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FOSTERING INTRAPRENEURSHIP AND INNOVATION THROUGH CULTURAL TRANSFORMATION

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Abstract

In search for innovation in the global economy, large corporations are striving to become more intrapreneurial. Organizational culture is widely recognized as a source of influence either enabling or impeding intrapreneurship and innovation in organizations, and corporations commonly engage in culture management and transformation programs targeting at developing more intrapreneurship-supportive organizational cultures. However, these programs have demonstrated high failure rates, indicating a lack of understanding of what organizational culture is and how culture creation occurs.

The objective of this study was to discover how large corporations can foster intrapreneurship and innovation through cultural transformation, and how organizational culture influences intrapreneurship and innovation. The research was conducted in form of literary review and analysis, combining the literature branches of organizational culture and cultural transformation with those of intrapreneurship and innovation. As a result, integrated models of intrapreneurship within a cultural framework and of transforming organizational culture towards more intrapreneurial were suggested.

The model suggests that organizations should aim at developing a culture for change, firstly through providing a sociostructural framework supporting intrapreneurship, and secondly through encouraging certain cultural behaviors with management practices or organizational members acting as change agents. Through mechanisms of producing culture - attributing and renegotiating meaning - the underlying, deepest assumptions are being altered, which is then manifested at the more superficial levels of values and products of behavior.

This study integrates two literature branches and proposes integrated models of intrapreneurship in the cultural framework. Further, it provides managerial implications on both strategic and operational level, introducing concepts and a framework for fostering intrapreneurship in organizations. This research calls for empirical data to validate the findings in future research.

This study constitutes a part of Need for Speed, a research program funded by the Finnish Funding Agency for Innovation (Tekes).

Keywords

intrapreneurship, corporate entrepreneurship, organizational culture, cultural transformation, culture for change
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1 INTRODUCTION

In today's turbulent, fast-paced business environment and global economy, constant innovation represents an absolute prerequisite for firm success and survival. As a result of globalization and internationalization of market environments, innovativeness is viewed as a necessary tool for achieving sustainable competitive advantage through added value and differentiation (Mothes 2013: 1). The prevailing conditions have forced companies to aim at systematic innovation that is ideally integrated in the company management, and a shift from 'managerial' to 'entrepreneurial' is currently occurring in the modern economy (Drucker 2014: 16).

One of the strategic paths adopted by companies to foster innovation is to encourage entrepreneurial behavior within the organization, which has become a research area with increased academic interest in the past decade. This is a result of a profound shift that has been occurring during the past decades from 'managerial' to 'entrepreneurial' (Kolchin & Hyclak 1987: 14). The factors influencing corporate entrepreneurship, also referred to as intrapreneurship or corporate venturing, include both internal and external factors. In this study, the focus is on internal factors; although widely studied, the existing research is still lacking consensus on the specific internal factors leading to sustainable entrepreneurial behavior, arguing that it is a phenomenon composed of too many variables to be simplified (Kenny & Reedy 2007: 119, March-Chorda & Moser 2008: 3–4). Particularly empirical evidence in research still remains relatively scarce (Hashimoto & Nassif 2014: 387). However, certain elements are commonly introduced by research as drivers for intrapreneurship and innovation, such as the role of managers (Hashimoto & Nassif 2014: 387, March-Chorda & Moser 2008: 5) and teams (Bhardwaj & Momaya 2011: 195, Burgess 2013: 196, Gapp & Fischer 2007: 330, 331–332).

Organizational culture is commonly recognized as one internal component contributing to the adoption of intrapreneurial initiatives (Behram & Özdemirci 2014: 264, March-Chorda & Moser 2008: 4). Organizational culture can be defined in a multitude of ways, however, many definitions include a shared system of
meanings, assumptions, values, attitudes, and beliefs that manifest themselves in a set of fixed behaviors, processes and informal structures. In fact, organizational culture itself can be considered as a remarkable source of sustainable competitive advantage (March-Chord & Moser 2008: 3, Sathe & Davidson 2000: 279). As research suggests, organizational culture can serve as both an enabler and as a barrier for intrapreneurship and innovation (March-Chord & Moser 2008: 4, Kenny & Reedy 2007: 119). Consequently, an abundance of culture management and transformation programs have been orchestrated in large corporations in search for innovation. However, these programs have demonstrated high failure rates, indicating that the phenomenon is not sufficiently understood (Schein 2000: xxiii).

Once created, organizational culture is extremely difficult to change, as it is deeply rooted in its members' thinking, value systems, beliefs and attitudes. In the light of poor performance of change programs, it is questionable whether the current intrapreneurship literature can provide sufficient models and tools for understanding the dynamics of intrapreneurship supportive culture creation and transformation.

which can be used to predict what will happen to its financial assets in five years' time. This tradition created the exaggerated idea of organizational culture as a universal competitive advantage (Alvesson 2013: 7). Besides academic interest, this connection constituted the justification for organizational culture research from managerial perspective.

On firm level, the degree of interest expressed towards culture varies in practice, and is bound to context. 'Management of culture' is constantly practiced in every organization, whether deliberately or unconsciously. Unfortunately, it is still not uncommon to draw attention to cultural issues only during major organizational crises. When organizations are facing remarkable changes, the perceived importance of cultural issues tends to grow. As far as industry characteristics are concerned, younger, knowledge-intensive businesses have more interest in organizational culture research than mature, traditional industries. (Alvesson 2013: 1, 7.) The 1980s and 1990s profound and immense interest in organizational culture research is, to a certain extent, in the process of being renewed. In the innovation framework, the requirements of leadership are changing; in the postmodern era the emphasis has shifted from manufacturing and mass-production to knowledge-intensive, global service businesses, which calls for less authoritarian and more empowering leadership styles (Alvesson 2013: 8–9).

The research field of organizational culture studies lies at the crossroads of various different research disciplines (Alasuutari 1995: 36). Because of its heterogeneous character, organizational culture theories can serve as multidimensional tools for encompassing micro and macro levels of analysis or bridging organizational behavior and strategic management (Alvesson 2013: 7). By examining the experiences of people it has the capability to connect the organization as a whole and to provide a rich and holistic understanding of organizational life.

This research studies the phenomenon of corporate intrapreneurship from the perspective of organizational culture. More specifically, the study seeks to identify how organizational culture influences corporate intrapreneurship and how large corporations can develop and transform their organizational cultures to become more intrapreneurial. Stimulating entrepreneurial behavior is of particular interest for large
corporations, as due to their size, they have a tendency of not being flexible and entrepreneurial by nature.

Consequently, one research question is formulated, and further divided into two subquestions:

*How can large corporations foster intrapreneurship and innovation through cultural transformation?*

- *How does organizational culture influence corporate intrapreneurship and innovation?*
- *How can large corporations transform and develop their corporate culture to become more supportive for intrapreneurship and innovation?*

This study constitutes a part of Need for Speed, a research program consortium of Finnish software businesses, research institutions and universities. Funded by the Finnish Funding Agency for Innovation (Tekes), the program aims at producing knowledge for the needs of Finnish software businesses in the digital economy. The research is conducted in the form of a qualitative literature review of two branches; intrapreneurship and organizational culture. Innovation, on the other hand, is regarded as a concept closely related to intrapreneurship, serving both as a subcategory and as an outcome of intrapreneurship. The data used is secondary data, collected from several research databases, and relies largely on peer reviewed research articles. The data is then structured around themes arising from the data, thus synthesizing the current literary presentation about the two phenomena. Finally, the study seeks to integrate these two branches, and to propose an integrated model of intrapreneurship as well as a dynamic model of fostering intrapreneurship through cultural transformation. In addition to academic contribution, the study aims at producing managerial implications that can be utilized in the management of intrapreneurship and innovation. Therefore, this study is of conceptual nature, aiming at reviewing existing literature on organizational culture, cultural transformation, innovation and intrapreneurship, and thus forming suggestions for how organizational culture influences intrapreneurship and how large corporations can foster intrapreneurship through cultural transformation.
2 ORGANIZATIONAL CULTURE AND CULTURAL TRANSFORMATION

2.1 Defining organizational culture

2.1.1 Etymology of the terms

Both 'organization' and 'culture' as terms possess a rich etymological background, however, 'culture' is incontestably a significantly more complex and controversial one. Initially, 'culture', derived from the Latin word *cultura* was used to describe a growth process in agricultural context, as in 'cultivation' (Tyrrell 2000: 86, Trompenaars & Hampden-Turner 1997: 23). From the sixteenth century onwards, the concept was gradually extended to refer to individual human growth and learning as well as development of society (Smith 2001: 1). Consequently, the term was also added an evaluative tone, as in 'cultivated' or 'cultured' (Parker 2000: 81). After the Industrial Revolution and the resulted rise of Romanticism, the meaning was narrowed down to 'spiritual development', and again extended in the nineteenth century to refer to tradition as 'folk culture', everyday life as 'national culture' (Smith 2001: 1–2), and later on also applied to organizational life as 'organizational culture' (Hofstede & Peterson 2000: 404).

In the eighteenth century the term started to appear in anthropological contexts, but it was not until very recently that the more anthropological, and particularly less evaluative definitions have become more common in the everyday language. Still at present, the concept has several meanings and connotations. As Knuutila (1994: 13) argues, a tacit norm in the everyday speech is still that 'culture' refers to arts. The evaluative tone still prevails in many of the related expressions, as in 'high culture' (Barker 2000: 35–36, 65), or in some definitions of the concept describing culture as "the best and the most beautiful that a people or a civilization has produced" (Alasuutari 1995: 33). Hofstede (1997: 5) has labelled this "culture one" or "culture in the narrow mind" as opposed to the broader definition, "culture two" or "mental programming".

'Organization' was first derived from the word 'organ', referring to a physical tool, and thus 'organization' was the process of making tools. (Parker 2000: 81). Along
with the emerging field of organizational research in the early twentieth century, the
definitions started to move towards psychological and sociological theories. The
contemporary dictionary definitions include 'order', 'tidiness', 'system', 'method', 'an
organized structure or whole', 'a business or administrative concern united and
constructed for a particular end' and 'a body of administrative officials, as of a
government, department, etc.' (Collins Concise Dictionary 2000). Schein (1965: 155)
was one of the first theorists to suggest that instead of static features such as size,
form, function, or structure, organization should, in fact, be defined by its processes,
such as importing, exporting, or manufacturing. Curiously enough, both 'culture' and
'organization' have originally described a process, and only later turned into

2.1.2 History of organizational culture studies

Although the first organizational culture studies date back to the 1940s, the most
influential wave emerged in the late 1970s and early 1980s, when the concept started
to be more systematically introduced in literature (Alvesson 2013: 7, Alvesson &
economic downturn of American and European businesses and the simultaneous
success of Japanese corporations gave rise to interest in cultural issues, resulting in a
productive branch of literature on organizational culture and Japanese management
practices (Alvesson 2013: 1, Brannen & Kleinberg 2000: 387, Hofstede & Peterson
organizations had been largely dominated by the doctrines of psychology and
sociology, and for the first time anthropological thinking and research methods
started to be incorporated into organizational research (Ashkanasy et al. 2000a: 5).
The tradition of cultural relativism, and ethnographic approach, in particular, was
adopted from anthropology by organizational research, and it still largely remains the
dominating theory applied in cultural contexts (Kilduff & Corley 2000: 211).
Another related branch that emerged in the 1970s as a response to functionalism is
interpretive anthropology, also called symbolic anthropology, which took the
particularist idea of culture to its extreme (Ashkanasy et al. 2000a: 6). These
approaches contain epistemological and methodological claims that will be
elaborated on in later chapters of the study.
The two decades from 1980s to 1990s produced a great number of studies on organizational culture, which occupied the position of one of the most popular research themes of its time. After this intensive period, organizational culture research was momentarily marginalized in favor of other research trends, and it is only recently that renewed interest has emerged (Alvesson 2013: 9, Ashkanasy et al. 2011, Weber & Dacin 2011: 1). This fluctuation can be seen as a result of changes in technological, societal, economic or political environment. As Alvesson (2013: 7) argues, the perceived importance of cultural issues tends to grow in times of major changes. Today, organizational culture still remains a central phenomenon of interest in both academic research as well as in management practice (Alvesson 2013: 1–2, 7).

2.1.3 Complex essence and dynamics of organizational culture

Exhaustively defining the concept of organizational culture is undoubtedly a major challenge for any author. In fact, a single comprehensive definition is impossible to determine because of the highly subjective, profound, unconscious, abstract, complex and paradoxical nature of the matter. While the significant influence of culture has long been recognized by researchers (Schein 1985: 23), the concept of culture is still controversial in literature, and scholars disagree on what culture is, depending on their scientific discipline or research orientation (Alasuutari 1995: 35, Alvesson 2013: 1, Barley 1995, Bate 1994: 3, Dickson et al. 2000: 452, Frost 1991: 7, Pettigrew 1990, Schein 1985: 23, Schein 2000: xxiv, Schneider 2000: xvii, Trompenaars & Hampden-Turner 1997: 21). Consequently, they, in fact, study different phenomena, from different theoretical, epistemological and methodological perspectives, which makes organizational culture studies a highly fragmented field lacking unified research traditions (Frost 1991: 7).

As a result, organizational research has produced a multitude of definitions for the notion of 'culture', to the extent that many of them are mutually exclusive (Allaire & Firsirou 1984: 210). Some have even suggested that organizational culture is not merely one single concept or variable, but rather a source for a group of concepts, and even an entire form of organizational analysis (Pettigrew 2000: xiv). Similarly,
Alvesson (2013: 6) suggests that culture is 'a perspective rather than a robust object'. These theoretical disagreements have been considered critical, for some to the point that they threaten the validity of the research (Frost 1991: 7). Kroeber and Kluckhohn (1952 via Allaire and Firsrotu 1984: 194) have identified 164 different definitions of culture altogether, and Williams (1976: 76 via Gray 2006: 102) has even famously described the word 'culture' as "one of the two or three most complicated words in the English language". Similarly, cultural analysis has been characterized as intrinsically incomplete by Geertz (1973: 29 via Bate 1994: 4), stating that the deeper it gets, the less complete it becomes.

Given that scholars are unable to reach an agreement about the definition of 'culture', it is hardly surprising that the same confusion exists on the managerial level. The impact of culture is still often ignored by managers, and even when its importance is recognized, there is a widespread lack of understanding of how people and organizations function in terms of culture (Alvesson 2013: 1). Consequently, managerial attempts to change culture possess a high risk of failure, leading to temporary 'quick fix' results at best (Schein 2000: xxiii).

However, despite the evident complexity of the concept of 'culture', several researchers have attempted to compile lists of general traits that most definitions have in common. Hofstede et al. (1990 via Alvesson 2013: 36) have suggested that according to most definitions, culture is a holistic, group phenomenon that is soft, vague, and difficult to change or even comprehensively understand, and that is socially constructed and transmitted to new members through customs and traditions. Smith (2001: 2–3) has grouped Kroeber and Kluckhohn's definitions of 'culture' into six categories, resulting in a rich presentation of main viewpoints. Descriptive definitions describe culture as a clearly defined entity consisting of elements such as rules, norms, beliefs, customs, knowledge, laws and art, while historical definitions view culture as a heritage transmitted from one generation to the next. Normative definitions are either exclusively value-centered, or alternatively broader ideas of culture as a way of life guiding behavior. Structural definitions emphasize the abstract essence of culture, insisting on the role of visible artefacts and behavior as a cultural product rather than the culture itself. Psychological definitions, on the other hand, see culture as a means of solving problems related to communication, learning,
or emotional and material needs. Genetic definitions consider culture as a part of an evolutionary process, where cultures emerge, exist, and evolve as a result of human interaction and intergenerational transmission. As Allaire and Firs rotor (1984: 194) suggest, a convenient definition can be selected based on the research interests and objectives, and thus a unified general definition may, in fact, be utterly unnecessary.

What is specifically argued about organizational cultures, Dickson et al. (2000: 452) highlighted that the factor distinguishing the definitions of organizational culture and national culture is the former's contextual link to organizational issues and challenges. They support their view by citing Lawson and Shen's (1998: 42) definition of organizational culture as 'the shared and unifying thoughts, feelings, values, and actions of organizational members in response to organizational issues and challenges'. As one of early pioneers in organizational research, Schein (1985: 24) described organization from a structural viewpoint, as a system interacting with its environment, consisting of subgroups, functions, hierarchical levels and geographical locations. Frost (1985: 17 via Alvesson 2013: 4), on the other hand, relies on a symbolistic approach in his definition: 'Talking about organizational culture seems to mean talking about the importance for people of symbolism - of rituals, myths, stories and legends - and about the interpretation of events, ideas, and experiences that are influenced and shaped by the groups within which they live.'

'Variable vs. holistic system' dimension

As for different theoretical approach ontologies, one of the key dividing factors is whether they view culture as a variable or component that an organization has or as a holistic system that an organization is. Burrell and Morgan (1979: 22 via Parker 2000: 59-80) have suggested a simple typology of main paradigms in form of a fourfold table, where the four major approaches are structural functionalist, radical structuralist, interpretive and radical humanist. The two first paradigms represent the traditional, objectivist view on culture as a variable. The functionalist approach seeks to retrieve information about organizations for purely managerial control purposes, classifying different types of cultures and in a normative manner defining in which context a certain type of culture is 'best fit'. The other approach treating culture as an objective phenomenon, radical structuralist, relies on Marxist
principles, the ultimate purpose being more efficient generation of surplus economic value. Instead of possessing value per se, organizational culture is seen as subordinate for the economic base, and a legitimation of economic inequalities. As opposed to the two first approaches, the interpretive view and radical humanism consider culture as a manifestation of what an organization is. Interpretive paradigm focuses on symbols, language and actions, offering a holistic idea of organizational culture as a collectively constructed system of shared meanings. Radical humanist paradigm, on the other hand, describes organizational culture as an ongoing, interactive power struggle of subcultures, each seeking to enforce their shared understandings and meanings to constitute the purpose of the organization.

Figure 1. Paradigms in culture research (adapted from Burrell & Morgan 1979: 22 via Parker 2000: 59-80).

Some authors have suggested differently constructed typologies of the same research traditions. Ashkanasy et al. (2000a: 7) recognize three ontologies, the first and the most popular being structural realist ontology, where organizations are seen as structures consisting of properties, such as culture. Social construction ontology, on the other hand, defines organization as a set of regularities in events, where the organization is a kind of culture itself. From the third ontological perspective, organizations are linguistic conveniences, serving as tools for thinking. This typology does not distinguish between different schools or directions within
structuralism, grouping them all under one single ontological principle. Similar categories are found in the work of several other researchers (Smircich 1983). Contrastingly, other authors make the first distinction between the structuralist approaches and those viewing culture as a root metaphor (Modaff et al. 2011, Ozigbo 2014: 95). The latter ones are further divided into traditionalism defining culture through objective constructs, interpretivism focusing on the system of shared, subjective meanings, and critical-interpretivism understanding culture as a network of shared meanings and as the power struggle between similar, competing systems (Modaff et al. 2011, Ozigbo 2014: 95). This study exhibits a compromising perspective towards this positioning; on the one hand, it aims at producing knowledge for managerial purposes and assumes that influencing culture with managerial means is possible, however, on the other hand, views culture as a critical-interpretivist entity, where the primary focus is on the system of shared meanings.

Traditionally, research approaches treating culture as a variable have largely dominated the field of organizational culture studies (Allaire & Firsroto 1984: 194). However, the postmodern literature on organizational culture is representing an ever-growing criticism towards these research orientations (Alvesson 2013: 6, Parker 2000: 2, Pettigrew 2000: xiv, Tyrrell 2000: 85). As Alvesson (2013: 211) denotes, the structural definitions of culture often stemming from managerial interests tend to remain technical and 'thin' descriptions of a phenomenon that anthropology describes as a complex, layered and 'thick' matter. An increasing number of contemporary authors highlight the role of subjectivity in the context of culture (Gill 2008, Hatch 2000: 256–259, Walkerdine 1997). For instance, the symbolic-interpretative approach underlines the high degree of subjectivity of a given culture, examining the existence of culture in relation to the outer world. This approach defines culture as a "collective expression of the continuity between the inner and the outer world" (Hatch 2000: 256).

Another fundamental disagreement between different theoretical approaches in relation to the essence of organizational culture is where culture resides (Beyer et al. 2000: 324–25). Whereas for some theorists culture is embedded in visible artefacts, others emphasize that culture exists primarily in the minds of people, or even 'between' the heads of people, both as abstract systems of meaning as well as in
publically expressed symbols and concrete artefacts (Alvesson 2013: 4, Markus 2000: 299). However, several contemporary views tend to emphasize culture as a deep, unconscious phenomenon (Brislin 1993: 4–9, Gudykunst 1998: 41–42, Schein 1985: 26). Among the best known and the most widely accepted definitions of culture is that of Schein (1985: 23–24), where he argues that while culture is often understood as systematic behavior in organizational interaction, language, rituals, norms emerging in groups, explicitly communicated company values, basic philosophy guiding the company policies, organizational rules and atmosphere, the actual 'culture' resides at a deeper level. He identifies three levels of culture; the visible and the most superficial level of cultural artefacts and creations, fairly conscious level of values and beliefs, and the deepest and highly unconscious level of tacit basic assumptions (Schein 1985: 32). For Schein, the most fundamental essence of culture is crystallized in these assumptions dealing with the relationship between human and nature, reality and truth, human nature, interpersonal relationships, as well as time and space. These assumptions have been learned during the process of solving the two fundamental problems of external adaptation and internal integration (Schein 1992 via Zammuto et al 2000: 263). In addition, together with basic assumptions the components of these two areas constitute the core content of culture; factors related to the process of external adaptation, such as mission, vision, strategy, systems, processes, and structures, and factors related to the process of internal integration, including language and concepts, group boundaries and identity, power relationships and interpersonal relationships, as well as reward and status systems. (Schein 2009: 45.)

Resembling theories of cultural layers has been adopted by several other cultural theorists (Hall 1976 via Oxford 1995: 29, Sathe 1985, Trompenaars & Hampden-Turner 1997: 21–23). The only modification Sathe (1985) suggests to Schein's model is that the values of the actors are the actual ones, rather than the espoused, imposed values laid out by Schein. Similarly, the notion of layeredness is illustrated by Hall (1976 via Oxford 1995: 29) with a metaphor of an iceberg, where most of the ice is below the water line, out of sight. Allaire and Firsirotu (1984: 193-194) compare culture on the organizational level to personality on the individual level, characterized by its own distinct traits, and thus making it an identifiable whole.
Similarly, on a macro level an organization is compared to societies, social systems with processes, norms and structures of its own.

In order to explain this layered essence of culture, Parker (2000: 83–93) uses the linguistic analogy of *langue* and *parole*. *Langue* represents the set of grammatical norms and rules, which is the invisible framework in the background, becoming apparent only through local applications of *parole*, ways of speaking. It is only through these recognizable manifestations that *langue* exists; and equivalently, these visible manifestations have meaning only because the framework exists. Culture creation process can also be seen as a mechanism starting from either of these interdependent concepts; According to objectivist theory, structure (*langue*) defines agency (*parole*), whereas subjectivist theory is grounded on the opposite assumption. Similarly, Kilduff & Corley (2000: 211) apply an analogy of language and culture in parallel, stating that once the underlying grammar in languages or system of relations in culture is discovered, they can be compared to the equivalent systems of other cultures and languages. Overall, language is a central concept in cultural research, particularly in symbolic or interpretive approach (Ashkanasy et al. 2000a: 11).

Besides language and symbols, values are one of the most commonly used constructs in definitions of culture. This has been noted by Kroeber and Kluckhohn in their compilation of definitions of the concept (1951 via Ashkanasy et al. 2000a: 10). Organizational values have also been closely linked with innovation (De Geus 1997: 54, Hurst 1995 via Sathe & Davidson 2000: 290). According to De Geus (1997: 58), values are the element that prevails and connects the organizational members even when the current line of business ceases to exist. Barney (1986: 656) suggests that it is namely values that generate sustainable innovation, leading to superior financial performance.

The complexity of the concept is well illustrated in the theoretical discussion of cultural research. Several authors have criticized the vague usage of the term 'culture', referring to "everything and nothing" (Allaire & Firsio 1984: 194, Alvesson 2013: 3). Similarly, the approaches emphasizing and studying mainly the visible artefacts and behavior rather than the underlying elements have faced intense criticism. Schein (1985: 32) has taken this idea even further, arguing that the term
'culture' should be limited to the very deepest level of basic assumptions and beliefs that determine the way the organization defines itself and the environment. Unlike several other theorists, he does not include values in this strictest definition. Alvesson (2013: 3) suggests that in these cases, the term 'culture' should be replaced with another term, such as 'informal behavior patterns', 'norm system' or 'social pattern'. On the other hand, he also claims that this controversy must be allowed to exist, and that we should avoid one-eyed, monolithic views on culture.

Allaire and Firsrotu (1984) suggest a useful and rather comprehensive typology illustrating the main schools of thought in organizational culture theory. The first distinction is made between schools that consider culture as a component of a joint *sociocultural system* and those who view culture as an *ideational system* that is conceptually separate from the social realm. The sociocultural schools of thought represent the dominating view of culture in early culture research, where culture is treated simply as one variable impacting structure and processes of organizations. In the sociocultural system, cultures can be examined either *synchronously*, as a state at a given moment in time, or *diachronically*, as a process. The synchronic schools are *functionalist* school, where manifestations of culture are seen to exist in order to satisfy basic human needs, and *structural-functionalist* school, where culture exists as an adaptation system, a means of living in equilibrium with the environment. *Ecological-adaptationist* school define culture as learned and transmitted behavior patterns that emerge over time in a causal, reciprocal relationship with the environment. *Historical-diffusionist* school, on the other hand, view culture as a set of temporal, interactive, and autonomous traits and behaviors that are transmitted to other cultural systems through diffusion processes, and that change as a consequence of acculturation and assimilation processes.

The ideational system is further divided into two categories depending on where, in their view, culture resides; For *cognitive*, *structuralist* and *mutual equivalence* schools, culture resides in the minds of people, whereas for *symbolic* theorists, culture is found in the products of mind, symbols and meanings. For the cognitive school, also labelled *ethnographic* school, culture exists as a learned system of knowledge, where cognitive processes are the focal point of study. Structuralist school follows the universalistic principles, suggesting that all cultures share a
certain basic structure that is only found at the deepest, unconscious level. For mutual equivalence school, culture enables the functioning of an organization by uniting a large number of conflicting cognitions and motivations, giving them a framework through which to predict the behavior of others in social settings. The symbolic school, also called *semiotic* or *interpretive* approach, use human-produced symbols to interpret the underlying systems of meaning that constitute the essence of culture.

Figure 2. *Culture research typology (adopted from Allaire & Firsirotu 1984: 196).*

'State vs. process' dimension

Another characteristic related to the two notions is the idea of culture either as a static entity or as a constantly changing construct. Tyrrell (2000: 85) suggests that most definitions treat culture as a static, structural variable rather than an ongoing process, which, according to him, calls for a fundamental change in the conceptualization of culture. This static notion assumes that cultures remain as they are unless change agents appear (Markus 2000: 298). Similarly, Parker (2000: 82) criticizes this static view of culture and organization, insisting on their dynamic, unbounded and incohesive nature. Indeed, for an increasing number of contemporary theorists, organizational culture is a dynamic system in a natural state of flux (Hatch 2000: 259, Markus 2000: 297). Following the same line of thought, Alvesson (2013: 4) concludes that although fairly static elements can be identified in cultures, such as
certain tradition, framework, rules, and meanings, culture is best understood as a
dynamic, emergent and contextual. However, Markus (2000: 298) also underlines the
importance of traditional discussion about organizational culture as a static entity,
implying that it has originally facilitated the establishment of organizational culture
studies as a distinct research field of its own.

