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ENTREPRENEURIAL BEHAVIOR IN MANAGERS

Business Economics
2018
Business cultures worldwide are more dynamic than ever due to the rapid development of digital transformation and globalization. Therefore, companies focus increasingly on internal strategies to keep their competitive edge. Entrepreneurial behavior in a company setting can benefit the performance, processes and competitiveness by creating faster decision-making process and successful innovations. Meanwhile, large companies tend to have hierarchical structures that cause extended approval processes and in addition, strict job descriptions which may lead to the entrepreneurial activities to suffer.

The aim of this thesis was to investigate if a large size company can own entrepreneurial managers and how companies can use entrepreneurial behavior for their advantage in their management practices and business culture. The theory suggests that the most common themes of entrepreneurial behavior are risk-taking, autonomy, innovativeness, proactiveness and problem solving. These themes were later on used to analyze the empirical research.

The empirical part of the thesis was implemented by conducting a qualitative research. Interview method was implemented to present data from three project department managers. The interview questions used incident methodology and presented how managers act in different situations. The objective with the research was to examine which entrepreneurial attributes increase the level of entrepreneurial behavior and what factors decrease the level of entrepreneurial behavior.

Essential findings from the research showed that project managers are open for innovativeness and want their team members to be able to have autonomy for creating innovations, nevertheless, at the same time value the company policies and long-term vision. The research proved that the biggest barriers for entrepreneurial activities are in fact company policies, processes and bureaucracy, which may result in long approval processes and decreased autonomy and innovations. The empirical results proved the theory correct and showed that there are significant limits of entrepreneurial behavior inside an organization.

Keywords: Entrepreneurial Behavior, Organizational Strategies, Innovation
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1 INTRODUCTION

Interest in researching entrepreneurial behavior has been increasing in the past years, simply because of deeper understanding of entrepreneurship and its many aspects, including organizational management and leadership, human resource and competitive strategies (Hashimoto and Nassif, 2014).

Entrepreneurs are known to be hard-working, independent and goal oriented. Company employees can similarly own these characteristics and use them in a company setting. Results of entrepreneurial behavior may be increased innovation, creativity, faster reaction and decision making to answer customer’s needs, which is an important factor in competitive markets. Meanwhile, large companies have standardized processes to increase the proactivity and efficiency within business areas. Consequently, strict procedures and elevated level of hierarchy decrease the level of autonomy of individuals (Lukes, 2012). These issues created the research problem, which was to investigate the level of entrepreneurial behavior in managers.

The first part of this study presents the core findings from previous studies of entrepreneurial orientation. This theoretical part assists in creating understanding of the elements and factors that inhibit the behavior.

After the analysis of previous studies, the second part of the thesis presents the findings from the practical qualitative research. The study conducts incident method interviews with project department managers, to present findings of the level of entrepreneurial behavior in managers and the company structure.

1.1 Objectives of the thesis

The research problem mentioned earlier is the collision of entrepreneurship and corporate hierarchy. The two concepts (corporate culture and entrepreneurship) seem diverse in several ways, since their characteristics seem the opposites of each other. Nevertheless, studies have shown that entrepreneurial behavior can be used in an organizational setting, and with significant, positive results. Therefore, the main objective of the thesis was to study the existence of entrepreneurial behavior in a large company, the possible benefits and barriers and the most significant characteristics.
The thesis had two levels of focus:

- Entrepreneurial behavior on organizational level: Barriers and benefits of entrepreneurial behavior inside a company.
- Entrepreneurial behavior on individual level: What factors influence entrepreneurial behavior in managers.

The thesis aims to provide practical implications for companies and managers, who are interested in adopting entrepreneurial behavior as part of internal strategic renewal or for further research on the subject.

1.2 Thesis Structure

The structure of the thesis is divided into two parts, starting with theoretical part and continuing with the empirical part. The theoretical part discovers the main definitions of entrepreneurial behavior and how it can be beneficial in organizational setting.

The theoretical part is divided into two parts; beginning with the definitions of entrepreneurial behavior and continuing with the encouragement, benefits and barriers of entrepreneurial behavior. The first part discovers the main definitions of entrepreneurial behavior, the different concepts and characteristics. This is divided into individual level and organizational level, which both present significant findings from literature. Individual level presents some of the psychological aspects behind entrepreneurial behavior, similarities and differences in managers and entrepreneurs and how entrepreneurial behavior can be induced. On organizational level the thesis theory presents the influence managers have on subordinates and the firm’s overall environment, as well as, how organizational structure, strategy and environment induce entrepreneurial behavior.

The final part presents the empirical study and research results. In addition, practical implications will be suggested.
2 DEFINING ENTREPRENEURIAL BEHAVIOR

There are many established concepts for describing different entrepreneurial activities within an organization, such as entrepreneurial behavior, entrepreneurial orientation and corporate entrepreneurship, or intrapreneurship, among others. To clarify the differences between these concepts, literature explains the following:

- **Entrepreneurial orientation** is a concept that is overlooking the entrepreneurial activities and encouragement on an organizational level (Hashimoto, Nassif, 2014). Entrepreneurial orientation means entrepreneurial strategic management and decision-making process, which creates strategic renewal or competitive advantage to the company (Lumpkin and Dess, 1996).

- **Intrapreneurship** is studying entrepreneurship on an individual level, and refers to an employee being entrepreneurial within organization, regardless if the company promotes it (Hashimoto and Nassif, 2014; Lau, Shaffer, Chan, Man, 2011).

Both concepts above also refer to entrepreneurial behavior or EB (Lau et al, 2011), which is the motive for using the concept as the main subject of this work. Literature simply describes entrepreneurial behavior as identifiable characteristics of entrepreneurs (Kirkley, 2016).

