

# *Intrapreneurship, Competition and Company Efficiency*

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This paper investigates intrapreneurship, competition and company efficiency in large Slovenian companies in order to provide firm-level evidence and management implications on the extent to which companies exploit available internal business potentials. The survey data for the sample of large Slovenian companies and statistical methodology are used to analyse the association between intrapreneurship, competition and company efficiency. The empirical results confirmed the significant impact of the internal business potentials on the operating results of the analysed companies. The utilization rate of internal business potentials was only partially or ill-used, reflecting the internal potential source of unused business opportunities as one of possible ways to improve competitive advantage and company efficiency. The empirical results imply the importance of long-term managerial strategy towards innovation and encouraging creativity as the basis for successful internal corporate business strategy to improve competitive advantage and company efficiency.

*Key Words:* intrapreneurship; company behaviour; market competition; company efficiency; Slovenia

*JEL Classification:* L25, M21

## **Introduction**

This article contributes to theory and empirics on the linkage between intrapreneurship, market competition and company efficiency. It is based on the in-depth survey results related to the behaviour of companies, entrepreneurship and intrapreneurship by using advantages of available internal business potentials for company market competition and company efficiency.

The aim of the article is to establish an association in what degree Slovenian companies take advantages of intrapreneurship or internal en-

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trepreneurial potentials within the company. The research is based on the investigation of the willingness of company employees, particularly of the company managers, for re-establishing of favourable internal entrepreneurial climate in searching for individuals and groups of employees, which are willing for intrapreneurial challenges within the company as a way to increase the company's market competition and company efficiency.

More specifically, the scope of the article is to assess the presence of intrapreneurship in the Slovenian companies and how it is recognized among the company employees, particularly among the enterprise managers, as a factor for company market competition in a way to achieve the company long-term success. Findings are important for theory of intrapreneurship, market competition and company efficiency, and for management decision making process to achieve better company business results arising from an existing intrapreneurship in the company or from its introduction to increase company's market competition during restructuring and adjustments to rapid economic changes.

The theoretical background and foundations for this research are economic theoretical insights and empirical analysis of entrepreneurship, intrapreneurship with human resource management, market competition and company efficiency in the ways of functioning of the internal corporate culture in the modern company and its competitive markets (Parker 2011; Kuratko, Covin, and Garrett 2009). The corporate social responsibility to internal employee motivation might also play an important role for intrapreneurship (Koellinger and Thurik 2012). The extent of intrapreneurship is analysed for the sample of the Slovenian companies focusing on how the employees, particularly managers, perceived intrapreneurship as the source of the company's market competition and company efficiency success. We investigate the extent to which intrapreneurship can affect the operating results of the company in competitive markets.

The rest of the paper is organized in the following ways. The next section presents the basic theoretical and empirical knowledge of entrepreneurship (e. g. Schumpeter 1951; Kierulff 1979; Birch 1993; Bailey 1984; Antončič and Hisrich 2003; Antončič and Zorn 2004; Audretsch and Keilbach 2004; Audretsch, Keilbach, and Lehmann 2006; Timmons and Spinelli 2006; Kocjančič and Bojnec 2011), intrapreneurship and the ways of functioning of the internal culture of entrepreneurship in modern businesses on company efficiency in competitive markets (e. g. Scholl-

hammer 1981; Pinchot 1985; Pinchot and Pinchot 2002; Duncan et al. 1988; Garvin 2002; Hisrich 2009; Kuratko, Covin, and Garrett 2009; Drucker 2001; Solberg and Olsson 2010). The following section presents and explains the empirical results of the analysis of the surveys and interviews in the Slovenian companies. The next section presents managerial and policy implications, while final section derives main conclusions.

### **Theory of Entrepreneurship and Intrapreneurship**

In the global market competition to succeed by the business operators it is necessary to develop new products and doing business better and faster than their competitors (Solberg and Olsson 2010). These developments require a different corporate culture, which differs from traditional views of the internal organizational culture. Modern companies need to develop necessary entrepreneurial culture within existing businesses, as part of the innovation process in order to contribute to the competitive survival of existing and growth of new companies in rapidly changing competitive markets.