The descriptions of culture as a process range from cognitive, problem-solving
functions (Schein 1985: 25) to interactive, social network systems, where articulated
versions of the world mold and transform the cultural realm (Parker 2000: 90).
Markus (2000: 297–308) represents organizational culture as a dynamic system
involving three types of processes simultaneously maintaining and reproducing
culture. The intentional processes project conscious meanings of cultural artefacts
and values, whereas in the unconscious processes the actions reflect the underlying
motivations, such as profound individual needs or anxieties portrayed by cognitive or
psychodynamic theories. As opposed to intentional and unconscious processes, the
discursive processes do not, ultimately, reside within the heads of actors, but rather
within the organizational context. In the discursive view, actions exist as references
to the organizational history of symbol use, and culture exists regardless of
individual agents. However, although the starting point is that agents are
interchangeable, individuals are shaping culture.

The time dimension is strongly present in theories emphasizing that culture is, above
all, a historical product (Schein 2000: xxiv–xxv, Selznick 1957 via Allaire &
meanings attributed to its events are crucial in understanding culture. Although we
produce culture through a sensemaking process where we perceive, interpret,
construct and react accordingly, the process is guided by our prior meanings,
stereotypes and expectations that have been shaped by our past. Culture production is
therefore the process where the prior meanings and thus the prior status quo are
changed. This process is driven by changes in the operating environment, internal
dynamics and historical circumstances. Schein (1985: 25) concludes that this
historical process results in shared experiences, which, in turn, lead to a shared view
about the group and the surrounding world.
This research follows the idea of Schein (2000: xxiv), according to which culture can be defined *both* as a state at a given time *and* as a process. Therefore, both approaches can be academically valid, and it is namely the research objectives that define the best suited perspective. Tyrrell (2000: 86) follows a similar line of thought, suggesting that 'culture' can have two distinct meanings depending on the level of analysis; either a 'culture of...' when referring to an organization, nation or other group of people at a given moment, or a group's *ability to produce culture*, explaining culture as a constantly changing construct. Instead of the traditional linear view, where periods of stability are interrupted by transformations, both stability and change can be seen to occur simultaneously in an organization (Hatch 2000: 252–253). Markus (2000: 307–308) goes beyond the dualistic view, arguing that in culture research, the mutually exclusive distinction is, in fact, utterly unnecessary. From this dynamic perspective, cultural stability is, paradoxically, promoted by the multiple change processes that together form a stable, yet constantly changing cultural entity. Therefore, stability may be seen as a form of change.

In line with this paradoxical idea of culture as a dynamic state is the model by Hatch (2000: 250). The model utilizes Schein's three cultural levels of assumptions, values and artefacts as the components representing the state of cultural elements. Adding to Schein's theory, Hatch views symbols as the fourth core element. The elements are linked together by a transformational process occurring between them. The deepest assumptions can become values in the process of *manifestation*, values can become artefacts in the process of *realization*, artefacts symbols through *symbolization*, symbols assumptions through *interpretation* etc. The model combines the subjectivist and objectivist views, positioning assumptions on the subjectivist field, artefacts on the objectivist field, and values and symbols somewhere between the two domains. Moreover, the model distinguishes between reflexive and active discourse, thus forming a four-by-four classification of *subjectifying activity, objective activity, subjective reflexivity* and *objectifying reflexivity*. (Hatch 2000: 249–252.)
Figure 3. The domain of cultural dynamics (adapted from Hatch 2000: 250).

The process of manifestation represents itself when values or norms are evoked either emotionally, cognitively or perceptually. Sometimes, albeit not systematically, values or norms become visible and are thus realized in behavior and outcomes, which constitute observable cultural artefacts. Symbolization, on the other hand, is the process where the cultural members attribute meaning to certain artefacts. These meanings bear intense social and personal, behavioral, cognitive, emotional and aesthetic traces. This constitutes the basis for interpretation process, which elaborates the meanings in question by placing them in a broader historical, cultural and personal context. Similarly with symbolization, interpretation occurs on cognitive, emotional, behavioral and aesthetic levels, but it is a yet deeper phenomenon. When interpreted, symbols are capable of shaping the existing basic assumptions. (Hatch 2000: 249–252.)

Although cycle-shaped, the model does not presume that the processes would occur in an automatic, causal manner. Instead, artefacts and symbols should be seen as expressions of values and assumptions. Furthermore, the cycle also functions with a reverse, self-reinforcing logic. The basic assumptions contain interpretations that limit the number of meanings attached to artefacts in the symbolization process. This
leads to the production of artefacts favoring the existing assumptions, and the existing artefacts support the prevailing status quo through retroactive manifestation and realization processes. In sum, in the retrospective logic this preserving of status quo tends to prevail, unless a change agent is introduced. (Hatch 2000: 252–253.) The model of Hatch presents culture as a process with two opposite, simultaneous mechanisms; one that is constantly molding it and another that is aiming at preserving the status quo. These theories support the idea that although in a natural state of flux, culture can also be defined as a state at a given point in time.

'Coherence vs. ambiguity' dimension

The third controversial issue related to the notion of culture is whether they are seen as internally coherent entities or complex, ambiguous systems. Regarding this idea, Kilduff and Corley (2000: 215–219) and Payne (2000: 164–166) outline the three prevailing traditions in cultural research; integration, differentiation and fragmentation perspectives. As Kilduff and Corley suggest, these perspectives can also serve as a tool for network theory analysis.

From integration perspective, organizational culture consists of a common set of values, norms and beliefs that is created by a charismatic leader, transmitted through myths and narratives, and that is shared and understood by most organizational members (Payne 2000: 164). Some theories, such as organizational simulation, have taken the idea of integration even further, arguing that cultural subgroups in an organization have a tendency to merge as a result of interacting with each other, thus deepening the integration (Kilduff & Corley 2000: 216). The underlying assumption in integration perspective is that organizations are naturally coherent in the absence of communicational obstacles. This perspective has faced intense criticism from several authors suggesting that it communicates an oversimplified image of culture. In their analysis of different schools of thought, Allaire and Firsirotu (1984: 199–202) denote that the sociocultural theories tend to concentrate on examining the structure, functions and evolutionary processes of the organizations, where they are presumed unambiguous and harmonious. Consequently, they largely ignore the possibility of conflict between the cultural and sociocultural elements of organizations. Adding to this, Tyrrell (2000: 86) asserts that specifically the
descriptive definitions of culture as the set of values, norms and beliefs represent the 'integrationist' definitions, where culture is seen as a consistent whole with organization-wide consensus. From integration perspective, cultures are seen to change exclusively through revolution (Payne 2000: 164). However, Kilduff and Corley (2000: 215–216) also emphasize that the integration perspective allows researchers to investigate and, to some extent, measure how much consensus exists in the organization, where in the organization the consensus resides, what these idiosyncratic understandings are, and the links between subgroups by discovering similarities in the semantic frameworks between organizational members. Measuring consensus also allows researchers to define when the degree of coherence is high enough in order for the culture to be recognized as a distinct entity of its own.

Contrastingly, differentiation perspective views organizational cultures as power struggles of different subgroups within the organization. Payne (2000: 164–166) elaborates upon this idea, explaining that while different subgroups have conflicting interests and motives based on their respective backgrounds and organizational roles, they also need to balance and compromise them in order to make the organization succeed and thus meet a part of their objectives. Change is seen to occur as a result of environmental forces, and the form it takes is considered incremental rather than dramatic. Interestingly enough, differentiation perspective assumes that a consensus exists among the members of the subgroup. As Kilduff and Corley (2000: 217–218) suggest, research conducted from differentiation perspective enables the identification of important subgroups, and thus also the development of organizational matrix about the communicational structures of the organization. This matrix reveals the control relationships and patterns of communication, both formal and informal ones, as well as potential 'structural holes', communicational gaps between two subcultures.

Fragmentation perspective goes further in the idea of ambiguity and relativity. In this approach, organizational culture is understood as an ever-changing subgroup system with fundamentally ambiguous values, norms, and beliefs. Any consensus is considered contextual and temporary. A specific culture can thus only be understood at a given moment. Changes are triggered by environmental factors, which organizational members respond to in order to protect their own self-interests. This
results in shifts in power relationships. (Payne 2000: 165.) Parker (2000: 90) connects communicational friction with organizational development, arguing that culture is not created as a result of existing rules but as a process of articulating contested versions of the world in real-world interaction, with friction involved rather than consensus. Therefore, debate, disagreement and conflict could be interpreted as a sign of evolving organizational culture. However, as Kilduff and Corley (2000: 213) note, the social capital of an organization, in other words, the degree of altruism, cooperation and openness correlate with the productivity or destructivity of disagreement within the organization. Fragmentation perspective has been criticized for its self-fulfilling prophecy, in other words, when ambiguity is expected and searched, it is also found (Payne 2000: 165). However, from network perspective this approach allows the identification of dyadic ties, and the shared cultural attributions of the parties of these friendships. From this viewpoint, social identity is not a fixed construct, as the subgroup tends to define themselves in relation to others. Furthermore, research has found evidence of a positive correlation between dyadic ties and job satisfaction. (Kilduff & Corley 2000: 218–219.)

Much of the organizational conflict and ambiguity has been explained using the theories of cultural layers. In organizations, it is common to find a situation where the values explicitly expressed on the organizational level are in clear conflict with the everyday behavior of the organizational members. Schein (1985: 34–35) understands this as a conflict between 'expressed values', a term originally introduced by Argyris and Schön (1978), and basic assumptions, the deepest and the most unconscious level of culture. Expressed values represent values that are not rooted in learning, and therefore can manifest themselves in what people say but not in what they do. A similar explanation has been offered by Cooke and Zsumal (2000: 152), suggesting that the inconsistencies between the operating culture and tacit assumptions are a result of the direct influence of structures, systems, technology and skills on operating cultures, while unconscious tacit assumptions remain unchanged. Rather than a matter of depth as such, Alvesson (2013: 6) represents this as the integration of culture and social structure, treating them as parallel, overlapping dimensions. When culture and social structure are poorly integrated, changes in formal rules and routines are imposed, but cultural patterns do not change coherently. Equivalently, cultural meanings can change while structure remains the same. As
Schein (1985: 42, 34–35) denotes, in situations of inconsistency basic assumptions tend to dominate. He affirms that explicitly communicating values that are consistent with basic assumptions can serve as a strengthening factor for group cohesiveness; however, a clear distinction should be made between them and values that are a reflection of strategic reasoning or future objectives. In sum, these theoretical suggestions would imply that organizations would greatly benefit of becoming aware of the basic assumptions in their respective cultures.

Despite the somewhat straightforward categorization of these three perspectives, they need not to be strictly mutually exclusive. As argued by Schein (2000: xxv), a clearly defined culture at a given moment does not imply complete coherence or unambiguity. Therefore, conflict is to be found in cultures that are, at the same time, clearly distinct entities of their own. Following the idea of Schein, Hatch (2000: 252) argues that the same cultural basic assumptions can support ambiguous, even entirely contradictory values and artefacts. Similarly, Parker (2000: 82) describes organizational culture paradoxically as something simultaneously both unitary and divided, consisting of multiple, cross-cutting cultures; meanings deployed in a diverse manner depending on the dimensions of context, actor and time. Culture, in his view, is always locally produced inside, outside and between formal organizations, resulting in structures more complex than the rigid concept 'subcultures' suggests. Payne (2000: 165–166) concludes that all three perspectives are required in order to comprehensively understand a culture. This does not imply utilizing all three to the same extent in terms of methods and tools of interpretation, let alone undebatable research results, but rather a more holistic approach to the subject in question.

'General vs. unique' dimension

The fourth central issue about the concept of culture is to what extent they are seen as unique entities or systems with similar features, structures or constructs. According to Alasuutari (1995: 35), both universalism and particularism in their extreme interpretation are virtually impossible, in other words, no culture can be completely and thoroughly unique, and equivalently, no universal cultural structure can exist without behavioral manifestation reflecting it. Therefore, instead of two
opposite concepts, the topic needs to be understood as a continuum with a varying degree of emphasis between the two extremes.

Besides the apparent phenomenological aspect, this issue is closely related to research methodology, as it defines what research methods and means of analysis are appropriate. Ashkanasy et al. (2000a: 5) underline the impact of this positioning, specifying that it directly influences the openness to highly structured analysis and quantification. In the ethnographic approach, there is a prevailing tendency to favor detailed understandings of specific cultural contexts rather than interpreting them through generalizing theories (Kilduff & Corley 2000: 220). This is often achieved through direct experience, intensive or participative observation, in-depth interviews, and self-assessment of organizational members (Ashkanasy et al 2000b: 132). Particularist studies are heavily based on inductive intuition, and the empirical evidence serves as the starting point for analysis. Self-proclaimed ethnographers often criticize the causal relations offered by general theories, treating them as oversimplified expressions of complex phenomena (Alvesson 2013: 2). As ethnography still remains the dominating approach, as in the interpretivist view (Geertz 1973), the amount of comparative research with highly structured analysis could still be considered rather marginal (Ashkanasy et al. 2000a: 5). Many of those represent functionalist approach (Kluckhohn & Strodbeck 1961, Kroeber & Kluckhohn 1951, Malinowski 1947), where the assumption is that all cultures face the same, universal problems and develop varying means to cope with them (Ashkanasy et al. 2000a: 5). Similarly, purely quantitative approaches are also rarely found, and these cases tend to focus on the more superficial, conscious levels of culture (Ashkanasy et al. 2000b: 132).

However, universalist elements can also be found in non-functionalist approaches. For instance, according to symbolic approaches, a certain set of symbolic archetypes can be identified in every culture. These archetypes resonate within the members of a given culture, relating them to their respective cultures, the same way as humans relate to their humanity in a broader context. (Hatch 2000: 258.)

As a synthesis, Ashkanasy et al. (2000a: 6) denote that some scholars (e.g. Headland et al. 1990) use a combination of both generic and unique theories. Consistently with
this idea, Kilduff and Corley (2000: 220) argue that structural theories should be applied in combination with specific, contextual analysis. For instance, they pinpoint the strengths of network approach, stating that unlike many structural theories, they can include the role of the individual, and that they examine the interface areas, 'the margins', thus adding to the holistic view of culture. Trompenaars and Hampden-Turner (1997: 44) represent the relationship between universalism and particularism as either vicious or virtuous circle. Both approaches exist simultaneously, and both are needed to control and complement each other in research. Therefore, universal theories can be applied to empirical data to a certain extent to establish order and structure, while simultaneously remaining open for new themes and issues arising from the empirical data.

Figure 4. Reconciling universalism and particularism (adopted from Trompenaars & Hampden-Turner 1997: 44).

'No culture is an island' dimension

The last major debated issue identified in culture research is whether it is primarily understood as an independent entity or as a part of its environment. Although a straightforward binary opposition is, again, purely theoretical, Hatch and Schultz (1997: 360) criticize the organizational studies for largely ignoring the influence of the environment in the culture creation process. Indeed, culture is often described to emerge as a result of internal processes, where factors such as the role of founders

The number of authors concerned with the role of external factors in the culture creation process still remains relatively small. Although some do recognize the impact of the surrounding societal culture and values on most organizational cultures (Allaire & Firsrotu 1984: 210, Alvesson 2013: 112, Dickson et al. 2000: 454–456, Kilduff & Corley 2000: 212–221), it is often left in a marginal role in culture theories. Even among the authors who recognize the role of society, this link is not perceived as strictly defining, as organizational culture can differ from that of the surrounding society (Allaire & Firsrotu 1984: 210).

However, the potential impact of society should not be overlooked, as it may manifest itself in a subtle manner, in the deeper layers of culture. For instance, as Schein (1985: 37–38) specifies, basic assumptions can be rooted in national cultures. More specifically, the deepest conceptions about human nature, truth and reality, time and space, the role of individual in society, as well as perceptions about the relationship of human beings and nature are significantly shaped by national cultures (Schein 2000: 64–74). Firstly, national cultures differ in their idea about human nature in terms of how much humans can change and consciously shape and alter themselves, and about whether human being is fundamentally good or evil. Secondly, what is considered the truth varies between moralistic and pragmatic approaches, the former emphasizing religious, ethical and traditional definitions, whereas the latter science and law. Thirdly, time can be either viewed as a linear resource with sequential actions or as a cyclic element bearing several simultaneous actions or processes, and equivalently space can be seen as a reflection of hierarchy, status and formality. Fourthly, societies vary in the dimension of individualism vs. collectivism, in other words, the degree to which the society is constructed around individuals. Fifthly, yet another defining factor is whether nature is seen as subordinate to humans or vice versa. (Schein 2000: 64–74.)
Besides national cultures, other sources of external influence include industry forces (Dickson et al 2000: 454–456) and different interest groups, such as partners, suppliers, customers, and authorities (Alvesson 2013: 112). A great example of an organizational culture literature branch downplaying the impact of national cultures is the convergence perspective, also labelled "culture-free" view. According to this approach, the development of organizational culture is primarily bound to the overall economic phase of development. In other words, in a corporate context the economic and technological factors largely define the forms that the organizational culture can take, and as developing economies industrialize, their organizational cultures become increasingly similar with those of industrialized economies. (Brannen & Kleinberg 2000: 390.)

Kilduff and Corley (2000: 211–221) take an extreme position on the matter, introducing network approach as an underexploited perspective and means of analysis for studying organizational culture. Instead of studying cultural entities as such, they concentrate on the relations between these entities, thus revealing communicational patterns and power structures both within the organization and also in relation to its network of actors. They strongly emphasize the direct influence of the relationships the organization has with other entities, and consider internal focus, also called 'liability of unconnectedness' a major weakness for organizations. This impact of network on organizational culture is well exemplified in their description of the case of Silicon Valley, where the exceptional industrial network has undoubtedly contributed to the emerging of a recognizable industry culture covering a wide geographical area. Compared to culture research, strategic management literature utilizes network perspective much more frequently and extensively. Illustrating this, Doz and Kosonen (2008: 51) emphasize the importance of organizations being connected both externally and internally, as well as fostering an open strategic dialogue with these network actors.

This section has summarized and thematized the issues discussed in the organizational culture literature. This research understands culture as a concept consisting of multiple paradoxes. Culture is therefore viewed both as a state and as a process, coherent yet ambiguous, and a general yet unique concept. Importantly,
organizational culture is here considered a holistic system of meanings rather than a single variable, and it should be examined as a part of its environment.

Related terminology for organizational culture

Given the fact that organizational culture as a concept is far from one-dimensional and definitive, it is hardly surprising that several terms are, often mistakenly, applied synonymously in literature. In business contexts, particularly in management studies, corporate culture is a term frequently used instead of 'organizational culture'. However, several authors have underlined that the difference between the two concepts is that organizational culture is regarded as an organic phenomenon, whereas corporate culture refers to a managerially-led system (Alvesson 2013: 54, Parker 2000: 2) Furthermore, Alvesson (2013: 113) denotes that corporate culture often refers to the value system held by top executives, and it can often conflict with the functional or operating culture of lower organizational levels. This research draws no such polarized distinction between the terms, as culture is viewed as a system that is initially organic, yet under certain conditions and to a certain extent influenceable.

Another term closely related to organizational culture is organizational climate. Having first emerged in 1960s and 1970s, organizational climate research presently constitutes a distinct branch of its own (Payne 2000: 166). Although it has often been emphasized that organizational culture and climate are not synonymous (Allaire & Firsatro 1984: 203–04, Denison 1996, Ogbonna & Harris 2000: 769, Payne 2000: 166), the present definitions still remain poorly distinguishable from each other (Payne 2000: 166). As Denison (1996: 620) suggests, the clearest differences may lie within methodological and epistemological principles. Culture research tends to rely on particularist and contextualist tradition, whereas climate research favors a more generalizable and comparative approach. Methodologically, culture studies are largely qualitative, while climate studies utilize mainly quantitative methods. As far as the actual phenomenon is concerned, culture studies are more focused on the underlying values and assumptions, and climate research on consensus of perception. From one perspective, organizational climate may be viewed as a means of measuring culture (Payne 2000: 166).
Besides these two common terms often presented in connection with or overlappingly with the concept of organizational culture, a larger confusion represents itself in the field. According to Schein (1985: 42), organizational culture is often confused with concepts such as 'atmosphere', 'philosophy', 'ideology', 'style', 'management style' and so forth. Some researchers have gone as far as treating strategy and culture as synonyms, based on the idea that they both provide a framework through which to experience and interpret the world and act in it, direction and meaning for actions, continuity, and they also serve as a source of identity (Alvesson 2013: 83). Indeed, organizational identity is yet another concept through which organizational culture can be understood (Hatch & Schultz 1997: 360). However, Alvesson (2013: 83) argues that broadening the already wide and controversial concept of culture is unnecessary.

As we have adopted a strongly managerial perspective in this study, the terms organizational culture and corporate culture are used interchangeably. However, this research understands organizational culture as a deeper and, in large part, a more unconscious phenomenon than organizational climate. Strategy, on the other hand, is understood as a component of sociostructural environment rather than as a synonym for organizational culture.

3.1.4 Conceptual model of organizational culture

One of the most comprehensive conceptual models of culture has been presented by Allaire and Firs膈rotu (1984), consisting of a synthesis of the most influential research approaches. The emphasis of different theoretical branches varies, for instance, in terms of forces shaping culture. Some theories underline the role of societal values, some the history of the organization, and others contingency factors such as industry characteristics or technology. Different approaches also vary in their focus on either organizational structures, individual actors, or the interaction taking place between them. Some theories emphasize the underlying factors, such as values, assumptions, beliefs, systems of meaning, symbols, or ideologies, whereas others are primarily interested in concrete artefacts and cultural products such as behavior, language, customs, rites, rituals etc. (Allaire & Firs膈rotu 1984: 209.)
When examining culture, it is essential to acknowledge its layered nature and the subsequent impact in the cultural dynamics. This is clearly visible in situations where organizational change is desired. While the formal organization can be rather easy to alter, culture does not automatically follow. The consequent inconsistencies between the two parallel realms often results in conflicts and dysfunctions (Rhenman 1973, Pfieffer 1981: 6, Meyer 1979, Ansoff 1977: 63, Schwartz & Davis 1981). In Allaire and Firsietu's (1984) terms, the formal, structural and symbolic cultural realms can be disynchronized, which, according to them, the sociocultural approaches fail to recognize (Allaire & Firsieotu 1984: 211–212).

From symbolic school viewpoint, the relationship of the individual and culture is an empirical issue that can be examined through the process of integration. In the perfect and total replication mode, a strong organizational culture is absorbed as such, leaving little space for personal interpretation and variation. However, more commonly integration takes place through partial replication, when the organizational symbols are first individually interpreted, then modified based on the individual personality, history and experiences, and finally incorporated to the individual mind and way of thinking. The third mode of relationship is meta-cultural, where the individual understands the culture and utilizes it in order to communicate and participate in the respective culture, without integrating it with their own value system or fully becoming a member of the culture in question. This mode of relationship requires strong cultural awareness and the ability to avoid emotional attachment to the culture. This approach also facilitates making deliberate changes in the organization because of its simultaneous culture-specific competence and emotional distance to it. Moreover, this approach enables the individual to be competent in multiple organizational cultures. (Allaire and Firsieotu 1984: 212-213.)

Allaire and Firsieotu (1984) suggest a conceptual model of culture, incorporating the central aspects of the most central theoretical approaches. In this model, culture is a particularistic system composed of myths, values and ideology consisting of behavioristic, linguistic and symbolic artefacts bearing shared meanings. Culture is in close interaction with a separate sociostructural system consisting of the formal elements, such as organizational structures, strategies, policies and processes.
Culture emerges and evolves as a result of the impact of the surrounding society, its history and industry dynamics. Individual actors are then integrating to the culture through complete or partial absorption or, alternatively, an emotionally distanced, participatory relationship. This integration process is, to a varying extent, influenced by the individual history, knowledge, values, assumptions, expectations, needs, motives, role in the organization, as well as their cultural competence. The outcomes of this cultural system are then visible in the form of individual behavior and actions.

Figure 5. Conceptual framework for organizational culture (adapted from Allaire & Firsatro 1984: 214).

The conceptual model suggested by Allaire and Firsatro (1984: 214) provides an understanding about culture as a combination of the cultural and the sociocultural systems, impacted by the environmental and individual factors, which becomes visible in products of behavior. After thoroughly understanding the essence and dynamics of organizational culture, it is time to examine cultural change, specifically from managerial perspective in order to understand the process and the dynamics of deliberately transforming culture.
2.2 Managing cultural transformation in organizations

2.2.1 The controversy of managing culture

Given the relative importance of organizational culture in innovative organizations, it is hardly surprising that intentional and planned culture change efforts represent a widespread phenomenon in corporate environments. New management tools and trends emerge on a regular basis to guide organizational development, and they are relentlessly applied by managers to render their organizations more innovative, effective and competitive. Organizational culture is widely recognized as an important component in all organizational change processes, either the actual, direct target of intended change or a significant catalyst in the process (Alvesson & Sveningsson 2008: 3). Therefore, many authors have stressed the role of culture as a starting point for planning any organizational change (Kilmann 1995: 177). In fact, culture occupies a key role in organizational change at large; several authors have suggested that one of the main reasons for unsuccessful change efforts in an organization is the failure to understand cultural dynamics (Balogun & Johnson 2004 via Alvesson & Sveningsson 2008: 3).

In the light of executed change programs, however, the task of managerially changing organizational culture has proved to be nothing but easy. Planned and controlled change as such in an organization is extremely difficult to achieve; statistics have indicated failure rates as high as 70 % in change programs (Beer & Nohria 2000 via Alvesson & Sveningsson 2008: 27). As far as the outcomes of culture change programs are concerned, it is not uncommon for them to end up either with weak, temporary or superficial impacts on an organization, or alternatively with entirely unintended and unexpected, even opposite outcomes (Michela & Burke 2000: 225–226, Zammuto et al. 2000: 261–262, 277–278).

Moreover, the overall manageability of organizational culture has been a debated issue in management literature. Scholars disagree on whether organizational culture can be intentionally changed at all, and to what extent and how an intended change
could be achieved. Alvesson and Sveningsson (2008: 40–41) outline a threefold division into literature views approaching the issue. The first of these views suggests that culture is a fully changeable and manageable construct, provided that sufficient resources and skills are available and utilized. The second view, on the other hand, argues that culture is, albeit not fully, changeable to a certain extent. In contrast, the third view denies the overall possibility for managers to change culture, and that it is far beyond managerial control. (Alvesson & Sveningsson 2008: 40–41.) The view on whether and how culture can be changed is closely linked with the overall perception about the essence of culture. Those understanding culture as a variable or a more behavioristic phenomenon tend to follow the can-do approach, whereas those viewing culture as an organic, complex and ambiguous phenomenon tend to emphasize its unpredictability and the difficulty of orchestrating and controlling cultural change (Alvesson & Sveningsson 2008: 41).

Furthermore, many authors have described a series of preconditions for an intended change to occur. Those stressing the role of underlying values and assumptions as the core of culture argue that bringing these values and assumptions to consciousness represents an absolute prerequisite for changing them (Alvesson & Sveningsson 2008: 24, Sathe & Davidson 2000: 280, Schein 2009). Some theorists have stressed the critical role of objectivity and 'outsiderness' for managers intending to change their company culture (Schein 2009: 121), as well as the involvement of outside actors, such as consultants (Alvesson & Sveningsson 2008: 20), while others have contrastingy underlined the importance of subjectivity and engagement with the respective culture for actors aiming at producing change (Hatch 2000: 254). Moreover, several theories emphasize the importance of involving the organizational members in the change process (Alvesson & Sveningsson 2008: 30–32, Schein 2009: 141). Schein (2009: 163) outlines that changing culture is easier if the deepest cultural assumptions remain untouched, and new constructs are built on the more surface levels of cultures. However, successful change conducted in this manner requires that the underlying assumptions are consistent with the organizational objectives, and the new surface constructs are consistent with the basic assumptions. However, on some occasions this is insufficient. When too many of the deepest assumptions are no longer valid in the current situation and represent a threat for the
best interest of the organization, the only alternative is strong culture change, involving the destruction of the old culture (Schein 2009: 183).