To understand the full concept of entrepreneurial behavior in organizations, it is vital to look for the factors that influence EB and activities related to it. Therefore, theory and analysis of entrepreneurial behavior both on organizational level and individual level are explained in the next chapters.

2.1 Entrepreneurial Behavior on Individual Level

Corporate entrepreneurs are employees who are working with entrepreneurial mindset within a medium to large size company (Lau et al, 2011; Lukes, 2012) and within its structures, culture and code of conduct (Baucus & Cochran, 2009). Several authors have described entrepreneurial people as highly motivated for achievements (Lau et al. 2011; Malach-Pines et al, 2002), daring to take risks (Lau et al. 2011; Malach-Pines et al, 2002; Kenney and Mujtaba, 2007), their personality many times described as independent, competitive and decisive (Malach-Pines et al, 2002; Kenney and Mujtaba, 2007), they often
embrace networking, change, opportunism (Lau et al, 2011) and proactiveness (Kenney and Mujtaba, 2007). People that own these characteristics do not necessarily have to work as entrepreneurs, they can as well use their entrepreneurial skills while working for a company and be successful in leading the company to greater innovation and performance. Most frequently used terms described for EB are presented in table 1.

Reilly and Di Angelo (1987) characterizes entrepreneurial individuals as people who most likely will complain a lot while working for companies and always provide their own solutions for current issues. They show ownership for their work tasks and own respectable negotiation skills.

Table 1: Characteristics of Entrepreneurial Behavior

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<th>Author</th>
<th>Characteristics of Entrepreneurial Behavior</th>
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<tr>
<td>Lau et al. (2012)</td>
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Hashimoto and Nassif (2014) explained the two diverse types of entrepreneurial behavior; autonomous and induced behavior. Autonomous means that the individual has entrepreneurial attitude and is initiative to entrepreneurial activities whether the company promotes it or not. Meanwhile, induced entrepreneurial behavior comes from the influence of social structure or company culture. For instance, innovation for autonomous person comes from his own needs and spontaneous characteristic. Subsequently, induced person innovates only according to the managements wishes and desires approval. Nevertheless, the authors state that both induced and autonomous behavior are kindled from inhibitors and encouragement. As a result, induced entrepreneurial behavior usually requires recognition and space for creativity. Meanwhile, autonomous EB may require change control and good human resource management.

2.1.1 Similarities Between Intrapreneurs and Entrepreneurs

An article by White (1995) summarizes a book by the authors Jennings, Cox and Cooper (1994) that presented a collection of case studies conducted to psychoanalyze successful entrepreneurs and intrapreneurs and their differences. One of their findings presented how childhood experiences can be a critical factor in creating successful people. Apparently, personality traits such as independence and courage, which are the main characteristics of entrepreneurs, often come from overcoming loss or struggle as a child or from having experienced social traumas, such as being an immigrant.

A similar opinion was stated by Malach-Pines et al. (2002) in their article where they researched a collection of previous studies analyzing entrepreneurs’ and managers’ personality traits. These authors stated that also managers may have experienced lack of certainty and struggle with family growing up, since they tend to reach for a position where they are in control and admired. White states that significant difference between intrapreneurs and entrepreneurs seem to be in their education, since intrapreneurs are more likely to graduate from university than entrepreneurs (White, 1995).

Although the study done by White (1995) may be viewed with reservations, since it is focusing only on the wealthy entrepreneurs and multi-millionaires, in fact, data sample covering the 300 richest people in Britain, the significant information is that there are psychological similarities in entrepreneurs and intrapreneurs, for example in their work
ethic and interest in economics. The main difference both articles state is that entrepreneurs are more willing to take risks (White 1995; Malach-Pines et al, 2002) and being more independent and creative (Malach-Pines et al, 2002). Intrapreneurs, on the other hand, tend to take only calculated risks and are more externally motivated (White, 1995). Nevertheless, knowledge about the psychological aspect of entrepreneurship and entrepreneurial people, as well as managers, is important since it is creating understanding where these personality traits originate from.

A slight different aspect was stated by Kirkley (2016) who studied the factors that motivate people to behave entrepreneurially and what belief and value structures are behind the behavior. According to the author, an individual’s behavior and decisions are kindled from personal values. For instance, if an individual values achievement, his goal is to reach success in his chosen career. In addition, factors that create individual entrepreneurial intentions, are based on one’s:

1. **Self-determination**: Individuals awareness for personal needs and goal setting. Significant part in decision making process.
2. **Self-efficacy**: Individuals tenacity towards goals and perceiving diversity.
3. **Self-identity**: Individuals personal beliefs about who they are.

The author thinks these factors together with motivation and confidence may result in successful entrepreneurial activities. Besides the values and beliefs that the individual owns, social and cultural factors bring their own reasoning for entrepreneurial behavior (Kirkley, 2016). Miralles, Giones and Riverola (2016) argue that prior entrepreneurial knowledge influences individuals to behave entrepreneurially.

To summarize this chapter, it can be stated that all these diverse factors above may have more less significant root of individual entrepreneurial behavior, depending on one’s experiences and values. Therefore, conclusions can be made that the main cause of entrepreneurial behavior individually varies.

The next chapter will focus on the influence inside the organization that leads to a more entrepreneurial orientation and the factors that are significant in creating entrepreneurial organizations.
2.2 Entrepreneurial Behavior on Organizational Level

After understanding entrepreneurial behavior on an individual level, where EB originates from and the main characteristics, companies can foster the entrepreneurial behavior on an organizational level. Although some people are naturally entrepreneurial, many people need to be induced towards entrepreneurial activities. Consequently, organizations can empower the entrepreneurship in individuals in diverse ways. This chapter will help understand how entrepreneurship can be introduced to the organizations subordinates and managers and what type of strategies entrepreneurial organizations use to their advantage.

