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Organizational Entrepreneurship: Models and Theories

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ABSTRACT

Human resources, the bases of each country and modern organizations, need creative and skillful force; because organizations consider identifying and training these human resources as a competitive point. Organizational Entrepreneurship (OE) is a systematic and target-oriented process that identifies talented and creative individuals. Organizational Entrepreneurship is equipped with the required knowledge and skills to create and run the business. There are various scientific and practical frameworks for creating an entrepreneurial organization on this field which has been assimilated in this study. The research method was analytical-descriptive study that was conducted by using a library method, reviewing the related texts and taking notes. Thus, this study presents and investigates different types of categories and theories of entrepreneurial models in the group of content, process, content and intra-organization, such as Echols and Neck, Cornwell and Perlman, Ireland et al, Antonic & Hisrich, Ginzberg & Goth, Eckhels, Shapiro, Fray, Kuartco, Echols and Neck, Thompson and the 4E Mendoza model.

Keywords: Entrepreneurship, Organizational Entrepreneurship, Models and Theories

Organizational Entrepreneurship: Models and Theories

Since the creation of human beings, “Entrepreneurship” was accompanying him in all stages of life and it has been the basis of human changes and advances. Although various and numerous definitions are presented in history and evolution of the subject by quick and rapid

transformation of the international environment, the transition from industrial society to the informational society, encountering national economies with the global economy and the emergence of phenomena such as "Economic globalization" and "Information Technology"; the main issues are discussed about the various strategies to accelerate the process of sustainable growth and development and economic prosperity. One of these new issues is the role of entrepreneurs in this process (Alagheband, 2002:41). Entrepreneurship plays an effective role in the economic development and advancement of countries as a new phenomenon. Nowadays, entrepreneurship plays a key role in a competitive and market-based economy. In other words, in a dynamic economy ideas, products, and services are constantly changing, and an entrepreneur is the one who presents a pattern for dealing and coping with new conditions. Thus, there should be an entrepreneurship in a wide range of all active elements in the economy (consumers, producers, and investors). The important point in this regard is that nowadays the country's economy and the union of human make us to find progressive approaches for the economy. In this regard, it is necessary to have a model, suitable patterns and strategies for educating, training and optimizing the use of active and entrepreneur force (Khodadadi, 2003: 64).

Entrepreneurship Models

The researchers' attempt is presenting entrepreneurship models for behavioral approaches, attributes and definitions. In fact, two categories of models can be presented:

- Content models
- Process models

1- Content models

The researchers attempt to study the features which lead to the identification of individuals. Personal characteristics are components of this classification. In features approaches and content models, the purpose of the researchers was to find a psychological framework and to present an entrepreneurial definition based on other individual characteristics. According to the limitation of the research in discussing and giving definite opinion about these individual characteristics, presenting a comprehensive content model has always been partial; thus, researchers have turned to behavioral approaches and process models instead of addressing the features approach.

2- Process models

Process models include two main categories that will be discussed in the following parts in more details.

2-1 Event Process

In this view, entrepreneurship is a process in which a person is planning, running and controlling all entrepreneurial activities, and there are also concepts that affect every event in entrepreneurship process. The followers of this view believe that the emergence of some environmental factors and their impact on the individuals have a really decisive role for creating entrepreneurship. Some of these perspectives are as follows (Coratco, 1993).

Event Model of Albert Shapero (1975)

Shapero suggested focusing on entrepreneurship event rather than focusing on an entrepreneur because such a viewpoint eliminates all problems of entrepreneurial definitions. He indicated that an entrepreneurship event includes these cases:

1. Initiative: An individual or a group performs an initiative.
2. Organization: It requires resources to meet a series of goals that are integrated in an organizational form, i.e. the available resources in the organization are identified.
3. Executive management: Those who are initiative will manage the organization.
4. Independence: Innovators need professional freedom.
5. Risk taking: Managers and innovators are involved in the success or failure of the organization.