2.2.2 Defining cultural transformation

In order to address the topic of cultural transformation, it should be understood within the framework of transformational change, as one specific form of change. In line with the theory of Hatch (2000: 259), we conclude that what we perceive as change is a symbolic construct. In order to define cultural change and to understand its dynamics, we first have to define what "changing" and "static" mean in a cultural context. We have adopted a pluralist view on the matter, acknowledging that both "changing" and "static" in the context of culture are relative notions, and need not to be mutually exclusive. As most contemporary cultural theorists understand culture as a system being in a natural state of flux, cultural change is embedded in this notion as a dynamic system of direction. For Hatch (2000: 253, 257), cultural change occurs as a result of two counteracting processes; production of artefacts and production of meaning. From the subjectivity viewpoint, change occurs as a consequence of imagination replacing reality. For this to realize, the image needs to be replicated collectively with the intensity that they become realized as artefacts.

Regarding the concept of transformation, one must distinguish between different types of change. A dual distinction is commonly outlined by authors, with somewhat varying terminology. Transformational change, also frequently labelled revolutionary or strategic, is a more fundamental form of change comparable to metamorphosis, including changes in mission, strategy, leadership and culture (Alvesson & Sveningsson 2008: 16, Michela & Burke 2000: 240). Transformational change is about becoming more experimenting and self-expressive, where the old meaning-making process is destroyed and replaced with a new one, and entirely new organizational identity is created (Hatch 2000: 255, Sathe & Davidson 2000: 290). Transactional change, also known as evolutionary, incremental or operational change improves operational functioning (Gagliardi 1986 via Hatch 2000: 255, Michela & Burke 2000: 240, Sathe & Davidson 2000: 290). This type of change is smaller in scale, more subtle and often also an ongoing process in an organization.
Furthermore, Hatch (2000: 255) identifies yet another form, apparent change, where solely artefacts are being affected, and thus the perceived change remains more superficial, affecting exclusively the outer layers of culture. However, in practice these categories inseparably overlap, and they rather serve as theoretic archetypes. This research is primarily concerned with the first type of change.

2.2.3 Cultural transformation as a controlled top-down process

The academic literature on organizational change in organizations provides a wide array of models and how-to methods for planning and executing cultural transformation in a precise, controlled manner. These theories are what Alvesson and Sveningsson (2008: 19–34) label as the planning approach on culture change. The planning approach starts from the presupposition that organizational culture change is maneuverable. Rooted in the origins of early human relations research, the planning approach views change as a top-down managerially driven process. Two major schools are identified; the Group Dynamics school that has evolved to Organizational Development research field and the Open Systems school. The starting point for the Group Dynamics school is group-level analysis, based on the idea of organizations consisting of smaller groups of organizational members.

The three-phase model of Lewin (1951 via Alvesson & Sveningsson 2008: 20) is applied to the groups, starting with the step of unfreezing, establishing the need for change. The first step is followed by the actual change phase, and the last step consists of refreezing the new culture, stabilizing it and preventing return to the old culture. Sathe and Davidson (2000: 280–281) elaborate on Lewin's model, explaining that the unfreezing phase requires strong emotional appeal, both in the sense of creating an urge to change as well as establishing psychological safety. Sometimes the measures taken need to be drastic in order to create this sense of urgency, and managers may need to deliberately produce a perceived threat or crisis. These perceived threats should question the group survival, either in terms of external adaptation or internal integration. At this point, the organizational values should also be examined, contrasting the espoused values and the actual ones implicit in actions and words. On the operational level, change can be executed by
utilizing change agents within the organization. These people are then assigned power and responsibility by putting them in important positions. Operating from these positions, their mission is to overcome the resistance to change. Alternatively, the process of unfreezing can also be approached from behavioristic viewpoint. In this case, the change activities include altering strategy, structures and procedures rather than the minds of people. (Sathe & Davidson 2000: 280–281.)

In the second phase, moving, culture change can be implemented using group decision making and consensus building. The group members are thus invited to challenge their existing values and attitudes, as well as to redefine themselves as a group. At this stage, the leader involvement should be reduced in order to empower the organizational members. Freezing, the final phase, is about institutionalizing the desired new culture. Symbols and structural changes facilitate the freezing process, and therefore their creation can support the change process. Concrete evidence should preferably be presented about the progress and its outcomes, and the reward systems should be adjusted accordingly, with a focus on reinforcing the desired behavior instead of punishments. (Sathe & Davidson 2000: 281.)

Besides the unfreeze-move-freeze pattern, Lewin has mentioned several alternative, less confrontational solutions for achieving organizational change. One example of these is using "positive shock" instead of unfreezing, involving unexpected rewarding of the desired behavior. Another approach suggests that organizational change should concentrate on building new culture on top of the old one, instead of attempting to destroy any existing elements. (Lewin via Sathe & Davidson 2000: 281, Schein 2009: 163.)

As noted by Schein (2009: 131–132), this top-down model applies particularly well to transformational change processes and mature organizations, as it includes unlearning deeply rooted, existing cultural elements. The Group Dynamics school is largely focused on eliminating resistance to change rather than strengthening forces producing change. Despite the top-down, management-centric ideology, collaboration, organization-wide participation and commitment are important objectives. Initiated by the management, the change process gradually moves down in the organization. Besides the participatory idea, the model encourages open
communication and constant learning. This approach aims at combining theory and practice, which translates into utilizing neutral, objective intermediaries, such as consultants, along with organizational members in the process. Being linear and evolutionary, the time span for implementing change through this method is long. (Alvesson & Sveningsson 2008: 20–21.)

The Open Systems school, on the other hand, views the organization as a set of subsystems. The level of analysis for Open Systems school is organization-wide, and the objective of this approach is to achieve organizational change through aligning the subsystems in order to constitute a harmonious entity. These systems can be classified in various ways, for instance, as the technological, political and cultural systems, or as 'soft' and 'hard' elements, such as people, values, skills, technology, strategy and structure. Johnson (1992 via Alvesson & Sveningsson 2008: 22–24) portrays these systems through the metaphor of 'cultural web', consisting of nine subsystems. The most central system, 'the paradigm', is formed of the deepest, taken-for-granted assumptions that define the starting point for the surrounding subsystems of symbols, power structure, organizational structures, control systems, stories and myths, as well as rituals and routines. (Alvesson & Sveningsson 2008: 21–24.)

Figure 6. Cultural web (adapted from Johnson 1992 via Alvesson & Sveningsson 2008: 24).
Heracleous (2001: 426–443) suggests a culture change implementation pattern based on Johnson's subsystems. The implementation process starts with the mapping of the present situation of the subsystems, followed by the defining of the ideal state of subsystems and the consequent strategy to reach this objective. The values and organizational dimensions requiring changes should be outlined, and the progression of the change process should be closely monitored and evaluated. (Heracleous 2001: 426–443.)

An abundance of models exists to present culture change process as a linear, step-by-step sequential process. Commonly the culture change process phases are seen to include the stages of identifying the need for change, selecting the suitable technique for intervention, establishing management support, overcoming the natural resistance to change in the organization, and finally evaluating the entire process (Dawson 2003: 32). An alternative, more behavioristic logic towards planning a culture change is first defining the desired behavior, then execute skill training to manifest the desired behavior, and finally designing incentive systems rewarding the desired behavior (Michela & Burke 2000: 230). One of the best-known is the eight-step model of Kotter (2007: 99), where the eight linear steps to be taken are establishing a sense of urgency, forming a powerful guiding vision, creating a vision, communicating the vision, empowering others to act on the vision, planning for and creating short-term wins, consolidating improvements and producing still more change, and institutionalizing new approaches. A second example is the model of Levy and Merry (1986 via Sathe & Davidson 2000: 288–289), where the listed seven steps are shocking the organization, breaking the old mindset, making the tough decisions, demanding performance, tracking progress and beginning vision creation, removing those unable or unwilling to change and rewarding those able and willing to change, and finally building a culture of high competence and performance. Similar lists of steps have been introduced by various authors throughout culture change studies (Beer 2000 via Alvesson & Sveningsson 2008: 45, Kilmann 1995: 179–185).

The models of planning approach are often linked to viewing cultural change as a massive project transforming one state of culture to another, superior one (Alvesson & Sveningsson 2008: 44–45). Moreover, their underlying logic of top-down
dynamics is equivalent to what Latour (1986 via Alvesson & Sveningsson 2008: 29) calls the *diffusion model*, where the managerial actions of producing change contain inner force that gradually spreads the change towards the lower levels of the organization. The main managerial objective in this approach is to overcome the friction, manifesting itself in form of organizational resistance or insufficient communication. Subordinates are portrayed as passive objects of change efforts that, provided that their resistance is successfully conquered, accept and absorb the suggested changes in their predetermined, intended form. (Alvesson & Sveningsson 2008: 29.)

However, models following the planning approach are criticized for several limitations. They have been accused for a simplistic, one-eyed view on culture that fails to take contextual elements in an organization into account (Alvesson & Sveningsson 2008: 27). Their underlying assumption is that they are universally applicable to any organization under any circumstances, regardless of industry, firm size, life cycle phase, or geographical area. Furthermore, they view organizations as homogeneous entities, and fail to recognize that a certain stimulus can produce a high variety of reactions within one single organization (Alvesson & Sveningsson 2008: 46). Thus it could be argued that the application of planning approach models has a high degree of unpredictability in terms of process outcomes. In addition, the outcomes may be more superficial, and therefore the risk of returning back to the previous culture runs high. In order to achieve deeper, permanent changes, a yet deeper understanding of culture is required (Alvesson & Sveningsson 2008: 45). The poor results of change programs have evoked widespread criticism towards linear, how-to manuals and given birth to alternative interpretations of culture change (Weick & Quinn 1999 via Alvesson & Sveningsson 2008: 27).

2.2.4 Cultural transformation as a contextual bottom-up process

In contrast with the planning approach, Alvesson and Sveningsson (2008: 19–34) also identify another, more contemporary view on culture change, *the process approach*. In this approach, the focus is on individuals and their sense making processes. As opposed to the planning approach and the diffusion model, Latour
(1986) introduces the contrasting concept of translation model. According to this view, the force behind change resides within the organizational members, and managerial change efforts move according to how members interpret and make sense of them. Therefore individuals are seen as active mediators that translate and modify the meaning according to their experiences, personality, skills, interests and ambitions. Culture is thus produced locally, and therefore the culture change process should also be viewed as a local, grassroot-level process. The process approach suggests that organizational change occurs laterally, rather than horizontally, where the daily interactions of middle management are seen crucially important. The core of this interaction consists of informal conversations, such as gossiping and storytelling (Balogun 2006 via Alvesson & Sveningsson 2008: 28). Alvesson (2013: 188) has labeled this view as "everyday reframing" of organizational culture, in other words, informal renegotiation of meaning, driven on a daily basis by a small number of senior middle managers or informal authorities. The benefit of this approach includes its strong connectedness to the level of meaning and concrete interaction. However, its limitations include the official power relations and the broader organizational culture, and thus perseverance, creativity and stamina are required from the actors involved (Alvesson & Sveningsson 2008: 46–47).

From the process approach viewpoint, organizational change is a complex, deep process where ambiguity, chaos and unpredictability inseparably belong (Alvesson & Sveningsson 2008: 28). This approach seeks to involve managerial planning in the cultural change process while simultaneously accepting that the process cannot be fully controlled, and therefore may produce unpredictable outcomes. Resistance, negotiations, miscommunications and insecurity are accepted as a natural part of the process. Therefore implementing a step-by-step, fixed and predetermined plan is considered an unfit and excessively rigid idea for culture change.

Because of the unpredictability and complexity of culture, the control element that is a guiding principle in the planning approach is considered problematic in the process approach. Zammuto et al. (2000: 266–278) view control orientation as a factor impeding innovation. According to their model, emphasis on flexibility-oriented leadership ideologies increases the probability of both efficiency and flexibility gains in an organization. These ideologies include focusing on people, innovation and
change, leadership roles based on mentoring, caring, trust-building, empowering, envisioning, facilitating, and acquiring resources. In terms of structure, these ideologies favor decentralized power structure and decision-making. The outcomes of these ideologies include high levels of trust, morale, leader credibility, lower levels of conflict and less resistance to change. In other words, instead of controlling, the process approach emphasizes the empowering of individuals so that they would take initiatives in forms of experimenting and improvising (Alvesson & Sveningsson 2008: 30). In line with this view, Hatch (2000: 256) suggests that the higher the degree of control in the managerial attempts to influence the organizational culture, the higher the risk of skeptical or cynical response from the organizational members. This would imply that bottom-up direction would constitute an important element in organizational change.

Instead of examining change as a single, grand project, the process approach views cultural change as an ongoing process with no beginning or end. A great example of this is the cyclic "balanced scorecard" model presented by Kaplan and Norton (1996 via Sathe & Davidson 2000: 288–289), consisting of four tasks; clarifying and translating vision and strategy, communicating and linking objectives and measures, planning and target setting, as well as strategic feedback and learning. This cycle is then applied in the organization on an ongoing basis. Another theory serving as a well-fitted example of the process approach is the cyclic model of Hatch (2000: 250) introduced in section 2.1.3. The model revolves around the ongoing sense-making processes of realization, symbolization, interpretation and manifestation, where organizational members are actively and locally producing what is considered culture. Ambiguity is present in forms of simultaneous counterforces, and cultural dynamics are portrayed as unpredictable in terms of some constructs proceeding in the cycle, whereas others remain where they are, or even move to the reverse direction on the cycle.

Some theories have taken the idea of contextuality even further, reducing the role of systematic planning. For instance, Bartunek (1993 via Michela & Burke 2000: 241–242) suggests a method called the schema approach, through which cultural change can be implemented in a less orchestrated and more improvisational manner. This approach involves first recognizing the prevailing schemas of different interest
groups within an organization, including their goals, perceived means to achieve them, as well as specific concerns. The second step involves direct confrontation of these schemas, where the ideas of different interest groups are contrasted and negotiated in order to reach consensus and joint understanding. (Bartunek 1993 via Michela & Burke 2000: 241–242.) The strengths of the approach are its high contextuality, which ensures that the case-specific issues are treated and managed in the process, as well as its participatory and empowering nature, which, unlike imposed change programs, increases the commitment of organizational members. This approach also enhances the intra-organizational communication in a natural manner.

2.2.5 Life cycle approaches on cultural transformation

Yet another angle through which to approach culture change is by examining its evolutionary state or phase on its life cycle. Young and mature organizations greatly differ in their dynamics, and therefore the state of the organization affects the cultural change processes. Characteristics of large and mature organizations include a greater role of outsiders and hired managers as opposed to founders, a strong presence of various subcultures, as well as management of processes and systems as opposed to personal control (Schein 2009: 122–126). These subcultures become cultural systems of their own, and as they are often reflecting the company functions, products, markets or geographical areas, they are commonly referred to as "silos" (Schein 2009: 123).

Schein (2009: 157–188) compares the change dynamics of young and mature organizations, and defines subsequent strategies for orchestrating culture change. Mature organizations are usually no longer headed by their founders, which establishes a less emotionally charged starting point for culture change. According to Schein, while the members of mature organizational cultures may be emotionally less attached to the cultural values and assumptions of their organization, their culture is more embedded in the company structures, practices and daily routines. Consequently, it is also less conscious and more difficult to define. The beliefs produced in the course of history of the organization about what is right and how
their business should be conducted have turned into taken-for-granted assumptions that are largely unconscious and uncontested. Culture has thus become a part of the tradition of success, serving as a preserving force. While leaders were creating culture at earlier stages, in mature organizations culture tends to create leaders. This means that solely managers suitable with the existing culture are hired for top positions. (Schein 2009: 157–188.) The same logic applies to the organization's relationship with its environment. Although the impact of environment is the strongest at the moment of initiation, at later stages the culture impacts heavily on how the environment is perceived and defined (Schein 1985: 67). However, maintaining cultural systems based on historical knowledge is risky, as the business environment is prone to change in the long run. Cultural filter constitutes a dangerous phenomenon, as risks are not necessarily perceived on time. As Schein (2009: 163) elaborates, the information triggering the need for change and the culture change processes are culturally defined, which would imply that universal change programs cannot be definitively outlined.

Schein (2009: 116–124) presents a variety of culture change mechanisms and strategies. The ones applicable to organizations regardless of evolutionary stage include incremental change through spreading into new domains and industries, vertical integration or development of organizational subcultures, development of organizational self-reflection and understanding, and managing change through promotion of early adopters. However, Schein (2009: 162) affirms that in case of mature organizations, transformational change is often required, which implies that change processes in mature organizations are commonly systematically planned and executed, large-scale processes, thus also producing significant resistance. Hurst (1995: via Sathe & Davidson 2000: 290) emphasizes the central role of values in redirecting mature organizations. In value-centered approach, the outcome does not determine the value of the action, but instead action is valued as such, which leads to increased creativity and out-of-the box solutions.

Sathe and Davidson (2000: 290) summarize a number of theories viewing organizational culture as an evolutionary process, where change is seen as a development from one stage to the next. One of these is that of Harrison (1995), who proposes a theory based on Maslow's (1954) hierarchy of needs, where organizations
are gradually evolving from survival mode to defense, security, self-expression and transcendence. According to Harrison, intended change process cannot successfully be executed at the first two levels, and thus the organizational culture must have attained a certain level in this hierarchy in order to make it receptive towards change efforts. In other words, imminent operational level problems must be addressed before change is possible. Consistently with this idea, another similar theory is presented from Pawar and Eastman (1997: 92), who argue that organizations with adaptive orientation represent a more fertile ground for change efforts than organizations with efficiency orientation. (Sathe & Davidson 2000: 290.)

Sathe & Davidson (2000: 292–294) propose a framework for cultural change, combining several theories within their model. The Model I zone illustrates the nature of change in companies at lower evolutionary stages, when change is rather discrete, incremental and primarily occurring on the operational level. Change in this zone is characterized by gradually moving from a given state towards a specific, predefined goal. Therefore the top-down pattern of unfreezing, moving and freezing is more applicable to this zone. This model proposes that in order to move to the more evolved stages in The Model II zone, the organization needs to adopt an evaluative attitude. Rather than simply setting up control, measuring and monitoring systems, evaluation should also extend to a larger context, assessing to what extent the organization has succeeded in utilizing the available resources to achieve outcomes with maximum value. This perspective also involves examining several alternative scenarios of resource allocation, with out-of-the-box thinking. One means to achieve this goal is through the utilization of early adopters. However, as Sathe and Davidson (2000: 291) suggest, the transformation from lower, security-oriented stages into self-expressive cultural forms can be challenging for early adopters, as they can easily become targets for organizational members that are still in the political mode typical for lower evolutionary stages. Therefore, how to protect early adopters constitutes one managerial challenge in the organizational transformation process.

Complete integration of evaluative attitude in the company culture is thus the prerequisite for the organization to evolve to the higher, value-driven stages. This integration enables continuous, ongoing learning and change, as well as
transformational metamorphosis of the company culture. Organizational cultures at these stages are value-driven rather than gratification-driven, and they are capable of critical evaluation of their actions. The higher the evolutionary stage, the higher the consciousness and the wider the agreement on the guiding values of the organization. An organization reaching this zone is constantly renewing itself and going through processes of culture change. (Sathe & Davidson 292–294.)

The central aspect about lifecycle theories is their emphasis on learning, evolvement and self-assessment. As the organizations grow and mature, they tend to stabilize, gain structure and hierarchies, and thus lose their initial dynamics and natural intrapreneurial qualities. As a result, conscious and ongoing development and learning orientation is required from them.

2.2.6 Managerial role in cultural transformation

Because of the vast variety of views on how organizational change occurs, the role of managers is an equally contested topic. In the planning approach, the role is clearly more controlling, whereas in the process approach the emphasis needs to be on enabling. However, as Schein (2009: 145) suggests, the starting point of the managerial role in change processes is that they have clear targets about where the

Figure 7. Framework for culture change (adapted from Sathe & Davidson 2000: 293).
organization needs to be. Although the means of implementation may vary, the objective itself remains the same throughout the process, unless new environmental change occurs.

Hatch (2000: 246–249) provides a summary of Weber's (1978) theory on cultural dynamics and the managerial impact on cultural transformation. Weber stresses the initiator role of managers, arguing that all change is initiated by a charismatic figure. This charisma is then harnessed to serve organizational needs by routinizing, complementing and extending it to fit the objectives of the organization. Weber calls this process of institutionalizing "the routinization of charisma". This theory recognizes a highly subjective element in charismatic influence, as it appeals to the internal orientation of people shaped by their life experiences, and thus the actual effect highly depends on the subjective appeal. Therefore, despite the apparent power and importance of personal attributes of a leader in Weber's theory, it actually emphasizes the decentralization of leadership. Importantly, Weber denotes that charisma does not come to existence without followers, and that it is actually a reflection of the responses and interpretations of people. According to this theory, all authority is based on a belief of followers legitimizing the power of the authority. When describing authority as an "inner logic of world views" (Hatch 2000: 246), Weber sets leadership in a cultural context, where the inner reality of followers defines who is regarded as a leader and, on the other hand, how a leader is regarded. (Hatch 2000: 246–249.)

In the model of Hatch (2000: 249–256), charismatic leaders are cultural artefacts, and their power relies on their ability to deliberately introduce new artefacts. People process these artefacts by judging, testing and challenging them, and as a result may ultimately legitimate them and construct new artefacts of their own that are consistent with the leadership objectives. However, change also requires that these new artefacts are attributed meaning by organizational members, and thus they need to become symbols in order to change the existing deeper assumptions. Adding to this, genuineness is recognized as a factor enhancing the absorbing of new meanings, which would imply that managers would benefit from a certain degree of subjectivity. (Hatch 2000: 249–256.) In accordance with this view, Schein (2009:
stresses the importance of manager charisma that can be utilized to overcome sceptic reactions amongst the organizational members.

Several typologies of leadership have been suggested by authors. Palmer et al. (2006 via Alvesson & Sveningsson 2008: 30–31) provide a typology of managerial roles based on the degree of managerial control and the change outcomes. Controlling change managers with intended outcomes are described with a metaphor of directors, those with partially intended outcomes as navigators, and those with unintended outcomes caretakers. The managers following a shaping managerial style instead of a controlling one, are labelled as coaches with intended outcomes, interpreters with partially intended outcomes and as nurturers with unintended outcomes. However, in practice unintended outcomes are rarely celebrated, but rather considered failed attempts, although it could be argued that they enable innovation and out-of-the-box solutions. Similarly, Lawrence et al. (2006 via Alvesson & Sveningsson 2008: 31) distinguish between different types of managerial roles that are required in different phases of the change process; evangelists, autocrats, architects and educators. Evangelists concentrate on selling ideas with their influence, autocrats impose procedures with their authority, architects design structure, routines and technology, while educators foster the climate for change and learning. The impact of educators is frequently underestimated and undervalued, as the change fueled by them often occurs gradually and in a discrete manner. (Alvesson & Sveningsson 2008: 30–31.)

Badaracco and Ellsworth (1989 via Sathe & Davidson 2000: 290) distinguish between three different types of leaders, political, directive and value-driven. Political leaders focus on the political aspect of management, such as persuasion tactics, lobbying, trade-offs, compromises and alliances. Contrastingly, the philosophy of directive leaders is based on objective analysis of the company situation, strengths and weaknesses as well as environmental threats and opportunities, and their leading style is clearly target-oriented. They aim at creating a "marketplace for ideas", where ideas would be produced, evaluated and processed for implementation. Value-driven leaders, on the other hand, concentrate on molding the organizational culture so that it appeals to the organizational members and makes them strive for excellence. (Sathe & Davidson 2000: 290.)
2.2.7 Psychology of cultural transformation

In the traditional theoretical and managerial discussion of organizational change, resistance to change commonly represents a central concept. Especially in the planning approach, resistance is viewed as a force to be overcome through managerial actions and strategies. Resistance is also considered a particularly remarkable factor in transformational change, when an existing culture is being transformed. Dawson (2003: 19) identifies common factors triggering resistance, including major changes in the job in terms of skill and competence demands, loss of employment or a related experienced psychological threat, lowering of status or altered working conditions. Managerial techniques commonly utilized to overcome resistance include open communication, participatory approach, as well as encouraging experimentation within the organization (Alvesson & Sveningsson 2008: 32).

Schein (2009: 131–156) offers a deeper and more complex perspective to the wider psychological process occurring during transformational change within the organizational members. With established cultural elements the process is more complex, since transformation requires first unlearning the old framework of thought. Schein utilizes the pattern of unfreezing, moving and refreezing, which he elaborates on in his model. According to his theory, all change begins with questioning, as a result of either discontent or threat, whether economic, political, technological, moral or intraorganizational, profound scandals, mergers and acquisitions, charismatic leadership or education. Provided that the effect of these stimuli penetrates the psychological resistance, a need for change is recognized and accepted, and survival anxiety or feelings of guilt are activated. However, at this stage learning anxiety also appears, stemming from the psychological fears of being temporarily ineffective and unskilled, being punished for weak performance, losing personal identity, as well as losing the group membership. The defense mechanisms for learning anxiety include decline and refusal, avoiding responsibility, as well as bargaining behavior. Therefore, the guiding grand principles of transformational change by Schein are that firstly, the survival anxiety must surpass learning anxiety, and secondly, the emphasis should be on reducing learning anxiety instead of increasing survival anxiety. If the threat is excessively emphasized, the risk of
growing defence mechanism increases. The learning anxiety, on the other hand, must
be reduced by establishing psychological safety. This can be achieved through
communicating an irresistible, positive vision, training, participatory approach,
feedback, positive role models, support groups and coherent systems and structure.
Practicing should be encouraged, allowing organizational members to engage in
trial-and-error activities. Mistakes and failures should equally be tolerated to a
certain extent. (Schein 2009: 131–156.)

Importantly, Alvesson and Sveningsson (2008: 32) emphasize that all resistance
towards change does not stem entirely from psychological insecurity and thus cannot
be fully explained with cultural change theories. It has been argued that resistance
can also be rooted in "common knowledge" or past experiences of change processes.
For instance, in the light of high failure rates of change projects it is hardly surprising
to encounter skeptical reactions from organizational members. When the
expectations of past change projects have not been met, an experience of
disappointment and deception as a result of exaggeration of the need and
opportunities of change is easily produced. Furthermore, the organizational members' view about what is in the best interest of the organization may vary, and besides the organizational culture, their opinion is influenced by their personal history, experiences and worldview. Consequently, evaluating the relative impact of these variables is a challenging task because of the subjective nature of the matter. Furthermore, what is interpreted as outright resistance may, in fact, consist of mixed feelings and indecision. For instance, the resistance may concern purely the degree and scope of change or the practical application of a theoretically acceptable idea. Therefore, the contextual elements in resistance are extremely important to consider in order to fully understand its essence. (Alvesson & Sveningsson 2008: 32.)

The actual process of learning on the individual level is described by Schein (2009:
142–146) as the "cognitive redefining" process. The two possible mechanisms within this definition include learning new meanings for old concepts or learning entirely new evaluation standards. The learning can be achieved through imitating a role model and psychologically identifying oneself with him, or alternatively through actively creating one's own individual solutions to problems, until a suitable method is discovered. When the desired solution is clean-cut and clear, role models can serve
as an efficient means of learning. However, if the suggested means of learning is unsuitable with one's personality, the new solution is not adopted at a deeper level, and the learner risks returning to their old mindset and behavior. Therefore, the latter means represents a more flexible means of learning. Furthermore, the relationship of an individual with the group represents yet another factor in the equation. In a situation where a conflict exists between the new concepts and behavior learned by an individual and the rest of the group, those valuing the group more than the new concepts and behavior are more likely to return to their old behavior than those prioritizing the new concepts and behavior. Consequently, the latter group has a higher probability of leaving the group. (Schein 2009: 142–146.)

