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Theoretical foundation of corporate entrepreneurship

Teorijske postavke korporativnog preduzetnistva

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Abstract

Corporate entrepreneurship represents a systematic entrepreneurial initiative aiming to revitalize the organization internally through the creation of new business within the existing one, but also the transformation and revitalization of the organization through core values redefinition. The research object is to address and reduce significant research gap regarding definitional and conceptual challenges in distinguishing corporate and independent entrepreneurship. Contemporary studies in the domain of entrepreneurship are evolving towards the analysis of corporate and independent entrepreneurship as two distinct, even though closely related phenomena. Using qualitative research methodology, the manuscript provides thorough insight and elaboration of the conceptual foundation and unique nature of corporate entrepreneurship.
Keywords*: *corporate entrepreneurship, independent entrepreneurship, grounded theory, conceptual foundation, entrepreneurial organizations

Sažetak

Korporativno preduzetništvo predstavlja sistematsku preduzetničku inicijativu koja obuhvata kreiranje novih poslova u okviru postojećeg, kao i transformaciju ili revitalizaciju organizacije kroz redefinisanje ključnih vrednosti na kojima je zasnovana. Osnovni cilj rada je da istraži i popuni istraživački gep koji postoji u pogledu definisanja i konceptualnih nedoumica koje postoje prilikom razgraničavanja naučnog područja korporativnog, u odnosu na nezavisno preduzetništvo. Savremena istraživanja u oblasti preduzetništva evoluiraju ka stavu da su korporativno i nezavisno preduzetništvo iako tesno povezana, suštinski dva različita pojma. Primenom kvalitativne istraživačke metodologije rukopis pruža detaljan uvid i razjašnjava konceptualnu osnovu i distinktivne karakteristike korporativnog preduzetništva, čime pruža novu, iznijansiranu perspektivu i predstavlja korak napred u kvalitetnijem teorijskom utemeljenju ovog atraktivnog naučnog domena.
Ključne reči*: *korporativno preduzetništvo, nezavisno preduzetništvo, teorijska osnova, konceptualni okvir, preduzetničke organizacije

1. Introduction

Traditionally, entrepreneurship was perceived as an *independent* activity of starting a new company, without sufficient regard to the fact that innovative and creative activities are intensively carried out within the established organizations, through *corporate entrepreneurship*. The constant quest for new opportunities and resources, taking risks and striving for expression of creativity is the backbone of the entrepreneurial activity in the organizational context. Entrepreneurial organizations systematically encourage individual initiative and encourage autonomous behavior of employees, nurturing an organizational culture based on entrepreneurial strategic vision and sophisticated motivational mechanisms. They promote the constant pursuit for more innovative, higher quality products and processes, outperforming progressively less efficient competitors. Entrepreneurial organizations have a crucial role in launching new products and services, but only few have the potential to lead and pivot on the market. A relatively small number of organizations are genuinely dedicated to entrepreneurial activities, because they are risky, expensive and time consuming, and, in most cases, focused at more or less successfull imitation of market leaders.

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Contemporary literature in the domain of entrepreneurship is evolving towards the analysis of corporate and independent entrepreneurship as two distinct phenomena. Recent research perspectives are focused at analyzing the drivers of innovation, mentors, transformational leaders and knowledge creators, while general considerations of corporate entrepreneurship behavior cover several important aspects. Hornsby, Kuratko, and Montagno (1999) argue that it crucial to analyze new ideas (reflection), to evaluate them in different organizational units (selection), and to execute them (implementation). Kuratko et al. (2005) have highlighted that key activities are to support, enhance and manage entrepreneurial opportunities through overcoming organizational barriers, by identifying, generating and deploying the necessary resources.

In order to analyse entrepreneurial activities in an organizational context, it is first necessary to make conceptual and terminological demarcations. Although the term *entrepreneurship* has been in use for over two hundred years (etymologically originates from the French word *entreprendre* - do something, take action), there are still significant differences in terms of scope and domain. The definitions of entrepreneurship are dominated by following terms: foundation/starting/creation, new business/new venture, innovation/new product /new market, opportunity, exploitation, uncertainty/risk propensity, management/leadership, profit/benefit, new combination of resources/means of production, while other commonly used terms are: value creation, the pursuit of growth, process, initiative, proactivity, change, creation, ownership, accountability and strategy. Due to evident research gap in terms of insufficient clarification of fundamental concepts within the field of entrepreneurship and difficulties to distinguish related, but to some extent separate phenomena of corporate entrepreneurship, paper *research object* is to shed lighter on this isuue and try to resolve some controversies. The terminology needs to be harmonized and the criteria for the classification clarified, as ambiguity impedes the development of a coherent and comprehensive theory of entrepreneurship. Therefore, the main *research question* is how to make distinction between corporate and independent entrepreneruship more compelling and provide better input for development of grounded theoretical foundation.