Fry Event Model

In Fry view, three factors are involved in the entrepreneur's motivation for a start-up organization; antecedent or background variable, trailing or precipitating variable, and rehabilitating variable. These three variables are involved in making decision of an entrepreneur as motivators. First the Fry entrepreneur equations, then his model will be discussed. Precedent factor is related to the underlying variables. These situations or characteristics are factors that make an individual consider entrepreneurship opportunities consciously or unconsciously. Some of the variables are environmental and some are historical; for example some life experiences form entrepreneurial skills. Accelerating factor is an event or a situation that speeds up entrepreneurship. Losing a job can be an accelerating factor. Rehabilitative factors: precedent and accelerating variables create the potential incentive for an entrepreneur to establish a risky dominant investment. But it does not mean if an organization starts working the rehabilitative factors which is added to accelerating and precedent factors, it will take opportunities and resources together (Coratco,1993).

Intra-organizational entrepreneurship model

Coratco, et al. (1993) presented the interactive intra-organization entrepreneurship model, based on the following main factors:

Organizational features: management support, independence and job freedom, reward and improvement, providing organizational boundary opportunity.

Personal features: risk-taking, independence need, advancement need, target-oriented and control center.

Sudden event: the change of the environment, the development of threat methods, new demands for the threat of a company's mission through competition, the volatility of a company's market through changes, and some organizational factors such as structure and managerial values. (Ahmadpour Dariani, 161: 2000).

Cornwall and Perlman Organizational entrepreneurship model

The following figure shows the framework of organizational entrepreneurship which is the basis of strategic management approach. The obtained information from internal and external environment of the organization is the beginning of the organizational entrepreneurship process. This information is an evaluation data of the strategic options. The information should be implemented when a strategic plan is determined. Individuals, group, and organizational factors that are necessary for an entrepreneurial organization should be the subject of evaluation and implementation of a strategic plan. The results of the strategic plan are used to control and evaluate.