Lukes (2012) describes entrepreneurial organization as one that has established strategic renewal, which creates entrepreneurial efforts inside the company, which result in renewal of the structure of the business. Lumpkin and Dess (1996) state that entrepreneurial organizations combine innovation, autonomy, risk taking and competitive aggressiveness to ensure success.

As discussed earlier, managers and entrepreneurs have many similarities. Both entrepreneurs and managers must be able to motivate people to work towards their vision. The concept of entrepreneurial leadership means when a leader is influencing subordinates to follow the firm’s vision with great engagement. To increase the subordinate engagement, entrepreneurial organization should have managers that are visionary, as well as, future and team oriented (Papalexandris and Galanaki, 2008).

Whether the reason behind individual entrepreneurial behavior is childhood experiences, business culture or one’s personal values and beliefs, a study by Kenney and Mujtaba (2007) suggested that training can be implemented to make employees take advantage of entrepreneurial opportunities. Nevertheless, the study resulted in suggesting that a better option to expensive training program, might be to simply provide support and mentoring for subordinates and their projects.

Entrepreneurial organizations delegate decision-making power to lower levels. This can benefit the organization by increasing local responsiveness and decreasing delays. Delays can occur in large organizations, where only top management can make decisions. The result may be a poor decision made due to late or poor level of communication or lack of
knowledge. In addition, entrepreneurial delegation to lower management may lead to development of managerial skills in lower levels (Taylor, 2003, 39).

Innovation is often discussed together with the concept of entrepreneurial behavior and corporate entrepreneurship. Authors mention innovation in most of the studies, since it might be the main reason why organizations want to become entrepreneurial (Kenney & Mujtaba, 2007; Lau et al. 2011; Kuratko and Goldsby, 2004). Top management can encourage innovation among line managers and furthermore, line managers encourage the subordinates. This is a chain reaction that may increase entrepreneurial behavior in organizations. However, individual motivation towards entrepreneurial behavior together with strong tie to the organizations mission is the best combination to create entrepreneurial organization (Kenney & Mujtaba, 2007).

Cable (2018), a professor of organizational behavior at London business school has studied the psychology behind employee engagement and motivation towards work. His research has presented how work that require constant learning, new knowledge and is challenging, affect a neuroscience and release a neurotransmitter and a chemical called dopamine in the brain, which makes human naturally feeling more motivated.

Cable suggests that there are three different ways for a leader to make employees engaged with their work. First, leaders should give employees permission to use working hours to explore and innovate on their own. The idea is to meet the framework of the job, but then give freedom to innovate and use their own approach and ideas. Cable’s research has suggested that this method motivates people and may result in new product lines and innovations in R&D.

The second way is that the organization customizes the job description to match the employee’s strengths and knowledge. Cable’s third way to motivate employee’s is to present their work as part of a process and value chain.

A similar statement to Cable’s, was made by Kuratko and Goldsby (2004) about how subordinates feel that work is more satisfying when they can pursue goals they feel the most satisfied and interested about.
3 ENCOURAGEMENT, BENEFITS AND BARRIERS OF ENTREPRENEURIAL BEHAVIOR

This chapter describes the factors that influence and encourage entrepreneurial behavior, and later on, analyzes the benefits literature suggests entrepreneurial behavior might have on company performance and discusses the barriers entrepreneurial behavior may have in a company setting.

3.1 Influences and Encouragements for Entrepreneurial Behavior

Academic literature suggests that entrepreneurial behavior on company level is induced by managers actions and their attitudes (Kuratko and Goldsby, 2004; Reilly and Di Angelo, 1987; Nassif and Hashimoto, 2004). This is not surprising, since the focus for managers, both senior and middle level, is to promote the organization’s vision, mission and goals (Kuratko and Goldsby, 2004), hence whether entrepreneurial behavior is promoted or not, the employees will follow their managements example. Similarly, Nassif and Hashimoto (2014) discuss the managers responsibility; when top management is promoting entrepreneurial activities, the middle managers and subordinates want to act similarly, and many barriers are removed. Consequently, if top management want to limit innovation and autonomy, there will be significant decrease in entrepreneurial attitude in the company, since autonomy and innovation are two of the biggest characteristics of entrepreneurial behavior inside a company.

There should be a positive balance of control and autonomy when it comes to managing entrepreneurial environment. Managers should provide resources for an individual to be able to act entrepreneurially. These resources include infrastructure, funds, equipment, time, training and a team. These all should enhance the entrepreneurial culture inside the organization (Nassif and Hashimoto, 2014; Reilly and Di Angelo, 1987).

Most significant encouragements of entrepreneurial behavior according to literature are:

- **Support from management** – As mentioned earlier, top and middle managers have responsibility in influencing subordinates to be entrepreneurial. This influ-
ence will result in entrepreneurial attitude to disseminate to the company subordinates faster and more effectively. Several authors, including Lukes (2012) agree that managers should work as a mentor and provide resources and information for subordinates.

- **Independence** – Independence is one of the main characteristics of EB. Therefore, there should be enough trust from the management to be able to give autonomy to their teams. Restriction of freedom is usually seen in managers who have minor confidence in their subordinates. Nevertheless, autonomy should be given to those who follow the company vision, mission and strategy (Lukes, 2012).

- **Rewarding** – Rewarding is said to be part of entrepreneurial organizations. Large companies may have programs for rewarding (Hashimoto and Nassif, 2014). Reilly and Di Angelo (1987) argue with this statement, stating that rewarding may be too conservative tactic for entrepreneurial organizations.

- **Personnel qualification** – Subordinates should be kept active with training to ensure strategies, vision and culture are all a part of daily work tasks. Entrepreneurial corporation training can be used to enhance entrepreneurial attitude (Hashimoto and Nassif, 2014).

