by taking precaution, companies tend to do the same. Such a company will not take precautions to guard itself from uncertainties and their effects. However, a company that has a low tolerance for uncertainty will work towards taking a precaution, so as to ensure that unexpected outcomes are prepared for. Therefore a company with a low tolerance for uncertainty encourages and nurtures CE, thus ensuring sustainability of that company. A company that encourages the taking of risks needs to understand that there must be room for failure. Just because a company takes up innovative projects does not mean that all such projects will succeed, and therefore a company needs to understand that a certain degree of failure is inevitable.

#### **4.2.7. Lack of standards**

*‘Currently, we do not have any standard process to manage and measure innovation; everything is happening in an ad-hoc manner.’*

*‘We do not follow any procedure; we ask employees to start thinking in a creative way and come up with new ideas’*

There is an old adage: *“the good thing about standards is there are so many of them to choose from”*.<sup>1</sup>

Standards arrive in two ways, typically. They either become de facto standards by virtue of market adoption, or they are developed and agreed upon by a priori, by a standard committee or a consortium.

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<sup>1</sup> <http://www.coindesk.com/blockchain-standards-alarmist/>



Innovation experts advise that managing innovation is not different from managing other processes in an organisation, like finance or HR. It requires a process, clear accountabilities, resources, tools, methodologies, etc.

#### **4.2.8. Fewer organisational boundaries**

*“it's about making an environment comfortable and safe to do the innovative stuff. you can set the ground rules later.”*

*“it's not just from the top-level management; it should come from everywhere. Arrange innovation forums with cross organisational people meeting up and exchange ideas as whatever. It's much about cross SILOs to not to limit yourself in your own way of thinking.”*

The parameters set by an organisation need not to be too stringent. This is because when the rules are too strict, the employees are demotivated and unwilling venture into entrepreneurial tasks which require room for freedom. Rules should be flexible so as to bring out innovative and creative works for the organisation.

There is research to suggest that lowering organisational boundaries does not necessarily have any impact on corporate entrepreneurship. However, this may be due to a lower level of documented standard operating procedures (Ahmad et al., 2012). Other researchers suggest it is an important consideration and must be aligned with the vision and strategy of the organisation, which is a prerequisite for success (Burgelman, 1983).

In summary, the findings of this study indicated a lack of positive relationship between the role of leader supervision and corporate entrepreneurship through employee creativity and innovation. Instead, CE as a function of employee creativity and innovation existed in organisations where employees were highly motivated, where bureaucracy was not a form of organisational culture.

According to the research conducted, it was found that the assumption of supportive supervision leading to the growth of corporate entrepreneurship was not entirely true. However, a favourable organisational system would be ideal for growing business entrepreneurship. Such a system could exist with a unique organisational culture where bureaucracy is not encouraged. The

organisational culture is a company's shared assumptions, values and beliefs guiding the people in the company. Therefore, in order to change and create an environment of corporate entrepreneurship, the culture of entrepreneurship needs to be infused from the top down. Top management or the strategic management level needs to come up with an organisational environment that emphasises CE. This means that the policies established need to be transformational and discourage bureaucracy (S. Zahra et al., 2016).

The research data analysis suggests there are four aspects supporting corporate entrepreneurship – minimising organisational boundaries, team motivation, empowerment and leaders' support. Leaders must strive to create a supportive organisational structure along with a collaborative work environment and support their employees to take part in entrepreneurial initiatives.

It was notable that some of the factors lacked a strong direct relationship with CE, yet acted as drivers of innovation and creativity, thus nurturing CE. The factors are as discussed below.

**Hypothesis 1a:** *Supportive supervision from managers increases employee engagement which in turn contributes to corporate entrepreneurship.*

Despite the firm observation that supportive supervision lacked a direct relationship with CE, it was notable that its presence increased employee engagement. Supervision ensures that there is responsibility and accountability, resulting in employees understanding that they could come up with inventions and innovations which benefit the organisation.

**Hypothesis 1b:** *Supportive supervision from managers has a positive impact on employee creativity, which contributes to increased entrepreneurial activities.*

Likewise, supervision from managers has a partial positive influence due to the fact that one of the roles of a manager was to encourage creativity. The more managers encourage subordinates to be creative, the higher the probability corporate entrepreneurship will be nurtured.

**Hypothesis 1c:** *Supportive supervision from managers improves employee participation in innovative activities, which enhance the corporate entrepreneurial process.*

The purpose of supportive supervision by managers is to ensure the firm internal culture facilitate questioning, and the managers encourage and provide tasks that increase innovative activities within an employee's job. This ultimately results in corporate entrepreneurship.