This chapter has examined the concept of culture, the dynamics of culture creation as well as the culture transformation process and methods. As a result, we have attempted to provide an understanding of culture as a phenomenon and how it can be influenced. As this study regards cultural transformation as a vehicle for fostering intrapreneurship, the next step is to understand the phenomenon of intrapreneurship and the related concept of innovation.
3 CORPORATE INTRAPRENEURSHIP AND INNOVATION

In this chapter, a literature review on corporate intrapreneurship and innovation is presented, with a particular focus on intrapreneurship research. The following contains a set of definitions of key concepts, descriptions of the innovation process and intrapreneurship as the objectives and desirable state of being, as well as attempts to establish an understanding of what is targeted with intrapreneurship.

3.1 Defining the main concepts

3.1.1 Innovation and the related terminology

As with organizational culture, in order to understand the relationship between innovation, intrapreneurship and organizational culture in corporations, a thorough understanding of the basic concepts is required. *Innovation* as a concept is ancient, its first emergence in literature dating back to 200 A.D. (Antola & Pohjola 2006: 19). Innovation research is equally tremendously abundant in volumes, including the adjacent concept of *innovativeness*. As with the definition of culture, different disciplines offer varying definitions depending on their perspective, and consequently, no single unanimous and comprehensive definition of innovation exist (Baregheh et al. 2009: 1324). Similarly, the complexity of innovation is also addressed by several authors (Damanpour 1996, Plessis 2007). Kimberly (1981: 108) recognizes three dimensions of innovation; innovation as an outcome, product, or service, innovation as a process, and innovation as an organizational attribute. Although this study is primarily concerned with the latter, introductions of the two former aspects are included in order to establish an understanding of the field of innovation research.

The most generic and commonplace definition is often introducing innovation as an outcome. From purely technological perspective, innovation can be defined as a product where new technology is applied (Nord & Tucker 1987 via Baregheh et al. 2009: 1326). Although commonly innovation as a term is used to refer to products and services, a broader outcome-centered definition of innovation can extend to the areas of corporate processes, marketing, leadership and business concepts (Antola &
Pohjola 2006: 20). Further, innovation can also be regarded as a vehicle to achieve organizational effectiveness (West & Anderson 1996: 680).

In innovation literature, the majority of the academic definitions are focused on innovation as a process with an outcome. The vast array of definitions include those emphasizing a certain discipline and others focusing on a certain aspect of innovation (Baregheh et al. 2009: 1325). Some of the most frequently applied aspects include the concepts of newness (Antola & Pohjola 2006: 21, Van de Ven 1986: 590), change (Baregheh et al. 2009: 1324), goal-orientedness (Antola & Pohjola 2006: 20), knowledge (Plessis 2007: 21, Stone et al. 2008 via Gamal 2011: 7–8), and firm survival and growth (Baregheh 2009: 1324). Examples of such definitions include "the introduction of a new product, service, or process through a certain business model into the marketplace, either by utilization or by commercialization" (Gamal 2011: 7), "all renewals or improvements that can be viewed as a process or achievement or through a joint impact of the two components, producing economic value for a company" (Antola & Pohjola 2006: 20), "the core renewal process in any organization" (Bessant et al. 2005: 1366), "intentional attempts to derive anticipated benefits from change" (West & Anderson 1996: 681) and "the life blood of corporate survival and growth" (Zahra & Covin 1994: 183 via Baregheh et al. 2009: 1323).

In addition to being defined through the viewpoint of outcomes or innovation processes, innovation in the organizational context can also be defined and measured through an examination of certain organizational characteristics, such as the organizational strategy, processes, structure, communication, networks, as well as the organizational learning ability (Tidd et al. 2001). Gamal (2011: 7–9) summarizes the attributes of innovation, thus also introducing the basic components of the innovation process. The objective of innovation is to create economic value by combining inputs and creating outputs out of them. Innovation must respond to a market demand, which determines the degree and scope of investment in the innovation process. Innovation is initiated with tangible or intangible inputs, also considered assets. The innovation process is complex, and thus also the outputs remain highly unpredictable. Knowledge represents a key element both in inputs as well as outputs. (Gamal 2011: 7–9.)
The commonly stated distinction in the context of innovations is made between *incremental innovation*, a gradual improvement of existing solutions and offerings, and *radical* or *disruptive innovation*, development of radically new types of products, services, or market demands (Antola & Pohjola 2006: 20, Baregheh et al. 2009: 1324). As Hashimoto and Nassif (2014: 395) suggest, most innovations tend to be incremental. Disruptive also represents a somewhat relative concept, depending on the importance of the innovation within its context, as well as its applicability (Kuz 2010: 63). Henderson and Clark (1990: 12) complement this dual distinction, suggesting a four-by-four table with architectural and component knowledge as the main variables. When both score high, the innovation can be viewed as radical, and equivalently, when both score low, the innovation is considered incremental. Further, the model distinguishes architectural innovations with high architectural and low component knowledge impact, and modular innovations with high component and low architectural knowledge impact. For large corporations, incremental innovation occurs more naturally, which can be achieved by adjusting the existing, ongoing processes and product portfolios. Instead, they often fail to recognize and exploit the opportunities for creating disruptive innovations (Kuz 2010: 54). For large corporations, innovation is also about balancing between the existing operations and the innovation processes and new ventures, where one particular challenge related to disruptive innovations is their initially low return on investment (Kenney et al. 2010: 36, Kuz 2010: 54).

*Innovation management* can be defined as the systematic substance-focused managerial approach providing the tools and framework enabling the recognition, coordination and collecting of ideas and initiatives, guiding the product development processes, and designing the product launches in a manner supporting the corporate strategy (Antola & Pohjola 2006: 21). Within the field of management, innovation has been considered a controversial issue, as the management of a new and undefined element can easily be viewed as an oxymoron. This managerial paradox revolves around the simultaneous objectives of certainty and flexibility (Thompson 1967: 150, Smith & Tushman 2005: 522). Similarly with the management of culture, it has been legitimately questioned whether innovation can be managed (Tidd et al. 2001: 79).
Inconsistent, even averse organizational processes and structures are associated with exploitative and exploratory functions, the former being concerned with stability, predictability, minimizing variance, and past experience, whereas the latter being all about trial and error, discovery, as well as unprecedented and unpredictable outcomes looking into the future (Smith & Tushman 2005: 522). A parallel, human-centered managerial approach introduced in literature is leadership for innovativeness, where the managerial focus is on removing physical and psychological barriers for innovation, as well as the application of innovations in the organization and its networks (Antola & Pohjola 2006: 21).

Innovative organizational culture is characterized as an environment encouraging its members to present and accept new ideas, innovate, communicate, take on responsibility and make decisions (Chien 2013: 865).

3.1.2 Intrapreneurship and the related terminology

Intrapreneurship has been defined as entrepreneurship within existing organizations (Menzel et al. 2006: 3), "the practice of creating new business products and opportunities in an organization through proactive empowerment" (Eesley & Longenecker 2006: 19), and as "entrepreneurial-based activities of individuals working within the constraints of corporate organizations and bureaucracies" (Kuz 2010: 24). Intrapreneurship often revolves outside of the core activities of the organization, thus extending beyond the mainstream business (Menzel et al. 2006: 3). Besides new products or businesses, new processes or adaptations of current products or systems can emerge as a result of intrapreneurial activities (Gapp & Fischer 2007: 331). Intrapreneurship can refer to the process where individuals within existing organizations pursue new opportunities with separate resources (Stevenson & Jarillo 2007: 25), to the spirit of entrepreneurship within the organization (Hisrich & Peters 1998 via Antoncic & Hisrich 2003: 9), or an organizational instigation of renewal (Sharma & Chrisman 2007: 17). Antoncic and Hisrich (2003: 9) view intrapreneurship as a continuum, and thus as a matter of degree. It operates at the organizational boundaries instead of the organizational core, where the existing business resides. Consistent with the ideas of resource-based
theory, intrapreneurship can also be viewed as a core capability and competitive advantage, as it can be sustainable and difficult to imitate (Antoncic & Hisrich 2003: 10).

Intrapreneurship (Gapp & Fischer 2007) or *corporate entrepreneurship* (Ireland et al. 2009) are the concepts most frequently applied in literature to describe the phenomenon of entrepreneurial activities within existing organizations. However, the new combination of terms, *corporate intrapreneurship* is also emerging in the recent literature (Kuz 2010: 1, Rekha et al. 2014: 53, Shulman et al. 2011: 32). This combination of terms is primarily applied in this research, as it represents an integrative approach to the terminology discussion. The literature branch of *entrepreneurial orientation* (Covin & Slevin 1991 via Ireland et al. 2009: 22, Hashimoto & Nassif 2014: 388–389, Lumpkin & Dess 1996 via Ireland et al. 2009: 22) examines the phenomenon of corporate intrapreneurship on the organizational level, for which it can be considered synonymous with corporate entrepreneurship. Another common related term introduced in literature is *internal corporate venturing* (Burgelman 1983: 223). However, in this study internal corporate venturing is considered a particular subcategory of intrapreneurial activity, and another organizational objective equivalent to that of innovation. Innovation constituting our primary objective of corporate intrapreneurship, corporate venturing partially falls outside of the scope of this research. Among various definitions and categorizations of the concepts, one view portrays corporate entrepreneurship as the umbrella concept for intrapreneurship, corporate venturing and *exopreneurship*, where the entrepreneurial resources arrive from outside the organization (Skovvang Christensen 2005: 307). The term corporate intrapreneurship is primarily applied as the umbrella concept in this study, as it naturally combines the individual and corporate contexts under one single term. Therefore, this study recognizes the existence of intrapreneurship as a multi-level phenomenon. Meanwhile, it is also acknowledged that in literature the terminology is applied in an inconsistent and overlapping manner.

Intrapreneurship has been often defined as a sub-category of entrepreneurship (Gapp & Fischer 2007: 331). Both entrepreneurs and intrapreneurs possess the traits of curiosity and risk-taking ability (Kuz 2010: 18). The main difference between the
role of intrapreneurs and entrepreneurs is that entrepreneurs create enterprises, whereas intrapreneurs help existing enterprises to grow and reinvent themselves (Teltumbde 2006: 131). Anu (2007: 151–152) summarized the key differences of these two, describing entrepreneurs as fully independent actors running their own business who answer to themselves, take a considerable personal risk in pursuing entrepreneurial activities, and tend to be concerned about financial performance rather than social status or reputation. In contrast, intrapreneurs are granted partial autonomy over a specific part of an organization, such as a product line or subsidiary, but still remain employees. They are supported in their pursuit by the organization, and granted financial stability, albeit temporarily, in form of a salary. Their position is assigned to them according to corporate standards, and they are not required to build structure or support functions around their business. Further, intrapreneurs need traits related to the corporate context, such as ability to operate within the organizational boundaries and restrictions, focus on innovation and firm growth, as well as receptiveness towards change (Kuz 2010: 18). According to lifecycle view, when a new venture is being initiated, entrepreneurial input is required, while at later stages, the need shifts towards intrapreneurship (Teltumbde 2006: 13).

Sharma and Chrisnan (2007) propose a conceptual hierarchy of the different terms. Entrepreneurship is divided into subcategories of independent entrepreneurship and corporate entrepreneurship, of which the latter is further divided into corporate venturing, innovation and strategic renewal. Corporate venturing, then, consists of internal and external corporate venturing. Although the term intrapreneurship or different levels of analysis are not present in the hierarchy, it brings forth one interesting classification of definitions.
As far as this study is concerned, innovation constitutes the main objective achieved through intrapreneurial activity. Consequently, corporate venturing is not included as such in the primary scope of interest. It is recognized that it represents a common manifestation of corporate intrapreneurship, however, this study is primary concerned with the cultural enablers of intrapreneurial behavior, both on individual, team and organizational levels. Strategic renewal, on the other hand, resides on the top management level, and although not excluded from this study, it is understood as a part of the wider context of innovation.

Curiously, Gündoğdu (2012) offers a synthesis of the concepts of entrepreneur, intrapreneur and innovation. Based on the argument that in the face of the new economy neither entrepreneurial nor intrapreneurial skills and assets alone no longer suffice, a new hybrid concept of *innopreneur* is being introduced, applicable to innovation-directed entrepreneurs. However, as the operating environment of the innopreneur is not limited to existing organizations, intrapreneur remains the more specific term for the purposes of this research.

In terms of examining the relationship of intrapreneurship and corporate entrepreneurship in literature, some authors have suggested that intrapreneurship represents the individual-level phenomenon, whereas corporate entrepreneurship
refers to the systematic activity undertaken by an organization in order to encourage intrapreneurship (Kazanjian et al. 2002 via Gapp & Fischer 2007: 331). The phenomenon of corporate entrepreneurship has been defined as sustained regeneration, organizational rejuvenation, or domain redefinition (Dess et al. 2003 via Ireland et al. 2009: 22), or strategic renewal (Floyd & Lane 2000: 154, Guth & Ginsberg 1990: 5). Similarly, the studies of entrepreneurial orientation (EO) examine organizations instead of individuals (Hashimoto & Nassif 2014: 388). On the organizational level, entrepreneurial orientation has been linked organizational traits of risk taking, innovation, and behavior in a brave and aggressive manner (Covin & Slevin 1991: 7–8). The approach of this research is twofold; on the one hand, it is recognized that the phenomenon can manifest itself on different levels, but on the other hand, the focus is on the corporate level in order to understand corporate intrapreneurship from a holistic cultural perspective.

The relationship of intrapreneurship and innovation has been described symbiotic (Kuz 2010: 101). Antoncic and Hisrich (2003: 13–14) elaborate on this relationship, insisting that the two concepts share considerable historic background, making them the most closely related branches within the management literature. The aspect in common for both concepts is the focus on newness, although organizational innovation is more limited to the dimensions of product, technology and administration, as opposed to intrapreneurship being concerned with any deviations from the customary, including new corporate units, strategy, organizing approaches, in a risk-taking, proactive and aggressive manner. Consequently, innovation can also be considered one defining element of intrapreneurship, and thus a subset of intrapreneurship. Innovation represents the distinguishing factor between entrepreneurial and managerial. On the other hand, the definition of innovation also greatly varies depending on the theoretical framework, and the term needs to be understood in a broad sense in order to fully overlap with the concept of intrapreneurship. (Antoncic & Hisrich 2003: 13–14.)

Antoncic and Hisrich (2003: 11) suggest a typology of differentiation between intrapreneurship and similar management concepts, including not only organizational innovation, but also diversification strategy, capabilities, and organizational learning. Despite the close relation of the concepts, the key concerns of intrapreneurship do
not include focus on inter-business coherence or synergy, nor do they include building a knowledge base or routines, as is the case with diversification strategy, capabilities approach or organizational learning approach. As far as intrapreneurship and innovation are concerned, the focus of innovation is not placed specifically on creating new ventures, as it is the case with intrapreneurship. (Antoncic & Hisrich 2003: 11.)

Overall, a certain terminological ambiguity is present in the intrapreneurship and corporate entrepreneurship literature. Various definitions can exist for a single term, and equivalently different terms can be used fully synonymously (Sharma & Chrisnan 2007: 24). This study considers intrapreneurship and corporate entrepreneurship largely synonymous concepts, and thus intrapreneurship can be applied also when discussing the organization-level phenomenon. However, the integrative term of corporate intrapreneurship is mainly applied as the umbrella term throughout this piece of research. In terms of the relationship of intrapreneurship and innovation, the former is treated as an input, and the latter as an output. Consistently with the view presented by Anu (2007: 150) describing intrapreneurship as a vehicle for implementing innovation and thus driving economic growth, intrapreneurship is viewed in this study as an instrument and innovation as an objective.

3.2 Corporate innovation models and innovation process

Innovation in the corporate context constitutes a literature branch of its own. Whereas by default innovation is commonly associated with agile early stage businesses, it is equally necessary in mature organizations (Drejer et al. 2004: 102–103). Similarly, fostering intrapreneurship becomes more challenging when organizations grow, age, mature and become more routinized and bureaucratic. When an organization matures and becomes established, it is forced to introduce procedures, organizational layers, systems and regulations in order to avoid chaos and to obtain efficiency, control and predictability. However, it is namely these practices that are counterproductive for the forces of intrapreneurship, including innovation, creativity, and risk taking. Intrapreneurship is about rediscovering these
entrepreneurial qualities and creating an organizational environment that nurtures them. (Eesley & Longenecker 2006: 19.)

As innovation constitutes a definitive objective in business, measurable characteristics of an innovative organization need to be defined. The innovation diamond model by Tidd et al. (2001 via Gamal 2011: 11–12) sets a framework for defining an innovative organization, consisting of five dimensions. Firstly, the dimension of strategy includes the components of strategic planning process, the overall appreciation of innovation throughout the organization, and strategy implementation mechanisms. Secondly, the dimension of organization consists of organizational structure and the adjacent organization-wide ease of top-down, bottom-up and lateral communication, as well as idea harvesting processes. Thirdly, the dimension of processes includes new product development and its market orientation, as well as internal process management. Fourthly, linkages refers to external networks and relations with customers, suppliers, partners, competitors, as well as academia, and their utilization in the development of organizational competitiveness. Fifthly, the dimension of learning consists of training and development, network knowledge acquisition, learning from success and failure, and the ability to share the lessons learned with the organization.

Figure 9. Innovation diamond (adapted from Tidd et al. 2005 via Ye & Zhou 2009: 14).
The actual innovation process has been described through a number of models. The innovation funnel model by Gamal (2011: 13) illustrates innovation process as an end to end function, starting with the threefold structure of input phase, process phase and output phase. The input phase, defining the scope, structure and context of innovation is further divided into stages of strategic thinking, metrics and portfolio management. The actual innovation process phase consists of stages of research, ideation, insight, targeting, innovation development, and market development, where value is being produced. Output phase, on the other hand, includes the stage of selling, where the added value is finally monetized. (Gamal 2011: 13.) Another model illustrating the innovation process is provided by Hansen and Birkinshaw (2007 via Gamal 2011: 14), describing it as a value chain, starting from idea generation, including in-house idea creation, cross-pollination across units, and external collaboration. The second phase in the chain, conversion, consists of selection as a result of idea screening, as well as idea development to reach the first tangible results. The last stage, diffusion, includes the dissemination of developed concepts across the organization. (Hansen & Birkinshaw 2007 via Gamal 2011: 14.)

Innovation management literature has provided an abundance of models and best practice tools for efficiently managing organizational innovation. However, the contributions still remain somewhat fragmented and incoherent, and lack of a single united view persists. Tidd (2001: 169, 180) suggests that the reason for this is an insufficient consideration of contextual and situational factors and variables. According to this contingency theory, the environmental uncertainty and complexity impact the suitable type, degree and organization of innovation. With low uncertainty and low complexity, the key concerns are product and service differentiation and marketing, e.g. in consumer products. When uncertainty is high and complexity low, technological or scientific issues are the most critical, as in the medical industry. Uncertainty being low and complexity high, project management constitutes the most central element, e.g. in construction business. When both uncertainty and complexity score high, multiple competencies are required, for instance, flexibility and ability to learn. ICT and software industry represent an example of the latter, which present tremendous challenges for innovation management. (Tidd 2001: 176.)
Smith et al. (2005: 346–350) approach innovation management from a slightly deviating perspective. The starting assumption is that successful corporate innovation management requires an integration of conflicting agendas of exploiting and exploring. Therefore, innovation management is about firstly understanding and defining these conflicts and paradoxes, as well as balancing the strategic intentions with organizational architecture through differentiation of existing product streams and innovation streams and integrating them. Further, the facilitation of the conflict is suggested to occur either on management or team level. (Smith et al. 2005: 346–350)

3.3. Literature review on intrapreneurship

3.3.1 Background and origins of intrapreneurship research

In today's turbulent environment, the significance of innovation is widely acknowledged. In a cross-industry study conducted by Deshpandé and Farley (2004: 19), innovativeness bore an impact on firm performance regardless of industry. Similarly, the importance of intrapreneurship is acknowledged, and it is often viewed as an instrument and a necessary component in the management of innovation (Ireland et al. 2009: 19–20). According to this approach, intrapreneurship serves as a
mediator leading to innovation (Bhardwaj & Momaya 2011: 188). The causality link between intrapreneurship and firm performance represents an extensively examined research topic (Kuz 2010: 36), albeit with varying results. As Covin and Slevin (1991: 19) suggest, the dynamics of the two concepts can be reciprocal, and thus the economic performance of the organization may also affect its entrepreneurial orientation. In other words, success of an organization may encourage intrapreneurial initiatives as such, whereas poor performance may inhibit intrapreneurial actions. Besides direct financial benefits, intrapreneurship can lead to numerous adjacent desirable outcomes and effects, such as generation of new ideas, improved individual performance, and employee job satisfaction (Auer Antoncic & Antoncic 2011, Holt et al. 2007: 50). Strategically, intrapreneurship can be viewed as an essential component in the economic development of an organisation because it increases employee productivity and motivation as well as the speed and cost effectiveness of operations and business services, and promotes effective teamwork (Anu 2007: 155).

Intrapreneurship research can be viewed to have its early origins in mid-1970s as a subcategory of entrepreneurship research (Anu 2007: 152). Initially, the concept was introduced in individual articles, however, a decade later it became a research branch of its own, largely as a result of Pinchot's book on intrapreneuring in 1985 (Skovvang Christensen 2005: 306–307). In 1990s the concept became somewhat established along with notable publications discussing intrapreneurship as a necessary component in corporate contexts, and the appearance of the term in the American Heritage Dictionary (Anu 2007: 152). Initially, the focus of intrapreneurship research was developing new ventures within existing organizations through entrepreneurial individuals, and it was only later developed towards studying intrapreneurship on the organizational level (Antoncic & Hisrich 2003: 7). Similarly, the early corporate entrepreneurship research was more focused on discovering external opportunities and developing new products for new markets. However, more recent studies have also contributed to an understanding of how organizations can benefit from the improvements of internal systems and processes through intrapreneurial activity (Burgess 2013: 193). In the recent years, the number of publications on intrapreneurship has grown substantially, possibly due to its interdisciplinary nature encompassing entrepreneurship, organizational design, human resources, management and leadership, as well as competitive strategies
No unanimous, coherent understanding exists about the proper execution of intrapreneurship (Kuz 2010: 1). Nevertheless, the majority of managerial literature tends to highlight the importance of strategic planning of processes and procedures for introducing intrapreneurship in the organization. Intrapreneurship occurs as a result of factors including HR practices, corporate structure, culture and strategy, and management behavior (Kuz 2010: 18). Sustainable innovation requires pro-innovation leadership, appropriate organizational design and a certain set of organizational behaviors encouraging innovation (Kuz 2010: 65–66).

### 3.3.2 Levels of intrapreneurship research

Over the course of the past decades, the intrapreneurship research has approached the topic from different perspectives. Antoncic and Hisrich (2003: 7–8) recognize three main areas of focus within the intrapreneurship field. Initially, the literature revolved around the idea of individual intrapreneur, with focus on individual characteristics. Later on, a second area emerged, concentrating on types of internal corporate ventures, their fit with the organization, and the organizational characteristics enabling them. The third area has been the intrapreneurship phenomenon on the organizational level. (Antoncic & Hisrich 2003: 7.) Overall, organizational level has attained a more widespread interest than individual level in academia (Hashimoto & Nassif 2014: 388). Further, a separate research branch stresses the team viewpoint in the emergence of intrapreneurship (Bhardwaj & Momaya 2011: 195, Burgess 2013: 196, Gapp & Fischer 2007: 330, 331–332). Therefore, three main organizational levels of analysis can be recognized; individual, team and organizational level (Sambrook & Roberts 2005: 142).

As this study is concerned about the cultural enablers of corporate intrapreneurship, with innovation as the primary objective, internal corporate ventures as such do not represent an area of immediate interest. Rather, from cultural viewpoint it is essential to define the primary level of analysis. The three levels of individual, team and organizational level are discussed and their contribution to the cultural viewpoint...
examined, combining their core content with the equivalent cultural levels of analysis.

_Intrapreneurial individual_

The research on intrapreneurship on the individual level is primarily concerned with the traits of intrapreneurial individuals and the means of utilizing these individuals in the pursuit of corporate intrapreneurship. According to Coakes and Smith (2007 via Kuz 2010: 23), individual champions are commonly involved in corporate innovation. These individuals are personally committed organizational members leading the innovation efforts. Similarly, Colarelli O'Connor & Rice (2001 via Gapp & Fischer 2007: 331) stress the role of the individual by arguing that new opportunity recognition stems from individuals rather than organizational processes or practices. For Kolchin and Hyclak (1987: 14–15), it is namely the individual dimension that separates intrapreneurship from the concept of innovation. As Menzel et al. (2006: 11) denote, at the level of actions it is individuals that are carrying out intrapreneurial activities, while the organization provides the setting in which intrapreneurship occurs.

Several theories have attributed entrepreneurial characteristics, such as entrepreneurial passion to personality, considering them as fixed individual traits (Cardon et al. 2009: 526). Characteristics such as ability to take risk, desire for autonomy and achievement, goal orientation and intrinsic motivation and control (Deming 1994: 109–111, Hornsby et al. 1993: 32–33, Hashimoto & Nassif 2014: 395) are often viewed as individual characteristics favorable for the development of intrapreneurial behavior. Equivalently, when intrinsic motivation is missing and the need to innovate is simply imposed on the organizational members, the quality of the ideas produced risks being low. Further, this scenario creates a deepening cycle of frustration (Hashimoto & Nassif 2014: 396)

Janczak and Boiteux (2007: 16) propose a typology of inner logics applied by different individual intrapreneurs, depending on their personality traits. The typology serves as a means of interpretation for intrapreneurial behavior and motivation. The three logics of action introduced are _authoritarian, emotional, and conciliatory logic._
Authoritarian logic views new ventures as problems to be solved, proceeds from top to bottom, imposes authority on people, is result-oriented and reactive, prefers qualitative approaches, seeks clarity and consistence, as well as promotes stability and linear processes marked by planning and optimization. Emotional logic, on the other hand, considers new ventures as personal challenges, influences others by appealing to their emotions, prefers initial qualitative approach, regards the idea as the starting point, relies on intuition, seeks organic growth and renewal, behaves in a proactive manner, perceives and tolerates ambiguity, possesses a strong learning orientation, and experiences significant personal satisfaction of executing a professional mission. Conciliatory logic regards new ventures as political games and negotiation processes, where appealing on people is based on coalitions, negotiation tactics, distorting information for the benefit of the cause. This logic prefers quantitative methods, is highly interactive and communicative, seeks continuous feedback and adapts accordingly, and can shift goals during the process, depending on the favorable conditions. (Janczak & Boiteux 2007: 16.) Interestingly, although authoritarian logic was expected to dominate within people with business background, the degree of experience was discovered to correlate with higher diversity in the utilization of different logics (Janczak & Boiteux 2007: 18). Evidently, this variation should be considered in the design of organizational processes intended to encourage intrapreneurship.

Kuz (2010: 232–233), on the other hand, introduces a prototype of an intrapreneur, providing a set of characteristics for individual intrapreneurs, including advanced emotional intelligence, extensive network building capabilities, as well as ability to work in multiple organizational domains from product development to strategy building, business development as well as market research. According to this view, intrapreneurs possess a natural tendency of creating more intrapreneurship, provided that they are granted power in the organization. In case of leader intrapreneurs, they intuitively direct themselves to hire other intrapreneurial individuals or help create more intrapreneurs from the existing organizational members through inclusion in their work and their network approach. The consequent managerial implications suggest that recognized intrapreneurs in the organization should be utilized in the process of developing a more intrapreneurial organization. These individuals are labelled as enabler intrapreneurs. (Kuz 2010: 232–233.)
Accordingly, Kuz (2010: 223–232) has suggested an enabler model of intrapreneurship, consisting of a set of behaviors that can be utilized for the development of intrapreneurship within an organization. The model starts with the presupposition that certain individuals exist with intrapreneurial characteristics, who should be utilized as change agents for driving the development and growth of intrapreneurship. The set of behaviors consists of seven constructs; *value proposition creation*, *idea champion roles*, *enabling innovation networks*, *exploiting technology intersections*, *culture change agency*, *enabling workforce creativity*, and *intrapreneur resource development*. (Kuz 2010: 223–232.)