- **Mistake tolerance** – Entrepreneurial activities often require taking risks and risks may lead to mistakes. Nevertheless, mistakes may result in innovations. How much mistakes are tolerated depends on the managers own personality and is not always connected to the organizations vision (Hashimoto and Nassif, 2014). Environment should be open to innovative ideas and managers should encourage the subordinates to innovate (Lukes, 2014).

Some of these factors may be used to measure the level of entrepreneurial behavior. For instance, questioning the amount of freedom managers give to their teams indicates to the level of entrepreneurial behavior. Figure 1 presents the connection of managers support, autonomy and entrepreneurial behavior. When managers support entrepreneurial activities, they tend to give autonomy to their subordinates, which increases the entrepreneurial behavior.

**Figure 1**: Most Significant Influences for Entrepreneurial Behavior
Kreiser and David (2010) contribute to the discussion by arguing that environment and structure play the biggest role in creating entrepreneurial orientation.

A study conducted by Klarner, Treffers and Picot (2013) investigated the best approaches to retain, develop and engage entrepreneurial employees. The authors found that entrepreneurial employees could use their skills in a more flexible and enjoyable way working within internal venture projects, such as a spin-along, which are parent company’s experiments in the market. This is because entrepreneurial people has said to need more autonomy than hierarchical corporate culture. A company’s spin-alongs can result in new innovations and experiments, which can benefit both the employee and the company. Nevertheless, this could be used to strategically to engage the entrepreneurial employees. In the thesis’ empirical research this knowledge can be used to see if the case company has a same type of approaches. In a situation where company is using spin-alongs, management has major influence (as in many other cases discussed earlier) on the projects. According to Klarner, Treffers and Picot (2013), management should accept all the ideas, evaluate them, give feedback and mentor the employees through the process. Meanwhile, remembering to give them the autonomy and only act as a neutral party. This statement is significant when studying a case company’s entrepreneurial behavior. The empirical study is including questioning how innovation is perceived in the company and how the manager/leader manages innovative ideas from the subordinates.
3.2 Possible Benefits of Entrepreneurial Behavior

The fast-changing business world needs competitive strategies and innovative ideas and solutions to keep the companies competitive and acquiring new customers (Kuratko and Goldsby, 2004). Similarly, Lukes (2012), states how challenge of the implementation of innovative ideas and its importance when establishing competitive advantage. Lukes thinks management should not only focus on major ideas, but small innovations and managing them well, since small-term ideas can lead to big numbers and long-term advantage.

Lumpkin and Dess (1996) contributed to the discussion about the link of entrepreneurial behavior to company performance and presented a study showing the link between EB, performance and competitive advantage. To be able to do this, the authors had to investigate the multidimensional nature of entrepreneurial activities and alternative contingencies. This is done by considering the organizational structure of the company and if entrepreneurial characteristics can thrive in that structure. The article includes an example of how structure effects the entrepreneurial orientation inside a company: organic organizational structure is most suitable for innovation (one of the most discussed and researched characteristic of entrepreneurial behavior). This may be because organic structure has autonomy and induced creativity which may lead to more innovation. The authors think that further research about the topic of entrepreneurial orientation should consider the industry life cycle, strategies and size of the company.

Kreiser and Davis (2010), contributed to analyze the benefits of entrepreneurial behavior with reflecting the link between the three biggest contributes of EB (risk taking, innovativeness and proactiveness) to the company’s performance. The authors suggest that these three contributes have the most significant contribution with performance, since;

- **Risk taking** means the company is willing to change. Prominent level of risk taking has shown to produce more productivity within firms, moderate preferably than extremely high.

- **Innovativeness** means the company knows how to use their competitive advantage. Arguments suggest that innovativeness is crucial factor in company’s survival, since constantly pursuing modern technologies and developing products results in winning competition and good financial performance.
• **Proactiveness** means the company actively seek competition with other companies in the same market.

In addition to these major factors that link EB to company performance, Kreiser and Davis (2010) argue that company environment and company structure play a significant role in benefiting the performance (sales growth, market share, profitability and overall performance) of the company. There are several different environments according to the authors; dynamic, munificent, stable and hostile environment.

An organization with dynamic environment actively seeks for opportunities and is proactive. Studies presented in the article strongly suggest that dynamic environment might also induce more product innovations. Nevertheless, a non-dynamic environment can positively affect the financial performance as well, since a non-dynamic environment does not seek opportunities frequently, but trusts the ones that are currently available, and this results in minimizing the expenses. Studies have resulted in an argument that entrepreneurial behavior is enhancing the performance most likely in munificent and dynamic environments (Kreiser and Davis, 2010).

Russel and Russel (1992) made an argument about how uncertain environment can positively effect innovation by increasing them. This is because uncertain environment makes people seek for more opportunities and better adaption to change.

In addition to organizational environment, structure has been argued to have an impact on entrepreneurial behavior. To name a few different organizational structures, there are for example organic structure and mechanistic structure (Kreiser and Davis, 2010; Lumpkin and Dess, 1996), as well as, decentralized structure (Russel and Russel, 1992). Lumpkin and Dess’ (1996) theory suggests that organic structure is most beneficial in an innovative, entrepreneurial company and therefore effects positively to the performance. Organic structure means the company has less formality. This type of environment usually promotes autonomy. The negative impact of an organic structure may be that it can decrease aggressive competitiveness.

At the end, deciding which is the best, dynamic, munificent, or non-dynamic environment is very arguable and depends on the market and competition. Thus, relying on the present
knowledge about entrepreneurial organizations and the characteristics of entrepreneurial behavior, hypothesis can be made suggesting that entrepreneurial companies have dynamic environments, since dynamic environment is linked strongly to higher risk-taking, proactiveness and innovations. Meanwhile, entrepreneurial behavior may not work for the benefit of the performance, in hostile or stable environments.

In their article Russel and Russel (1992) argue that decentralized structure emphasizes innovation process and provide more autonomy to managers and subordinates. This makes companies with decentralized structure more likely to be entrepreneurial.