#### **ENTREPRENEUR AND ENTREPRENEURSHIP**

Entrepreneurship as an opportunity for business entrepreneurial activities is mainly pertained with small businesses. Entrepreneurs are creative individuals who are able to connect the ideas of organizational and manufacturing resources to enable them to derive an entrepreneurial venture. The link of ideas, entrepreneurial skills and the means of production can enable a small business to grow quickly into a large organization (Birch 1993; Antončič and Zorn 2004; Audretsch and Keilbach 2004; Timmons and Spinelli 2006). During the recent economic recession period, large companies have faced difficulties and have tried to solve them by labour shading, thus reducing the number of employees. On the other hand, the importance of small businesses for the national economy has been of the utmost importance. Small and medium sized enterprises in harsh economic and financial conditions may play an important role in labour market flexibility. Namely, with growth of their output sales, they may attract labour into employment, particularly those who have lost jobs in large companies and have flow into unemployment. In addition to employment of laid-off workers, small and medium sized enterprises may attract into employment a number of young job seekers. Some of them may even establish own self-employment or small firms. However, it is necessary that small businesses are not only a creator of new jobs, but also

an important source of innovation and entrepreneurial activities (Schumpeter 1951; Kierulff 1979; Bailey 1984; Audretsch, Keilbach, and Lehmann 2006; Zahra, Filatotchev, and Wright 2009).

The reason that economic theorists, with the exception of Schumpeter (1951) focusing on large companies, in the past did not include entrepreneurship in their economic models, mainly lies in the fact that the impact of entrepreneurship on economic growth is difficult to define and even harder to quantify in the production function. Since the 1980s a focus in literature on economic growth and development has changed. Particularly, Birch (1993) conducted the study on the employment of all US firms during the period 1969–1979. His research showed that during this period the companies with one hundred or fewer employees created 81% of jobs.

#### INTRAPRENEURSHIP

The concept of intrapreneurship is considered as an entrepreneurship within large companies. Employees in large companies generate new ideas and identify new business opportunities that are aimed to be realized within the existing business support mechanisms. The traditional view of corporate entrepreneurship defined entrepreneurship is an internal process where an individual within the existing system is looking for business opportunities, without taking into account the established formal channels (Stevenson 1990). Some researchers have used a narrower definition focusing primarily to corporations, while smaller companies were excluded from the study (Schollhammer 1981; Drucker 2001; Garvin 2002). The advantage of companies that are able to engage the business-oriented individuals or groups within their existing businesses lies in an ability to quickly detect problems and business opportunities in a business environment in which they operate, and then try to creatively solve them, leading to a process of market restructuring in order to improve competitiveness of their products. Internal entrepreneurs have a possibility to use the existing commercial infrastructure and sales networks and the financial stability of companies in which they operate, allowing them considerable advantage over individuals acting as sole proprietors (Pinchot 1985). Later, the need for a new orientation of the internal entrepreneurship or intrapreneurship change in strategic managerial thinking, which is recognized in the older, larger organizations (Pinchot 1985). Such organizations are hierarchically organized and have a bureaucratic structure as an outcome from their historical performance and their size.

Age of the organization and its size have a negative impact on the development of domestic entrepreneurship. Corporations that aim to create a favourable environment in support to an entrepreneurial mode, they need to invest in capable individuals within corporations. They need to change the mindset of employees and stimulate entrepreneurship within a corporate environment (Dollinger 1995; Oden 1997; Garvin 2002; Morris, Kuratko, and Covin 2008). The market successes of companies that are able to successfully innovate provide evidence in favour of intrapreneurship. Such companies are a proof that it is possible to overcome any barriers in a favour to the introduction of intrapreneurship in established companies, in a way that allows the company to develop in a mature stage of development. The internal business potentials are also crucial for early beginners' enterprises in their market competition and survival (Drucker 2001).