Creating new value proposals represents a task requiring an understanding of the market, industry context, firm strategy, as well as creativity and innovative approach. Identifying new value scenarios and generating new ideas constitutes the first focal construct of intrapreneurial behavior. The second construct, behaving as an idea champion, involves taking on the role of idea cultivator, thus refining, validating and shaping the original idea, as well as initiating its implementation. An idea champion may either pursue the ownership of ideas produced by themselves or adopt an idea generated by others. The third behavior consists of building and utilizing networks, connecting the different organizational domains with external innovation networks, and serving as a bridging agent between them. The fourth element is all about applying multiple technologies into product and business development by exploiting technology intersections. The fifth behavior, culture change agency, refers to applying transformational leadership skills in assisting in intentional organizational change initiative design and implementation processes as a change agent. The sixth behavior, enabling workforce creativity, can be considered a byproduct of intrapreneur behavior. This behavior is a reflection of emotional intelligence and inspiring capability, manifesting itself as a skill to awaken curiosity and feelings of empowerment and exploration within others. The seventh and the last behavior, intrapreneur resource development, represents the intuitive activity of creating more intrapreneurship in forms of recruiting like-minded individuals or encouraging other organizational members to develop and use their intrapreneurial traits and skillsets. (Kuz 2010: 223–232.)
Contrastingly, some authors have argued that intrapreneurial individual characteristics can also produce complications for the pursuit of organizational objectives. Interestingly, Kolchin and Hyclak (1987: 16) define intrapreneur as an individual seeking to conceal entrepreneurial activity involving risk taking, while deliberately appearing to be the average, risk-averse manager complying with the rules and regulations. Further, intrapreneurial individuals bear a higher probability to set up a business of their own as opposed to other employees (Bosma et al. 2011). This would imply that in terms of these individuals, organizations are competing with entrepreneurship as the more attractive career opportunity.

**Intrapreneurship as a team level phenomenon**

In contrast with the individual approach, intrapreneurship has also been examined as a team level phenomenon. All in all, teams represent a central unit for creating new ventures, as they bring together a pool of talent with versatile skills and knowledge, thus creating an interface for new initiatives to emerge. Teamwork is frequently utilized as a tool in improving organization-wide cooperation, facilitating idea sharing and thus creating a favorable environment for intrapreneurship to thrive.
(Eesley & Longenecker 2006: 22). It is commonly argued that a successful team exceeds the sum of the know-how of its members (Bhardwaj & Momaya 2011: 195). Within teams, also cultural strengths of certain individuals support the weaknesses of others (Jaakkola 2009: 79). Cross-organizational teams can reduce the structural silos or bureaucracy in organizations, and increase innovative initiatives at all organizational levels (Eesley & Longenecker 2006: 22).

A multitude of contextual outlines exists for defining conditions where teamwork is deemed particularly favorable for intraprendeurship to occur. Several authors have suggested that in larger organizations, intraprendeurship is more likely to be achieved through teams than through individuals (Abraham 1997: 184–185, Bechtold 1997: 10–11). The importance of teams has also been emphasized in highly complex settings requiring versatile views and skills as well as problem solving (Burgess 2013: 196). Whereas the innovation process is concerned, the phase of implementation, in particular, is ideally viewed as a team effort (Gapp & Fischer 2007: 332). Similarly, teams have been considered efficient in scanning ideas or proposals and outlining strategy (Cates 1987 via Gapp & Fischer 2007: 332). On the operational level, teamwork allows timely and efficient introduction of intrepreneurial practices (Eesley & Longenecker 2006: 22). Within teams, cooperation, as opposed to competition, is argued to strengthen group capabilities and thus result in increased initiative (Wong et al. 2008: 238–239).

Despite the fact that the role of individuals is often highlighted in the opportunity recognition and idea generation processes, deviating views exist as well. Walton (2003 via Gapp & Fischer 2007: 333) discusses the view reaching beyond individual creativity, arguing that teams can achieve greater efficiency in understanding the situational, environmental, social and overall contextual factors and utilizing this information in the innovation process. Therefore, the team level approach to innovation and intraprendeurship can be as thorough and all-inclusive as the individual perspective.

Literature also provides an abundance of insights for the characteristics of successful intraprendeurial teams. Bhardwaj and Momaya 2011: 195) propose that successful teamwork includes taking responsibility of controlling and monitoring the team
members, and proactively sharing knowledge and resources. Burgess (2013: 196) suggests that members of successful teams learn from each other, thus integrating their skill sets into a shared entity. West and Anderson (1996: 691), on the other hand, emphasize group processes, such as team member support, proactive participation, and constructive conflict management as factors defining successful teams. Overall, learning and multiple communication processes characterized by openness are emphasized by several authors (Kyriakidou & Gore 2005: 192, 189–199, Sambrook & Roberts 2005: 149). Others highlight the significance of team commitment, arguing that the innovation initiative is more likely to succeed when the team members personally experience the imperative for change, and they are provided with the adequate tools and resources (Deming 1994 via Gapp & Fischer 2007: 333). Some authors mention managing team conflict as a critical task to achieve circumstances favorable for intrapreneurship (Bhardwaj & Momaya 2011: 200, West & Anderson 1996: 691). According to a model suggested by Covey (1990: 183), the prerequisites for efficient intrapreneurial teams include four levels and related attributes; the personal level requiring trustworthiness of individuals, the interpersonal level requiring trust between individuals, the managerial level requiring empowering management practices, and the organizational level requiring alignment of interests and activities of team members. Equivalently, team failures are seen to occur most frequently due to weak intra-group communication or commitment, poor incentives, leadership, planning, or preparation (Bhardwaj & Momaya 2011: 195).

Stephenson (1995: 35–49) discusses organically formed groups within organizations, often emerging during uncertain time periods, when innovation requires deviation from the common norms and practices. Arguably, they have demonstrated better results than officially nominated and established teams. Notably, the expectations of both management and the team members themselves have been systematically exceeded in such settings. As these organically formed teams lack the legitimacy granted by the organization, they can easily be perceived as a threat by the management. (Stephenson 1995: 35–49.)
Organizational intrapreneurship

All in all, most contemporary literature on intrapreneurship stresses its role as an organization-wide phenomenon. As Anu (2007: 150) denotes, innovation rarely occurs as an individual flash of genius, but rather is a result of conscious and systematic search of opportunities. Intrapreneurship is presented as being deliberate, systematic organization level work rather than existing qualities, such as individual level of intelligence or skills (McLean 2005: 226). Similarly, the study of Holt et al. (2007: 50) downplays the significance of individual characteristics, and emphasizes process as the primary means of controlling corporate entrepreneurship.

Covin and Slevin (1991: 7–8) view intrapreneurship as firm-level behavior patterns that exist on all organizational levels and reflects the top management philosophy and practices. They adopt a behavioristic definition, arguing that it is through actions that an individual or an organization becomes entrepreneurial. Further, behavior being perceivable and measurable, it represents an easier topic for research. As far as managerial implications are concerned, it is stressed that behavior is manageable through creation of structures, processes, strategies and cultures. The three adjectives they attribute to intrapreneurial organizations are risk taking, innovative and proactive. Entrepreneurial posture as organizational-level behavior is manifested as the top management ability to take risk in investment decisions and strategies, the degree and frequency of innovation and the resulted technological leadership, and the organizational propensity to aggressively engage in fierce industry competition (Covin & Slevin 1991: 10).

The conceptual model of entrepreneurship as firm behavior by Covin and Slevin (1991: 10) defines entrepreneurial posture as a result of three components; external, strategic and internal variables. The model represents organizational culture as one of internal variables, alongside with management values and philosophies, organizational resources and competencies, and organizational structure. Curiously, strategy and business practices are here separated from internal variables, yet top management postures are included. Firm performance, on the other hand, is represented both as a driver and as a direct consequence of entrepreneurial posture,
although research results exist setting the correlation of the two altogether questionable (Covin & Slevin 1991: 20).

Antoncic and Hisrich (2003: 14–16) provide a synthesis of the literature streams within the field of intrapreneurship, offering a dual distinct branches of entrepreneurial posture and corporate entrepreneurship. The former represents an innovative strategy formulation orientation, characterized by dimensions of innovativeness, proactiveness, risk taking, autonomy, and competitive aggressiveness. Contrastingly, the latter identifies more concrete, corporate level dimensions of new corporate venture activities and strategic renewal in terms of redefinition of strategy and organization of the corporation. The two literature streams can be viewed as complementary approaches to corporate intrapreneurship. Hence Antoncic and Hisrich (2003: 16) propose an integrated model of intrapreneurship, consisting of the aforementioned components and new venture activities divided into new ventures and new businesses. New ventures are defined as the activity of setting up new units or firms, whereas new businesses is involved with the expansion to new areas of business within the current product and market framework. Product or services innovativeness, on the other hand, is about creating new products and services, and process innovativeness about initiatives regarding the

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**Figure 12. Entrepreneurship as firm behavior (adapted from Covin & Slevin 1991: 10).**
organizational procedures. Self-renewal is defined as strategy reformulation and corporate reorganization, and risk taking as the acceptance of the possibility of failure and the subsequent braveness of actions as well as resource allocation. Proactiveness, then, is described as the top management approach towards making initiatives and acting as a pioneer. Finally, competitive aggressiveness involves strong positioning towards competition. (Antoncic & Hisrich 2003: 19.) Notably, consistently with the model of Covin and Slevin (1991), the proposition of Antoncic and Hisrich defines intrapreneurship through activity-based components, operating at the organizational boundaries and revolving around the element of newness.

In addition to theories emphasizing a certain level of manifestation for intrapreneurship, a number of integrative theories exist as well. For these theories, the antecedents of intrapreneurship are a combination of several factors of different examination levels. For instance, Holt et al. (2007: 50) propose a model consisting of different levels and factors within them. Individual characteristics deemed relevant include extraversion, openness, agreeableness, conscientiousness and neuroticism. Processual factors consist of management support, work discretion, rewards and reinforcement, as well as time availability. Contextual factors are memory and learning orientation. When analyzing the balance between these factors, the study of Holt et al. (2007: 50) downplays the significance of individual characteristics, and emphasizes process as the primary means of controlling corporate entrepreneurship. Consequently, role of management is amplified in the adoption of entrepreneurial orientation.
Figure 13. Model of corporate entrepreneurship (adapted from Holt et al. 2007: 41).

As practical management implications, Holt et al. (2007: 52) suggest a step-by-step model, where organizations should start with measuring the level of intrapreneurship by mapping the characteristics of their existing employees, their organizational context, and the level of intrapreneurial activity in the organization. The second phase consists of evaluation, and definition of suitable goals, control mechanisms and human resource management practices. The underlying assumption is that intrapreneurship can be taught and learned, and when drastic measures are required, the organizational members unable or unwilling to adopt entrepreneurial orientation can be replaced (Holt et al. 2007: 50).

Similar integrative models have been suggested by McGinnis and Verney (1987: 20 via Gapp & Fischer 2007: 331), where intrapreneurship consists of seven individual traits supported by nine organizational factors. According to another integrative view proposed by Kautz (2003 via Anu 2007: 150), all levels of examination can be acknowledged and brought together, suggesting that fostering intrapreneurship can be a three-fold phenomenon. Firstly, an organization can identify and encourage individuals with intrapreneurial traits. Secondly, an organization can create intrapreneurial processes and structure serving its objectives. Thirdly, rewarding intrapreneurial behavior should be incorporated into the daily operations as a means
This study complements the view through adding the team dimension to the mix, recognizing that a team environment can serve as a mini-ecosystem dissimilar to that of an entire corporate organization.

3.3.3 Enablers and barriers of intrapreneurship

An abundance of literature exists identifying enablers and barriers to intrapreneurship and innovation (Chien 2013: 865, Eesley & Longenecker 2006, Hashimoto & Nassif 2014). Literature has identified a number of both external and internal factors, of which this study focuses on internal factors (Skovvang Christensen 2005: 307). As Eesley and Longenecker (2006: 22) as well as Chien (2013: 865) suggest, the most significant barriers for intrapreneurship are cultural and institutional.

Kuratko et al. (1990: 53) and Hornsby et al. (1993: 30–32) propose the internal factors enabling intrapreneurship, including rewards, management support, resources, organizational structure as well as risk taking. Eesley and Longenecker (2006: 19–20), on the other hand, propose an empirical study identifying ten enablers and ten barriers of intrapreneurship. The listed enablers in an order of significance include an organizational culture characterized by empowerment, risk-taking and action, result-oriented culture and reward systems, open internal and customer interface communication, management support and engagement throughout the organization, acceptance of risk and promotion of new ideas, idea generation and harvesting processes, clear organizational goals and objectives, promotion of collaboration and teamwork, providing adequate resources for new initiatives, as well as cross training and versatility (Eesley & Longenecker 2006: 22). Equivalently, the ten barriers defined include the practice of punishments for failure, taking risk and generating ideas, the absence of idea harvesting processes, the lack of intrapreneurship promoting activities, destructive political activity and the consequent lack of collaboration, insufficient communication and organizational silos, the lack of opportunity-centered thinking, unclarity of direction and vision, the absence of management support, unsupportive environment for risk taking and self-
development, as well as inadequate resources or time (Eesley & Longenecker 2006: 20).

Related to the political aspect proposed by Eesley and Longenecker (2006), Kenney et al. (2010: 36) recognize jealousy and perceived inequality as other risks for the development of entrepreneurial organizational culture. These perceptions further emphasize the significance of cultural factors and organizational social dynamics. However, Hashimoto & Nassif (2014: 403) argue that some factors widely recognized as barriers for intrapreneurship may, in fact, serve as motivating challenges for certain individuals. For instance, excessive rules or lack of freedom may encourage these individuals to overcome these restrictions.

### 3.4 Dimensions of intrapreneurship

Several theorists have organized the components of intrapreneurship around three major themes; managerial impact, appropriate organizational design including strategy, structure and processes supporting intrapreneurship, as well as a set of defined organizational behaviors manifesting intrapreneurial orientation (Ireland et al. 2009: 24, Kuz 2010: 65–66). Culture is commonly mentioned as one item on the list of elements impacting intrapreneurial orientation (Ireland et al. (2009: 24). Although in literature culture is commonly separated from sociostructural elements, such as structure, strategy, processes and policies, this research examines them as a part of the holistic view on culture, and instead of labeling them organizational behaviors, they are regarded as cultural elements impacting intrapreneurship. Although the cultural realm of assumptions, values, attitudes, and the resulted behaviors and symbols constitute a dimension of its own, this research is rooted in the view where culture is also affected by the sociostructural organizational elements. The two systems being in constant interaction, a functional situation requires mutual support and legitimization. One system being inconsistent with the other creates an imbalance where the effects are seen as unfulfilled expectations, discontent and poor performance. Consequently, the sociostructural elements cannot be fully excluded from the study. Further, although themes revolve around components that are reflected in physical behavior, the starting point is not
behavioristic. The themes identified in literature have been grouped under three major dimensions; role of management, organizational design, and cultural elements. Organizational design is further divided into intrapreneurial strategy, organizational structure, innovation processes, resources and rewards and compensation. The cultural elements are further divided into the themes of autonomy and empowerment, risk taking, communication and networks, as well as training, learning and self-renewal.

3.4.1 Role of management

Role of management and their overall support of intrapreneurship is perhaps the most widely addressed issue in intrapreneurship literature (Alpkan et al. 2010: 732, Bass & Avolio 1993: 112, Bhardwaj & Momaya 2011: 187, Eesley & Longenecker 2006: 20, 22, Hashimoto & Nassif 2014: 399, Holt et al. 2007: 50, Kenney et al. 2010: 38). Indeed, managerial impact on intrapreneurship has been often labelled the most significant single factor influencing the manifestation of intrapreneurial behavior (Hashimoto & Nassif 2014: 401), and intrapreneurship has even been defined as a managerial philosophy (Kolchin & Hyclak 1987: 15). Some authors stress that the managerial impact exceeds that of organizational systems in creating circumstances and structure favorable for intrapreneurship to occur (Heller 1999 via Hashimoto & Nassif 2014: 387). Management creates the internal framework and conditions in which the organization operates, and directly influences employees through their actions. Strong relationships between leaders and employees have been identified to have an impact on intrapreneurship (Landale 2006 via Kuz 2010: 93). This impact is due to the managerial ability to shape employee motivation and receptiveness towards change, which constitute key elements in the concept of intrapreneurship (Kuz 2010: 74). Some authors have claimed that managerial actions possess greater influence than organizational systems or processes in stimulating intrapreneurship (Hashimoto & Nassif 2014: 387). In a research where managers were interviewed about the most considerable barriers for intrapreneurship, their most common response was the lack of managerial support and encouragement for intrapreneurial activity (Eesley & Longenecker 2006: 22). Burgess (2013: 194) suggests that all
factors influencing intrapreneurship are either directly managerial issues and skills or related to human resources policies.

Management creates structure, processes, policies and behaviors promoting innovation, as well as strives to develop an innovation-friendly organizational culture (Kuz 2010: 23). Therefore, manager role extends beyond executing policies and strategies. With their actions, managers may either encourage or inhibit intrapreneurial behavior (Eesley & Longenecker 2006: 22–23, Hashimoto & Nassif 2014: 387). Besides managing processes, successful managers engage in developing friendly and connected relationships with employees (Bhardwaj & Momaya 2011: 200). Kenney et al. (2010: 38) argue that managers who successfully nurture an organizational environment favorable for intrapreneurship can serve as a more attractive career option for employees who would otherwise consider starting a business of their own. Within the wider context regarding innovation, Carter (2008 via Kuz 2010: 65) suggests that sustainable innovation stems from a balance between emotional, business and technological intelligence of leaders. While management represents a major factor in the development of organizational culture, their relationship can be seen as reciprocal; culture may also shape the management and leadership of the organization (Bass & Avolio 1993: 112).


To some authors, top management support represents the most significant prerequisite for the successful occurrence of intrapreneurship (Bhardwaj & Momaya 2011: 188, Teltumbde 2006: 131). This view is based on the idea that a powerful vision creates 'cultural glue' binding organizational members together and increases
commitment for working towards shared goals (Bhardwaj & Momaya 2011: 194). Equivalently, lack of clear vision and direction results in confusion and discontent, thus constituting a barrier for intrapreneurship (Eesley & Longenecker 2006: 19–20).

As middle management bears no actual control over the major decisions related to intrapreneurship, it is crucially important for the top management to understand its antecedents and drivers (Burgess 2013: 194). Successful innovation requires from senior management faith in the future, commitment to productivity and quality, as well as far-reaching vision and transparency of actions and decisions in order to eliminate resistance towards change (Gapp & Fischer 2007: 332). Most often this support remains on a rhetorical level, whereas providing other resources, such as allocating time dedicated for entrepreneurial activities still remains a rare phenomenon (Hashimoto & Nassif 2014: 398). All in all, it has been suggested that the most important function of top management regarding intrapreneurship is to provide the organization with clear strategic decisions providing direction and objectives (Bhardwar & Momaya 2011: 201).

However, several studies indicate that vision is by no means enough. A study conducted by Burgess (2013: 199) recognized a situation where top management explicitly expressed their wish for the middle management to act intrapreneurially, however, failed to create a culture supporting it. The result was a cultural environment unsupportive for introducing new ideas and taking risk, conflicting with the expressed interest in intrapreneurship, which aroused feelings of frustration and stress among middle managers. Therefore, in order for the middle management to act intrapreneurially and encourage intrapreneurship among operating staff, top management needs to acknowledge the antecedents and consciously influence them (Burgess 2013: 199). Hence the vision needs to be aligned and complemented with other elements, such as adequate structure, processes and management practices (Bhardwar & Momaya 2011: 188). Besides strategic vision and direction, top management can contribute to intrapreneurship through the functions of recruitment, training and education, as well as through the design of organizational structure (Bhardwar & Momaya 2011: 202).

Perhaps the most common emphasis in contemporary intrapreneurship management research lies in the domain of middle management. Middle managers as crucial
mediators with access to both employees and top management, which is why they represent key people to induce intrapreneurial behavior in organizations (Burgess 2013: 193, Kuratko et al. 2005: 278). Whereas organizational structure, policies and procedures are designed with organization-wide perspective, it is the responsibility of middle managers to apply these principles in a suitable manner, depending on the individual or context in question (Hashimoto & Nassif 2014: 403). Their role involves receiving and responding to the top management decisions and converting them into operational level activities (Burgess 2013: 193, Kuratko et al. 2005: 278). The fact that middle managers are both subjects and objects of management provides them with a central position in encouraging intrapreneurship through managerial actions (Burgess 2013: 194, Kuratko et al. 2005: 278). Middle management possesses in depth knowledge about the internal conditions, which should be utilized in the process of designing intrapreneurial organizational environments (Raghu Raman 2009 via Burgess 2013: 194, Geisler 1993 via Burgess 2013: 194). Besides promoting intrapreneurship in organizations, middle managers can act as intrapreneurs themselves. Middle management are often expected to act intrapreneurially, understand financial realities and execute profitability in their everyday actions, however, they are not always equipped with the necessary experience and skills (Burgess 2013: 197). Middle management role has been defined in various ways by different authors, such as change agent (Kuratko et al. 2005: 278), and facilitator or enabler (Wolcott & Lippitz 2007 via Burgess 2013: 194).

Due to their mediator position, middle management can occupy several different roles in the organization. Besides encouraging intrapreneurship among employees, leaders can also be viewed as intrapreneurs themselves. Kuz (2010: 24) defines the intrapreneurial leader as a proactive role model operating at the edge of organizational boundaries, assuming ownership and responsibility of front-end functions, such as marketing and product development. Actively contributing to problem solving and ethical issues, as well as facilitating the process of continuous change and renewal, intrapreneurial leader demonstrates strategic behavior supporting firm innovation and growth. Burgess (2013: 195) lists the middle management roles of innovator, risk taker and facilitator of organizational learning, where the manager tasks range from opportunity recognition and risk assessment to
risk taking, team support, communication in order to learn from the experience, and setting new learning objectives and communicating them to top management. Similarly, De Jong and Den Hartog (2007 via Kuz 2010: 97) studied managers with several overlapping roles of manager, intrapreneur and innovator. More specifically, they were successful in simultaneously supporting employees in their intrapreneurship initiatives, sharing knowledge, as well as operating as organizational visionaries.

Figure 14. Middle manager roles in corporate entrepreneurship (adapted from Burgess 2013: 195).

Middle management requirements differ depending on the employee profile and personality as well as organizational environment. Hashimoto and Nassif (2014: 401–402) provide a framework for management in order to recognize different types of employees and suitable techniques for fostering intrapreneurship. The model is based on a dual distinction between autonomous and induced intrapreneurial behavior. Autonomous intrapreneurial behavior, also labelled informal corporate entrepreneurship, primarily occurs in organizations not promoting intrapreneurship, whereas formal corporate entrepreneurship occurs in organizations proactively promoting intrapreneurship (Hashimoto & Nassif 2014: 388). The underlying assumption is that certain individuals possess a tendency to act intrapreneurially autonomously, regardless of their environment, whereas others require institutional
support from the organization, both organizational structure and practices as well as consistent managerial attitude. Autonomous behavior intrapreneurs are largely guided by the managerial attitude, whereas structural practices and policies can encourage entrepreneurial behavior among non-intrapreneurial individuals. In organizations that do not encourage entrepreneurial behavior entrepreneurship is more dependent on two factors; personality traits of individual employees and the attitude of middle management. Individuals that behave intraprenially despite unfavourable circumstances are, to a certain extent, motivated by challenges and restrictions. Overcoming them gives them a sense of achievement and makes them stand out from the rest of the employees. (Hashimoto & Nassif 2014: 399.)

As Hashimoto and Nassif (2014: 403) argue, recognizing autonomous intrapreneurs is an essential part of this contextuality, as they are not necessarily affected by the same practices as most individuals, and thus need to be guided in a different manner. In order to facilitate autonomous intrapreneurial behavior and protect their initiatives, middle management should cultivate relationships with top management. Contrarily, in order to stimulate induced intrapreneurial behavior, middle management should foster their relationship with employees, and help them to identify new opportunities. With autonomous intrapreneurial behavior, successful middle managers may even act in discordance with good managerial practices in order to allow autonomous individuals to foster their initiatives. (Hashimoto & Nassif 2014: 401–402.) Consequently, entrepreneurial orientation is also required from middle managers, as they need courage to violate the proven management practices when needed (Hashimoto & Nassif 2014: 403). In accordance with this model, it is crucial for middle managers to understand entrepreneurial behavior and differences between individuals and situations.
Figure 15. Framework of Managerial Behavior According to Employees' Entrepreneurial Profile (adapted from Hashimoto & Nassif 2014: 401).

Eesley and Longenecker (2006: 23) provide a list of managerial action points for developing intrapreneurship. First, managerial assessment of enablers is required, in terms of how closely they are currently incorporated in the company culture. The second step involves building an organizational culture systematically supporting, encouraging and rewarding intrapreneurial initiatives. This development must be a result of a conscious decision, and pursued in a committed and systematic manner. The gateways identified are patterns of behavior that are then applied in practice. This phase is a top-down procedure that can be initiated by top management setting a compelling company vision and objectives, where intrapreneurial posture is required. Middle management is then empowered and committed to this vision, and they then communicate their objectives to employees through practices, policies and systems. (Eesley & Longenecker 2006: 23.)

Gapp and Fischer (2007: 330) suggest a three-phase innovation management model consisting of team building, service and product design activities. Each phase is based on an action research model labelled PDSA cycle - plan, do, study and act, combining innovation with knowledge management. Functioning as a process of ongoing learning and development, the outcomes of the cycle at each phase
determine the point of departure for the next phase. The participative intrapreneurship model provides structure for managerial implementation of innovation through intrapreneurship. (Gapp & Fischer 2007: 330, 333.) Anu (2007: 150, 153) defines managerial tasks developing intrapreneurship as firstly, identifying and fostering individuals with intrapreneurial traits, secondly, developing intrapreneurial processes for a business, and thirdly, developing innovation through rewarding intrapreneurial behaviour. (Anu 2007: 150, 153)

Initiating and managing change represents a focal managerial theme in connection with fostering intrapreneurship and innovation. Intrapreneurs proactively seek change in the organization (Kuz 2010: 37). Transformational leadership is about creating circumstances favorable for innovation, communicating the organizational values and objectives to all members of the organization. Innovation can be achieved through the development of new organizational culture receptive to change, also labelled culture for change. (Burgess 2013: 196.) Bass & Avolio (1993: 112) suggest that the main characteristics of transformational leaders include the ability to inspire and influence people, to stimulate them intellectually, as well as to adapt their leadership according to different contexts and individual needs. This includes, for instance, understanding autonomous intrapreneurs. When managers adopt roles promoting routine and stability, intrapreneurial actions tend to resist such objectives, for instance, by covertly seeking change or acting in a rebellious manner (Kuz 2010: 48). This can lead to a situation where intrapreneurs are perceived as a threat by company management, which can initiate a vicious cycle of mistrust and conflict.

The role of management is crucial in overcoming resistance to change, which represents a common human psychological reaction within organizational members. People have a natural tendency to resist changes in the status quo, and organizations often seek proof that they already have the "right" methods or practices (Anu 2007: 155). Resistance to change is rooted in the assumption that success in the past leads to success in the future (Hashimoto & Nassif 2014:394). When managerial means prove to be insufficient, the organizational members unable or unwilling to adopt entrepreneurial orientation can be replaced (Holt et al. 2007: 50). Traits of successful innovation leaders suggested by Deschamps (2005 via Kuz 2010: 75) include an ideal mix of creativity and discipline, tolerance of risk and trial and error type of
learning, ability to utilize networks and to attract resources and talent, understanding of the project value and objectives, as well as passionate attitude and the skill to diffuse this passion in order to empower and motivate others. The challenging task for leaders is to simultaneously maintain the current operations and to foster new growth and openness for new ideas and ventures (Kuz 2010: 75).