Decentralized and organic structure have similar characteristics and for that reason, will be considered as the same type of structure. Both structure types are informal and give opportunities for entrepreneurial activities within the firm.

To summarize these statements above, it is obvious that innovation is seen as the biggest benefit of entrepreneurial behavior inside a company. Literature on the subject also suggest that companies can benefit from entrepreneurial activities since it increases the flexibility and employee engagement, as well as, increases risk-taking, which could in some cases be viewed as a negative thing, but for a large company it may be worth taking risks, to enable competitiveness. To confirm that the managers and subordinated behave ethically, there can be training programs used to established guidelines and not to forget, vision and mission are kept in mind. In the next chapter, corporate entrepreneurship training programs are discussed more closely.

3.3 Possible Barriers of Entrepreneurial Organizations

In theory, there are not many entrepreneurship guidelines or models established in manager training. Meanwhile, organizations’ infrastructures have been established for other reasons than entrepreneurial activities. Often companies focus on the current strategies instead of making strategies for the future (Kuratko and Goldsby, 2004).

Question about unethical entrepreneurial activities are discussed in literature, since the issue might be a risk in companies where there is wide range of autonomy. Example of unethical behavior inside a company is cheating, lying, or causing harm to others by thriv-
ing for only personal gains instead of the common company goals, among others. Unethical behavior can be source of cultural extreme, that influences the person the act unethically. However, there is always a risk that the subordinate or manager who starts implement unethical entrepreneurial activities, was unethical to begin with and before entering the company (Kuratko and Goldsby, 2004).

To avoid unethical activities, there must be a balance of autonomy and company values. Subordinates should not forget the mission, vision and values of the company that they work in. If those do not match with their own personal values, they should find a company that does, or strive to start their own company. This brings the significance to recruitment process and making sure the individuals hired to the company, are honest and able to act according to the company’s standards Their personal values should suit with the organizational vision, mission and values.

Literature states several possible obstacles with corporate entrepreneurship:

1. **Unethical behavior.** As mentioned earlier, intrapreneurs are highly achievement oriented and since large corporations have larger amount of policies and procedures, this may result in unethical people to go further from the company structure. Furthermore, this can cause the person to go against company policies and commit to lying, cheating or other unethical activities. When individual starts to treat himself as an object of achievements, the person may have lost their integrity, values and sense of identity (Kuratko and Goldsby, 2004).

2. **Internal systems.** Corporate environment should offer stability to managers and subordinates. Occasionally companies focus on the expenses and not the internal systems, this causes micromanaging individual’s expenses and takes away the autonomy that is required for entrepreneurial activities (Kuratko and Goldsby, 2004).

3. **Hierarchical structures.** The more hierarchical levels a company creates, the less it has abilities to develop EB and take risks. These effect the entrepreneurial activities, since established top-down management restrict the autonomy and com-
munication. To solve this problem, structures should be established in the company by giving responsibility without having to transfer all authority (Kuratko and Goldsby, 2004).

Confirming Kuratko and Goldsby’s finding, Hashimoto and Nassif (2014) stated that high hierarchical pyramid will restrain entrepreneurial activities, since approval levels take time and decreases the individual autonomy.

4. **Procedures.** When a company has elevated level of procedures and policies, innovative ideas might not get forward to implementing stage in timely manner, since there are long approval chains and documentation requirements that might take long time and effort. This can result frustration. Occasionally, corporate procedures require unrealistic deadlines and performance measurement tools, as benchmarking (Kuratko and Goldsby, 2004). Similar statement is made by Lukes (2012) about how long procedures can result in decrease in efficiency and barriers. Confirming these findings, Hashimoto and Nassif (2014) pointed out that organizations occasionally focus too much on procedures and policies.

5. **Directing.** If there are no mentoring or directing for entrepreneurial activities within the company, there might not be strong entrepreneurial attitude in the organization. Leaders and managers must be able to lead people and influence them to be entrepreneurial with their own example (Kuratko and Goldsby, 2004).

6. **People.** Managers and subordinates working for the company must connect with the vision and mission of the company. This requires accepting change and embracing it when needed. Entrepreneurial activities are constantly changing and require perhaps taking both small and large risks. People might be the biggest obstacle when striving for an entrepreneurial organization (Kuratko and Goldsby, 2004).

7. **Creativity.** Managers can struggle with rejecting ideas, in fear of discouragement (Hashimoto and Nassif, 2014). Occasionally companies do not have any innovation goals, and that can be problematic, since that may cause strategic barriers for teams (Lukes, 2012). Russel and Russel (1992) pointed out that innovation processes can perhaps be chaotic and uncertain, since there is no way to predict the result.
8. **Information flow** – According to Kuratko and Goldsby (2004), organizations should promote free information flow and encourage information to be transparent. When information is available, intrapreneurs can make faster decisions.

9. **Internal environment** – Similarly to Kuratko and Goldsby’s finding, internal environment in the entrepreneurial company should be open for innovation, but also, uncertainty is perceived as a positive thing, since it keeps employees alert, and this results many times in greater innovations. (Hashimoto and Nassif, 2014)

In summary, all these issues mentioned above may have an impact on internal environment of the organization. Many of these are linked to each other (see Figure 2), since if a firm has a higher level of hierarchy, this may be linked to more procedures, which causes innovative ideas to take time before implemented and this results in decreasing entrepreneurial behavior. Nevertheless, focus on the commitment to entrepreneurial activities might help solving these issues, as well as, valuing keeping company environment open, and giving intrapreneurs enough autonomy for their projects.

