A Conceptual Analysis of Teams’ Climate Role in the Intrapreneurial Process

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Abstract—The present paper discusses the role of teams’ climate in the intrapreneurial process. Intrapreneurship, which corresponds for entrepreneurship in existing organizations, puts special emphasis on climate as an influential factor of the intrapreneurial behavior. Although climate exists at every level and in every subgroup of the organizational structure, research focuses mainly on the study of climate that characterizes organization as a whole. However, the climate of a work team may differ radically from the organizational climate, and in fact it can be far more influential. The paper provides a conceptual analysis of organizational climate from the intrapreneural point of view, and sheds light upon teams’ climate role in the intrapreneural posture.

Keywords—Entrepreneurship, innovation, intrapreneurship, organizational climate, teams’ climate

I. INTRODUCTION

Over the last decades, the competitive business environment has put intense pressure on organizations to continuously seek for new, creative and innovative opportunities in order to survive and develop. On these grounds, organizational climate has become a topic of great interest among psychologists, sociologists and researchers of human behavior and organizational structure, in their exploration of organizational and entrepreneurial attitude [1]-[5]. In the Schumpeterian sense, entrepreneurship has been associated with social needs, organizational structures and with various areas of social, humanitarian and business interests. At the same time, the breadth and complexity of the business sector, has been a good ground for further research on the role of entrepreneurship to the evolution of organizations’ performance. To meet these needs, new types of entrepreneurship have emerged and developed beyond the traditional Schumpeterian form, such as social entrepreneurship, corporate entrepreneurship/intrapreneurship, sustainable entrepreneurship, environmental/ecological entrepreneurship, institutional entrepreneurship, public entrepreneurship, philanthropic entrepreneurship and distributed entrepreneurship [6]. Intrapreneurship, or corporate entrepreneurship, which refers to entrepreneurship within existing organizations, is one of the new streams that has been acknowledged as a fundamental element of firms’ performance [7]. Due to the fact that intrapreneurship is directly related to higher efficiency and effectiveness [8], [9], enterprises and organizations are turning to intrapreneurship as a means of achieving a competitive advantage [9], [10].

II. THE INTRAPRENEURSHIP CONCEPT

Entrepreneurship represents a notion, or a phenomenon, that has drawn considerable attention during the last decades from both the academic and the business world. However, the fact that it includes elements of numerous science fields (economics, sociology, anthropology, psychology, political science and arts [11]) makes entrepreneurship a concept difficult to describe and understand [12].

While Schumpeter’s theory focused on entrepreneur’s activities, subsequent researches noted that the entrepreneurial process is far more an organizational than an individual phenomenon [13]-[17] and the interaction between the members of an organization at all levels, is the basis of all business processes [18]. The view that entrepreneurship is actually an organizational phenomenon has led intrapreneurship theory to be treated as the subsequent extension of entrepreneurial activity.

From a historic perspective, intrapreneurship as a notion was first approached by Macrae [19] in an article highlighting the new business streams and directions. In this new research area, many terms were used to depict the phenomenon of intrapreneurship, with more common corporate entrepreneurship, corporate venturing, internal corporate entrepreneurship and finally intrapreneurship [20]. Although the concept of intrapreneurship has evolved over the last 30 years, the fact that in international literature there is no use of a common term, affects the academic consensus and indicates the early stage of research exploration. In fact, Nicolaidis & Kosta [10] emphasize that almost every researcher who dealt with this field of research has proposed a distinct definition. In any case, this lack of agreement hampers a common understanding in both the academic and business sector. Herein, the paper uses the term “intrapreneurship”, which, as a term, was first introduced by Gifford and Elizabeth Pinchot in 1978 [21], indicating a new, distinguished research field.

