

# Entrepreneurship and intrapreneurship. Entrepreneurs and intrapreneurs

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**Abstract:** *The paper approaches in a correlative vision the issues of entrepreneurship and intrapreneurship, as vectors of the development of organizations in the contemporary economy. Relevant aspects regarding the entrepreneurial phenomenon and respectively the intrapreneurial phenomenon are presented, highlighting similarities, major differences, as well as areas of interference between them. The scientific approach continues with the exposition of important elements regarding the entrepreneur and the intrapreneur, as main actors of the entrepreneurial and intrapreneurial phenomena. Through the approached themes, the paper highlights aspects found in all types of organizations operating in the current business environment, considering that entrepreneurship is mainly linked to micro-enterprises and small companies, while intrapreneurship is manifested mostly in medium- and large-sized organizations.*

**Keywords:** organization, entrepreneurship, intrapreneurship, entrepreneur, intrapreneur

**JEL Classification:** L26, M10, M21, O10.

## 1. Introduction

Entrepreneurship and intrapreneurship are important vectors of sustainable development of organizations in an increasingly dynamic business environment.

Entrepreneurs and intrapreneurs, as protagonists of the entrepreneurial and intrapreneurial phenomena, constantly initiate and develop business projects, embodied in new processes, new products and new services that compete to increase the competitiveness of the organizations in which they operate.

Larry C. Farrell, internationally recognized as an authority in the field of implementing entrepreneurship practices, believes that entrepreneurship is the most certain way to thrive in an uncertain, constantly changing world. The reduction in the number of jobs is one of the worst consequences of economic crises, and often people who had never planned to become entrepreneurs choose this solution to overcome the crisis (Farrell, 2011).

Becoming an entrepreneur is the best way to thrive in the future world economy. Preparing for survival through your own intelligence is no longer an alternative lifestyle, but an absolute necessity in this uncertain world, dominated by downsizing (Farrell, 2013).

Intrapreneurship, as a specific form of manifestation of entrepreneurship, marks a thematic area of great importance in the theory and practice of organizations, less researched and known, but with a significant impact on the development potential of large and medium-sized companies.

## 2. Literature review

Professor Howard Stevenson believes that entrepreneurship consists of pursuing an opportunity, making quick changes, adopting multiphase decisions, using the resources of other persons, conducting human relations and networks, and also rewarding the initiators for the newly-created value (Stevenson 1992), (Nicolescu, 2008).

Louis Jacques Fillion has structured the entrepreneurial process in ten activities, specifically (Fillion, 1997), (Nicolescu, 2008):

- identifying economic opportunities;
- conceiving the vision on the entrepreneurial action;
- adopting decisions on starting the entrepreneurial process;
- organizing the initiated business;
- purchasing the equipment necessary for the activities to be carried out;
- acquiring raw materials, in general all the elements representing "inputs" in the entrepreneurial process;
- operationalizing marketing methods and techniques;
- selling products and services on the market;
- ensuring the necessary workforce, both in terms of quantity, but especially in terms of quality, i.e. professional competence;
- subcontracting and attracting external collaborators for those activities for which the necessary competence and means are missing.

The aspects presented above refer to the entrepreneurial phenomenon for economic purposes, namely entrepreneurial processes

and activities in the economic field. It is worth noting that the entrepreneurial phenomenon also manifests itself in other fields, such as the educational, cultural, social, political field, etc. A person having an idea, crystallizing a vision, materializing that idea through coordinated actions and inducing quantitative and qualitative changes in a certain system or field of activity is, without doubt, an entrepreneur.

Returning to the economic dimension of the entrepreneurial phenomenon, we summarize the following key-elements: a business idea, a business opportunity, i.e. the detection thereof in a certain entrepreneurial environment, a set of resources (human, financial, material, technological, informational, etc.), spirit of initiative and creative-innovative potential (see Figure 1).

Figure 1. Key elements of the entrepreneurial process



Intrapreneurship has been shaped after World War II in several innovative companies and represents a specific form of entrepreneurship. If entrepreneurship resides in the creation and development of small companies as a result of detecting and capitalizing on business opportunities, intrapreneurship manifests itself in large and sometimes medium-sized companies, starting from market opportunities that have not been capitalized until that time by the respective organizations.