**Figure 2**: Chain Reaction of Decreasing Factors of Entrepreneurial Behavior

[Diagram showing the chain reaction of decreasing factors of entrepreneurial behavior]

Article by Kuratko and Goldsby (2004) evaluates the different measurement methods of corporate entrepreneurship. The authors state that entrepreneurial activities should be assessed and analyzed to find out what projects bring most successful results. Assessment should be done on a regular basis and during the project as well as when the project is finished. Benchmarking and measuring performance together with entrepreneurial activities are two of the authors example for useful measurement tools. Overtime the measuring can develop the organizations strategies and entrepreneurial goals.

Ethical issues are harder to analyze, however training programs for ethical entrepreneurship can be applied to make sure managers are taking ethical issues into account and being able to view the activities from the view of the whole organization, not just from their
own point of view (Kuratko and Goldsby, 2004). Different training models can be used depending on the current issues of the organization. One of these training models is Entrepreneurial Performance Training Model (E/P Model), which measures entrepreneurial performance, entrepreneurial skills, business management skills and motivation. A study conducted by Jurie and Botha (2010) presented that E/P Model can increase managers entrepreneurial skills and knowledge in various areas, for example planning skills, business plan compilation skills, growth and implementation skills, general and strategic management skills. Worth mentioning is that the study was conducted in South Africa, and the subject is not yet widely researched, therefore the results may be viewed with reservations. Nevertheless, when training programs are implemented to develop and measure the corporate entrepreneurship, should it be done as a long-term plan, not just on one-time basis. This will more likely result in cultural change for better entrepreneurial environment inside the company. (Kuratko and Goldsby, 2004)

In conclusion, the most discussed entrepreneurial attributes in literature are innovation, autonomy, risk taking and proactiveness towards problem solving (Lau et al. 2012; Kirkley, 2013; Hashimoto and Nassif, 2014). Theory suggests that the biggest barriers of entrepreneurial behavior are the company procedures and hierarchical structures, which limit the autonomy. Nevertheless, managers have a significant impact on the organizations entrepreneurial orientation and therefore, managers on all levels have an important part of inducing entrepreneurial behavior to lower levels. These themes assisted in creating the hypotheses for the research and are discussed together with the empirical part in the next chapters of the thesis.
4 RESEARCH METHODOLOGY

The previous chapters discussed the most discussed benefits and limitations of entrepreneurial behavior, both on individual and organizational level. This chapter presents the research methods chosen for the empirical research and how the data was analyzed. The first sub-chapter will discuss the methods used in collecting the data and how the primary and secondary data were used in the most beneficial way.

4.1 Research Method

There are two widely used research methods; qualitative and quantitative method. The qualitative method analyses why and how something was done, instead of focusing on the quantitative analysis (Brinkmann, 2013, 3). DeRosia and Christensen (2009) stated that in a qualitative study, the researcher makes observations and forms conclusions, from both theoretical and empirical information gathering. The qualitative method has been widely used in social science studies (Dai and Yoon, 2017), and was chosen for the research as it provides depth to the research, yet leaves results objective.

Among the qualitative methodology techniques is the interview method, which was chosen as the most appropriate method for this work. Interview methodology has been stated as the main tool for learning about others and their experiences (Brinkmann, 2013, 1) and therefore, interview is a natural method to find out individuals or a group’s perceptions. The word interview means the exchange of views. How people perceive the information given to them can vary depending on emotions, biases, among other reasons. Thus, it is important to be able to create a relevant and understandable analysis from the interview data (Brinkmann, 2013, 4).

The interview questions were designed by using the incident methodology. Incident methodology reports how participants experience different incidents or events, which result in observing behavioral attributes. This method benefits the study by presenting how managers act in different situations and how they solve problems. Next chapter will discuss how the interviews were collected.
4.2 Data Collection

The thesis structure begins with a collection of secondary data, which assisted in creating the research hypotheses and theory part for the work. The secondary data was collected from a collection of published, peer reviewed articles related to the topic of entrepreneurial behavior. Hypotheses were established based on previous studies and their findings. This is followed by primary data, which was created by conducting a qualitative research in a case company.

The primary data was collected through conducting interviews with line managers in a case company. All three interviewees were from Finland and all of them work in the case company (Appendix 2.). The case company operates in the energy industry.

The sample was chosen with the assistance of the case company’s talent acquisition manager and was chosen according to their title, since the research required sample of managers. Final sample was chosen from project management department. Responders and company are kept generic due to the non-disclosure agreement with company X.

The interview questions (Appendix 1.) were created by identifying the most discussed characteristics of entrepreneurial behavior, which are innovation, change orientation, pro-activeness and risk taking. From ten initial questions, five were chosen to the final interviews. These five incident method questions were designed to reveal respondents’ level of risk taking and openness for innovation and change.

Questions were sent to the respondents by email and the answers were given in written form. After this, short phone calls were made to discuss the questions further. Written questions enabled the interviewees to know the questions beforehand. In addition, the responders could answer the questions in their own words and at the most convenient time for them. Structure of the interviews was semi-structured with open ended questions, as the objective was to receive the responder’s own experiences and perceptions. Since answers were in written form, there was no need to record the phone calls.
4.3 Analysis of the Data

The research data was analyzed in two parts. In the first part, data was analyzed through reading the interview answers and organizing them based on themes. These themes were the most significant entrepreneurial behavior attributes from the theory: innovation, risk taking, autonomy and proactiveness towards problem solving. According to Hashimoto and Nassif (2014), organizing the data based on themes suits entrepreneurial behavior research with validating the data with theory.

In the second part of analyzing, hypotheses from the theory were compared with the answers to prove them either correct or incorrect. Recurring phenomena was reported and finally, practical implications were made.

4.4 Validity, Reliability and Limitations

Validity and reliability are the questions of trustworthiness of the data, since qualitative method was used in the study. To provide trustworthiness to the results, the process of interviews included contacting the case company talent acquisition manager and discussing the themes and questions of the interviews and receiving acceptance to implementation.