Paper contribution is reflected in several ways. First one is expanding knowledge base about corporate entrepreneruship as a strategic tool for making a traditional organisation more flexible and innovative. Second, paper improves our understanding of the complexity and ambiguities present in nowadays theory of corporate entrepreneurship. Third, better theoretical understanding of corporate entrepreneurship, its' unique nature and conceptual development enhances implementation in the real-world business setting. The practical implications our paper can be used to provide relevant guidelines for practitioners and managers aiming to develop entrepreneurial organization where innovative projects can thrive and develop.

Paper is structured as follows: after introduction, second part of the paper is providing explanation of conceptual foundation of corporate entrepreneurship, both from evolutional and contextual standpoint. Third section is clarifying unique characteristics and nature of corporate in comparison to independent entrepreneurship. Section fourth elaborates theoretical framework, making distinction in concepts and terminology, necessary for building grounded theory of corporate entrepreneurship. Finnaly, adequate conclusion points are provided in the paper.

2. Conceptual foundation of corporate entrepreneurship

Historically, Richard Cantillon (1734) was the first one describing entrepreneurship as *self-employment with uncertain yields*. Say (1803) pointed out the difference between an entrepreneur and a capitalist, noting that the entrepreneur takes risk, embrace uncertainty, obtain and deploy production factors, with ultimate purpose of value creation. Friedrich Nietzsche, during the first decade of the twentieth century, highlighted that there was a difference between *those who precede the dominant perception of reality and others who simply adapt to it*. He emphasized the importance of individual initiative, following a seemingly irrational path, fueled by the power of will (Santarelli & Pesciarelli, 1990, 689-692).

Schumpeter (1934) considers that an entrepreneur is a *person identifying new resource combinations, which can be manifested as new products, processes, markets, organizational structures or distribution channels*. Therefore, entrepreneurship is in its essence the process of creating new combinations of resources. Gartner, on the other hand, argued that entrepreneurship is the *process of creating organizations* (1988), emphasizing the need of changing research perspective from identifying entrepreneur's characteristic to analyising his actions. He identified two directions in defining entrepreneurship, one referring to the characteristics of entrepreneurship (innovation, resources, risk), and the other, analyzing the capacity of entrepreneurship to create new value. Both definitions have practical grounding and theoretical credibility, but each one covers partially different research domains. Creating of new resource combinations, resulting in innovative products and/or processes, may, but not always result in the new venture creation, and conversely, the new venture creation may, but not necessarily imply existence of some kind of innovation.

There are several dominant standpoints, more closely elaborating the nature and the scope of entrepreneurship (Morris, 1998):

- Creating wealth - entrepreneurship involves taking risks in exchange for profit;
- Business creation - entrepreneurship refers to the creation of a new business;
- Creating innovation - entrepreneurship is creating to a unique combination of resources that make existing methods or products obsolete;
- Creating change - entrepreneurship involves creating change by adapting and modifying methods, skills

and necessary actions, in order to take advantage of the identified opportunities;
- Creating jobs - entrepreneurship contributes severely by new jobs creation and development of production factors, including labor;
- Value creation - entrepreneurship is the process of new value creation by exploiting untapped opportunities;
- Creating growth - entrepreneurship is defined as a strong positive incentive towards increasing sales, revenue and employment.

The challenges entrepreneurs are facing vary depending on *context* they operate in. Entrepreneurial activities therefore can be classified according to whether they take place within established organizations or independently. Independent entrepreneurship is the process in which an individual or group of individuals, acting autonomously, create a new organization. The term entrepreneurship is commonly used in the context of independent entrepreneurship.