Intrapreneurs are persons who are willing to take a risk and responsibility for own decisions in the case of failures, and persons with influence and prestige in the organization, who know how to use the informal relationships within the company. Their goal is not only the development of new technologies and products, but also the best use of all other support mechanisms available within the company in order to increase market competition. All these are doing with the one goal, to penetrate and succeed with innovation in market competition (Duncan et al. 1988). Kierulff (1979) describes corporate entrepreneur as an individual or groups related to the existing team in the corporation who are looking for new potential market opportunities. They are exploiting available existing resources and looking for new ones that enable them to identify current market opportunities, thereby increasing production and sales in market competition.

#### INTRAPRENEURSHIP, MARKET COMPETITION AND COMPANY PERFORMANCE

Modern companies need intrapreneurship as a source of innovation, which in turn leads to better management of markets and thus more efficient company performance in market competition. The company's success has also association with innovators and creative individuals. This also depends on individuals who have an entrepreneurial approach and ability to implement a good idea into a real product or service, even if they are employed in large organizations. Without widespread distribution of entrepreneurial energy, without a number of individuals or

groups who are able to realize ideas and innovation, many new products would have never occurred to the consumers. Yet, businesses without such persons would get stuck in place (Pinchot and Pinchot 2002).

Jay (1996) described two types of managers that are needed in the contemporary organized company: yogis and commissioners. The yogis have a vision and are creative, but they lack to keep order. The commissioners do not have vision, but they achieve objectives and accurately perform their tasks. Both personal characteristics are rarely integrated in a single person. The idea of intrapreneur promises solution of this paradox between order and innovation. Pinchott (1985) argues that intrapreneur is a visionary, a creative person, who finds a way that an idea is changed in a profitable reality.

Two main problems are related to providing incentives for promotion and maintaining of intrapreneurship within the corporations in competitive markets: question of strategy and tactical questions (Duncan et al. 1988). Among strategic questions, there are necessary measures that directors and other top managers should very often publicly stress the importance of innovations for company, creativity and innovation inside the company. This should have priority due to concrete and symbolic reasons, innovativeness should be supported by awards and bonuses, and top management should recognize that creative employees are motivated by ethical creativity and ethical competition. As a tactical question is how to remunerate intrapreneurs in competitive market environment.

### **Methodology and Data**

The purpose of the research is to investigate to what extent the surveyed companies relied to internal business potentials available within the company as a way for market competition to increase company's efficiency and success. The surveys with a written questionnaire covered seventeen companies of which completed answers to a written questionnaire were returned by fifteen companies. The sample of seventeen surveyed enterprises was selected on the basis of the enterprise size in the enterprises they were willing to participate in the survey and to provide the relevant answers, which can assure investigation of intrapreneurship activities. In each of the surveyed enterprises were selected two respondents in order to assure more realistic picture on intrapreneurship activities in the selected enterprises. The conducted surveys focused on determination of the implementation of intrapreneurship in the surveyed enterprises and how its accelerated internal business processes in order to affect the better

business results in competitive markets. The structure of the questionnaire follows the thematic strands focusing on the key issues faced by the businesses in the introduction and implementation of intrapreneurship:

- To what extent issues of intrapreneurship are known to the company's management, and if known, to what extent it is introduced and implemented in the business processes?
- To what extent intrapreneurship has affected the company's business operation?
- To what extent utilization of internal business potentials has affected the company's efficiency in competitive markets?

Following from these research questions, we set the following three hypotheses:

H1 *Incentives for introduction of intrapreneurial activities are higher in companies in which management is aware of the importance of intrapreneurship.*

Consequently, we expect a positive correlation between intrapreneurship activities and management knowledge of intrapreneurship.

H2 *Active development of innovation culture in the company is positively associated with introduction of intrapreneurial activities in the company.*

Again, a positive correlation is expected.