The first step in intrapreneurship theory is to clarify the role of entrepreneurs and intrapreneurs, and the difference between the two concepts. Pinchot describes an intrapreneur as “the person who focuses on innovation and creativity and who transforms a dream or an idea into a profitable venture by operating within the organizational environment” [22, p.149]. The main difference between entrepreneurs and intrapreneurs lies in the fact that, while entrepreneurs own the company, or shares of the company they establish and act for themselves,
intrapreneurs act on behalf of an already established enterprise in which they may not have any equity [23]. Many definitions have been proposed in order to capture the act, or the result, of intrapreneurs’ activities. A first, quite simplistic definition of intrapreneurship, is “doing new things and departing from what is customary to pursue opportunities” [24, p.324]. More comprehensive definitions see intrapreneurship as “a process by which individuals, either on their own or inside organizations, pursue opportunities without regard to the resources they currently control” [17, p.23], or as “a process that goes on inside as existing firm, regardless of its size, and leads not only to new business ventures but also to other innovative activities and orientations such as development of new products, services, technologies, administrative techniques, strategies, and competitive postures” [20, p.498].

Zahra [25, p.261] proposes a more integrated definition according to which intrapreneurship is “the process of creating new business within established firms to improve organizational profitability and enhance a company’s competitive position or the strategic renewal of existing business. Corporate entrepreneurship entails creating new business by redefining the firm’s products (or services) or by developing markets”.

Another important issue in the analysis of the intrapreneurial theory is to determine the dimensions and the influential factors of intrapreneurship. Scholars agree that the most prominent intrapreneurial activity which represents the basis of intrapreneurial posture, is new venture creation [21]. New business creation reflects the creation of new business in order to be incorporated into the organization’s overall business activities. More precisely, it refers to internal and external venturing activities including the creation of dependent or semi-dependent firms or business units, corporate start-ups or the formation of new streams. Consequently, organizations’ autonomy [26] can be seen as a parameter of new business venturing [20]. The reason why new venture creation is recognized as the foundation of intrapreneurship is the immediacy in the creation of new business units within the existing one, which offers a tangible proof of the existence of intrapreneurship.

In addition to new venture creation, product/service and process innovations are considered intrapreneural acts [27]. Product or service innovations include the development, or the improvement, of products, services or technologies, while procedure innovations refer to the adoption of new production methods, administrative and strategic operations, or competitive postures [27]. Antonicic and Hisrich [20] emphasize on the development of technological innovation, and Covin and Slevin [13], [14] report that the emergence of intrapreneurship is directly related to the frequency of product innovation and the tendency for technological leadership. At the same time, Knight [28] and Zahra [29] highlight technological innovations as important elements of intrapreneurship.

Building on the above insights, scholars suggest that apart from new venture creation and innovation, self-renewal and proactiveness must be taken into account when investigating intrapreneurial behavior [20]. The term “self-renewal”, refers to “the transformation of organizations through the renewal of key ideas on which they are built...Includes the redefinition of the business concept, reorganization, and the introduction of system-wide changes for innovation” [20, p.498]. In that sense, renewal activities involve in the intrapreneural process aiming to enhance the competition and risk taking of the organization. The self-renewal process requires strategic and organizational decisions to reorganize activities, redefine business concepts, and adopt innovation systems [29]. In addition, the continuous renewal of activities gives the organization the necessary elements of adaptability and flexibility, which are crucial for organizations in their seeking for developing their intrapreneural posture [30]. On the other hand “proactiveness” is defined as “the extent to which organizations attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies, and administrative techniques” [31, p.631]. An organization characterized by proactiveness tends to be the leader of developments, by taking risks and initiatives and engaging in bold ventures by chasing opportunities. Consequently, activities essential for enhancing intrapreneurship, such as risk-taking [32], [33] and competitive aggressiveness [33] can be integrated into proactiveness [28]. On these grounds, foresight is the cornerstone of management’s decisions in order to enhance competitiveness. In any case, it must be emphasized that in order for an organization to achieve and enhance intrapreneural orientation, each dimension should not be treated independently, but should be combined and managed as an integrated system for gaining a competitive advantage.