Corporate entrepreneurship refers to the process by which an individual or group of individuals, act within an established organization, creating a new venture or initiating the renewal or revitalization of organization itself. Corporate performances depend primarily on ability of organization to innovate products, structure, culture and processes. Successful managers strive to step beyond the traditional business models, to innovate the organization inside, both value chain and management style. The entrepreneurial revolution underway promoted creative thinking in large, bureaucratic structured companies, through the phenomenon of corporate entrepreneurship. Corporate entrepreneurship is a process that enables organization to constantly initiate and lead the changes or to adapt timely, hence it is necessary for all companies seeking to develop and prosper (Kuratko, 2009, 53).

The concept of corporate entrepreneurship evolved over the last decades (Kuratko, 2010, 129-137). Early researchers in the 1970s focused on new ventures teams and how to encourage entrepreneurial activities within organizational context (Hanan, 1976; Peterson & Berger, 1972). During 1980s, researchers shifted toward analysis of entrepreneurial behavior, focusing more on organizational alertness and necessary resources for new value creation (Alterowitz, 1988; Kanter, 1985; Burgelman, 1984, 1983; Schollhammer, 1982). Corporate entrepreneurship has been treated as a process of organizational renewal (Sathe, 1989).

During 1990s and afterwards, the researchers' attention refocused toward corporate entrepreneurship as a means of revitalizing and developing organization's ability to innovate (Borch et al., 1999; Zahra, 1991; Jennings & Young, 1990). During this period, more comprehensive definitions of corporate entrepreneurship emerged (Zahra, 1991; Guth & Ginsberg, 1990). Sharma and Chrisman (1999) linked entrepreneurship to the innovation of a strategy or structure, *encompassing activities of organizational creation, renewal or innovation, taking place inside or outside of an existing organization*. Redefinition and revitalization of organization is an entrepreneurial activity representing a radical departure from dominant strategic and structural patterns. This definition of entrepreneurship is correspondant with others, but in a same time provides foundation for a conceptual distinction between corporate and independent entrepreneurship. Corporate entrepreneurship can also be defined as a *vision-driven organizational activity of a deliberate and continuous entrepreneurial initiative that revitalizes the organization and shapes the business through the recognition and exploitation of entrepreneurial opportunities* (Ireland et al., 2009). It is a framework for enabling continuous change and innovation in organizations, thus creating an effective response to ongoing competitive challenges. Corporate entrepreneurship is initiated in organizations for number of reasons: profitability (Vozikis et al., 1999; Zahra, 1993a), strategic renewal (Guth & Ginsberg, 1990), innovation (Baden-Fuller, 1995), gaining knowledge about new sources of revenue (McGrath et al., 1994), international success (Birkinshaw, 1997), and effective resource configuration (Borch et al., 1999; Covin & Miles, 1999). Regardless of the motive, corporate entrepreneurship is now the focus of numerous research studies (Narayanan et al., 2009, Suhaeli & Bachtiar, 2019).

The goal of corporate entrepreneurship is to achieve and maintain a competitive advantage by fostering innovation at all organizational levels: corporate, business and functional, but also on individual and project team basis. The spirit of entrepreneurship should be reflected in organizational strategy, structure, culture, control mechanisms, compensation system and human resources management, as well as in improving knowledge and innovative solutions (Cvjetković et al., 2022). Thanks to entrepreneurial initiatives, the organizational vision is being redefined, and latent dissatisfaction with the state of the art becomes the core business philosophy, initiating the never-ending search for better products, processes, business models and markets. Back in 1972, Greiner had long-term prediction that the most pertinent challenge organization face in the future would be *the "red tape" crisis*, manifested through the declination of an entrepreneurial spirit, leading to decreasing flexibility, gradually jeopardizing the competitiveness and organizational survival.

Modern companies strive to achieve competitiveness by imitating start-up ventures. Some researchers point out that large companies are excellent at implementing incremental innovations but are, in most cases, unsuccessful in implementing radical innovations (Christensen, 2011). Although there is a certain percentage of small enterprises that are very innovative, it remains a fact that research centers and laboratories of large companies are the primary source of successful innovations. Companies with more than 500 employees invest more in research and development (R&D), conduct 5.75 times more research, which is 13% more productive than that done by small enterprises, making them a true driver of economic growth (Knot, 2018).