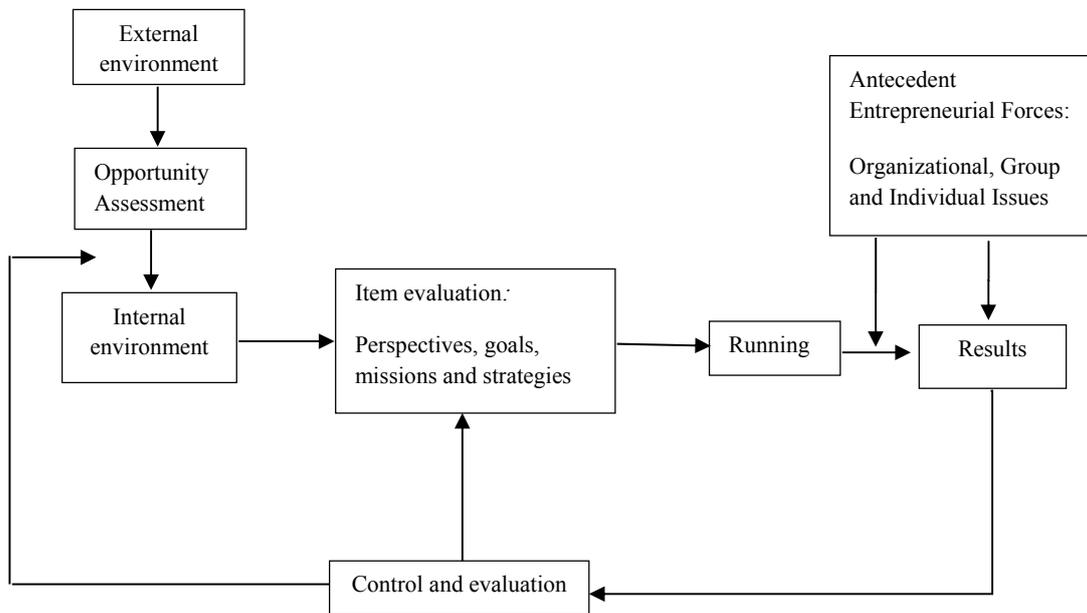


Figure 1: Cornwall & Perlman (1990, 20) Organizational Entrepreneurship Model

Echols and Neck Organizational Entrepreneurship Model

This model is trying to investigate conceptually the effect of individual entrepreneurial behaviors and entrepreneurial organizational structure. In other words, this model demonstrates the organization's ability to survive an innovative environment. The following figure shows the interaction of employee's behavior and organizational structure, which are the most essential elements of the entrepreneurial success of the organization. It focused on the entrepreneurial success in the form of an innovative capacity that enables an organization to rebuild itself and get through the long run.

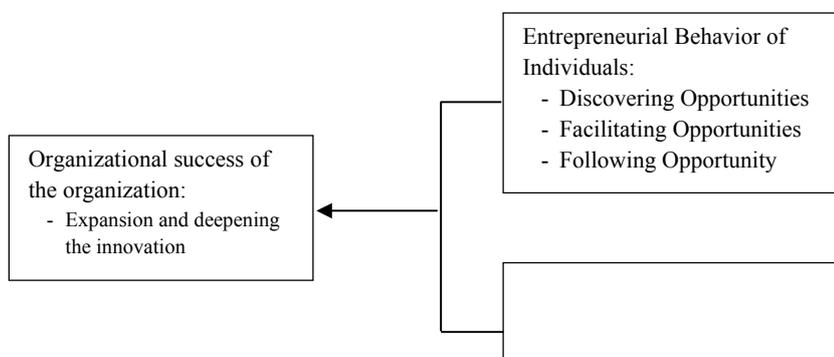


Figure 2: Echols and Neck (1998) Organizational Entrepreneurship Model

Kuartco et al, Organizational Entrepreneurship Model

Coratco et al., in 1993 presented an entrepreneurial interaction model which is based on three factors: organizational characteristics, personal characteristics, and sudden incident. It takes place in 8 steps, as follows:

Organizational characteristics: It is the support of senior management of organization, independence and freedom to perform a job, the appropriateness of the rewards, the availability of sufficient opportunities for entrepreneurial activity and the existence of organizational boundaries.

Personal characteristics: risk-taking and risk-seeking, the desire for freedom of action and autonomy, the need for success, target-oriented and being ideals as well as the center of internal control. Accelerating events / sudden incident: decision to engage in entrepreneurial activity in the organization, as a result of interaction between the three factors of organizational and personal characteristics, and the type of sudden incident are motivating factors in entrepreneurship. Various combinations of these three factors can lead to the emergence of entrepreneurial behaviors, three modes of them are discussed here:

Type A conditions: Here the organization needs advanced technology. Whereas senior management strongly supports innovation. In this case, people with the ability to perform creative and entrepreneurial behaviors notice the proper conditions for starting an activity.

Type B conditions: Here the organization undergoes major changes (in structure and content), in which innovation and creativity are encouraged and stimulated. Under these conditions, the employees who need to be successful, after a period of organizational overflowing and freezing, and to be in the chain of regulations and administrative rules, can regard the conditions for the emergence of the entrepreneurial behaviors.

Type C conditions: Here the organization, on one hand, is forced to reduce costs due to some internal and external constraints; unlike, the insight and the vision of senior management have provided the basis for the emergence of innovative and creative ideas on a large scale. Under



these circumstances, people who need more independence and freedom will be encouraged to engage in entrepreneurial activities. The presence of a genuine competitive environment, the volatility of a company's market due to the changes in the creation of new demands for goods and services are other conditions that can lead to accelerated entrepreneurial events.