The growing interest in the way and the mechanisms under which the intrapreneurial process operates, has led to the development of various theoretical models regarding the factors that influence intrapreneurial behavior. Numerous forces from both the internal and the external environment have been acknowledged to act upon organizations, causing either a positive or a negative impact on the intrapreneural process. Thus, intrapreneurship appears to be the result of these forces [13], and depending on the perspective from which the concept of intrapreneurship is investigated, different determinant factors emerge in literature. On the one hand, external environment is represented by competitors, customers, suppliers, legislation, governments etc., and has a direct and indirect effect on organizations [13], [14], [26], [33]. However, due to the fact that the external environment lays outside of organization’s administrative influence, much attention has been given to the internal environment forces. In particular, literature recognizes as factors of the internal environment: organizational culture and organizational climate [13], [34], [35], management support [36], organizational structure [36], [37], remuneration system [37] and clarity of objectives [35]. Numerous studies and researches carried out over the last thirty years, put special emphasis on organizational climate and its importance in business operation and success [1] -[5], [38]. Nevertheless, research focuses primarily on climate at the organizational level,
III. THE ORGANIZATIONAL CLIMATE CONCEPT

The first academic references regarding organizational climate are found in an article by Lewin, Lippitt and White [39] discussing the social climate in teen-boys groups. Although the authors make the first references of organizational climate and set the general frame, they fail to develop a specific theory. The first in-depth analysis attempt is made by Argyris [40]. In an article about groups’ dynamics in a banking organization, Argyris introduced the term organizational climate and brought to the fore the extensive academic debate over the concepts of organizational climate and organizational culture.

The theoretic approaches that have prevailed concerning the climate in organizations, can be grouped into two categories. On the one hand, there is the cognitive approach, where climate is referred to as a psychological phenomenon, and on the other hand, the common perceptions approach, where climate is characterized to be an organizational phenomenon. In the cognitive approach, the climate represents the individual perceptions of the working environment structures, and is mainly reflected by the individual attempts to understand the immediate working environment climate [41]-[43]. More specifically, James and James [44] define psychological climate as the individual perceptions of each member regarding the psychological influence of the work environment on their well-being, while James and Sells [43] regard climate as the depiction that people have for their immediate environment, which is expressed in a psychological level of significance for each member. Conversely, for common perceptions approach, the foundation of climate is not the individual, but the perceptions which originate when members of a particular organization agree on their insights of the organization's environment. In this case the thoughts and perceptions of members act cumulatively, shaping, in this way, the organizational climate [45]-[47]. In particular, based on the common perceptions approach, Reichers and Schneider [47] defined organizational climate as the outcome of the common understanding about the organization’s policies, practices and processes, and recognized three sources of development: common exposure of members to the same objective structural characteristics of organization; selection, attraction, and attrition of members forming a homogeneous set of members; and social interaction leading to shared meanings [48].

Despite the various academic attempts to define and explore this field of research, there is still no consensus among scholars regarding organizational climate. A typical example is the fact that organizational climate is often considered a synonym for organizational culture. Concisely, the difference between organizational culture and organizational climate lies on the fact that culture refers to deeply rooted values and assumptions, while climate refers to the more conscious perceptions of the organization's environment [49]. However, further research concluded that although organizational climate is a phenomenon that exists within an organization and acts independently, it has a complementary role to organizational culture.

Researchers engaged in the study of organizational climate focused on exploring its influential factors [1], [43], [44], [50] and concluded that leaders’ psychological distance [51], managerial function [52], leader facilitation and support [53], warmth [54], risk orientation [55], courtesy and overall quality [52], are some of the determinants of organizational climate recognized by international literature [48] along with bureaucracy, support and innovation [56]-[58]. Based on the multidimensionality of organizational climate, Schneider [38], [59], [60] suggested that the antecedents of organizational climate vary depending on the purpose of the research and the criteria under consideration. Consequently, general methods of determining and measuring organizational climate should not be applied in all cases. Schneider's suggestions provided a starting point for the development of more appropriate methods and tools for measuring organizational climate when specific criteria is under research.