3. Distinctive nature of corporate vs. independent entrepreneurship

Corporate entrepreneurship is a mean of systematic search for new sources of competitive advantage, which is crucial for successful managing organization. Successful implementation of innovative activities in an organization requires management to understand the specific nature of corporate entrepreneurship. Analyzing the alternative definitions, it can be noted that there is a general agreement that entrepreneurship is a process of value creation through a unique combination of available resources, in order to take advantage of identified market opportunities. Despite the common belief, the very essence of the entrepreneurial process relates not only to starting new company, but also to creation of a business venture within the established organization, as well as innovating organization itself. The absence of an entrepreneurial initiative leads to the deterioration of the market position and jeopardizing the organization, it is only a matter of time before this process escalate irreversibly.

Creating a new venture within organizational context should be treated with utmost caution, just like starting a new company, since the challenges are similar. The most significant similarities between corporate and independent entrepreneurship are that both concepts (Morris et al., 2008, 33-39):

- involve identifying a business opportunity;
- are driven mainly by individuals implementing ideas in collaboration with others;
- require the creation of a unique concept involving a new product, service, process or business model;
- are focused on new value creation and responsibility towards the customers;
- emphasize the ability to balance vision and managerial skills, enthusiasm and pragmatism, proactiveness and patience;
- involve inevitable flaws and mistakes, that are corrected over time;
- are characterized by window of opportunity, when actions should be taken;
- make entrepreneurs face obstacles and resistance, emphasizing the tenacity and ability to create innovative solutions with scarce resources;
- require systematic handling of uncertainty and risk management strategies;
- involve defining exit strategies.

At the same time, there are certain distinctive characteristics of corporate versus independent entrepreneurship. Corporate entrepreneurs differ significantly in terms of motives, values, dynamism, reliability, risk propensity, communication skills and styles. Unlike independent entrepreneurs, profit is not primary motive for corporate entrepreneurs, but creating something new and making a genuine contribution to the organization success. Corporate entrepreneurs identify themselves with the organization, take advantage of various available resources, but they are compelled to align and deal with substantial shortcomings.

The unique characteristics of corporate entrepreneurship, in comparison to independent, relate to the following aspects (Erić Nielsen, 2020, pp. 26-30):

- *Organization is taking most of the risk*, investing substantial resources and time. Considering that corporate entrepreneurs are starting a venture inside organization rather than independently; it would be easy to conclude that they are hesitant to take risk. However, an employee who decides to launch a new idea as corporate entrepreneur, especially when it comes to radical innovation, is putting in significant jeopardy his own career and future prospects.
- *The organization is the owner of innovation and all intellectual rights.* While an independent entrepreneur owns a business idea and company, a corporate can only use, but he owns neither organizational resources nor innovation. If necessary, the innovation will be modified without the consent of the entrepreneur, according to the needs of the organization.
- *The organization is putting significant resources at the disposal of the corporate entrepreneur*. The most important resources are financing, access to research and development, prototyping and production, goodwill and reputation, established distribution channels, marketing, logistics, etc. An internal poll of experts and mentors is a invaluable source of diverse standpoints how to effectively create a new business venture within an organization (Morris et al., 2008, 33-39). Entrepreneurs tend to develop a kind of paranoia, feeling the resistance to talk to anyone about their idea, being distrustful and suspicious. Corporate entrepreneurs generally do not see it as a big issue, they know who they can talk to about different dilemmas, which colleagues are trustworthy and skilled to provide good advice. An independent entrepreneur is taking the burden on his own, without access to majority of the resources available to the corporate entrepreneur on the daily basis.
- *The potential rewards for the corporate entrepreneur are limited,* most of the benefits belong to the organization. Entrepreneur may get a raise, a bonus, a promotion, or in few cases, a smaller percentage of shares. Although he can not claim ownership, in legal sense, a corporate entrepreneur has strong psychological connection to his venture and sometimes feels his merits are not sufficiently valued, that he is somehow left out. In the case of success with a new venture, more or less justified, the merits are shared with colleagues. In the event of failure, he or she will bear most of the blame. For an independent entrepreneur, the potential rewards are theoretically limitless.
- *Corporate entrepreneur is far less exposed to external threats* comparing to independent, meaning that random adverse events such as supplier cancellation, regulatory change, liquidity problems, macroeconomic volatility are more easily prevailed. The bargaining potential and maneuver space of an organization is bigger, due to the capacity to

compensate the failure of one venture, with other, more successful products/businesses initiatives. The organization stamina, in terms of finance, infrastructure, sales, logistics, research and development, contribute to the safety of the corporate entrepreneur, providing him more time and chance to act. Independent entrepreneurs are much more sensitive to external forces and often fail dealing with them.