H3 *Companies with more developed intrapreneurial activities achieve higher gross value-added per employee than companies with less developed intrapreneurial activities in competitive markets.*

The unique in-depth surveys were used to obtain data and to test the set hypotheses. Advantages of the method used are mostly in its anonymity, relatively low costs for data collection and opportunities for comparative analysis of performances between the analysed companies. The sample of seventeen surveyed companies was selected primarily on the basis of their size and ability to obtain all relevant answers regarding to their internal business operations. Two respondents were selected in each of the surveyed companies in order to obtain a realistic picture of the internal corporate operations. Out of the seventeen companies involved, the answers were obtained from the fifteen ones.

The respondents in the surveyed companies were employed primarily in senior managers' positions such as managers of individual business

units within the company system, while the administration and their professional staffs were not included in the sampling procedure as their answers would be less relevant for our analysis. The surveyed companies were selected primarily on the basis of their minimum size, which allows internal business operations. The surveyed companies were selected from different economic activities, which covered trade, other service activities and manufacturing production activities.

As a sample limitation, it is not stratified on all population of large companies in Slovenia. In terms of achieved average gross value-added per employee, it is biased in direction of more efficient companies, in which intrapreneurship processes are not a new phenomena as they are in a high degree already used. While this sample limitation and relatively a small sample size are limitation for making general conclusions for all Slovenian population of companies, the results are indeed useful for understanding the phenomena of intrapreneurship in the studied companies and its role for company's market competition and company efficiency in newly emerging market economies.

Among the surveyed companies, 46% of businesses belonged to the group of companies with over one thousand employees per company, 27% of companies with five hundred to one thousand employees, and 27% of companies where the number of employees ranged from two-hundred-and-fifty to five-hundred. Figure 1 presents the structure of the surveyed large companies in Slovenia. Total employment in the surveyed companies was 30,124 employees, which means on average 2,008 employees per the surveyed company. In the comparison with the number of employees in the Slovenian companies in 2003, this means 4.9% share, while 13.5% share among all employees in the Slovenian companies with more than 250 employees.

Among the surveyed companies by main economic activities, 27% were in services, 53% were in manufacturing and 20% in trade activities. The surveyed fifteen companies represented 4.6% of total population of the Slovenian companies with more than 250 employees. By gross value-added per a company, the surveyed companies (37,218 euros) exceed the Slovenian average by 95%: 27% of the surveyed companies were below the Slovenian average, 27% of the surveyed companies were close to the Slovenian average, and 46% of the surveyed companies were above the average for the Slovenian companies. The surveyed companies generated 37% of net revenues from sales of goods and services in the domestic market and 63% in the foreign markets.



TABLE 1 The correlation between the passing of ITS and ITS processes

Question	(1)	(2)	(3)	(4)	(5)
The frequency of encounters with ITS	2	2	18	8	2
Implementation of processes necessary for the operation of ITS	2	1	22	3	2
Correlation coefficient	0.96				

NOTES Column headings are as follows: (1) never, (2) rarely, (3) occasionally, (4) frequently, (5) mode. ITS – Intrapreneurship. Likert scale, 1–5.

### **Analysis of Intrapreneurship in the Surveyed Companies**

#### **KNOWLEDGE OF INTERNAL BUSINESSES**

The analysis of the frequency distribution of the encounters with the intrapreneurship shows that 59% of the respondents occasionally faced with intrapreneurship. This result suggests the relatively non-intensive use of internal business operations. The degree of linear correlation between the degree of implementation of internal business processes and internal rate of encounters with entrepreneurship is 0.96 indicating a strong linear dependence between the variables (table 1). The high value of the correlation coefficient indicates a strong linear relationship between the level of respondents encountering intrapreneurship and the level of intrapreneurship process, which is logically associated with the fact of the presence of knowledge of the conditions of the internal business planning and implementation of internal business processes.