Figure 3: Coratco et al, Organizational Entrepreneurship Model (Ahmadpour Dariani, 2007, 163)

Thompson's Organizational Entrepreneurship

Thompson focused on five aspects to form organizational entrepreneurship, which all of them are necessary for an entrepreneurial organization (Moghimi, 2005, 119-122)

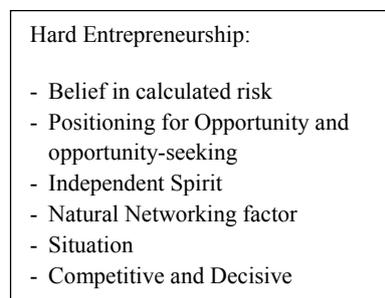


Figure 4: Various Aspects of Entrepreneurial Formation in Organization (Hosseinpour and Zarei Vash, 2010, 180)

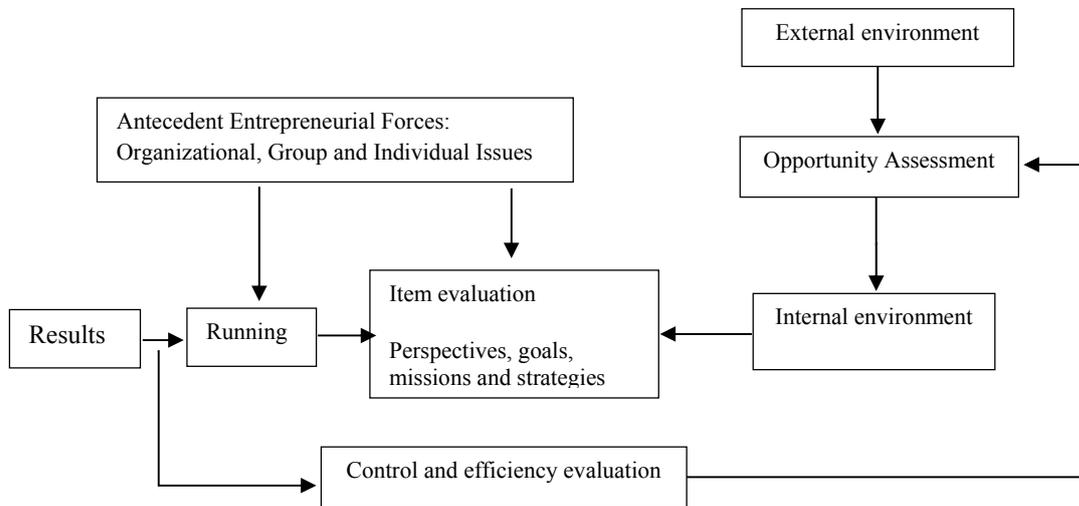
Echols and Neck Organizational Entrepreneurship Model

Here it was tried to investigate conceptually the effect of individual entrepreneurial behaviors and entrepreneurial organizational structure. In other words, this model demonstrates the organization's ability to survive in an innovative environment. The following figure shows the interaction of employee's behavior and organizational structure, which are the most essential elements for the entrepreneurial success of the organization. It focused on the entrepreneurial success in the form of an innovative capacity that enables an organization to rebuild itself and sustain the long run (Amirkhani et al, 2009: 298)

Cornwall and Perlman Organizational entrepreneurship model

The following figure shows the framework of the organizational entrepreneurship which is the basis of strategic management approach.