## **5. CONCLUSIONS, RECOMMENDATIONS & LIMITATIONS OF STUDY**

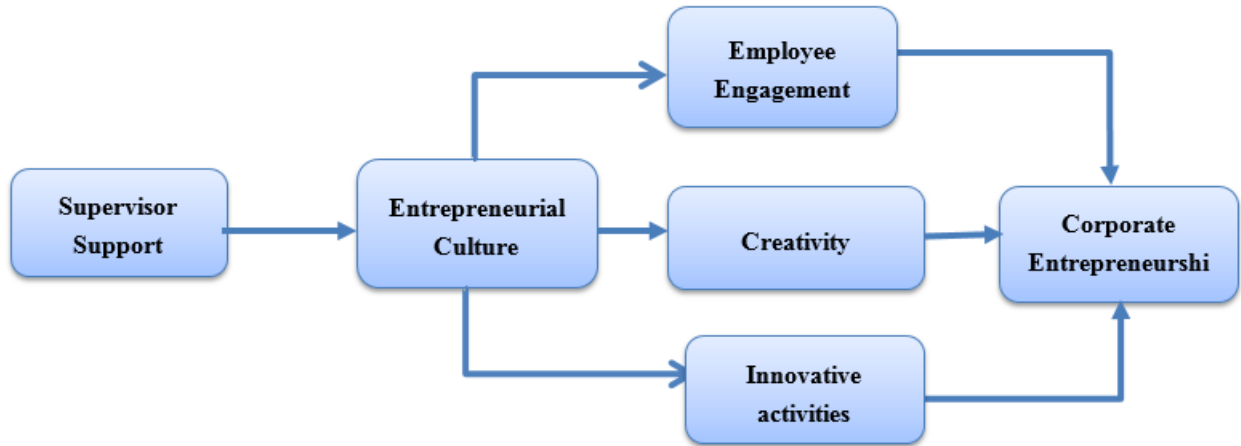
There is a fundamental psychological principle that people feel uncomfortable when acting in ways that are inconsistent with their values and beliefs (Festinger, n.d. (1957); Foo, n.d.).

This study has been conducted using cross-checked data, relying on both qualitative as well as quantitative methods, using case study analysis of NETS Holdings AS., one of the leading financial organisations in Nordic Regions. The deliberations and arguments provided by this quantitative audit questionnaire-based study to glean mathematical data, and usage of interviews for gathering qualitative data, especially on core issues of innovativeness, have validated, beyond reasonable doubt, the idea that CE is based on several endogenous and exogenous factors which influence both the internal and external business environments.

This paper has argued that many internal factors help to shape and contour the CE processes, including factors like organizational structure, internal culture, work ethos, work relationships and coordination, cooperativeness, harmony, goal congruence and other factors, which help define, delineate and enforce CE in business establishments, for the present and the future.

Indeed, as this paper has argued, organisational structure and culture have a major say in how employees can contribute to entrepreneurship. Through flexibility, motivation, morale-building and other positives, businesses are able to successfully pursue goals, aims and objectives both in the short and long terms. Moreover, this study has also demonstrated, that rather than diverting CE propagation, the evolving nature of business models spurs CE, leading to improved results over time. Most of all, these models help entrepreneurial-oriented firms mold the organisational culture and work ethos, resulting in improved CE, through flexibility of operation and motivation, imbuing the business model with positivity and constructiveness, for the present and future. Based on our research findings a new conceptual model is proposed as shown in Figure 5.

Figure 5 Revised conceptual model of Corporate Entrepreneurship



Furthermore, the literature and methods of this paper stipulate that CE does not spontaneously emerge, but rather needs to be perpetually nourished and promoted by entrepreneurially-minded employees, through motivation, morale boosting and, most of all, a conducive climate. Creating the right climate for teamwork and individual excellence through planned, programmed and positive efforts which gears cohort and individual efforts towards rejuvenation and restructuring of business models for the future.

### 5.1.Recommendations

CE is driven by employees, especially entrepreneurially inclined ones, and needs to be nourished through creativity, work culture and commitment, in order to pursue a firm's aims and objectives over time. Indeed a collective, integrative and positivist approach to CE could very well benefit gain this CE in the short run, especially if barriers, roadblocks and challenges could be well anticipated and remedied for overall growth and goal congruence for CE enforcement.

## **5.2.Limitations**

This research has been centred on just one case study analysis of one Nordic firm, NETS Holdings AS, which may be too small a sample to draw sweeping conclusions from. For full exposure to the entire gamut of CE, it is necessary and important to have at least four to five Case study analyses. Further studies should also involve more respondents, more settings and greater respondent engagement and involvement in all facets of CE, not just about motivation, work culture and restructuring of the business model.

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# Appendix A

## Innovation Audit Questionnaire

The aim of this questionnaire is to develop a scorecard for innovation. Information is being gathered from different teams to assess their capacity for innovation. The results of this questionnaire will be kept confidential.

Please answer all questions. Please circle the number which represents the strength of each answer.