IV. TEAM CLIMATE

As it was foresaid, organizational climate represents all those common perceptions about the behaviors, practices and processes inherent in an organization [61]. The perceptions of each member can be shared through the socialization mechanisms [62] at every level of organizational structure. Therefore organizational climate acts as a modulation element of the internal environment of an organization. However, in the organizational structure, each level is characterized by considerable differences in working conditions, interactions within the members, or differences in behavior. Hence, different forms of climate may emerge [63].

These findings lead to the conclusion that exploring climate at an organization level is not always the appropriate approach. On the contrary, literature shows that a generalized study of organizational climate needs to be replaced by studies in specific groups, or sub-units, of the organization. Additionally, another important parameter is the size of the organization. Due to the fact that in large enterprises there are many departments and working groups whose climate can differ radically from the climate that characterizes the organization as a whole, it seems advisable to select subgroups for more specific studies, for they depict more appropriate and representative samples.

More specifically, Schneider and Reichers [5] report that as members of a team interact with each other much more than they interact with other members of the organization, this means that each team will have its own unique perception about the events and processes that take place in the team or in the organization, and this perception may differ significantly from that of other working groups within the same organization. The importance of team lies in the environment...
that shapes and influences the behavior of the team members [64], [65]. For each member, other team members represent their immediate environment, on which they rely for interpreting their behaviors, understanding and support [66]. This daily interaction gives teams the role of the "medium" through which members' perceptions are shared, and ultimately creates and establishes the climate prevailing in this particular working group [67], [68]. Schneider and Reichers [5] conclude that the concept of climate cannot be generalized, but it should have a specific reference. Taking these into account, the research level should be determined firstly by the subject of the research.

This vision was the trigger for Anderson and West to explore the climate of the "proximal" work groups [69]. The authors proposed three certain conditions under which a climate of common perceptions can be formed:
1. people have to interact with each other at work,
2. there is a common goal or result that requires group action and, finally,
3. there is such interdependence that team members need to develop a common understanding and behavioral methods.

The existence of the prementioned conditions is significant, but not essential, for the development of a common climate [5]. It is certain, however, that common perceptions of climate are much more likely and easy to locate in smaller structured groups than in large, or multifaceted, organizations. However, no matter the size, a cluster of four factors seems to determine teams’ climate: vision, participative safety, task orientation and support for innovation [70], [71]. According to this model, in order for a team to be innovative, the first step is to determine clear objectives and the appropriate methods to achieve the goals. At the same time, participation in the decision making ensures feelings of security, further enhancing the process of participation, the investment in the team and the development of ideas for work improvement. Another important parameter is the commitment that team members feel towards a continuous refinement of their responsibilities, always in conjunction with an environment that intends to support novelties and improvements to already existing and established procedures and methods. Finally, the ultimate goal, innovation, requires the practical support of innovative moves. This practical support can take many forms, from oral discussions to written assurances, and it should come from all levels of hierarchy within the group or the organization.

V. TEAM CLIMATE FOR INTRAPRENEURSHIP

The role of teams is emphasized in many important phases of the intrapreneurial process. In the transition process of a business venture from the start-up phase to the implementation phase, the focus is no longer the creative personality, but the team that is called upon to develop and implement the idea [72]. Besides, as Burgelman [73] highlights, structured working groups are an effective way of doing business. To meet these needs, Paunovic and Dima [74] emphasize the importance of creating specific working groups whose members will behave more as entrepreneurs. On these grounds, departments such as Research and Development or Creative, which form a separate working group, constitute the basis of organization’s renewal. Thus, the importance of these groups in the development of the intrapreneurial activity seems undeniable.