Figure 5: Cornwall & Perlman (1990, 20) Organizational Entrepreneurship Model



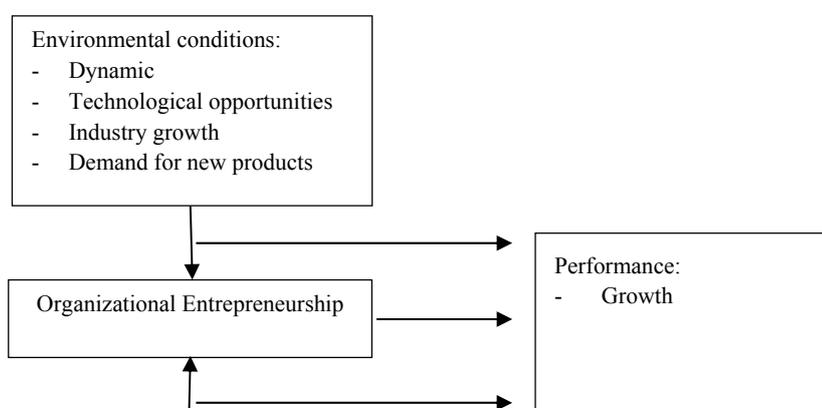
Source: (Nahid et al, 2012) A Description of Organizational Entrepreneurship Strategy Based on the Morris Model, Commercial Reviews, No. 53: 30)

The information about external and internal environment of the organization is the beginning of the organizational entrepreneurship process. This information is the data of strategic items assessment. The information should be implemented when the strategic plan is determined. Individuals, group and organizational factors, that are compulsory for an entrepreneurial organization, should be the subject of evaluation and implementation of a strategic plan; furthermore, the results of the strategic plan are used for controlling and evaluating. Changing the design can be done at any stage of the process to increase performance and efficiency (Nahid et al., 2012).

Ireland et al, Sustainable Organizational Entrepreneurship Model

As it is shown in following figure, in an organizational entrepreneurial framework of Ireland et al, which is designed as a system, the inputs of the model were considered in the design of organizational entrepreneurial strategy, next the identification of the strategic, then the stages of the four factors; structural process, human resources management, control and culture, provide the necessary changes. The output of this model is an entrepreneurial performance system which can be seen in the forms of innovation, riskiness, and leadership in its market.

Figure 6: Ireland et al, Sustainable Organizational Entrepreneurship Model

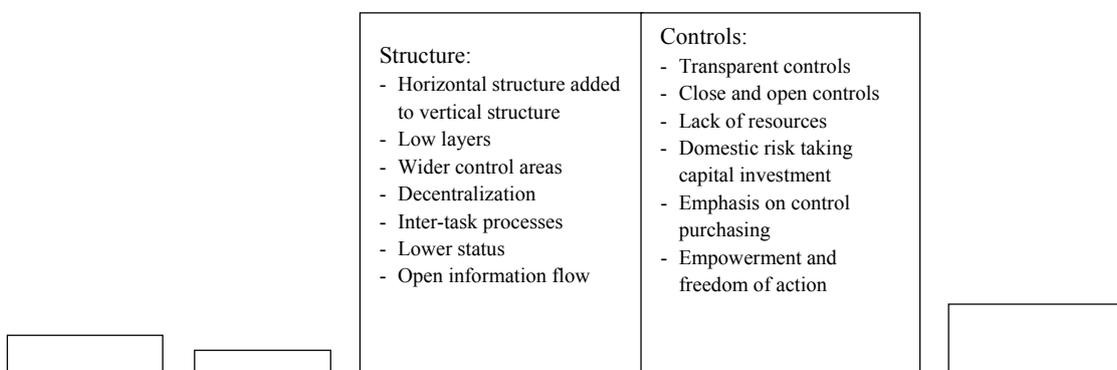


Source: (Nahid et al, 2012) A Description of Organizational Entrepreneurship Strategy Based on the Morris Model, Commercial Reviews, No. 53: 31)

Antonic & Hisrich Wealth Creating Organizational Entrepreneurship Model

Creating a wealthy organization is an important object for both strategic management and entrepreneurship. Strategic management decisions are essential for diversity in organizational behavior and organizational value establishment. Entrepreneurship provides important tools for creating new values. Organizational entrepreneurship (activities and entrepreneurial tendencies in an official organization) is an important aspect of economical and organizational development as well as a wealthy setting-up. Antonic & Hisrich wealth establishment organizational entrepreneurship model is presented in following figure (Nahid et al, 2012).