In addition, validity for the study was established by receiving the interview answers in written form and therefore, the possible misconceptions of the verbal encounter are minimized. The answers are clear and present the exact words of the respondents.

Reliability in theory proves the quality of a study. In this case, reliability for the empirical study was established by designing interview questions with similarity to previous research of the subject. Therefore, tactics are confirmed with secondary data. The research and interview method were sent to the case company’s talent acquisition manager for approval before conducting the final interviews.

The incident method proves the interviewees’ responses more valid, since they reflect on incidents most familiar to them (Lau et al, 2011). From five questions, the first and last question were designed to be similar, to prove the reliability of the answers. All three interviewees noticed the similarity and answered similar responses to both questions.
Possible limitations for studies occur when the study sample size is small. Nevertheless, three subjects were enough to present findings in the entrepreneurial attributes and all three interviews were connected through reoccurring phenomena. Future research may cover similar aspects of entrepreneurial behavior, but on perhaps a wider level, covering different nationalities, positions and companies as data sample.
5 RESULTS & IMPLICATIONS

This chapter discusses the results of the empirical study and all the practical implications that were drawn from the results. Three project department managers were chosen for the research to line with the objective and research problem. All three managers were males and work in the same company, which is a large sized business that is operating globally in the energy industry.

The responses from the managers were first categorized by themes: innovation, autonomy, risk taking and problem solving and proactiveness. After this, the responses were analyzed by comparing them to the hypotheses established based on the first part of this thesis.

5.1 Theme 1: Innovation

The first hypothesis from the theory was that entrepreneurial organizations use increased level of innovativeness to their advantage. In addition, entrepreneurial managers support innovation and provide resources and mentorship for subordinates and their teams.

Creativity and innovation are a couple of the most discussed entrepreneurial attributes in literature. (Reilly & DiAngelo, 1987; Lukes, 2012) Therefore, company environment that is supporting innovation is usually more entrepreneurial. The biggest push towards entrepreneurial behavior inside a company comes from managers promoting entrepreneurial behavior and activity and supporting innovation (Lukes, 2012).

All interviewees presented support for an innovative mindset by listening to their team members ideas. When asked about how they process new ideas from team members, participant 3 stated the following: “I show my interest by listening to the proposal and ask him to make a plan with benefits and possible issues”. Participant 2 responded similarly with his answer: “We discuss the issue, its importance of progress and how I can help the team member”.

Meanwhile emphasizing listening, the managers presented the need to evaluate the ideas for possible risks and success factors. Participant 1 stated that “I would definitely look into it together with the ‘innovator’ and evaluate if it brings value to the project.”
Nevertheless, barriers for implementing innovative ideas may occur since large companies usually have significantly long procedures for an approval process. According to Klarner, Treffers and Picot (2013), the management should accept all ideas, evaluate them, give feedback and mentor the employees through the process. But in the meanwhile, remembering to give them the autonomy and only act as a neutral party.

The interviewees presented to be open for innovations from their team members, but since corporate policies have an impact on all processes, the innovations take more time to plan and monitor in large companies.

5.2 Theme 2: Autonomy

The second hypothesis presents that the level of autonomy is increased in entrepreneurial companies and managers. Entrepreneurial organizations emphasize long term goals and give subordinates possibility to create their own goals. Companies that practice entrepreneurial activities tend to focus on long-term goals (Lukes, 2012; Reilly & DiAngelo, 1987).

Klarner, Theresa and Picot (2011) exposed that internal ventures, where employees can use their autonomy in experimenting innovations, is a respectable method to keep an entrepreneurial subordinate engaged. Consequently, the case company managers wanted to give some level of autonomy to their team members, while ensuring that company values are kept as a priority. When asked about how the manager would provide resources for team members to solve slow processes, participant 1 stated that “In case it is a business process, I discuss it with the higher level of management and get acceptance for it. In case I can decide myself, I support the employee to utilise the energy that he is bringing to the work and his development. If result is satisfactory raise it as a continuous improvement proposal for giving some return to the employee as well as utilised in the rest of the organisation.”

Assumptions based on theory and empirical research are that the level of autonomy is considered low in large sized companies. Nevertheless, managers can use tactics to make subordinates feel that they have more independence by convincing that all innovations are welcome and give them time to work on their own projects.
5.3  Theme 4: Risk Taking

Findings from the literature present that entrepreneurial people are willing to take risks in business. Question 4 (Appendix 1) asked the interviewees, if they would take a risk of hiring a new employee on site, although the risk could be to lose the customer. Objective of the question was to present if the manager is willing to take a risk hiring a new person and trust that the on-site staff will solve the issue. Responses presented that managers would be willing to take the risk, if the company procedures would be considered.

“If the alternative with the new employee would help then we make proper introduction and training to the task and give him the chance to work. By this the person gets a chance to show his performance and the company same time sees the entrepreneurial skills of the new employee, not through putting too high expectations. By this take the long-term approach and train the employee.” (Participant 2)

Limitations for risk taking that the company setting may be the procedures and bureaucracy, since companies require proper training for new employees.

“Other than this it’s also necessary that bureaucracy must be in place, secure HSE training, internal trainings (code of conduct), among others.” (Participant 3)

When asked about taking a risk with possible customer relationship damage as the result, the managers presented to emphasize honesty with the customer and providing them with information of possible risks. Participant 3 explained, “In our business we obviously need to take risks, since we need to always be on the edge of ‘not making it’ or otherwise there will be a competitor, at least pretending to win the deal. However, we also need to make the customer aware that it is a difficult situation due to full factory capacity… but perhaps a win-win situation can be made to make it happen.”

All three participants agreed that the customer relationship would be a priority and that the customer, in this case, would value honesty. Managers thought internal risks could be taken to ensure the successful deal.
As a summary, conclusions can be made that risk taking is possible to a certain extent in large companies, if the risks are not too significant in size. Nevertheless, only calculated risks are possible, since higher level of management will want to monitor projects.