The analysis of the employees’ awareness of the advantages and disadvantages of the intrapreneurship confirmed that 73% of the respondents were not familiar with the strengths and weaknesses of intrapreneurship. A corresponding result was achieved in only 20% of the surveyed companies. An interesting finding was that the companies from so-called new technologies largely responded to these questions positively.

#### **IMPLEMENTATION OF INTERNAL BUSINESS PROCESSES**

The assembly, which refers to internal business processes, gives an insight into the relationships within the company. This should enable the development of innovative processes that support the corporate hierarchy in a search for competitive market positions. Table 2 presents the availability of necessary resources and use the business plan, which demonstrates the maturity of the internal entrepreneur venture.

The analysis of the quality of relationships that enable the development

TABLE 2 Analysis of responses regarding internal business processes

Question	(1)	(2)	(3)	(4)
Development of innovation processes	3.6	4.0	4.0	0.96
Support in the corporate hierarchy	3.7	4.0	4.0	0.92
Means for the realization of the project	3.2	3.0	3.0	1.06
Assistance of external partners	3.5	3.5	4.0	0.97
Application of business plan	3.7	3.0	4.0	1.02
Average	3.5	3.5	4.0	0.99

NOTES Column headings are as follows: (1) average value, (2) median, (3) mode, (4) standard deviation. Likert scale, 1–5.

of internal business processes indicates that these relationships were sufficient to allow for internal business operations. This finding was confirmed with the most common answer 4 ‘often allow’ (Likert scale 1–5). The level of support in the corporate hierarchy, which allows the realization of the project, was found at a satisfactory level because 40% of respondents believed that they had the adequate support that was often available, while 30% of them had occasionally support. The results of the use of a business plan for an appropriate application suggest that 60% of the respondents believed on their often used in a practice, of which 20% were required to be used. The most common response was concentrated at 4 (frequently, Likert scale 1–5).

#### THE INTRODUCTION OF INTRAPRENEURSHIP

The assembly, which refers to the introduction of intrapreneurship in the Slovenian companies, covered the fields of corporate culture, innovation goals, guiding entrepreneurs to understand their role and training of internal entrepreneurs to realize the business opportunities in competitive markets (table 3).

The analysis of corporate culture and support systems that do not hinder innovation has shown that 47% of the respondents believed that the companies in their corporate culture were defined only partly and 27% were clearly defined. The aims of innovation in 35% of the surveyed companies were clearly defined, while 54% were only partially defined. The surveyed companies believed on a fairly importance of internally guided entrepreneurs in understanding the importance of intrapreneurship and its rules. The average rate of introduction of intrapreneurship in the surveyed companies was concentrated at 3.4 (Likert scale 1–5),

TABLE 3 Analysis of responses regarding introduction of intrapreneurship

Question	(1)	(2)	(3)	(4)
Defining corporate culture and support systems	3.6	4.0	4.0	0.84
Defined objectives of innovation	3.7	4.0	4.0	0.76
Recognition system for ITS	2.4	3.0	2.0	0.94
Understanding the importance of ITS	2.8	3.0	3.0	0.73
Training for business opportunities	2.6	3.0	3.0	0.80
Average	3.0	3.4	3.0	0.82

NOTES Column headings are as follows: (1) average value, (2) median, (3) mode, (4) standard deviation. ITS – Intrapreneurship. Likert scale, 1–5.

indicating insufficient importance of intrapreneurship in the surveyed companies.

**RELATIONSHIP BETWEEN THE EMPLOYEES’ ATTITUDES AND INTERNAL CORPORATE PROGRAMS**

The analysis of the relationship between the employees’ attitudes and internal corporate programs provides the evidence on the extent to which managers emphasized the importance of innovation, creativity and innovation in the enterprise on one hand, and the relationship between the employees attitudes and volunteer assistance on the other with tasks and projects that helped to increase market competition and company efficiency. The survey results suggest on the appropriate situation in the surveyed companies: 60% of the respondents answered that managers in their companies often emphasized the importance of innovation for the company, and in 27% of the surveyed company’s innovation was a continuous process. The appropriateness of the individual awards for their innovation was only in 15% considered as the appropriate reward, while the others believed that the material and moral incentives in their companies were not enough and too little to sufficiently promote innovative practices of creative individuals. The average score was 3.4 (Likert scale 1–5). In short, the results of the relationship between the employees attitudes and internal corporate programs were ranged with the average score value of 3.6 (Likert scale 1–5) and the most common rating was 4.