1- Strongly agree, 5 – Strongly disagree

### 1. What is innovation and importance of innovation in teams

- Are you and your team specifically tasked to manage innovation? 1 2 3 4 5
- Are there dedicated roles for R&D team members to participate in innovation activities? 1 2 3 4 5
- Do team members share R&D and organisational support responsibilities? 1 2 3 4 5
- Have R&D programs been compromised through lack of resources when members were busy elsewhere - supporting production, marketing or sales? 1 2 3 4 5
- Does the organisation gather information on the skills, hopes, fears and aspirations of each team member? 1 2 3 4 5
- Are performance indicators linked to the most appropriate team targets? 1 2 3 4 5

### 2. Role of innovation at organization level

- Does the organisation as a whole view innovation as a source of competitive advantage? 1 2 3 4 5
- Does your organisation have a new products strategy? 1 2 3 4 5
- Did you have input or contribute to developing it? 1 2 3 4 5
- Do you know how the companies long-range goals affect your day-to-day work? 1 2 3 4 5
- Is there an New Product Development process ? 1 2 3 4 5

**3. Can you tell how supportive is the top management on the idea of innovation?**

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| • Is there visible reinforcement for the work of R&D from all senior managers?                | 1 | 2 | 3 | 4 | 5 |
| • Are senior managers passionate about innovation?  | 1 | 2 | 3 | 4 | 5 |
| • Do senior managers get involved in day-to-day R&D activities? Sometimes – never?            | 1 | 2 | 3 | 4 | 5 |
| • Is there an open-door policy to ensure new ideas or radical innovations can be presented to | 1 | 2 | 3 | 4 | 5 |
| • senior management without fear of reprisal or ridicule?                                     | 1 | 2 | 3 | 4 | 5 |

**4. Compensation schemes must be designed to stimulate an entrepreneurial Environment (your thoughts)**

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| • Is there sufficient motivation in the form of bonuses to ensure members are incentivised? | 1 | 2 | 3 | 4 | 5 |
| • Are the incentives worth individuals putting in extra effort to ensure the team succeeds? | 1 | 2 | 3 | 4 | 5 |
| • Are the incentives so big that team members might take unnecessary risks to win them?     | 1 | 2 | 3 | 4 | 5 |
| • Do other employees outside R&D have similar reward schemes?                               | 1 | 2 | 3 | 4 | 5 |
| • Is there sufficient motivation in the form of bonuses to ensure members are incentivised? | 1 | 2 | 3 | 4 | 5 |

**5. How do you measure and track innovation activity in your team ?**

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| • Are product success rates tracked for several years after launch to assess how well the investment is paying for itself? | 1 | 2 | 3 | 4 | 5 |
| • Is innovation or innovative effort measured?   | 1 | 2 | 3 | 4 | 5 |
| • How effective is the innovation measurement process?   | 1 | 2 | 3 | 4 | 5 |
| • Is Return on Investment (ROI) for each product/technology monitored on an ongoing basis?                                 | 1 | 2 | 3 | 4 | 5 |
| • Do R&D team members know this information – is it shared?  | 1 | 2 | 3 | 4 | 5 |

- Do most organisation employees have an 'innovation mindset?' 1 2 3 4 5
  - Is the organisation 'good at innovation'? 1 2 3 4 5
- 6. As a leader what are the changes implemented in your team to promote innovation and how successful are those changes?**
- Do product development activities begin with brainstorming, idea generation or prototyping? 1 2 3 4 5
  - Do product development activities begin with unmet-needs research or customer-identified problem identification? 1 2 3 4 5
  - Do existing customers have a clear communications channel with which to feed product likes/dislikes back to R&D teams? 1 2 3 4 5
- 7. Innovative companies should begin the new product development process with customer problem identification and need intensity research (your thoughts)**
- Is there a channel for customers to give feedback on their needs? 1 2 3 4 5
  - Are R&D team members given access to lead users of the company's products? 1 2 3 4 5
  - Are customers and/or lead users involved in product pipeline activities? 1 2 3 4 5
  - Do product development activities begin with brainstorming, idea generation or prototyping? 1 2 3 4 5
  - Do product development activities begin with unmet-needs research or customer-identified problem identification? 1 2 3 4 5
- 8. Failure tolerance and support from management.**
- Does your organisation tolerate failure in R&D investigations? 1 2 3 4 5
  - Does company culture support failure tolerance? 1 2 3 4 5
  - Do existing innovation metrics measure progress in terms of failure rates? 1 2 3 4 5
  - Is there a formal information gathering process for when failures occur? 1 2 3 4 5

# Appendix B

## **Interview Questions**

1. Could you describe what is innovation and what do you believe the role of innovation is your organization?
2. Could you describe innovation at organisational level and your management support towards developing the new ideas or products?
3. Do you see any pre-defined process for developing and creating new innovative ideas in your organisation?
4. Could you describe the initiatives from your management in promoting innovation in your organisation?
5. Do you see any setbacks for innovative ideas in organisation and How did you cope with any setbacks in development of innovation?
6. What is the feedback you received from your team members on the support from management towards innovation?
7. Could you describe role of rewards in your employees creating new ideas?
8. What factors do you believe have maximum impact on your team member's engagement in innovative activities?