Entrepreneurial behavior literature presents that the biggest barriers for flourishing entrepreneurial behavior are the company policies, procedures and elevated level of hierarchy.

Kuratko and Goldsby (2004) stated that possible obstacles for entrepreneurial companies are hierarchical structures, unethical behavior, internal systems and procedures. Similarly, Nassif and Hashimoto (2014) discussed the institutional practices, policies and procedures as the main bureaucratic barrier in entrepreneurial behavior. Increased level of this will decrease the possibilities to act entrepreneurially. These arguments from the writers mentioned above may be proven to be correct, as the research showed that line managers see at least hierarchical structures and bureaucracy as obstacles for entrepreneurial activities.

5.4 Theme 5: Proactiveness and Problem Solving

The fourth hypothesis presents that entrepreneurial managers are proactive and find solutions to problems fast. Nevertheless, as mentioned in the previous chapter, issues arise with considerably long approval processes. Entrepreneurial behavior literature presents that biggest barriers for flourishing entrepreneurial behavior are company policies, procedures and elevated level of hierarchy.

A recurring theme of the interview responses were the approval process and bureaucracy slowing down the manager’s decision-making process. Managers proved to be proactive for problem solving and constantly wanting to provide solutions to make processes better.

“This is a common issue within big companies. The only thing that’s possible is to let the responsible persons understand the importance of the issue. Normally one cannot really do anything about it than to push the correct buttons, meaning correct person and management.” (Participant 2)
“If the approval process is too slow - I would intervene and check why it is too slow. There are always possibilities to make it faster – and if possible, make the process leaner, but then you need to keep the process owners involved” (Participant 3)

As the theory suggested, the level of entrepreneurial efforts within a company may depend on the management attitudes and visions on strategy and structure. If managers greatly practice entrepreneurial behavior and promote entrepreneurial efforts, the subordinates and team members may support it as well. (Lukes, 2012) Therefore, higher and middle level managers should provide mentorship, but in the meanwhile, give autonomy to subordinates. The biggest benefits of entrepreneurial behavior are increased opportunities from innovation, flexibility, as well as, enjoyable but challenging work for employees.
6 CONCLUSIONS

The concept of entrepreneurial behavior originates from the characteristics of an entrepreneur. Large businesses can benefit from having entrepreneurial people in various ways, since business cultures are constantly changing and desire innovations to ensure competitiveness.

The objective of this study was to find out whether managers working in a large company can own entrepreneurial characteristics and how these are displayed in their position. Previous studies have presented that entrepreneurial managers and subordinates can bring a significant value to the business by innovations and constantly providing new solutions to problems. In addition, independence and challenging work motivates and engages employees. Meanwhile, entrepreneurial behavior in a company setting brings challenges as companies tend to have hierarchical structures in their management practices.

This thesis was divided into two parts, with the first one being the theoretical framework. This included theory from literature and previous studies. The theory assisted in designing the research hypotheses which were later categorized in themes of innovation, autonomy, risk taking and proactiveness.

Findings from the research presented that the sample of project department managers were able to use entrepreneurial behavior in several aspects of their work. The implications suggested that increasing factors for entrepreneurial behavior inside a company are manager’s openness for innovation, authority to take calculated risks, able to work independently, trusting with giving independence to team members and being open for change. Openness for innovation comes through managers emphasizing the importance of listening and mentoring the subordinates.

Entrepreneurial managers can benefit the organization by creating faster decision-making process, creating more challenging and interesting work for employees and creating more product innovations. Large companies provide opportunities for entrepreneurial people, although can limit the autonomy that they desire.

Biggest barriers for entrepreneurial activities were presented to be procedures and policies. Long procedures may slow the process of implementing innovations and limit the
autonomy. In conclusion, hypotheses from the theory were proven supported. There are several obstacles for entrepreneurial behavior in a large company, although companies can induce entrepreneurial behavior in small amounts with providing mentorship for innovating and autonomy for teams.

Based on the theory and results of the research, managerial implications for large companies are to train managers for entrepreneurial activities and reassure that the company values are considered when taking risks in business. With innovations, managers should listen to their teams by giving time to discuss ideas and give autonomy to the subordinates to be creative on their own. In addition, company procedures should be kept reasonably low.

Future research could be conducted to examine the topic with other variables, such as use of different companies, positions and nationalities as data. Since this study focused on a large company, perhaps the issue could be investigated in SMEs. In addition, this thesis focused on innovation, autonomy, risk taking and proactiveness as the themes of entrepreneurial behavior and therefore suggestions for future research is to investigate wider scale of characteristics, such as change orientation and flexibility as entrepreneurial characteristics.
REFERENCES


INTERVIEW QUESTIONS

1. A member of your team has a new innovative idea for a project and wants to implement it, how do you process this request?

2. You have just observed that a project/task is not moving forward because of slow approval process. How do you handle this problem?

3. A project is on implementation stage. One day you get a call from the on-site engineer/project manager, he needs more staff on site or the project will be delayed. Your team is understaffed but there is a new employee who has not even started working yet. How do you solve the problem?

4. You receive a million euro offer from a customer you have been working with long-term. Manufacturing facility is working with full capacity. If you accept the order, the risk is that the order will be delayed delivery, and this would cause a possible damaged customer relationship. How do you solve the problem?

5. You have a staff meeting and one of your team members wants to improve processes and reduce low-impact (waste) steps from the usual process. The idea has not been tested. What do you do?
## INTERVIEWEES

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<thead>
<tr>
<th>Interviewee</th>
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<th>Interview date</th>
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<td>Senior Project Manager</td>
<td>2.10.2018</td>
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<td>Participant 3</td>
<td>Project Manager</td>
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