In parallel, literature indicates that innovation is an essential factor at every level of the organizational structure, whether it is the organization as a whole, a team, or an individual [70], [75]-[82]. According to West and Farr [83], innovation is defined as "the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit to adoption designed to significantly benefit role performance, the group, the organization or the wider society" (p.16), and it is widely recognized as one of the most prominent outcomes of intrapreneurship. Meanwhile, although the majority of researchers on climate used to consider organizational climate as a generalized concept, the new streams show a particular interest in studying and exploring more specific forms of climate that promote specific outcomes within an organization, such as climate innovation [69], [70], climate for service [61], climate for security [84], the climate for ethics [85], climate for silence [86], climate for fear [87].

Taking into account the recent scientific trends that place emphasis on the role of teams in intrapreneurship, as well as the exploration of the climate that fosters the development of innovation, we can conclude that team climate becomes a significant element in the intrapreneurial posture. In particular, since the 1990s, emerged a significant amount of studies based on team climate theory and the relationship that seems to exist between organizational climate and innovation. The carried out researches demonstrated organizational climate as a significant factor influencing individual and group innovation, and emphasized the importance of a supportive climate in the emergence of innovative activities [71]. On the whole, it seems that a supportive and positive climate has a positive impact on the development of intrapreneurial behavior. For Wallach [56], a supportive climate is characterized by harmony, honesty, friendly mood, cooperation, encouragement, sociability, personal freedom and trust. At the same time, Basaglia et al. [88] argue that a team climate characterized by autonomy and experimentation, enhances the ability to integrate knowledge within the group. Autonomy represents the perception of members that the group supports autonomy in all processes, and experimentation refers to the perception of members that the group is open to experimental and risky decisions [89]. For a team to commit itself to the development and implementation of a project, they should first see and accept the innovation within the plan [90]. Concerning the characteristics of the team, dominate elements of autonomy, with few time constraints and no clear job descriptions. Most important, in successful teams, members are committed to the team and share in both the risks and profits [91]. At the same time, in order to achieve such an objective, management should support the team through appropriate organizational processes [90]. It is obvious that in
order to exist innovation and efficiency within a working group during the performance of its tasks, there should be clear objectives and strategies regarding the role of the group within the organization, and participation of the team members in the decisions. At the same time, members should feel free and safe to express their ideas and opinions about the achievement of the goals, but at the same time there should be practical support by the management in all experimentation attempts that try to enhance group innovation. Hence, the role of management in creating the appropriate climate in the team is critical [92].

Based on the above insights, the emergence and reinforcement of innovation is not only a prominent characteristic of intrapreneurship and one of its most important determinants, but also, seems to be directly linked to the climate prevailing in the working groups. In this light, it is clear that the emergence of intrapreneurship is directly influenced by a climate of support for innovation and therefore, the study of team level within an organization seems to be an important, but neglected, parameter of intrapreneurship theory and exploring teams’ climate can provide with unique, valuable information.

VI. CONCLUSION

The foregoing analysis highlighted the emergence of new forms of entrepreneurship that have intrigued the interest of the scientific community. Among the new entrepreneurship formations, intrapreneurship has been a rising research field in recent years, as it seems to be tightly linked to organizations’ competitiveness and growth. In intrapreneurship theory, the scientific interest is slowly shifting from the individual level to the group level based on the thought that in organizations exist multiple groups, or working teams, which may influence more or less the intrapreneurial process. At the same time, literature recognizes that the climate within an organization is an important determinant of intrapreneurial attitude. However, within an organization exist many different working levels which develop their own climate and, in fact, this climate may differ radically from the climate that characterizes organization as a whole. Taking into consideration that certain departments constitute the cornerstone of organizations, the importance and influence of their teams’ climate on the intrapreneurial posture is easily understood. Consequently, organizations that seek their competitive advantage through intrapreneurial orientation should focus on team climate as a means of achievement.

Despite the importance of team climate, the majority of scientific research examines the climate at organizational level. This approach creates a crucial research gap that may lead to misleading perceptions and generalizations regarding the appropriate climate for innovation, especially when it comes to large organizations. All things considered, the need for further comparative research on team climate and its role to intrapreneurial posture seems particularly critical.

REFERENCES