3.4.2 Organizational design

Intrapreneurship or corporate entrepreneurship have frequently been examined in literature through sociostructural viewpoints. Strategic management literature, in particular, frequently emphasizes the top-down process of deliberate and conscientious organizational design that involve organizing people and tasks around processes and structures (Bhardwaj & Momaya 2011: 188). Despite the fact that in principle intrapreneurship is considered a desirable phenomenon, few corporations are capable of executing intrapreneurship in a deliberate, systematic and strategic manner. Corporate entrepreneurship strategy has been described by Amit et al. (2000 via Ireland et al 2009: 20) as a commonly internal, organizational phenomenon that is not entirely integrated in the overall company business strategy. Instead, as argued by Burgelman (1983: 231–243), it still often remains as an unintentional, organic byproduct of intentional but spontaneous actions of an organization. A study by Chien (2013: 875) suggests that an innovative culture as such does not automatically result in technological advancements, however, with strategy as a mediator can lead to innovational success. In modern intrapreneurship literature entrepreneurial orientation is seen as a strategic framework rather than a simple add-on feature (Burgess 2013: 193).

Momaya 2011: 200, Burgess 2013: 193, 195). Organizational silos referring to rigid and bureaucratic structures, departments and units, in particular, are commonly accused of preventing the flow of information and synchronized cooperation (Eesley & Longenecker 2006: 19). On the other hand, many studies have indicated that flat hierarchy facilitates entrepreneurial activity (Hashimoto & Nassif 2014: 399). Initiatives taken in order to reduce the barrier imposed by hierarchy include delayering, empowering junior management, and outsourcing (Burgess 2013: 195). Different functions and departments, such as R&D, production, and marketing, have to be synchronized in terms of structure (Covin & Slevin 1991: 18). Further, managers can facilitate the barrier imposed by hierarchy by exposing intrapreneurs to direct contact with top management to pitch their initiatives and to learn about how to gain support to their projects (Hashimoto & Nassif 2014: 402). According to Covin and Slevin (1991: 18), the relationship between company structure and entrepreneurial posture is reciprocal, meaning that they can both directly influence one another, although it is primarily structure that serves as an enabling or inhibiting factor for intrapreneurship. For instance, in search of intrapreneurial activity, organizations can create separate structural units in order to achieve circumstances favoring intrapreneurship. As Anu (2007: 156) confirms, structural flexibility is an essential factor in the context of innovation and intrapreneurship.

One example of processes to design and manage is the innovation process. Overall, systematic, built-in processes are required to support innovation (Eesley & Longenecker 2006: 21, 22, Kamath 2006: 118, Kuz 2010: 2–3). Dedicated practices and procedures are needed to foster the stages of idea generation and their development into new concrete innovations (Eesley & Longenecker 2006: 20). As Hashimoto and Nassif (2014: 400–402) denote, the idea generation ability is commonly emphasized as a core feature of innovating, however, it must be noted that it is not equivalent to entrepreneurial skill. Instead, intrapreneurial activity is above all about implementation, and arguably represents a more challenging task compared to idea generation. Consequently, also managerial expectations should be directed accordingly, towards results rather than ideas. (Hashimoto & Nassif 2014: 400–402.) One particular managerial challenge is related to rejecting ideas without demotivating the employees to produce new ideas (Hashimoto & Nassif 2014: 396).
Providing resources represent a commonly cited prerequisite for intrapreneurship to occur within organizations (Alpkan et al. 2010: 733, Bhardwaj & Momaya 2011: 187, Eesley & Longenecker 2006: 21, 22, Hashimoto & Nassif 2014: 398, 399, Holt et al. 2007: 41). Organizations are expected to secure appropriate circumstances for innovating activities in order to stimulate entrepreneurial initiatives. An example of these required resources is availability of time allocated for innovation activities (Alpkan et al. 2010, Holt et al. 2007: 41). However, providing resources is by no means a controversy-free topic. Firstly, as Eesley and Longenecker (2006: 20–21) denote, providing resources for new ventures should not occur at the expense of existing operations. Secondly, contrasting testimonials and arguments exist regarding the impact of resources on intrapreneurship. In their research, Hashimoto and Nassif (2014: 398) found empirical evidence of organizations where successful entrepreneurial initiatives occurred despite the lack of dedicated resources. This contradicts the claim often presented in literature, according to which providing resources is one of the managerial requirements for intrapreneurship. Similar evidence exists regarding the allocation of time. Whereas some research considers time availability a central requirement (Holt et al. 2007: 41), other studies indicate a complete lack of impact on innovativeness (Alpkan et al. 2010: 732). Overall, it has been suggested that even organizations struggling with resource constraints can stimulate intrapreneurship through shaping the attitudes of the organizational members (Eesley & Longenecker 2006: 23).

However, significant disagreements exist in literature regarding also the influence of rewards. Although rewards are often highlighted as one of the cornerstones of inducing intrapreneurial activity (Bhardwaj & Momaya 2011: 189–190, Brizek & Khan 2007 via Burgess 2013: 194, Chien 2013: 865), according to certain research evidence, performance-based reward systems do not exert a positive correlation to intrapreneurship (Alpkan et al. 2010: 732). Contrastingly, whereas some studies have indicated that traditional modes of compensation, including financial incentives, promotion, and awards are not inducive to entrepreneurial behavior (Hashimoto & Nassif 2014: 399) are less efficient (Kuz 2010: 90) or even destructive as the only source of motivation (Deming 1994: 109–111), others specifically list the exact same elements as incentives eliciting entrepreneurial behavior (Bhardwaj & Momaya 2011: 190). Instead of financial incentives, some authors suggest that intrapreneurs can rather be motivated by power and the desire to do something meaningful and influential that instigates change (Geisler 1993 via Burgess 2013: 194, Kuz 2010: 90). Thus rewards should be tied to intrinsic motivation, utilizing employee competitiveness (Kuz 2010: 90). For instance, the incentives can be entrepreneurial, such as providing rights resembling ownership in internal ventures (Anu 2007: 154). Further, as Hashimoto and Nassif (2014: 39) suggest, the stimulus can also be negative, such as forcing people out of their comfort zones by pushing them to achieve better performance. However, as Deming (1994: 111) suggests, the joy experienced about learning is closely tied to intrinsic motivation, and serves as a reward far more efficient than any external recognition.

In terms of organizational design, certain authors recognize human resources functions as crucially important components in the process of turning organizations more intrapreneurial. Programs targeting both management and employees have reported encouraging results in improving intrapreneurial attitudes and commitment to shared objectives (Kamath 2006: 118–119). As far as recruitment is concerned, diversity has been defined by several authors as a guiding principle (Bhardwaj & Momaya 2011: 196, Chien 2013: 865, Eesley & Longenecker 2006: 22, Anu 2007: 154). The idea of diversity has also been extended to the diversity of viewpoints and arguments that can be considered a strength factor in teams (Bhardwaj & Momaya 2011: 196). Bringing together several types of knowledge and know-how is often recognized as an antecedent of innovation (Hashimoto & Nassif 2014: 392). In some
organizations, this diversity is encouraged by portraying disagreements as desirable pathways to novel discoveries (Bhardwaj & Momaya 2011: 196). Task rotation and cross-training are also techniques utilized for promoting intrapreneurship, as they provide the employees a comprehensive and versatile view of the organization, the interdependency of their work, and allows them to apply their skill sets to different contexts (Eesley & Longenecker 2006: 22).

Ireland et al. (2009) take on a strategic view on intrapreneurship, suggesting a model for corporate entrepreneurship strategy, consisting of its antecedents, elements, as well as outcomes. The antecedents are further divided into environmental factors, such as competitive intensity, technological change, product-market fragmentation and product-market emergence, as well as to individual entrepreneurial cognitions, including entrepreneurial beliefs, attitudes and values. The defined three strategy elements include firstly pro-entrepreneurship organizational architecture, consisting of structure, culture, resources, and reward systems, secondly entrepreneurial strategic vision of the top management, and thirdly entrepreneurial processes and behavior on individual level, including opportunity recognition and exploitation. The two main consequences presented are the enhancement of competitive capability and strategic repositioning. The model views entrepreneurial orientation as an organizational quality or state, and portrays intrapreneurship as a separate organizational strategy of its own. (Ireland et al. 2009: 23–24.)

However, although the model may serve as a useful instrument for laying out the necessary components for designing intrapreneurship, its perspective is far from holistically cultural. Culture is presented as a component of organizational architecture rather than a system of creating meaning. Rather than a vehicle for cultural transformation, the model may assist in portraying a top-down management pattern and in designing the sociostructural elements, such as intrapreneurship processes. For instance, it indicates the need for consideration of intrapreneurial qualities in the hiring process, as well as underlines the need for a strong entrepreneurial strategic vision for the top executives. In terms of sources of intrapreneurship, it represents a rather balanced view, implying that intrapreneurship can occur as a result of individual characteristics or as a consequence of managerial
vision and the subsequent organizational design and behavior. Intrapreneurial behavior within the organization, on the other hand, can be interpreted as a partial evidence for the existence of an intrapreneurial corporate strategy. Overall, strategy is viewed as a moderator between entrepreneurial orientation and firm performance. (Ireland et al. 2009: 25.)

Figure 16. Integrative Model of Corporate Entrepreneurship Strategy (adapted from Ireland et al. 2009: 24).

3.4.3 Cultural behaviors impacting intrapreneurship

Autonomy and empowerment

Autonomy and responsibility being key features of entrepreneurship, they also constitute important elements in the intrapreneurship and innovation discussion (Anu 2007: 153-154, Bhardwaj & Momaya 2011: 190, Deshpandé & Farley 2004: 6, Holt et al. 2007: 50, Kuz 2010: 68, McLean 2005: 237, Skovvang Christensen 2005: 307). This idea is rooted in the assertion that employees experience greater satisfaction and ownership in their work when they are in control of their destiny and responsible for the project outcomes (Bhardwaj & Momaya 2011: 190). Empowerment represents the transferring of managerial power and responsibility to employees, thus motivating them to take initiative and to act in a proactive manner (Menzel et al.
Useful behaviors for empowering employees include building networks, matching ideas and people, enabling mentorships, collaborating with innovators, and promoting intrapreneurial values (Kuz 2010: 225). Consistently with this, *proactiveness* represents a related important characteristic of intrapreneurship (Holt et al. 2007: 50, Ireland et al. 2009: 24). Assigned responsibility thus tends to trigger intrinsic motivation to act in a proactive manner.

Further, *decentralization of decision-making* represents a popular managerial implication produced by numerous studies (Alpkan et al. 2010: 732, Burgess 2013: 195, Chien 2013: 865, Deshpandé & Farley 2004: 6, Skovvang Christensen 2005: 318). Decentralization can allegedly lead to improved communication between managers and employees, more efficient coordination of activities and further encourage intrapreneurial orientation (Burgess 2013: 195). Related popular concepts in intrapreneurship literature include *work discretion* (Alpkan et al. 2010: 746, Holt et al. 2007: 41) and *employee participation* (Kuz 2010: 68). Participation has been suggested to serve as a motivating factor for employees (Kuz 2010: 90). Similarly, it has also been suggested that autonomous, intrapreneurial teams outperform matrix organization teams, as matrix team members may possess a lower commitment and conflicting loyalties between their line management and the project management (Bhardwaj & Momaya 2011: 197).

However, contrasting research results exist as well. In their study, Alpkan et al. (2010: 746) identified a negative correlation between work discretion and innovative performance. Providing a possible explanation for these results, Hashimoto and Nassif (2014: 400) claim that a great personal variation exists, as most individuals are unable to utilize freedom and autonomy, and become disoriented. Another possible theory provided by Alpkan et al. (2010: 746) refers to more dominating factors, such as managerial support and tolerance of risk as factors overshadowing the impact of work discretion. Other potential identified problems include increase of stress for middle managers as a result of increased responsibility, the consequent lack of time for innovative activity, as well as inability of top management to relinquishing decision-making power and control (Burgess 2013). Further, assigning autonomy has also been linked to personal trust, ceding it to those who are perceived to "deserve" it, based on their experience, traits or past results (Hashimoto & Nassif
This would indicate that in the absence of personal trust, the outcome of work discretion may prove neutral or even negative. Therefore, contextual factors should equally be considered in the related research settings.

Indeed, trust is another component related to the management-employee context noted in the research about enablers of intrapreneurship (Antoncic 2001: 226, Deshpandé & Farley 2004: 6, Eesley & Longenecker 2006: 20, 23, Hashimoto & Nassif 2014: 399, 394, 396). Although in the context of structure and processes, control is a relevant feature, Kuz (2010: 94) argues that the current trend marks the decreasing importance of control, while the importance of trust is increasing. Similarly, Antoncic (2001: 226) suggests that while formal controls related to rules, objectives, and procedures assist in providing clear guidelines for desired behavior, it is only applicable to a certain extent, after which it may become an inhibitor of intrapreneurship.

_Risk taking_

The ability to accept and take risk is seen as one of the most essential components for successful intrapreneurship (Alpkan et al. 2010: 746, Antoncic 2003, Burgess 2013: 196, Chien 2013: 865, Eesley & Longenecker 2006: 19, 20, 22, Holt 2007: 50, Skovvang Christensen 2005: 307, 314). Since the concept of entrepreneurship was first introduced in the 18th century, risk taking has been considered its core defining feature (Antoncic 2003: 1). Developing a culture encouraging risk taking and deviating from the standard behavior patterns is commonly listed as a feature promoting intrapreneurship, and equivalently punishing risk taking behavior is viewed as a major barrier for intrapreneurship (Kuratko et al. 1990: 52, Eesley & Longenecker 2006: 20–21).

However, as several authors have aligned, the risk needs to be a calculated one, based on reasonable assessment and the best possible judgement (Eesley & Longenecker 2006: 19). Both extremes in the risk taking continuum may prove to be fatal for an organization, where the ignorance of altering market conditions may result in little or no perceived risk taking, or alternatively seeking a disruptive innovation regardless of the prevailing conditions can lead to excessive and
exaggerated risk taking behavior (Morris & Kuratko 2002 via Skovvang Christensen 2005: 314). Risks can be either financial, psychological, or social (Antoncic 2003: 1). In terms of differences in the essence of risk for entrepreneurs as opposed to intrapreneurs, for the former the risks can be primarily financial, whereas for the latter, the main risks often consist of risk related to reputation and career (Sathe 2003 via Skovvang Christensen 2005: 310).

The role of management in risk taking propensity is highly central, as leadership can serve as a catalyst for risk taking (Mintzberg 1973 via Antoncic 2003: 3). However, some leaders fear the impact of disruptive innovations (Kuz 2010: 4). They can also feel threatened by intrapreneurs, since they question the status quo, function as drivers for change, and therefore can also question the prevailing authorities, processes and policies (Hashimoto & Nassif 2014: 398, Kuz 2010: 4). This can manifest itself in form of fear of losing managerial control and authority (Hashimoto and Nassif 2014: 398). From managerial perspective it is important to acknowledge that risk taking behavior is subject to manipulation, when the reference points serving as the basis for decision-making are being altered, thus presenting the relevant elements in different manners. This phenomenon has been labelled in literature as the isolation effect. (Antoncic 2003: 5)

The psychological barrier for risk taking is the underlying fear of failure (Alpkan et al. 2010: 748, Anu 2007: 155, Hashimoto & Nassif 2014: 399). Consequently, tolerance of mistakes has been commonly deemed crucial in the successful introduction of intrapreneurship (Alpkan et al. 2010: 732, Burgess 2013: 196, Eesley & Longenecker 2006: 19, 20, Hashimoto & Nassif 2014: 399, 394–395). However, as Hashimoto and Nassif (2014: 402) suggest, each particular type of mistake should be forgiven once, the underlying assumption being that the intrapreneur should learn from their mistakes. Thus failure should be viewed by managers as a stepping stone towards success (Alpkan et al. 2010: 748), and trial and error type of learning should be further promoted in organizations (Burgess 2013: 196).

The phenomenon of risk taking can be analyzed from both individual and organizational perspectives. Risk taking ability is often assumed an individual characteristic (Hornsby et al. 1993: 33). At the individual level, the general principle
suggests that most individuals possess a natural tendency of risk aversion in the context of decision-making situations, preferring the risk-free options as opposed to the options with higher uncertainty and possibility of losses (Antoncic 2003: 2).

Antoncic (2003) has proposed a model considering both individual and organizational levels in risk taking, providing a suggestion of the mechanism of promoting appropriate risk taking in organizations. Drawing together many contemporary theories applicable to risk taking phenomenon, the model investigates the elements contributing to organizational risk taking behavior. Whereas a widely accepted assumption is that individuals with lower risk aversion tend to become entrepreneurs and the ones with higher risk aversion become employees, the theoretical setting can be considerably more complex. Instead of treating risk aversion as an enduring personality trait, it has been suggested that risk aversion behavior should be bound to context. Arguably, a paradox exists between the behaviors at the individual and organizational levels, resulting in naturally risk averse individuals contributing positively to organizational risk taking behavior. (Antoncic 2003: 2.) Consequently, instead of fixed personality traits, some authors have concentrated on attitudes and the resulted affective, contextual and thus fluctuating responses (Antoncic 2003: 9). These factors contribute to the risk evaluation processes, which, in turn, result in risk attitude and behavior, also on the organizational level.

Figure 17. Risk paradox in intrapreneurship (adapted from Antoncic 2003: 7).
The theories explaining and predicting individual intrapreneurial behavior introduced by Antoncic (2003: 4) include *theory of planned behavior, prospect theory, agency theory* and *organizational culture perspective*. Theory of planned behavior is rooted in rather rational models, where decisions are based on the probabilities of different outcomes. In these theories, behavior is a product of three elements; beliefs about the attributes of an object, the degree of intensity of these beliefs, as well as the evaluation of how "good" or "bad" the attributes are (Fishbein and Ajzen 1975 via Antoncic 2003: 4). Furthermore, later on a fourth element has been added to the mix; the confidence of an individual in their performing ability (Ajzen 1991 via Antoncic 2003: 4). This theory provides a framework through which context-bound individual behavior can be analyzed through a set of psychological human cognitions (Antoncic 2003: 6).

Prospect theory or value-based models are based on the idea of individuals assigning value to outcomes, whether gains or losses, and utilizing them as the primary source of justification for their actions. Value-based models are rooted in the underlying assumption that all individuals are systematically and similarly biased as decision-makers. (Antoncic 2003: 5) The theory provides an understanding for the context of risk and its evaluation (Antoncic 2003: 6). Agency theory, on the other hand, takes into consideration the contractual relationships between the organization and its actors, where the organizational level assigns responsibility to individual organizational actors in exchange for compensation, and thus contributes to the understanding of organizational risk taking behavior. This theory as a formal control mechanism is then complemented by organizational culture as another element of a social control system. The shared value system affects the perception of the organizational members, and guides their interpretations of their surroundings. Organizational culture resonates with the non-rational, affective elements of individuals, and provides a sense of collective membership and belonging that is a general human characteristic. (Antoncic 2003: 6.)
Problem framing can function either as negative framing, where the intention to avoid losses causes the acceptance of higher risk, or as positive framing, where certain gains are preferred over uncertain but higher ones. Risk bearing constitutes one important defined antecedent contributing to the attitude towards risk taking. Risk bearing consists of contextual problem framing functions, where the risk can be transferred from the principal to the agent through contractual responsibility or social processes. The result is a perception towards the risk in question, which forms the risk attitude governing the issue. Organizational culture is represented as a component affecting the forming of the attitude towards risk taking. In this theory, the emotional appeal and value based commitment represent the core components, phenomena driven by the organizational leaders. Organizational culture is portrayed as a control system imposing norms and values pushing the organizational members to comply with such systems, resulting in aligned attitudes towards risk taking. It can also be viewed as a moderator reducing the inconsistencies between the goals of the organization and the individual employees. High perceived level of control increases the likelihood of taking risk, thus contributing to the individual risk taking behavior. When no behavioral control problems exist, behavioral intentions are consistent with individual risk taking behavior, which, in turn, manifests itself in the organizational
context, thus becoming a part of the firm risk taking behavior. (Antoncic 2003: 10–16.)

Risk-taking behavior can be viewed as a consequence of multiple factors; beliefs, emotional attributes and cognitions, information available, as well as social context elements. Importantly, the model suggests that risk taking behavior is a flexible, relative and contextual phenomenon that can vary across time, place and situation. The psychological paradox is viewed as a natural phenomenon that can prove useful, as organizational efficiency can be seen to stem from perceptual dissonances and the constant battle of counteractive forces. Individual characteristics and decision-making processes should be thoroughly understood, as they represent the acting agents in risk taking behavior. Equivalently, in terms of understanding the risk taking behavior of organizations, the individual level theories can contribute only through their application in the organizational context (Antoncic 2003: 5–6). In order to influence risk taking behavior on the organizational level, individuals should be impacted. As a conclusion, it is necessary to recognize the various antecedents on both individual and organizational levels of analysis that together form a larger, holistic model of the phenomenon. (Antoncic 2003: 16–19.)

Communication and networks

Communication represents yet another commonly cited theme in the intrapreneurship literature (Antoncic 2001: 226, Bhardwaj & Momaya 2011: 187, 202, Burgess 2013: 196, Deshpandé & Farley 2004: 6, Eesley & Longenecker 2006: 19, 20, Hashimoto & Nassif 2014: 399, Skovvang Christensen 2005: 316–317, Taher et al. 2010: 54). It has been suggested that a positive correlation exists between internal communication and organizational innovativeness (Menzel et al. 2006: 19). Antoncic (2001: 226) describes the role of communication as a major facilitator or inhibitor of intrapreneurship, where both its quality and quantity influence the adoption of intrapreneurial orientation. As Kuz (2010: 94) suggests, globalization has increased the need for open and efficient communication. Indeed, justifying the significance of communication can be considered straightforward. Bhardwar and Momaya (2011: 188) define communication as the veins and arteries of an organizational body, transmitting information and ensuring the organization is aligned, functioning as a
whole. Communication is utilized to transmit information and to shape organizational culture and activities. Communication also represents an influential tool for empowerment (Antoncic 2001: 226).

Consistently with the idea of systematic processes and procedures, also communication needs an infrastructure in the supporting of intrapreneurship (Pittaway 2001 via Burgess 2013: 196). Importantly, organizational structures and processes enhancing internal communication contribute to development of culture marked by openness, trust and support (Eesley & Longenecker 2006: 20). In practice, organizations should create conditions and situations enabling communication and mutual interaction, where organizational members meet, interact in an open manner, learn and share ideas and experiences, and create bonds based on trust and respect (Menzel et al. 2006: 20). The flow of information can be predominantly downward in centralized, top-down organizational structures, or upward in flat, bottom-up installations, of which the latter is more inducive to intrapreneurship to occur (Burgess 2013: 196). Further, besides this vertical communication, horizontal communication between units, departments or functions is often crucially important for innovation to occur (Antoncic 2001: 226). In addition to formal systems and processes, the layer of informal communication needs to be equally open and accessible (Burgess 2013: 196). Hashimoto and Nassif (2014: 392) stress the importance of free flow of information in the solving of the uncertainty related to innovation, allowing all organizational members to gain access to critical skills and information. Besides the flow of information, they identify the availability of information as an even more significant factor in fostering intrapreneurship.

Eesley and Longenecker (2006: 20) add the customer in the equation, emphasizing listening and understanding the customer, as well as the internal sharing of information in the search for innovations with genuine demand. Several authors have stressed the significance of top management listening to middle management, and particularly the aspects of being receptive and responsive, learning from them and reacting to any concerns raised by them (Altinay & Altinay 2004 via Burgess 2013: 196, Kavanagh & Ashkanasy 2006 via Burgess 2013: 196, Mantere 2008 via Burgess 2013: 196). As far as teamwork is concerned, multiple communication levels and processes should be utilized, applying an open approach that allows and encourages

Consistent with these statements, poor listening and communication are recognized as barriers for intrapreneurship (Eesley & Longenecker 2006 via Kuz 2010: 38). In terms of organizational levels, communication serves as the mediator between different domains and realities, thus being a critical component in encouraging entrepreneurial orientation. Insufficient communication can result in weakened motivation, and consequently in lack of innovativeness, low level of initiative, reduced professionalism, and overall poor performance (Burgess 2013: 197). Similarly, unclear or inconsistent messages may result in misunderstandings and conflicts (Burgess 2013: 196). Lack of communication can also contribute to avoidance of risk and fear of failure (Qiao & Wang 2009 via Burgess 2013: 196).

Despite their emphasis on free flow of communication and information availability, Hashimoto and Nassif (2014: 392) also argue that devoted intrapreneurs acquire the tools and data they need regardless of the circumstances, and yet they also recognize that decisions need to be taken despite scarce and incomplete information. Scarcity of information being the standard in the industry, it does not directly impede intrapreneurship. Further, they distinguish between autonomous and induced intrapreneurial behavior, arguing that in case of autonomous behavior, asymmetric information is beneficial for opportunity recognition, whereas in induced behavior, free flow of information represents the desired state of affairs. (Hashimoto & Nassif 2014: 392, 399.)

Besides internal communication, external practices also bear an impact on intrapreneurial orientation. Networks and intra-firm processes have been often examined as an antecedent for intrapreneurship (Antoncic 2001, Chien 2013: 865, Deshpandé & Farley 2004: 18, Kuz 2010: 66). It has been suggested that open, externally oriented cultures achieve better results (Deshpandé & Farley 2004: 18). Networks can equally be utilized for achieving sustainability in corporate innovation (Kuz 2010: 66). Stagnation and narrow scope are avoided with decentralized generation of ideas, as well as discussion including a wide array of perspectives, business settings and locations. Therefore, managerial implications include the
suggestion to encourage intrapreneurs to build networks and alliances (Hashimoto & Nassif 2014: 402). Antoncic (2001: 226–227) argues that while in intra-firm processes a certain degree of formal control can be beneficial, in inter-firm communication and processes formal control should rather be replaced with informal control mechanisms, such as trust.

Figure 19. Open innovation (adapted from Kuz 2010: 71).

Examined by Kuz (2010: 69–72), the open innovation is a representation of the network approach towards innovation. According to this model, innovation occurs at the interfaces of organizational entities, as a result of knowledge and resource sharing activities. Open innovation is largely dependent on organizational culture, leadership and intrapreneurial initiatives. Organizations involved with open innovation commonly develop unique business models they apply for partnerships. Instead of protecting the core informational elements, open innovation exposes the data for external entities. In the Triple Helix model approach, businesses join forces
with educational institutions and government establishments. When innovation initiatives are random and uncoordinated, the results of innovation are equally random. Synergy is achieved only through systematic and carefully coordinated activities, with filtering, nurturing and shared resources. (Kuz 2010: 69–72.)

Training, learning and self-renewal

Training, education, and learning are concepts often discussed in the innovation and intrapreneurship literature (Anu 2007: 153-154, Lemon & Sahota 2004: 483). Indeed, it is commonly suggested that critical self-assessment, evaluation and the ability to learn and improve constitute a focal cornerstone of innovation (Lemon & Sahota 2004). The first important observation involves the definition of intrapreneurship. All of these concepts contain an element of renewal, which has been suggested to constitute the core of intrapreneurship (Kuz 2010: 37). Consistently, several authors have described intrapreneurship with the analogy of 'organizational renewal' or 'rejuvenation' (Burgess 2013: 193). On the operational level, this idea translates itself to the renewal of firm processes, products, or services, but also organizational culture.

Secondly, a widespread belief about the effectiveness of training in the adoption of entrepreneurial attitudes exists among management (Hashimoto & Nassif 2014: 397). Testimonials exist considering Holt et al. (2007: 50), among others, argue that intrapreneurship can be taught and learned. Training and education are therefore considered central factors in fostering fertile organizational ground for innovation (Deming 1994: 109–111). Anu (2007: 153–154) presents them as a reflection of an organizational context nurturing intrapreneurship. For instance, in certain business cases training has reportedly proved to be one of the crucial components in the turnaround for becoming intrapreneurial (Kamath 2006: 121). Similarly, learning and intrapreneurship have been commonly causally linked. The research conducted by Burgess (2013: 199) identified the inability of organizations to learn from their experiences as the main barrier for developing a culture inducive to intrapreneurship. Further, evidence has been presented about this causality link being reciprocal, in terms that strong, open cultures enhance learning (Burgess 2013: 194). Alpkan et al. (2010: 738–739) view organizational human capital as a direct result of learning, and
recognize both its direct and moderating effects on intrapreneurship and innovation. Particularly when organizational support for intrapreneurship is low the role of human capital increases (Alpkan et al. 2010: 732).