**Intrapreneurship, Market Competition and Company Efficiency**

The impact of intrapreneurship on the business performance of the surveyed companies and the influence of utilization of internal business po-

TABLE 4 Analysis of responses regarding influence of ITS on the business

Question	(1)	(2)	(3)	(4)
ITS as a source of innovation	3.8	4.0	4.0	0.85
ITS-consumer-products	3.9	4.0	4.0	0.90
ITS-sales increase	3.5	4.0	4.0	0.90
ITS and success in the future	4.0	4.0	4.0	0.96
Average	3.8	4.0	4.0	0.90

NOTES Column headings are as follows: (1) average value, (2) median, (3) mode, (4) standard deviation. ITS – Intrapreneurship. Likert scale, 1–5.

tentials on the competitive market position of these companies are analysed to determine the extent to which corporate intrapreneurship affect business performance and to evaluate the impact of utilization of internal business potentials on a competitive market position.

#### IMPACT OF INTRAPRENEURSHIP ON INTERNAL BUSINESS OPERATIONS

Set of five questions relate to the identification of the impact of intrapreneurship on internal business operations of the surveyed companies (table 4). The analysis of the responses provides the insights into the extent to which business-oriented individuals and groups of individuals influenced the success of the company through the influence of internal corporate focus on increasing sales and the importance of internal corporate organization for business success in competitive markets.

The analysis of the impact of entrepreneurial individuals and groups of individuals on the company's success confirmed that 24% of the respondents believed that business-oriented individuals had a direct impact on the company's success contributing to new products and services, which would not be possible without them. Yet, 50% of the respondents believed that the intrapreneurs had a significant impact on the success of their businesses.

It is interesting to note that although only 20% of the survey companies conducted intensive internal business processes, the results suggest that in 74% of the surveyed companies employees considered that intrapreneurship had a significant impact on the number of new products and services. The average score of total responses to the question lies at the value of 3.9 (Likert scale 1–5). The analysis of the impact of intrapreneurial orientation on the increased domestic sales confirmed that

TABLE 5 Analysis of responses regarding influence of unused ITS potentials

Question	(1)	(2)	(3)	(4)
ITS and competitiveness	3.9	4.0	4.0	0.78
Unexploited ITS	2.7	3.0	3.0	0.75
Average	3.3	3.5	3.4	0.77

NOTES Column headings are as follows: (1) average value, (2) median, (3) mode, (4) standard deviation. ITS – Intrapreneurship. Likert scale, 1–5.

only 10% of the respondents believed that their internal business operation had a very significant impact on increasing sales and consequently their business results. On a significant impact of intrapreneurship on sales growth believed 50% of the surveyed companies, while as important by 23%. How important was the internal corporate structure for the surveyed companies to operate successfully in the future in competitive markets, this is confirmed by the concentration of the results at an average value of 4 (Likert scale 1–5). The majority of the respondents believed that the internal corporate structure was one of the basic conditions that the surveyed companies achieved successful performances in domestic and foreign markets.

**MARKET COMPETITION AND UNUSED INTERNAL BUSINESS POTENTIALS**

The analysis of the responses to a set of questions related to the impact of utilization of internal business potentials assessed the extent to which the internal business potentials were unused (table 5).

The results suggest that 73% of the respondents considered that a better internal corporate structure affected the market competition of the companies on both domestic and foreign markets. Yet, 23% of the surveyed companies believed that the impact of intrapreneurship on the company’s competitive position was of the great importance at the average value of 3.9 (Likert scale 1–5).