Professor Ovidiu Nicolescu finds that “entrepreneurship consists in the

development of certain entrepreneurial activities within an existing company, usually of large or medium size, by some of its employees, using some of its technical-material resources, which are either not used or insufficiently used and capitalized” (Nicolescu, 2008). Intrapreneurship involves the creation and development of entrepreneurial cores in large and medium-sized companies which carry out activities with a pronounced innovational character, taking advantage of certain market opportunities.

The intrapreneurial phenomenon must benefit from a favorable manifestation

framework. The most important factors that can favor the initiation and development of intrapreneurial activities within the medium and large companies are:

- consistency between the objectives of the entrepreneurial core and the fundamental objectives of the company, which are found in its mission (for example, an objective of the entrepreneurial core could be the penetration, with an innovative product, in a market not accessed until then by the company);
- the support offered by the senior management of the company for the initiation and development of the intrapreneurial approach (the allocation of human, financial, technical, informational resources, etc, to support the activities of the entrepreneurial core);
- a functional, effective and flexible organizational structure that allows the delimitation and development of some entrepreneurial cores within the company (it is important that the constituted nucleus be integrated in the organizational structure and have a high degree of autonomy in the decisional and operational plan);
- the existence within the company of human resources with high entrepreneurial potential (the entrepreneurial core can be constituted only if there are human resources with multiple competences, receptive to new and showing flexibility and initiative in the activities they carry out);
- the company must have a complex of resources that support the initiation and development of the

intrapreneurial approach (the resources have to be sufficient to ensure both the fulfillment of the objectives of the entrepreneurial core and the fundamental objectives set by the senior management and foreseen in the company's mission).

The intrapreneurial process involves going through several progressive stages, arranged in the following sequence (Hidden, 1991):

- convincing the management team regarding the feasibility, the opportunity and, often, the urgency of starting the intrapreneurial project and, implicitly, of establishing a core or several entrepreneurial cores in the company;
- informing the personnel of the company about the intrapreneurial approach, as well as organizing some intrapreneurial training programs dedicated to the human resources involved in the proposed project and which will constitute the entrepreneurial core;
- setting up the team that will ensure the initiation and development of the intrapreneurial project, respectively of the entrepreneurial core, made up of the human resources that have expressed their desire to participate and which have been prepared in the previous stage;
- substantiating and adopting the strategy of the entrepreneurial core, which will be integrated in the company's development strategy (objectives are set, strategic options are defined,

resources are allocated, deadlines are delimited, etc.);

- ▶ completing the overall configuration of the management system related to the entrepreneurial core, respectively the decisional, structural-organizational, informational and methodological components, as well as detailing the program for the implementation of the intrapreneurial project.

### 3. Research methodology

To achieve the objectives of this paper we used the quantitative research method. The review of the specialized literature was based on consulting representative titles, books and articles from the area of the approached issue, respectively from fields such as economy, management, entrepreneurship and intrapreneurship. The documentation was made within the "Carol I" Central University Library of Bucharest, by consulting studies and research from international databases such as Ebsco, ProQuest, Emerald Insight, Springer and Wiley Online Library.

### 4. Results and discussion

There are similarities, major differences, as well as areas of interference between the entrepreneurial and the intrapreneurial phenomena. In our opinion, there are five key elements that give substance and consistency to entrepreneurial and intrapreneurial endeavors. These are the business idea, the business opportunity, the resources, the initiative spirit and the creative-innovative potential.

Both an entrepreneurial and an intrapreneurial approach have as their starting

point a business idea, which has to be put into practice by detecting and capitalizing on an opportunity existing on the market. The "business idea – business opportunity" coupling is achieved by manifesting the spirit of initiative, doubled by a significant creative-innovative potential, which determines the innovative character of the entrepreneurial and intrapreneurial projects. Resources are essential in realizing the business idea by taking advantage of the opportunity detected in the market. The five key elements represent true forces that, by their convergent action, decisively influence the success of the entrepreneurial and intrapreneurial endeavors.

An element of major differentiation between the entrepreneurial and the intrapreneurial phenomena is represented by their protagonists. The entrepreneur is the main character of the entrepreneurial phenomenon, while the intrapreneur is in the foreground of the intrapreneurial approach.