Thirdly, training can serve as a concrete management vehicle. In the light of current understanding, providing training for middle managers helps them to deal with intrapreneurial individuals (Hashimoto & Nassif 2014: 398). It is also recognized that a prerequisite for managers is a positive attitude towards learning, as their responsibility is to promote it throughout the organization (Heinonen & Toivonen 2007 via Burgess 2013: 194). Through their influential position, they can effectively stimulate curiosity and experimentation through role modeling (Kuz 2010: 231). Intrapreneurship is often associated with the concept of creativity, and leaders are seen as catalysts for enabling creativity to thrive in the organization (Kuz 2010: 231).

However, on the practical level such training programs remain scarce (Hashimoto & Nassif 2014: 398). Further, studies by Morris et al. (2008 via Hashimoto & Nassif 2014: 397) have indicated that what develops entrepreneurial skills the most extensively is practical experience. Therefore, the more remarkable factor influencing the adoption of intrapreneurial attitude can be more based on the organizational mindset rather than formal training itself. Curiously, it has even been suggested that unqualified workers produce the best ideas, since they are unaware of implementational barriers and have no need to protect their image (Hashimoto & Nassif 2014: 398). However, although intrapreneurship heavily emphasize learning, it is important to distinguish between intrapreneurship literature and organizational learning literature. What separates them from one another is the aspect that as opposed to organizational learning literature, intrapreneurship theories are not focused on building a knowledge base, which is instead considered a byproduct of the process (Antoncic & Hisrich 2003: 20). Interestingly, Menzel et al. (2006: 18) take on an entirely different approach, viewing organizational learning as a result of innovation rather than its antecedent.

Deming (1986 via Gapp & Fischer 2007) suggests a PDSA (plan, do, study, act) model of innovation management based on continuous development and an ongoing learning cycle. The "plan" phase starts with analyzing the current situation and the
existing alternative paths to take for improving it. The analysis should consider the impact and consequences of each alternative before selecting the most appropriate one. This phase also contains the planning and efficient communication of implementation processes. The "do" phase involves executing the implementation activities designed at the first phase, and the "study" phase evaluates the impact and success of the planning and implementation processes. The "act" phase then incorporates the learned information and its contribution to existing processes and operations, by developing, modifying or abandoning them. (Deming 1994: 132–133.) The cyclic pattern of PDSA is consistent with the dynamic theories of ongoing change and learning. The model serves as an instrument for defining the departure point for each stage in the innovation process, combining the perspectives of management, innovation and knowledge development (Gapp & Fischer 2007: 330). All in all, learning constitutes a phenomenon with multiple layers and dimensions to it, which the organization should acknowledge (Berends & Lammers 2010 via Burgess 2013: 194). The cyclic model leads to an idea of continuity and thus ongoing self-improvement, which can be viewed as an essential element in intrapreneurship (March-Chorda & Moser 2008: 4).

This chapter has introduced a multitude of relevant theories and concepts related to corporate intrapreneurship and innovation, aiming at providing an understanding of how these phenomena are being defined and understood in the present literature. Viewing innovation as both a subcategory and as a consequence of intrapreneurship, we have examined both assumed antecedents and impediments of intrapreneurship, with an emphasis on enabling factors. The most prominent themes of intrapreneurship have thus been examined, after which it is time to incorporate the discourses of organizational culture and intrapreneurship to form an integrated view of fostering intrapreneurship through cultural transformation.
4 FOSTERING INTRAPRENEURSHIP AND INNOVATION THROUGH CULTURAL TRANSFORMATION

Whereas the previous two chapters studied generically the themes emergent in organizational culture and intrapreneurship and innovation literature, this chapter seeks to integrate the two branches, placing the elements of intrapreneurship in a cultural framework. As a result, integrated models are presented about the cultural elements of intrapreneurship, how they impact intrapreneurial orientation, and how large organizations can encourage and create intrapreneurship through cultural development and transformation.

Much of the contemporary intrapreneurship literature tends to view the concept of intrapreneurship as a sum of certain enablers and antecedents, including strategic, processual, and structural components, as well as a result of leadership strategies and styles. Further, several themes including autonomy and empowerment, risk taking, communication and networks, as well as training, learning and self-renewal are visibly present throughout the literary works. However, few theories have adopted a purely cultural perspective, perhaps as a result of its ambiguous definition. Culture as a concept is commonly present in the theories as a separate component, and is rarely identified as a framework including the abovementioned elements and topics. Further, culture is commonly present in the theories as a manifestation of organizational behavior, and not as much as a mindset or ideational system.

This chapter of the research aims at drawing conclusions about how academics and managers could adopt a more holistic view on intrapreneurship through the lenses of cultural transformation management. This includes the introduction of theories utilizing the cultural perspective in the field of intrapreneurship, as well as examining the impact of organizational culture on intrapreneurship. In this context, organizational culture is considered a vehicle for cultural transformation, which aims at producing relevant insights for both academia and practical management purposes.
4.1 Cultural approaches in intrapreneurship literature

Besides the cultural themes and behaviors examined in entrepreneurship literature, certain authors have also adopted approaches with culture-centric views. In search of intrapreneurship supportive culture, an integrative view should be developed considering the surrounding cultural realms. In terms of related concepts, literature also examines intrapreneurship from the viewpoint of organizational climate (Deshpandé & Farley 2004: 6, Eesley & Longenecker 2006: 19, Hashimoto & Nassif 2014: 394). Intrapreneurship is often connected to an overall pleasant, enjoyable and cooperative working environment (David 1994 via Gapp & Fischer 2007: 332, Deming 1994: 77, 124–127). This causality link is grounded to the idea that a pleasant working environment motivates organizational members (Kuz 2010: 90). Furthermore, organizational climate has been connected to decision-making processes in the literature. Elements such as trust and work satisfaction are listed as some of the cornerstones of organizational climate. Empowered climates include good communication, high levels of participation and trust, decentralized decision-making, as well as friendly atmosphere, which have also been linked with organizational performance (Deshpandé & Farley 2004: 6). Consistently, factors inhibiting intrapreneurship mentioned in literature include, for instance, unhealthy political activity as well as the lack of cooperative attitude (Eesley & Longenecker 2006: 19).

However, although good internal climate is often referred to in literature of intrapreneurship, research evidence of a causality link between the two components remains somewhat thin (Hashimoto & Nassif 2014: 394). More specifically, little evidence represents itself about good working climate as a factor reducing resistance towards change (Hashimoto & Nassif 2014: 394). In addition, it has been suggested that a pleasant working climate can produce fake intrapreneurs, where the seemingly intrapreneurial behavior conflicts with intrapreneurial values on a deeper level (Hashimoto & Nassif 2014: 400).

Notably, whereas value-driven insights represent a common approach to defining organizational culture, values are rarely utilized as a starting point in intrapreneurship literature. O'Reilly (1989 via March-Chorda & Moser 2008: 5)
provides one of these statements, arguing that the system supporting intrapreneurship can consist of merely a few strong, shared values and the underlying organizational ideology for intrapreneurship. Although values are commonly mentioned in connection with intrapreneurship, (Antoncic 2001: 226, Burgess 2013: 196, Chien 2013: 866–867, Eesley & Longenecker 2006: 20), value-based theoretical context for intrapreneurship remains considerably scarce. This supports the notion that a majority of intrapreneurship theories remain largely sociostructural representations. This research regards values as constructs derived from deeper, unconscious assumptions, and as a basis for producing cultural artefacts.

Yet another cultural perspective to consider, particularly in connection with large multinational corporations, is the impact of national culture on intrapreneurship, an aspect acknowledged by several authors (Alpkan et al. 2010: 748, Anderson et al. 2012, Bosma et al. 2011, Deshpandé & Farley 2004, Menzel et al. 2006: 8–9, Skovvang Christensen 2005: 318). As Alpkan et al. (2010: 748) denote, research evidence is inevitably bound to national context (Alpkan et al. 2010: 748). For instance, in developing economies, factors such as the availability of skilled workforce or the availability of secrecy can serve as defining factors in the development of intrapreneurship (Taher et al. 2010: 54). As people grow into national cultures since they are born, their impact can be considered pervasive and all-comprehensive (Menzel et al. 2006: 8).

In a cross-national research conducted by Deshpandé and Farley (2004), a typology of four main organizational culture types emerged; Competitive culture focusing on competitive advantage and market orientation, entrepreneurial culture accepting risk and highlighting innovation, bureaucratic culture marked by regulations and structures, as well as consensual culture characterized by values of tradition, loyalty and harmony. Although these are purely theoretical archetypes and the real cultures were combinations of these culture types, their emphasis greatly varied, conveying important information about the entrepreneurial orientation of each particular national culture. National cultures with high scores of competitive or entrepreneurial cultures were more externally oriented, and their performance was superior to that of other two culture types. (Deshpandé & Farley 2004: 5.)
Some of the differences between research results can be explained with variation in the national context. For instance, rewards and compensation may exhibit a greater role in developing societies than in post-industrial societies. For instance, Bosma et al. (2011) found that intrapreneurship represents a more common phenomenon in countries with high income as opposed to countries with low income. Similarly, the desire for autonomy and work discretion can be extremely culture-bound, greatly differing in collective societies as opposed to individualistic cultures. As Deshpandé and Farley (2004: 18) have denoted, findings of their cross-national survey proved poorly applicable to developing economies in transition towards more market-driven forms. Consequently, context represents a significant factor causing variation in theoretical models.

Menzel et al. (2006: 7) present intrapreneurship supportive culture as a combination of corporate, national and professional cultures. In this model, corporate culture constitutes the context for creating intrapreneurial culture, whereas professional culture stems from the various professional orientations and functions within organizations, developed in the socialization process during occupational education and training. In this approach, networks represent a central element of professional culture. Stereotypically, national culture is adopted since birth, professional culture during studies and the forming of professional identity, whereas corporate culture is chronologically the last one out of the three. The aspect that earlier adopted cultural elements tend to be the strongest ones presents a challenge for corporate culture creators and designers. However, as Menzel et al. (2006: 11) denote, in the context of intrapreneurship and innovation, corporate culture bears the greatest emphasis as the defining factor for either encouraging or impeding intrapreneurship.
Hofstede (1994: 187–193), on the other hand, suggests a six-dimensional framework for categorizing different organizational cultures. These dimensions are as follows; process-oriented vs. results oriented, employee oriented vs. job oriented, parochial vs. professional, open system vs. closed system, loose control vs. tight control, as well as normative vs. pragmatic. The first dimension characterizes whether the organization is primarily concerned about the means or the goals, whereas the second dimension defines how interested the organization is in its employees welfare as opposed to completing the work tasks. The third dimension measures to what extent the organizational members define their identity according to the organization or their professional function. The fourth dimension, on the other hand, describes how open or closed the organizations are towards outsiders and newcomers, and the fifth dimension refers to the degree of structuring and control within the organization. Finally, the sixth dimension defines how market or norm oriented the organization scores. What is an ideal composition of these dimensions is bound to context and industry culture, although it is suggested that organizations operating in dynamic, innovative industries typically score high in pragmatism and professionalism. (Hofstede 1994: 187–193.)
One of the few intrapreneurship theories based on a cultural framework is suggested by Menzel et al. (2006: 17–18). Their model attempts to draw conclusions based on the existing literature, utilizing Hofstede cultural dimensions to define the features of an ideal intrapreneurship supportive organizational culture. The dimensions include individualism, masculinity, long-term orientation, open system orientation, power distance, and uncertainty avoidance. The model suggests that intrapreneurial cultures score highest on long-term orientation, and moderately high in open system orientation, masculinity, and individualism. Contrastingly, they score low in uncertainty avoidance and power distance. (Menzel et al. 2006: 17–18.)

Figure 21. Profile of intrapreneurship-supportive culture (adapted from Menzel et al. 2006: 18).

Menzel et al. (2006: 18–32) elaborate on the content of these dimensions. Low power distance (PDI), firstly, can manifest itself as a tendency to seek equality and consensus, and as appreciation of cooperation, low hierarchy, and democratic leadership. Facts serve as a source of authority instead of positions, and decision-making processes are decentralized. The responsibility and power of management is transferred to employees, thus empowering them to act proactively, make decisions, take risk without fear of failure, and to act entrepreneurially. Secondly, low power distance is linked to the facilitation of information sharing across organizational levels and functions, debates, networking, open interaction and exchange of views,
which is further connected to an environment marked by mutual support and trust. (Menzel et al. 2006: 19–21.)

Low uncertainty avoidance (UAI) is visible in intrapreneurship supportive cultures in form of absence of formal rules and regulations, high flexibility, and pragmatic and context-bound decision making processes. Uncertainty constituting an essential element in innovation, and particularly in radical innovation, the ability to accept risk and to tolerate uncertainty represents a fundamental requirement for intrapreneurship supportive culture. People do not fear for the unknown, innovation pathways are characterized by ongoing experimentation and iteration, and instead of punishing organizational members for their mistakes, intrapreneurially oriented organizations consider failures as opportunities for learning. Routines, structured activities, rules and regulations as well as the subsequent control are downplayed, and ongoing learning is promoted and encouraged. Further, diversity of viewpoints and opinions is celebrated, sensitive issues are openly discussed, and conflict and competition viewed as stimulants for intrapreneurial environment. (Menzel et al. 2006: 21–23.)

The dimension of individualism vs. collectivism (IND) is about whether the primary concern of organizational members revolves around individuals or groups. Individual cultures underline autonomy, independence, loose interpersonal ties, and differentiation of individuals in relation to others. Individual goals exceed those of a group, and therefore also personal outcomes and achievements outweigh relationships. Collectivist cultures, on the other hand, emphasize group-thinking, distinguishing between the in-groups they belong to and other groups, where the group interests and needs exceed those of individuals. Cooperation, loyalty, and seeking harmony constitute central elements about collectivist cultures. Culture supporting intrapreneurship requires features from both individual and collectivist dimensions. Autonomy represents an important antecedent for intrapreneurship, and thus individual freedom to pursue creative activities and to foster initiative is considered important. Individual intrapreneur champions are commonly underlined in literature, and change agents are equally required in cultural transformation processes. However, excessive individualism can also be harmful for innovation, when the focus is solely on personal benefit, which can lead to unhealthy competition, withdrawal of information and lack of idea sharing. Innovation requires
cross-department cooperation, as no individual can master the innovation process from idea generation to implementation by themselves. A certain collective spirit, sense of responsibility, and group cohesion are absolute prerequisites for innovation, as it occurs increasingly in a context of teams, networks, and cross-functional settings. A certain degree of collectivism provides interpersonal orientation and decision-making based on the organizational needs. In sum, both collectivist and individualist characteristics are needed for creating an intrapreneurship supportive culture. (Menzel et al. 2006: 23–26.)

Masculinity vs. femininity cultural dimension (MAS) is concerned with the resemblance of a given culture with gender roles. Masculine cultures are characterized by competitiveness, aggressive ambition, goal and task-orientedness and emphasis on achievement, whereas feminine cultures are nurturing, seeking harmony and consensus, with emphasis on people, communication, cooperation, playful and 'soft' approach. The attitude towards work and career varies as well; in masculine cultures, people live to work, whereas in feminine cultures, people work to live. Little empirical evidence exists to define their impact on intrapreneurship and innovation, however, it can be concluded that characteristics of both approaches are required. On the one hand, playful and cooperative atmosphere is crucially important, particularly at the initial stages of innovation, in order to stimulate creativity and to produce new initiatives. On the other hand, the implementation phase requires clearly defined goals, boldness and go-getter attitude. An entrepreneurial orientation with stamina, persistence and determination is necessary for intrapreneurs. Similarly with individualism vs. collectivism dimension, it is concluded that cultures supporting intrapreneurship and innovation require elements from both ends of the continuum. (Menzel et al. 2006: 26–28.)

Long-term vs. short-term orientation (LTO) refers to the time span the organization is primarily concerned with. Organizational cultures with long-term orientation are proactively looking into future, whereas cultures with short-term orientation tend to live in the past and the present, cherishing traditions and familiar practices, as well as cultivating stability of the operating environment. As innovation is all about future, newness and change, it is obvious that strong long-term orientation is beneficial for intrapreneurship. In cultures supporting intrapreneurship people are open-minded
and proactively seek opportunities, with organization-wide support and encouragement. Flexibility, iteration and adaptation skills are required to react to changes in the operating environment, as well as dedication, determination and perseverance to overcome any obstacles and the resulted frustration. However, despite the strong emphasis on long-term orientation, some consideration is required for the short-term profits and efficiency of current activity. Consequently, it can be summarized that medium to high long-term orientation is required for a culture to be supportive towards intrapreneurship and innovation. (Menzel et al. 2006: 28–30.)

Open vs. closed system orientation (OSO) refers to the degree of interaction and responsiveness of the organizational culture towards external environment, other organizations and ecosystems. An open organizational culture relies heavily on collaboration, networks and sharing resources and information, whereas a closed system builds upon internal capabilities and knowledge, with minimal contact to other organizations and entities. The need for open approach is commonly emphasized in innovation literature, and it is considered a particularly challenging task in the case of large corporations. Customers, partners, and suppliers should be actively involved and utilized, with special focus on customers and market orientation. Besides sourcing idea generation, the idea of open orientation also extends to the areas of financing, production and market entry strategies. Besides knowledge, human resources constitute an important component in open orientation. However, openness is claimed to be beneficial to a certain degree, after which no further benefit is reached. Open orientation inevitably includes a risk of exposure, and beyond this point the downsides will outweigh the benefit. Therefore, an ideal model would be a combination of both, with malleable and contextual boundaries. (Menzel et al. 2006: 30–32.)

### 4.2 Integrated model of intrapreneurship

This section seeks to outline the cultural aspects relevant for intrapreneurship and how they impact intrapreneurial orientation. Organizational culture is widely acknowledged as a factor encouraging or impeding intrapreneurial orientation. As the objective is to produce a more holistic understanding of how organizational
cultures can be shaped and transformed to foster intrapreneurship within organizations, the main focus is on enabling factors.

In order to fully define and understand the impact of organizational culture on corporate intrapreneurship and innovation, one needs to carefully establish the framework for how organizational culture is understood and defined. Intrapreneurship or corporate entrepreneurship is often defined through sociostructural viewpoints, including organizational structures, policies, strategies, and processes. However, the role of culture is still often considered a separate feature that an organization has, which means that culture is not viewed holistically. For majority of intrapreneurship theories, organizational culture represents a component of the social system, which is then manifested in behavior and products of behavior.

This research investigates intrapreneurship through the cultural viewpoint. From this perspective, fostering intrapreneurship requires creation of culture encouraging and supporting it (Eesley & Longenecker 2006: 23). This requires a holistic approach, recognizing organizational culture as an ideational system, where cultural and social realms are distinct from one another, but also interrelated. Furthermore, similarly with the dynamic view on culture as a constantly evolving construct, intrapreneurship represents a dynamic phenomenon, where change is an essential contextual dimension. Change serves both as a driver and an objective; On the one hand, environmental and technological change are the driving forces behind the requirements for organizations to become intrapreneurial, and on the other hand, innovation and intrapreneurship is about changing the status quo in terms of developing something new and improving the existing business of the organization. In addition, intrapreneurship is viewed to occur through a desired and deliberate change in organizational culture. We understand intrapreneurial organizational culture as a mutual process, where top-down and bottom-up processes are in constant interaction (Heinonen & Toivonen 2007 via Burgess 2013: 193). The process requires close collaboration, continuous learning, assessment and drive to improve the status quo (Burgess 2013: 193).

The characteristics of intrapreneurship supportive organizations is equally a topic lacking wider agreement. In the search of more intrapreneurial organizational
cultures, the question of what these organizations are like remains open. As March-Chorda and Moser (2008: 4) contemplate, no unanimous agreement exists about the one specific type of organizational culture required for developing intrapreneurship. Furthermore, Menzel et al. (2006: 16) underline the absence of empirical evidence related to the topic, as well as concrete managerial implications. Nevertheless, the literature provides a multitude of themes that one can synthesize and elaborate on. Based on the literature review conducted in this research, we distinguish three major elements relevant for the development of intrapreneurship; **managerial impact, organizational design and cultural behaviors.** The area of organizational design is further divided into subcategories of **intrapreneurial strategy, organizational structure, innovation processes, resources, and rewards and compensation.** The major themes of cultural behaviors are defined as **autonomy and empowerment, risk taking, communication and networks,** as well as **training, learning and self-renewal.** In addition, we recognize the impact of environmental and individual contexts on intrapreneurship.

*Role of management* is highly defining for intrapreneurship, as it can be considered the single most remarkable factor impeding or encouraging intrapreneurial orientation. Whether consciously or unconsciously, managers drive significant organizational forces, including culture creation and organizational design processes. Top management provides the vision and direction, whereas middle management serves as valuable mediators and cultural influencers. Managers can occupy multiple roles in the process; they can act as intrapreneurs and innovators themselves, as risk takers on behalf of the team, or as facilitators or enablers of intrapreneurial activities and organizational learning. The power of management in the context of intrapreneurship is the ability to influence the motivations, attitudes, and thus also the behavior of organizational members. In the context of cultural transformation, this means reducing resistance towards change and establishing psychological safety. Managing innovation and intrapreneurship is a challenging task requiring strong motivational, communicational, psychological and interpersonal skills, as well as a deep understanding of organizational dynamics. A part of this is about recognizing and distinguishing between autonomous and inducive intrapreneurial behavior, and applying suitable strategies to foster them. The manager attitude and example serve as crucially important features in the encouraging of intrapreneurial orientation.
within the organization. All in all, managers occupy a key position in ensuring an organization-wide participation and commitment to intrapreneurship - whether on the individual, team or organizational level.

The second element, *organizational design* is a set of sociostructural constructs produced by management. This is an area commonly examined in intrapreneurship literature. *Intrapreneurship strategy* is an entity partially separated from the general organizational strategy, however, in practice it is claimed to commonly represent an unintentional byproduct of intentional but spontaneous actions. The mediating impact of strategy is recognized as a factor increasing the likelihood of firm performance. *Organizational structure* is another central component of organizational design. Cross-functional initiatives, autonomous teams and units, decentralized decision-making structures, low hierarchy and power distance include notable structural features encouraging intrapreneurial activity. *Innovation processes* include defining the systematic processes for idea generating, harvesting, collaboration and business development functions. The paradox to overcome in these processes is to combine the objectives of exploring and exploiting. Providing adequate *resources*, such as time allocation, is a common topic in the intrapreneurship discussion, although conflicting evidence exists about its necessity, and even opposite outcomes have been reported. Its impact has been claimed to be dependent on multiple factors, such as personality and situational context. Similarly, *rewards and compensation* constitute one of the most extensively discussed and controversial features within the framework of organizational design. Intrapreneurship literature commonly underlines the significance of rewards and compensation with regard to intrapreneurship, however, financial performance-based incentives, promotion and awards are not viewed as inducive for intrapreneurial behavior. Instead, it has been suggested that power, sense of meaningful achievement or ownership rights serve as more efficient motivators in case of intrapreneurs.

The third main element, *cultural behaviors*, consists of most commonly identified cultural antecedents of intrapreneurship. Culture creation is a process constantly taking place in organizations. Culture is created, shaped, maintained, learned and transmitted by not only managers, but all organizational members. The first out of the four main themes under cultural behaviors is *autonomy and empowerment*. 
Consistently with the idea of entrepreneurship, organizational members need to be granted the power and responsibility to carry out initiatives, proactively identify opportunities, and to understand their impact on the success of the organization. Certain literature branch emphasizes the function of autonomy and empowerment as a source of intrinsic motivation, whereas other denote that not all organizational members are capable of utilizing freedom in a productive manner. Further, responsibility can increase stress levels of organizational members, and thus the impact is not always exclusively positive. The notion of *trust* is equally linked to autonomy and empowerment, implying that genuine autonomy does not exist without it.

The second theme, *risk taking* represents yet another extensively examined and researched theme. As a core component of entrepreneurship, managers serve as catalysts for intrapreneur risk taking by creating psychological safety allowing trial and error type of experimentation, tolerance of mistakes and justified risk taking, in some cases even celebration of failure as an opportunity for learning. Importantly, risk taking is presented in literature as a highly contextual activity varying across time, place, situation, and individual characteristics.

The third emerging major theme is *communication and networks*. Communication, both internal and external, represents a cultural "glue", as it serves as a means to create and transmit culture, to co-create and develop ideas with maximal resources, to coordinate activities and to increase group cohesiveness and spirit for innovation. Equivalently, lack of communication is recognized in literature as a major barrier for innovation. Both vertical (top-down and bottom-up, supply chain) and horizontal (cross-functional, partners and alliances) communication are connected with successful innovation activities, and the same applies for the levels of formal and informal communication. Communication is also an influential managerial tool for empowerment and motivation. Networks, external collaboration and open system orientation also represent critical elements for innovation activities, as innovation does not occur in a vacuum.

Similarly with the case of communication, the last out of the four major themes, *training, learning and self-renewal* constitutes an all-comprising organizational


element. Innovation is all about newness and reinventing oneself, and heavily rooted in the idea of constant cycle of evaluation and learning. As the case with communication, inability to learn is also considered a major barrier for intrapreneurship and innovation. Managers can stimulate experimentation and curiosity through role modeling, and encourage receptiveness towards learning through their own attitudes and actions. Mental models such as PDSA should be utilized in adopting the right mindset, and training can be used to learn intrapreneurial skills, tools and ideas.

![Figure 22. Integrated model of intrapreneurship.](image)

Similarly with the notion of culture, also intrapreneurship should be viewed in the larger *environmental context*. Societal, national, professional, industrial, historical and network environments all influence intrapreneurship within organizations. In the development of intrapreneurship, it is beneficial for managers to understand this impact, and to utilize this knowledge in the process in order to apply suitable means for fostering intrapreneurship in the given context. The relationship can also be
reciprocal; strong organizational cultures can shape entire industrial ecosystems or societies. Similarly, intrapreneurship is also impacted by individual context; background, personality, cognitive abilities, as well as personal history and experiences. Interpersonal level in management is crucial for motivating and empowering individuals, and therefore this aspect should also be understood by managers. Some individuals possess strong intrapreneurial traits by nature, whereas others can adopt intrapreneurial orientation in a specific type of organizational environment. Moreover, the individual aspect related to intrapreneurship should be carefully considered in the recruitment process.

This model synthetizes the landscape present in the literature about the focal areas influencing intrapreneurship, presenting them through a cultural framework. Management creates culture and influences the development of intrapreneurship by organizational design as well as culture creation activities. Management designs and builds the sociostructural organization that influences organizational culture, and cultural behaviors are produced by all organizational members, including managers. This model integrates the descriptional models of organizational culture and intrapreneurship as phenomena. Besides providing a culture-based overview about intrapreneurship as a phenomenon, it can be utilized as a checklist for assessing the current situation of intrapreneurial orientation in an organization.

4.3 Integrated model of fostering intrapreneurship through cultural transformation

This section explores ideas and models derived from intrapreneurship and cultural transformation literature in order to outline how large organizations can consciously and systematically utilize organizational culture to encourage intrapreneurial orientation. Consequently, an integrated model of developing intrapreneurship through cultural transformation is introduced. Substantial amount of literature suggests that shaping organizational culture through managerial means is possible, albeit complex and challenging. A common pitfall in cultural transformation initiatives is to focus on merely altering the formal organization, which can result in inconsistent parallel realms. In these attempts, transformation can occur in
organizational structures, strategies and formal communications on the surface, while remaining the same at the deeper, symbolic level. The problem with these initiatives may either be a failure to understand the essence and dynamics of culture or a shortage of means to influence its deeper layers.