In the final part of the questionnaire the respondents were asked the question to what extent they believed that their companies were in the inner untapped intrapreneurial potential. The answers confirmed that the surveyed companies had on average 54% of unused internal business potentials. This means that the optimal utilization of their results can be improved significantly. Most of the surveyed companies (57%) believed that their internal business potentials were only partially utilised. There-

fore, better internal corporate structure would contribute to better performance and market competition of the surveyed companies.

### **Statistical Analysis of Causalities and Hypotheses Testing**

The statistical analysis is conducted on the basis of the survey data. Our focus is on three associations to test the set three hypotheses: between knowledge of intrapreneurship and introduction intrapreneurship in the analysed company; between impacts of intrapreneurship on company business performance and implementation of intrapreneurial processes; and between implementation of intrapreneurial processes and knowledge of intrapreneurship and gross value-added per employee that the company achieved in market competition. The results are biased to the sample selection and the conduction of the questionnaire used for the surveys. However, we are aware of this shortcoming in the interpretation of the results.

#### *Dependence between the Internal Knowledge of Intrapreneurship and the Introduction of Intrapreneurship*

Linear association between the internal knowledge of intrapreneurship and the introduction of intrapreneurship in the surveyed companies is investigated by the correlation analysis. The results of the analysis confirmed the set H1 on the interdependence of the variables studied. Both curves of the respondents responses are situated in the range of values from 1.3 to 4.0 (Likert scale 1-5). The degree of linear correlation between the studied variables is 0.75 suggesting the strong presence of the knowledge of intrapreneurship and the introduction of intrapreneurship. This holds for 56.2% of the surveyed companies employing the linear dependence:  $0.752 = 0.562$ .

#### *Dependence Between the Impact of Intrapreneurship in the Business and the Implementation of Internal Business Processes*

The results present responses regarding the impact of intrapreneurship on the internal business operations and the introduction of the intrapreneurship. Both curves of the respondents' responses fall in the range of values between 2.2 and 4.7 (Likert scale 1-5). The degree of the linear correlation between the studied variables is 0.59. This confirms the set H2 on the presence of the knowledge of intrapreneurship and the introduction of intrapreneurship in the surveyed companies. The linear dependence is of 34.8%.

*Dependence between the Degree of Implementation of Internal Business Processes and Knowledge of Intrapreneurship, and the Gross Value-Added per Employee in the Surveyed Companies in Market Competition*

The degree of the linear correlation between the average value of responses to a set of questions about the level of knowledge of the intrapreneurship within the company and gross value-added per employee in the company amounted to 0.44. This implies a 19.6% linear dependence between the pair of variables. The correlation coefficient between the average value of responses to a set of questions about the level of implementation of internal business processes and gross value-added per employee amounted to 0.27, indicating a 7.3% linear dependence. Therefore, the correlation coefficients between the pairs of variables are low. This does not confirmed the set H<sub>3</sub> on the strong relation between intrapreneurship and the company efficiency in market competition.

**RELIABILITY OF THE RESPONSES**

The reliability of the responses in estimating the dependencies between the variables is tested by employing the chi-square ( $\chi^2$ ) test in order to prove the set of assumptions used. Developing an innovation culture in companies, intrapreneurship in businesses and the degree of utilization of internal business potentials were those variables that significantly affected the adoption rates of intrapreneurship in the surveyed companies. Variables such as knowledge of intrapreneurship, intrapreneurship process and attitude of employees to internal corporate programs do not show a statistically significant effect on the introduction of intrapreneurship in the surveyed companies.

The results suggest that the impact of independent variables on the adoption rates of intrapreneurship is only partly confirmed. Only some of independent variables such as developing of innovation culture have impacts on the internal business operations and the level of untapped business potentials has affected the decision in the surveyed companies up to the stage of the introduction of intrapreneurship.