The American Professor Peter Drucker considers that since the 80s we have been witnessing an entrepreneurial revolution, reflected in the shift from managerial economy to entrepreneurial economy. In his view, the entrepreneur is the person who permanently looks for changes, his actions having a predominantly practical nature (Drucker, 1985).

An interesting approach is the one of the Canadian researcher Jean Marie Toulouse, focused on three axes of human activity: value system, degree of commitment and intensity of actions (Toulouse, 1997). According to this approach, the entrepreneur pays special attention to the autonomy and freedom of decision, assumes the risks involved by his activity and has a strong inclination towards action, showing creativity in solving the problems that he is faced with.

Professor Eugen Burduş finds that the entrepreneur is a person who creates new businesses, assuming risks in achieving the objectives, by identifying opportunities (Burduş, 2010).

Marius Ghenea, a successful Romanian entrepreneur and professor of "Entrepreneurship, Innovation and New Business Ventures" at Maastricht School of Management, proposes a simple but suggestive definition of the entrepreneur. According to this definition, the entrepreneur is the person who looks at a problem and sees it as an opportunity, and then acts on it. All people see problems in their daily lives, some of them identify solutions to these problems, but very few go further and act to implement solutions. This approach highlights the fact that an entrepreneur is a person who has ideas and acts based on his ideas to turn them into business projects (Ghenea, 2011).

In our opinion, the entrepreneur is one of the main actors of an economic system with competitive market as he creates new organizations and develops existing organizations. The starting point of the entrepreneurial action is the business idea, which the entrepreneur puts into practice by detecting and capitalizing an opportunity existing on the market, making use of a set of resources (Ionescu, 2004).

Unlike the entrepreneur, the intrapreneur is an employee of a company that, together with other employees, initiates and develops an entrepreneurial approach, having a certain degree of entrepreneurial and managerial autonomy, being rewarded according to the results obtained (Nicolescu, 2008).

The intrapreneur presents some defining features, among which we mention (Brenner and Brenner, 1988):

- ▶ assuming a lower risk, as the intrapreneurial project is carried out in a large or medium-sized company that, through the important resources available to it, supports the action initiated by the intrapreneur, thus creating the necessary premises for the latter's success;

- ▶ greater rigor in substantiating the decisions and in initiating the actions for their implementation, due to the experience accumulated within a company with a high degree of formalization (well established documents, regulations and working procedures) and with a consolidated organizational culture;

- ▶ obtaining lower incomes, as long as he use the company's resources and benefit from support throughout the intrapreneurial process.

According to those presented above, an intrapreneur represents a potential entrepreneur. There are several factors that can cause an intrapreneur to become an entrepreneur, such as the desire to acquire another status, to obtain higher incomes, to have a higher degree of autonomy in the decision-making and operational plan, as well as the possibility to make use of certain professional and entrepreneurial skills. Also, the lack of material and moral-spiritual motivation within the company in which it operates can cause an intrapreneur to become an entrepreneur.

An intrapreneur can set up a business together with his colleagues in the company with whom he worked within intrapreneurial projects, thus becoming an entrepreneur. However, there are also situations in which an intrapreneur enjoys a great appreciation in the company, is respected and motivated by the managerial team, has sufficient freedom in experimenting ideas and, therefore,

will not choose to join the entrepreneurs, being pleased with his position within the organization. An intrapreneur's decision to become an entrepreneur depends, as we have explained, on several personal and contextual variables that are dynamic.

## 5. Conclusions

Entrepreneurship consists of pursuing an opportunity, making quick changes, adopting multiphase decisions, using the resources of other persons, conducting human relations and networks, and also rewarding the initiators for the newly-created value.

Intrapreneurship involves the creation and development of entrepreneurial cores in large and medium-sized companies which carry out activities with a pronounced innovative character, taking advantage of certain market opportunities.

There are similarities, major differences, as well as areas of interference between the entrepreneurial and the intrapreneurial

phenomena. In our opinion, there are five key elements that give substance and consistency to entrepreneurial and intrapreneurial endeavors, specifically: the business idea, the business opportunity, the resources, the initiative spirit and the creative-innovative potential.

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