Figure 7: Antonic & Hisrich wealth creating organizational entrepreneurship model, 2004



Source: (Nahid et al, 2012) A Description of Organizational Entrepreneurship Strategy Based on the Morris Model, Commercial Reviews, No. 53: 33)

Model of Entrepreneurship Aspects of Antonic & Hisrich

Antonic & Hisrich counted eight aspects of organizational entrepreneurship according to their studies. They believe that organizational entrepreneurship should be distinguished between eight characteristics, yet relevant aspects are:

1. Establishing independent companies or units
2. New business
3. Innovation in product and service
4. Innovation in the process
5. Self-renewal
6. Risk-taking
7. Leadership
8. Aggressive competition

Creating independent companies or units

Risky business activities are prominent features of the intra-organizational entrepreneurship that can lead to new businesses within the organization. These new risky activities in large and small

companies may involve the creation of independent and semi-independent formal units. These independent units can be located inside or outside of the organization.

Innovation in product-service process

This organizational entrepreneurship aspect emphasizes on the development and the innovation of technology. Intra-organizational entrepreneurship involves not only creating a new product, but also improving products, generating new procedures and methods. It should be mentioned that researchers distinguish between product innovation and technology innovation (process innovation) (Heinonen & Korvela, 2003).

Self-renewal: It indicates the changes in organizations by rebuilding key ideas that are a foundation of an organization. This aspect implies the strategic and organizational change, including redefining the business concept, reorganizing, and making extensive system changes to create innovation. In fact, entrepreneurial organizations require adaptability, constant renewal of business and flexibility (Antonic & Hisrich, 2003).

Risk taking: It is considered as one of the important intra-organizational aspects of entrepreneurship. Risk-taking is related to using the resources and bolding the actions in terms of quick search for opportunities. In fact, the audacity to looking for opportunities and experiences can be considered as an attribute of an entrepreneurial organization. (Amirkhani et al, 2009: 300)

Effectiveness: It considers pioneering and exceeding aspects to follow opportunities or entering new market. Indeed, effectiveness is defined as much as organizations trying to gain market leadership in key business areas (such as the introduction of products and services, the use of administrative technologies and techniques) in order to gain competitive advantages.

Aggressive competition: This aspect reflects the organization's desire to challenge competitors or to compete with them. According to some scholars, aggressive competition and effectiveness can be considered as two distinctive aspects of organizational entrepreneurship; because of the impact of pioneering on utilizing market opportunities. While aggressive competition is related to having an aggressive connection with the rivals of the organization. Effectiveness is the response to opportunities whereas the aggressive competition is the response to the threats, and this difference is also empirically proven (Same source: 300).

