Isn’t it a contradiction in terms to be an entrepreneur within a large corporation?

(Reynolds Lewis, 2012)

In today’s dynamic, turbulent, and continuously changing economic environment an increasing number of large organizations are demanding corporate entrepreneurship (Ireland et al., 2009); a powerful means by which organizations can quickly adapt to changing conditions and stay ahead of their competitors (Shepherd et al., 2010). Indeed scholars, managers and policy makers have widely touted corporate entrepreneurship as an effective way of revitalizing organizations and improving their financial performance (cf. Burgelman, 1983a; Covin & Slevin 1991; Dess et al., 2003; Gartner et al., 2010; Kuratko et al., 2005; Zahra, 1991). With numerous entrepreneurial ventures successfully challenging corporate titans for market dominance, the ability to think and act entrepreneurially and engage in ongoing processes of creativity has become a key challenge for large established organizations.

Recognizing the need for entrepreneurship is one thing, but actually making it happen is quite another. While the likes of Sergey Brin (Google) and Mark Zuckerberg (Facebook) are regularly portrayed as textbook exemplars for entrepreneurial top-management, large corporate organizations still present unfavorable and, at times, even outright hostile environments for creativity, flexibility, and innovation (Sharma & Chrisman, 1999). For instance, innovative proposals are frequently rejected by financial control systems and cumbersome formalities that are typical of large bureaucracies (Kanter, 1983). As Len Schlesinger, president of Babson College, puts it; “The reality is that you’re asking people to display a set of behaviors in an environment that, by its very nature, tends to be very hostile to those activities.” For instance, although corporate entrepreneurship involves both risk and high levels of uncertainty, established organizations are typically positioned as efficient engines that function best by making cautious and routine progress, which can hinder attempts to inject new ideas into mature businesses. Therefore, the idea of being an entrepreneur within a large corporation seems to be contradictory, and creates a paradox for organizations.

While most corporations continue to struggle with this paradox, managers like Richard Branson of Virgin, and Inge Thulin of 3M, have been successful in reconciling its conflicting pressures. Their companies have clearly shown that people, not institutions, create new ideas, and that entrepreneurial spirit can be found within
own corporate boundaries (Kuratko et al., 2008). This emphasizes that corporate entrepreneurship is not just a matter for top management creating an entrepreneurial environment, but that managers at other levels play an important role in implementing initiatives to steer the entrepreneurial focus of the organization. These managers face the challenge of pursuing new initiatives in an existing organization which becomes particularly difficult when these initiatives represent radical innovations that differ substantially from the existing businesses, routines and capabilities (Elfring, 2005). A new approach is called for, looking in two directions at once, with one focusing on the old and established organization, while also seeking out the new and sometimes radical initiatives of managers at all levels of the hierarchy. This dissertation aims to provide a detailed understanding of how to manage the paradox of corporate entrepreneurship.