**Managerial, Policy and Research Implications**

The comparisons of the empirical results between the degree of the implementation of the internal business processes and the achieved value-added per employee show rather small 7.3% linear association, but more

in-depth investigation confirmed that the companies with the higher degree of the implementation of the internal business process or the intrapreneurship achieved higher value-added per employee. This implies an importance of the intrapreneurship in corporate organization for company's performance in competitive market environments.

Employees of the surveyed companies were sufficiently aware of the internal corporate stance as an essential element of a new organization allowing to deals with global market competition. Long-term strategic and policy orientation of management, highlighting the importance of innovation with encouraging creativity were the basis for successful internal entrepreneurial orientation of the surveyed companies. The empirical results suggested that the degree of emphasis on the importance of innovation by management was at a satisfactory level, indicating that the surveyed companies were aware of the importance of innovation. However, this has not played yet adequate importance. The level of creativity and innovation within the company suggested a slightly weaker result, indicating both the lack of long-term orientation of management that would allow the creation of appropriate conditions for the development of innovation culture. One of the major advantages over conventional internal business enterprise was an individual mobilization of existing resources, which should be available to an internal entrepreneur. The results confirmed that the surveyed companies perceived availability of resources, as satisfactory, while at the same time confirmed the lack of detectable and established, quick and informal ways of obtaining and using available resources of the company. Very low utilization rates from internal business potentials confirmed that the majority of the surveyed companies believed that their internal business potentials were only partially used, or ill-used, suggesting the internal potential source of untapped business opportunities and its potential as one of possible ways to achieve advantages in market competition.

By examining the forms of intrapreneurship in the surveyed companies, the empirical results provide a useful information tool for research and practice of a degree of recognition, establishment and implementation of internal business processes. The sample was biased towards more efficient Slovenian large companies by the gross value-added per employee. Yet, the studied internal business processes were not a new phenomenon in the surveyed companies. Among the limitations are the sampling procedure and a relatively small sample size. Although the empirical results do not allow making generalisation of the surveyed companies



to the whole Slovenian company population, the results are to a greater extent relevant for the large sized Slovenian companies.

### **Conclusion**

The mainstream literature on intrapreneurship argues that enterprises, which are able to provide incentives to entrepreneurial oriented individuals or groups inside the existing enterprise to identify opportunities and threats in the enterprise in order to resolve them in a creative way, this assures to enterprises to improve competitive position in the market as well as provides opportunities for better business results and faster growth (Pinchot 1985; Pinchot and Pinchot 2002; Duncan et al. 1988; Drucker 2001; Garvin 2002; Hisrich 2009; Kuratko, Covin, and Garrett 2009).

The empirical results suggest that corporate intrapreneurship in the surveyed companies was not a new phenomenon, but on the contrary, in most of the surveyed companies they were familiar by intrapreneurial activities and their benefits have already successfully exploited. To summarize, the intrapreneurship was found important as in the surveyed companies the role of the internal business operation played importance in implementation activities. A comparison of detection of intrapreneurship in the surveyed companies with the most successfully organized domestic businesses as global companies confirmed that the surveyed companies still placed greater emphasis on the existing product and services than on new product development, marketing and distribution activities in market competition. The change of business culture with at least equal emphasis on developing new products and services and innovative marketing approaches would have significantly greater impacts on their market competition by increasing sales. The greater utilisation of untapped, internal business opportunities of the Slovenian companies, would largely contribute to better performances in market competition by better results in the domestic markets and more effective penetration in the foreign markets. Under-utilization of internal business potentials suggests a lack of long-term strategies and managerial policies and practices with insufficient market targeting in more competitive market environment in order to exploit the companies advantages that can be offered by intrapreneurship. Long-term orientation of management with the companies' abilities to define the mission and vision-oriented businesses with sufficient emphasis on innovation, entrepreneurship and intrapreneurship developments are the ways allowing creating the appropriate corporate culture for increasingly competitive market environment. An in-

trapreneurial culture is necessary to be created within the existing companies as a necessary part of the innovation process to contribute to the survival of the existing companies in market competition and potentials for growth of new companies in rapidly changing markets.

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