Organizational entrepreneurship model of Ginzberg and Goth

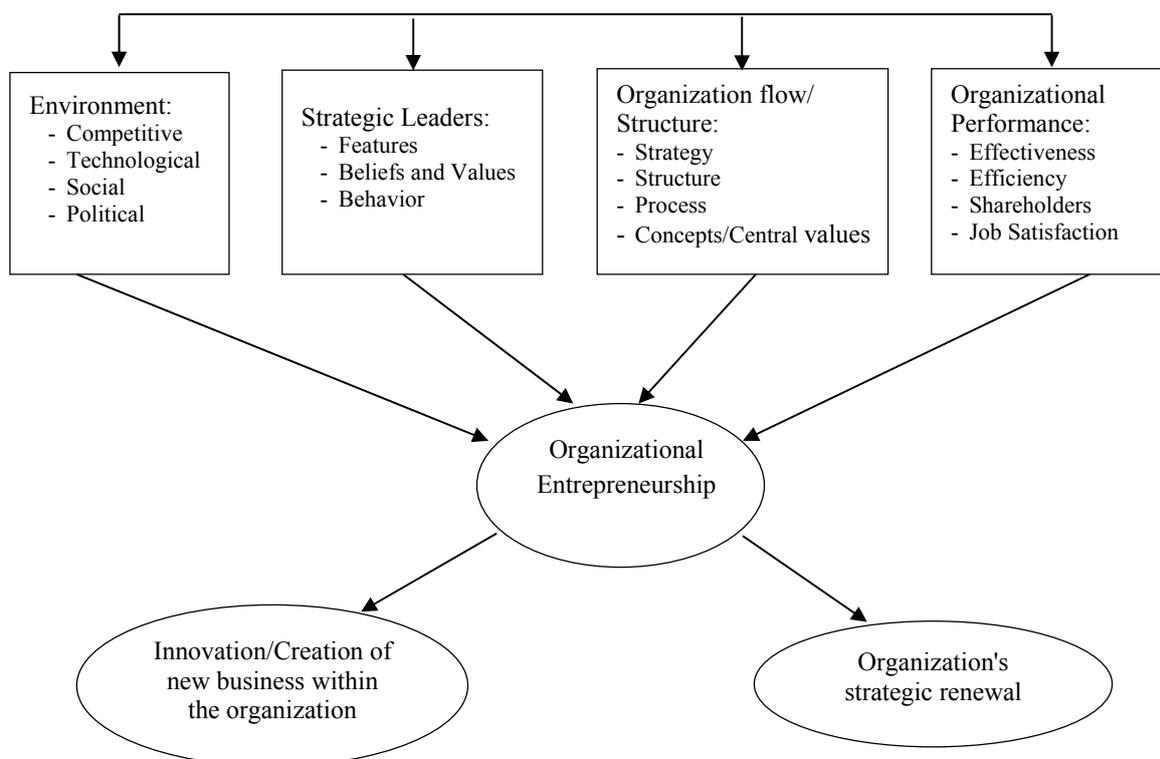
Ginzberg and Goth (1990) designed a model based on their own definition and conception of organizational entrepreneurship which is made of two phenomena:

- Creating new businesses within the existing organizations
- Transforming and changing the organization through rebuilding

Figure 8 demonstrates the Ginzberg & Goth organizational entrepreneurship model in term of strategic management.

The Ginzberg & Goth model divides organizational entrepreneurship into two categories of innovation / new business creation and strategic renewal. The environment, strategic leadership, organizational flow / form, and organizational performance have been introduced as a prerequisite for organizational entrepreneurship. As a result, by reviewing some of the organizational entrepreneurship strategy models, we realize that these models include this problem; the presented components are not adjacent. Moreover, there is no clear link between them, and each one mentions one part of the components. Therefore, investigating a comprehensive model is necessary for covering the mentioned problem (Nahid et al, 2012).

Figure 8: Organizational entrepreneurship model of Ginzberg and Goth



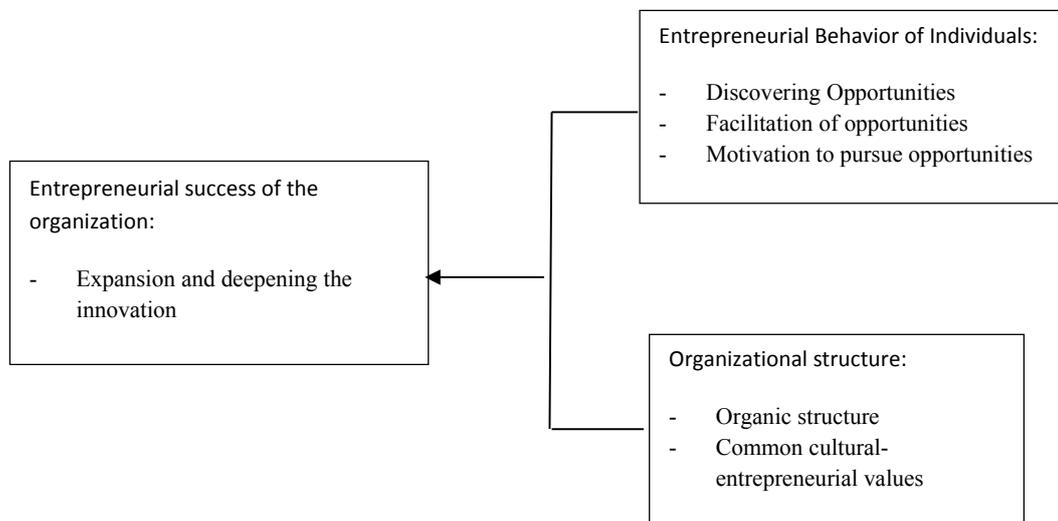
Source: (Nahid et al, 2012) A Description of Organizational Entrepreneurship Strategy Based on the Morris Model, Commercial Reviews, No. 53: 32)