It is evident that based on the literature review, in order for effective intrapreneurship to occur, the entire organization must be committed and involved (Burgess 2013: 199). Therefore, the key question is how organizations can create genuine intrapreneural organizational culture encompassing all organizational levels and functions. Furthermore, changing corporate culture towards more intrapreneural can be a time-consuming process, and may require years to fully come into existence (Kuz 2010: 86). Considering the dynamic essence of culture, instead of approaching cultural transformation in form of a single end-to-end change program, one should rather examine the process through the cyclic culture production mechanisms that can occur throughout the organization. Being in a natural state of flux, it would be illogical and short-sighted to define an ending point to a culture shaping initiative, where the process would somehow be "completed".

In this research, Deming's (1986 via Gapp & Fischer 2007) PDSA cycle is utilized as the general framework for cultural transformation. The planning stage starts with defining goals for the process. As a result, a compelling vision for the transformation should emerge. However, although intended objectives should be set, it should be considered that unintended outcomes can at best produce out-of-the-box solutions. Various managerial roles, strategies and means can be applied, as long as the direction remains clear and consistent. One relevant issue regarding the objectives is how unified and unambiguous the intrapreneural organizational culture can or should be. Firstly, as organizational culture can be considered a system of several overlapping, even conflicting cultural realms in constant interaction and power struggle, a harmonious, unanimous organizational culture remains a sheer theoretical archetype. Secondly, as organizational culture is commonly absorbed through partial replication, affected by national, professional and personal history contexts, it is only fair to assume that the absorption and creation contains high individual variation.
The next step in the planning process is to become aware of where the current organization is standing. Therefore, a crucially important antecedent in the process of developing a more intrapreneurially oriented culture is becoming aware of the current organizational culture. An important part of this objective is to understand the dynamics of the culture production cycle. For this, the model of Hatch (2000: 249–252) provides an excellent tool, with the components of basic assumptions, values, artefacts and symbols. Even though the change driver is inevitably functionalist, serving managerial and business purposes, the approach and methods can lean towards more holistic, interpretive and humanist perspectives. This means that organizational culture is viewed as a system of shared meanings and a power struggle of competing cultural systems. These meanings are a result of a process, where the problems of external adaptation and internal integration are being solved. As a result, tacit assumptions are being produced about the relationship between human and nature, reality and truth, interpersonal relationships, as well as time and space. Both sociostructural components, such as strategy, structure, systems and processes, as well as cultural realm including assumptions, values, identity, power and interpersonal relationships, as well as symbolic artefacts and cultural products, such as language have been produced and learned in the culture creation process.

Despite the view of culture as a deep, largely unconscious phenomenon residing in and between the minds of organizational members, it manifests itself in perceivable behavior and artefacts. The underlying framework provides meaning to the perceivable layer, thus guiding its usage, and equivalently the perceivable layer produce elements shaping the underlying framework. Culture being a relative concept, one can argue that it only exists in relation to another culture. Cultural change must start with cultural awareness, which can occur through becoming aware of contrasting cultural behavior. Awareness of otherness can in turn lead to an awareness of oneself, which is required for intrinsic motivation to change. Various typologies can serve as useful tools of analysis for this phase. From this perspective, network collaboration, training and communication constitute central components. However, it must be acknowledged that becoming aware of the tacit assumptions requires a deep consciousness about the underlying cultural reality. Furthermore, especially in case of large corporations organizational culture is rarely homogeneous (Menzel et al. 2006: 14).
In addition, besides understanding the culture of a single organization, the organizational culture should also be understood both in the wider cultural context and as a part of its environment. The impact of national and professional cultures should be acknowledged, as well as the surrounding industry and societal ecosystems. The influencing relationship between the organization and its environment should be viewed as reciprocal. Strong and influential organizational cultures can bear an impact on the industry ecosystem or even on national cultures, and equivalently the impact of the wider context on the organization should be considered in the transformation process.

Familiarizing oneself with other cultures can also take the form of benchmarking. Indeed, on the operational level, benchmarking successful intrapreneurial organizations can provide a useful tool for detecting suitable role models and best practices. However, in the context of culture, the particularist idea of culture should not be ignored. Best practices are by no means universal, but can rather serve as an inspiration for transformation. The cultural elements requiring transformation should be identified and clarified, and understand the context behind them.

The planning stage should result in an intrapreneurial strategy, including the intended change targets in organizational structure and innovation processes. The strategies should be assessed for individual, team and organizational levels. Provided resources should be identified, as well as the reward and compensation systems applied. The organization should align its views on autonomy and means of empowering, risk taking, communication and networks, as well as training, learning and self-renewal. All perceptions should be consistent throughout the organization, at all levels and functions.

Once entering the doing stage, this study applies Lewin's (1951 via Alvesson & Sveningsson 2008: 20) cultural transformation framework, where the first step involves the unfreezing of the organizational culture. At this point, survival anxiety must be aroused, triggering learning anxiety. However, psychological safety should be established, so that the organizational members can welcome the change process with an open mind.
The phase of triggering actual cultural change involves an integrated model of the cultural production cycle. This cycle starts with the presupposition that the objective of the transformation is to achieve a culture for change, which consists of the deep assumptions supporting it. Based on these assumptions, the pieces of organizational design are outlined and the implementation process initiated; the intrapreneurial strategy defined at the planning stage, the desired structural and processual changes, the resources dedicated to intrapreneurial activity, as well as the rewards and compensation deemed adequate for the context. Furthermore, organizational change agents are identified and appointed influential roles or positions. Besides managers, also other influential organizational members, such as early adopters, can act as change agents. Existing organizational intrapreneurs can be utilized in the process, engaging in enabler intrapreneur behavior. Transformational leaders must distinguish between autonomous and induced behavior, and adopt operational strategies accordingly. Managers constitute an important type of artefact, and they can be utilized as change agents to trigger the transformation process. Whereas some authors underline the role of cultural subjectivity of change agents, others imply that an objective outsider viewpoint is utterly necessary in instigating change. Without the presence of change agents, the cycle shapes organizational culture through two contradictory mechanisms, where one is transforming the system, and the other one is preserving the current status quo.

With the drive of change agents, renegotiation of meaning can initiate. Artefacts and symbols constitute the main targets of action. The process should be initiated firstly from artefacts, them being clearly the most objectivist and concrete elements of organizational culture. The objective dimension consists of both concrete activity as well as conscious reflexivity, which can be both utilized in the process of analyzing the current status quo. Artefacts are a result of value-based actions, manifested in cultural products, such as behavior, language and people. In case of symbols, ones bearing old meanings can be either attributed new meaning, or new artefacts can be created. Once meaning is attributed to artefacts, they can become new symbols. The meaning attributed should be consistent with the ideas supporting intrapreneurship related to autonomy and empowerment, risk taking, communication and networks, and training, learning, and self-renewal. Leaders or change agents can produce
artefacts, which are then being tested, processed and judged by organizational members. If these artefacts are legitimizised, they have the opportunity to become symbols which, in turn, can shape the deep assumptions and together form culture for change.

Figure 23. Fostering intrapreneurship through cultural transformation (Based on the cultural dynamics model of Hatch 2000: 250).

According to this model, the key in shaping the underlying assumptions are namely artefacts and the symbols bearing meaning. Once assumptions are shaped, they, in turn, shape the value system, which leads to the production of new artefacts, etc. Particularly the symbolization process, where artefacts become symbols, bears special meaning in the model, as it is namely the meaning-rich symbols that are capable of transforming the underlying assumptions. The model illustrates the two cultural layers; the reflexive, unconscious and subjective level on the left and the active, conscious and objective level on the right. The upper quadrants constitute the sociostructural realm, whereas the lower two quadrants describe the cultural realm. It
portrays the intrapreneurial transformation on a local level, and should be understood as an ongoing spiral throughout the organization. The cycle contains a battle of direction, where encouraging and impeding forces are in constant interaction. Therefore, resistance to change exists as a reverse, parallel cycle.

After the process of renegotiating and attributing meaning, the new concepts and meanings can be consolidated with participatory empowerment, group decision making and consensus building. This process is called the freezing step in the process of cultural transformation. With the help of symbols and structures, these concepts are institutionalized and joined to the cultural foundations.

The next stage is about studying, which calls for careful assessment of lessons learned. The impact and the success of the planning and implementation processes is evaluated, and conclusions are drawn accordingly. As lifecycle perspective on cultural transformation suggests, the key component distinguishing an organization capable of radically transforming itself is its ability to constantly evaluate itself, learn and progress.

The last stage, acting, deals with incorporating the learned information and its contribution to the process. The point where this stage ends is the starting point for a new PDSA cycle. Thus the end of each cycle defines the situation for the start of the next cycle. The cyclic pattern of PDSA embodies the idea of ongoing learning and change. Combining theories of innovation, management and knowledge development, the model completes the toolkit for intrapreneurship development through cultural transformation.

In certain cases, a deep transformation process is not even necessary. Once organizational objectives and the cultural starting point of the organization have been defined, the underlying assumptions and the organizational objectives should be aligned. When they are initially consistent, deeper transformation process is not required, and altering superficial cultural layers is sufficient. In these situations, incremental development can be considered as the suitable culture development path.
5 CONCLUSIONS AND IMPLICATIONS OF THE STUDY

As explicitly stated in the introduction, the objective of this research was to discover how organizational culture influences intrapreneurship and how large organizations can transform and develop their corporate culture to become more supportive for intrapreneurship and innovation. The research was conducted in form of an extensive literature analysis of organizational culture and intrapreneurship theories. This chapter presents the results of the study, firstly as answers to the research questions, and secondly, its implications, both theoretical and managerial. Finally, the limitations of the study are recognized and subsequently suggestions for further research proposed.

The underlying logic guiding the study resulted in a threefold structure; firstly, examining the organizational culture literature, secondly, introducing and thematizing the intrapreneurship research, and finally integrating the two discourses. Given the high failure rates of culture changing programs, many scholars have suggested that the poor results indicate a severe managerial lack of understanding of the essence and dynamics of culture. Similarly, a relativist and holistic notion of culture is rarely present in the corporate intrapreneurship discourse. Although several cultural elements and themes are commonly introduced, there is clearly a lack of integrated intrapreneurship models recognizing culture as a deep, layered, processual and all-comprehensive phenomenon, as a dynamic system of shared meanings. Therefore, it can be concluded that the key to successful utilization of cultural transformation as a tool for developing intrapreneurship lies in the understanding of the cultural dynamics.

Chapter 2 of this research served this purpose, thus laying the foundation for successful development of intrapreneurship. Outlining the various views on culture, the holistic view of culture is based on several paradoxes. This research understands culture as a multi-layered phenomenon, its core being the deepest assumptions and perceptions about the world, answering the questions related to external adaptation and internal integration. According to this integrative approach, culture resides in and between the minds of people, as well as in symbols and cultural artefacts. The cultural dynamics are based on constant interaction and interdependency of two
parallel realms, the objective and perceivable reality manifested in symbols and products of behavior, and the underlying system of shared meanings and assumptions. Culture can be viewed either as a state at a given moment, or as an ongoing process. Paradoxically, the multiple change processes together form a stable, yet constantly changing system, with simultaneous reverse mechanisms both enabling and impeding culture change. With regards to the culture change mechanism, an important phase of this cycle is the symbolization process, where artefacts are attributed meaning and thus become meaningful symbols. Symbols, in turn, have the potential of changing the deepest assumptions through the process of interpretation. Culture is produced locally by organizational members as active mediators, through both top-down and bottom-up processes. The bottom-up approach is claimed to reduce resistance to change, and middle managers represent typical actors of this informal organization. Instead of emphasis on controlling, this influence is more based on facilitating, mentoring, enabling, trust building, envisioning and empowering. Evaluative attitude and continuous learning are described as cornerstones of transformational culture change. Culture is described as something both unitary and divided, coherent yet ambiguous, distinct entities with elements of conflict, with multiple, cross-cutting subcultures. Cultures can be universal to the point of providing them with structure, however, their content being highly particularistic. In this research, culture is viewed in its larger context, as a part of its environment, within the national, professional, industrial and societal context.

Chapter 3 discussed the dominant cultural themes in the intrapreneurship literature. Intrapreneurship is considered as a mediator to innovation, and it is interdisciplinary by character, located at the interface of entrepreneurship, organizational design, human resources, management and leadership and competitive strategies. Intrapreneurship is based on the intrinsic motivation of people, which is why it also contains considerable personal variation. Intrapreneurship can be examined either on individual, team or organizational level. Importantly, it is commonly recognized that intrapreneurship can exist on the individual level without organizational support, however, for organization-wide intrapreneurship strong managerial support is required. The prototype of intrapreneurial individuals contains the idea of advanced emotional intelligence, network building capabilities, ability to operate in multiple organizational domains, transformational leadership skills, understanding of multiple
technologies and creativity. Intrapreneurs can create more intrapreneurship and incite change by operating as change agents, overall encouragement and recruitment of like-minded individuals. Teams, on the other hand, reduce organizational silos, provide versatility, and serve as efficient vehicles for innovation, particularly for large corporations. Functioning intrapreneurial teams require strong levels of personal and interpersonal trust, openness, commitment and communication. Organizational level of intrapreneurship can be viewed as a combination of individual characteristics, processual and contextual factors. Organization provides the intrapreneurship framework, and individuals make it visible through their actions.

The three major themes recognized were role of management, organizational design and cultural behaviors. Role of management is central with regards to intrapreneurship. Management represents an important creator of the sociostructural and cultural environments in an organization. Top management provides direction, structure and organizational design, whereas middle management can take multiple roles, such as that of an intrapreneur, risk taker, facilitator or change agent. They serve as mediators, and they need to distinguish between autonomous and induced intrapreneurial behavior, as well as to apply adequate management styles and strategies. Overall, the management should seek to practice transformational leadership, thus creating a dynamic culture for change.

Organizational design consists of the elements of intrapreneurship strategy, organizational structure, innovation processes, adequate resources, and rewards & compensation. The themes of cultural behavior consist of firstly autonomy and empowerment, including decentralization of decision-making, trust, and employee participation. Secondly, the ability to take risk is another important theme. Based on a paradox of natural individual risk aversion and organizational risk taking ability, this phenomenon is highly relative and contextual. The third theme is communication and networks. Communication is a vehicle for transmitting information as well as a source of influence, empowerment and motivation. It is closely intertwined with openness, trust and support, and it is divided into formal and informal layers of communication. Lack of communication is recognized as one of the main factors impeding intrapreneurship, however, this is also contextual to a certain extent. Induced intrapreneurship requires free flow of information, whereas autonomous
intrapreneurship can benefit from asymmetric information. Networks, on the other hand, are significant in the development of innovations, since innovation does not occur in a vacuum. Innovation tends to occur at interfaces of industries and ecosystems, organizations, technologies, and cultures, where learning, sharing and discovery are an integral part of the interaction of the two instances. The fourth theme, training, learning, and self-development embody the core essence of intrapreneurial orientation. Based on continuous learning, rejuvenation and self-assessment, intrapreneurial orientation can be taught and learned through culture production. Managers should be trained to become catalysts of innovation and intrapreneurship, and to be able to manage different individuals. Organizational learning can be seen as both an antecedent and as a result of intrapreneurship. The PDSA cycle provides structure for approaching organizational change from learning perspective.

Finally, chapter 4 integrated the two discourses, forming two adaptations of a model describing intrapreneurship through a cultural framework. Starting with an introduction of culture-centric intrapreneurship literature, the discussion deepens the understanding of the two branches as one unified entity. As a result, integrated models are suggested about intrapreneurship as a phenomenon and the process of fostering intrapreneurship through cultural transformation.

5.1 Answers to the research questions

*How can large corporations foster intrapreneurship and innovation through cultural transformation?*

This research adopted a managerial viewpoint towards intrapreneurship. The underlying assumption being that intrapreneurship is positively related to firm performance, the main objective was to identify managerial means to encourage intrapreneurship in large corporations that are not by default, due to their size, as intrapreneurial as smaller organizations. Suggesting an integrated model of fostering intrapreneurship through cultural transformation, the study contributes to the theoretical landscape related to the topic, and serves as a vehicle for managerial
development of intrapreneurship. The following contains answers to the two subquestions derived from the main research question.

*How does organizational culture influence corporate intrapreneurship and innovation?*

In search of innovation, corporations commonly seek to develop their intrapreneurial capabilities. Therefore, an underlying assumption in this research is that successful intrapreneurship leads to innovation. A considerable academic consensus exists about culture bearing significant influence on intrapreneurship. In this research, culture is understood as a system of shared meanings residing in both in and between people's minds, as well as in products of behavior. Culture is locally produced, transmitted, and learned through meaning-making processes, creating a system of meanings guiding behavior. The deepest layer of culture consists of deep assumptions that are difficult to change.

It is widely agreed that organizational culture can serve either as an enabling or impeding force with regards to intrapreneurship. However, significant variation prevails in literature about the specific enablers of intrapreneurship, the nature and degree of their impact, their emphasis, as well as contextual factors influencing them. Regardless, certain cultural themes are commonly promoted in literature under varying terminology, and consequently, an integrative model has been suggested, consisting on three focal elements contributing to intrapreneurship; managerial impact, organizational design and cultural behaviors. In addition, two contextual influencing elements are recognized; environmental context and individual context. The area of organizational design includes the socio-structural components of intrapreneurship strategy, organizational structure supporting intrapreneurship, systematic processes fostering intrapreneurial activities, adequate resources for intrapreneurship, as well as suitable rewards and compensation. The cultural behaviors area includes the components of autonomy and empowerment, risk taking, communication and networks, as well as training, learning and self-renewal.

Based on the literature review, certain conclusions can be drawn about the commonly promoted characteristics of an intrapreneurship-supportive organizational
culture. Firstly, managerial impact is seen as crucially defining in the development of intrapreneurship. Managers are viewed as cultural artefacts producing culture, as well as central change agents, catalysts and influencers, and therefore their example and their attitude towards intrapreneurship represents an important antecedent for creating an intrapreneurship-supportive culture. Management designs the organization, thus creating the sociostructural environment that also either encourages or impedes intrapreneurship. Furthermore, management transmits managerial power and responsibility to employees, thus motivating them to take initiative and behave in a proactive manner. This autonomy and empowerment is reflected in decentralized decision-making structures, employee participation, and interpersonal trust. Management also creates the culture for risk taking behavior, by either encouraging and rewarding or by punishing risk taking behavior and the resulted successes or failures. Furthermore, management strongly contributes to the creation of the communicational environment, and shapes the organization's relationship with its outer environment. Managers also build and transmit the organizational attitude towards learning and self-renewal.

Culture is constantly being created by organizational members, both managers as well as other organizational members. Cultural artefacts are created in the process, taking perceivable forms of people, language, and products of behavior. Once these artefacts are attributed meaning, they become cultural symbols that, in turn, shape the underlying, deepest assumptions constituting the deepest layer of culture. Our cultural value system is based on these unconscious assumptions, and again takes visible forms in cultural artefacts. Provided that the underlying assumptions are consistent with elements enabling intrapreneurship to occur, the culture creation cycle produces artefacts fostering intrapreneurship in a self-reinforcing manner. However, when the underlying cultural assumptions are in conflict with the factors enabling intrapreneurship, the cycle produces cultural artefacts and symbols inhibiting or discouraging intrapreneurial activity.

*How can large corporations transform and develop their corporate culture to become more supportive for intrapreneurship and innovation?*
Culture largely being an unconscious phenomenon, also culture creation, in large part, occurs unconsciously. Notably, from managerial perspective it is essential to acknowledge that substantial literature supports the idea that culture can also be consciously created and shaped. However, because of the all-encompassing and in depth nature of culture, goal-oriented transformation is regarded a challenging and time-consuming task, with high unpredictability and risk of failure. Therefore, a substantial understanding needs to be established about what organizational culture actually is, how culture is created and what preconditions are required to successfully introduce intrapreneurial orientation in a large organization. Instead of viewing the process as a one-time change program, the objective should be creating culture for change at the deepest cultural level, in other words, a culture capable of learning and evolving. An absolute precondition for this is an organization-wide commitment and involvement with intrapreneurship. Managers occupying a key role in organizational transformation and the development of intrapreneurship through organizational design and culture creation, they should be provided all possible resources for fostering intrapreneurship.

This piece of study also provides operational-level tools for cultural transformation process. The intrapreneurship development model integrates several theoretical frameworks. The PDSA model is applied to illustrate the cyclic, ongoing pattern for encouraging intrapreneurship through cultural transformation. The process starts with the planning stage. The starting point for influencing intrapreneurship is to define objectives and form a vision for the change. The second step of this stage involves becoming aware of the prevailing underlying cultural assumptions and understanding whether they are consistent with the cultural elements reinforcing intrapreneurship. This can occur through becoming aware of other, contrasting systems, which also allows organizational members to understand the organization as a part of its environment. Furthermore, at this stage it is also important to understand what culture is and how it is created. Cultural transformation occurs through renegotiation of meaning, and creation of new cultural artefacts. When these artefacts are attributed meaning, they become symbols. Symbols, in turn, can become tacit assumptions, which form the basis of a given culture. Symbols can then manifest themselves in cultural values, which can become visible in form of artefacts. The last part of this phase involves the creation of intrapreneurial strategy,
assessing all the components presented in the first integrated model; firstly, organizational design including intrapreneurial strategy, integrated structure, innovation processes, adequate resources, as well as rewards and compensation, and secondly, cultural behaviors including autonomy and empowerment, risk taking, communication and networks, as well as training, learning and self-renewal.

The *doing stage* is built around Lewin's (1951 via Alvesson & Sveningsson 2008: 20) pattern of unfreezing, changing and refreezing culture. Unfreezing is about triggering survival anxiety and thus also learning anxiety, but also establishing psychological safety. The change phase involves the cultural production cycle, starting with introduction of change agents, including managers, early adopters, or autonomous intrapreneurs. Change agents produce cultural artefacts consistent with intrapreneurial ideals, aiming at shaping the underlying assumptions and thus transforming the fundamentals of the prevailing culture. If these artefacts are legitimized by organizational members, they can be attributed meaning and thus shape the assumptions. If, on the other hand, they are rejected, they can result in opposite movement, thus reinforcing the existing cultural assumptions. Since the production and introduction of new, transformational attributes is carried out in close interaction with the organizational members, it is important for change agents to be influential individuals with high levels of emotional intelligence. Finally, if new attributes are successfully introduced and the underlying assumptions have been transformed, the new culture should be refrozen with participatory empowerment, group consensus building and decision making.

The *studying stage* is about a careful assessment of lessons learned. Learning and self-renewal being at the core of intrapreneurship, creating a culture for change demands ongoing self-evaluation and development. The *acting stage*, then, is about incorporating the lessons learned into operational-level activities, thus leveraging the intrapreneurial capabilities of the organization.

### 5.2. Theoretical implications

This study addresses the problem of scarce theoretical contribution of intrapreneurship in a holistic cultural context. One apparent reason for the lack of
comprehensive theories and models for intrapreneurship through a purely cultural perspective may be the high complexity of the topic, its context-dependency and the high relevance of the 'human factor'. Rather than the sociostructural organizational contexts of strategy, structure, processes, procedures and policies, intrapreneurship revolves more strongly around psychological and cultural issues, and thus can be understood more broadly in a qualitative research context.

Drawing from a large pool of literature, this research synthesizes and thematizes several literary branches. Firstly, it summarizes the dominating themes in the organizational culture literature, thus contributing to the contemporary notion of culture; its essence, its dynamics, as well as organizational culture as an organic, yet manageable and transformable entity. Secondly, it presents the main themes addressed in the intrapreneurship literature, drawing them together to form a view about the main enablers of intrapreneurship.

However, the most notable theoretical contribution of the study lies in the integration of two literature branches; those of intrapreneurship and cultural transformation, presented in chapter 4 of this study. With the suggested new integrated models, the research establishes a more holistic framework, through which intrapreneurship is portrayed in a new manner. The framework being cyclic, it captures well the dynamic and relativist nature of organizational culture, and can be utilized to examine intrapreneurship from a genuinely cultural perspective. Combining a vast array of literature from the areas of organizational culture and cultural transformation, as well as intrapreneurship literature, the value of this study is culminated at the interface of two major research areas. Therefore, it can be argued that this study provides a notable addition to the contemporary intrapreneurship literary discussion.

5.3. Managerial implications

This research bears several significant managerial implications. For strategic use, the framework provides a network of concepts related to organizational culture and intrapreneurship, a thorough understanding about cultural dynamics and cultural characteristics deemed beneficial for intrapreneurship and innovation. Through the
introduction of intrapreneurship through a holistic cultural viewpoint, this understanding can help managers to better understand firstly the importance of cultural management and creating culture for change in organizations. Secondly, it can provide an understanding of the root cause for organizational challenges, and to recognize what should be changed in the corporate culture in order to overcome these challenges.

For operational purposes, the study provides a genuine managerial tool for orchestrating cultural transformation. By adapting a balanced view between control-oriented change programs and organic culture development, it suggests a foundational framework for guiding and influencing culture production in organizations. All in all, the contents of the study can serve as a basis for operational knowledge about the successful introduction of intrapreneurial orientation in large organizations.

5.4 Research evaluation, limitations and suggestions for further research

The most notable limitation of this study is the lack of empirical evidence. As this study was conducted in form of a literature review, it is based on existing research material, and thus has not produced new empirical data. It can be proposed that empiria would serve as a validating factor for the suggested integrated models. The empirical study could be realized, for instance, as a qualitative research setting of management interviews from organizations with both successful and unsuccessful intrapreneurship development initiatives, executed through cultural transformation. Another apparent limitation concerns the size of the organization and, to a certain extent, its life cycle stage. The underlying assumption of the theories examined in this research is that they are best applicable to large, mature corporations. This view is rooted in the general understanding of small and young enterprises as innovative and intrapreneurial by nature. Therefore, examining intrapreneurship in these contexts would require a slightly deviating approach. Further, the applicability of the model should be further examined in different contexts, such as industries and national cultures.
Another, adjacent limitation is concerned with the validity of the research. The number of literary sources examined for the research is limited, and the thematization and thus also the resulted models reflect the examined sources. In the absence of empirical data, the models can serve as preliminary suggestions and foundations for further research.

This piece of research tackled a number of challenges throughout the research process. It has integrated a multitude of theories, terminologies, models and frameworks from two distinct literary branches, aligning paradoxes, and attempting to capture the essential through thematization. Culture being a highly relative, subjective and unpredictable phenomenon, it is inevitably questionable to suggest holistic, yet universally applicable conclusions and definitive guidelines for intentional management-led cultural transformation. It is important to consider that managing culture is notably more complex than managing the sociocultural elements. Therefore, the operational-level guidelines of this study should be examined with adequate reservations. Instead of one specific, 'right' type of organizational culture, the phenomenon should be understood as highly contextual. Further, with regards to both organizational culture and the themes supporting intrapreneurship, opposing arguments and paradoxes exist in majority of the cases.

Because of the extensiveness of the review presented in this study, the possible suggestions for further research are equally numerous. One of the main areas requiring further examination is the culture production cycle. It should be examined further to define the antecedents of legitimation for new cultural artefacts introduced by change agents, or the antecedents for symbols capable of shaping the deepest assumptions. In addition, the current research provides little practical insight about how to become aware of the deepest assumptions. The individual variation is equally a topic worth further attention, for instance, how autonomous intrapreneurship reacts to intrapreneurial organization.

In this research, we have examined and analyzed a wide array of prominent themes and theories in the organizational culture and intrapreneurship literature. Based on these findings, we have attempted to shed light on how organizational cultures influence intrapreneurship, and how intrapreneurship can be developed in large
organizations through cultural transformation. Further, the literature review reveals how the concepts of organizational culture and intrapreneurship are presently defined and understood in the academia. Based on an extensive literature review, majority of intrapreneurship theories consider organizational culture as a single variable, and thus purely cultural holistic approaches remain scarce. Although a preliminary suggestion, we conclude that the integrated models created as a result of this research can serve as useful vehicles for both intrapreneurship research as well as for practical, managerial applications.
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