Organizational entrepreneurship model of Ginzberg & Goth

Additionally the interactive organizational entrepreneurship model is presented by Kuartco et al. He believed that eight categories of factors are effective in implementing a thinking in organizations that their interaction forms the process of entrepreneurship of the company. They believe that entrepreneurship in the organization is shaped by the following three main factors:

1. Organizational characteristics
- 2- Individual features
3. Sudden incident (Farhangi, 2007: 54-60)

Figure 9: Echols and Neck and the 4E Xavier Mendoza model



Source: (Nahid et al, 2012) A Description of Organizational Entrepreneurship Strategy Based on the Morris Model, Commercial Reviews, No. 53: 33)

According to the investigations and review of the literature, not many researches have been conducted on the hypothesis of structural, behavioral, and contextual factors in the field of the current research at the level of technical and vocational education, while the following studies are relevant to the research topic.

Discussion and conclusion

Organizational entrepreneurship is a process that begins with recognizing the opportunity and ends with exploitation and understanding. Entrepreneur achieves higher levels after doing each stage. Entrepreneurs must have the characteristics to succeed in doing this process in their work. These characteristics incorporate the sense of responsibility and determination, the use of opportunities, risk-taking, ambiguity and uncertainty, creativity, self-reliance and compromise power, also superiority motivation. But there are unwanted obstacles in entrepreneurship of organizations and companies. These obstacles are the feedback of using traditional management. In Fry view, some aspects of entrepreneurial barriers include the nature of large organizations, the lack of entrepreneurial talent and the incorrect rewarding methods (Taheri et al, 2010, 49-50).

In today's dynamic and competitive economy, entrepreneurship is considered one of the main levers of development, since the main feature of a dynamic economy is the existence of changing ideas, products, and services. Entrepreneurship among them has patterns of coping with new conditions. In recent decades the concept of entrepreneurship has attracted the attention of academic association, public and private organizations. By institutionalization of entrepreneurship in the organization, not only the organization members are interested in making changes and innovating in their environment, but also they accept the innovations that are made in the organization without any doubt. After all, the organization becomes more dynamic and entrepreneurial. In contrary, executive agencies' attention to support exemptions and legal discounts; both financial and non-financial from entrepreneurial organizations, will reduce the organizations' problems. Furthermore it will help their entrepreneurship process. Regarding the underlying factors or the environment that influences organizational entrepreneurship, one can say that the more friendly communication in the environment, such as communication with citizens, government and related centers, the more successful the research and the educational centers will be. It is obvious that, in order to achieve entrepreneurship, their true position should be in the field of entrepreneurship education in organizations and the effective communication between universities and higher educational institutions. At the same time, efforts should be made to conduct fundamental and applied research by taking long-term outcomes into account. Reviewing related literatures of entrepreneurship show that entrepreneurship has come up with new ways to maximize profits and to earn money by overcoming the economic approach. Social organizations must also transform their traditional structure by using entrepreneurial concept. It is clear that the method of using this concept in non-economic sectors and various existed models need their own features.

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