- *Relatively secure job* is key benefit and the need for safety is one of the deciding factors in favor of corporate entrepreneurship. The work contract, in most cases, will not be cancelled, entrepreneur can count on steady job, salary and other related benefits, even in the event of an adverse outcome and venture failure. Yet, his actions are putting at stake his career, future prospects, in rare cases, risking to be fired. Organization is not prone to penalize innovative employees, however, they often find themselves that it is difficult to wear a burden of loser and prefer to look for another job.
- *Organizational policy* has an important role. Organizations are political entities, which implies that exercising political power and relying on influential connections becomes an instrument for the success of entrepreneurial initiative. The likelihood of success is dependent upon the entrepreneur's ability to provide a wide network of support. Entrepreneur has to deal with the inertia, skepticism and defeatism of others. The resistance of some employees comes from their fear of losing positions and lack of self-confidence. An entrepreneurial venture can easily be interrupted, diminished or delayed indefinitely, for another, more promising project. The necessity of using social intelligence and political skills is related to the need of establishing credibility, acquiring resources and overcoming procrastination. Possible tactics include building a network, sharing merit with influential individuals and willingness to return the favors.
- Internal environment is characterized by the volume and scope of operations that require a sophisticated administration and control system. This further implies a *certain level of bureaucratic procedures for approving innovative projects/ideas*, that in most cases turn out to be slow, complicated and lengthy. Politics, procedures and rules significantly hinder the entrepreneurial initiative. Independent entrepreneurs have great advantage in this respect, as they have maximum flexibility and ability to act.
- Major advantage of corporate entrepreneurship is *amazing potential for efficiently attaining the economy of scale and scope*. If a new venture proves successful within a multinational corporation, innovation can be globally distributed and change the way employees are doing their job, in very short notice. For the independent entrepreneur, generally it will take years to reach the same level.

Researchers emphasized that, despite unquestionable benefits, ambiguities remain refering to the nature of the corporate entrepreneurship concept (Hornsby et al., 2009; Dess et al., & Lane, 2003), therefore a further study of its heterogeneous nature and dimensions are needed (Phan et al., 2010). Research efforts should focus on both theoretical and empirical clarification of the preconditions of employees' entrepreneurial behavior and the impact of corporate entrepreneurship on organizational performances.

In the post-digital world, the differentiation of companies comes from the application of digital technologies, tools, and concepts in new ways (Daugherty, 2019). New business models emerge based on discontinuous disruptive innovations, with digitalization and globalization further fueling this type of innovation (Lyytinen et al., 2016). Companies must become more entrepreneurial and agile in order to remain competitive in a volatile environment (Selig et al., 2019; Weiblen & Chesbrough, 2015), while simultaneously improving their business through incremental and process innovations (O'Reilly & Tushman, 2013). Digitization transforms not only entrepreneurial potential but also activities (Petković, 2020, pp. 77-83).

4. Toward grounded theory of coporate entrepreneurship

From the beginning of the new millennium, corporate entrepreneurship is regarded as a mean for attaining sustainable competitive advantage, as a basis for profitable growth (Hornsby et al., 2009; Kuratko et al., 2005). The most comprehensive definition of corporate entrepreneurship is presented by Guth and Ginsberg (1990), that *business venturing refers to the birth of new business within existing organizations (internal innovation or venturing), and strategic renewal, defined as the transformation of organizations through renewal of the key ideas on which they are built.* The definition specifies that corporate entrepreneurship requires meeting at least one of two conditions, creating new organizations or creating new combinations of available resources, which makes it very comprehensive.

Relevant research studies indicate that sustainable economic growth based on innovation requires the encouragement and support for entrepreneurs, as well as their effective selection (Acemoglu et al., 2006). On these principles, more recent theories of *industrial evolution* have directly linked economic growth and entrepreneurship (Klepper, 1996; Audretsch, 1995). These theories focus on change as a key phenomenon and emphasize the role of knowledge in creating innovation. Entrepreneurs and entrepreneurial organizations act as catalysts, facilitating the knowledge spillover and of transfer (Audretsch, 2006). Innovation is regarded as the key to the survival and development of the organization, as well as the driver of overall economic development. Stevenson and Sahlman (1987) treat entrepreneurship as the *relentless pursuit and exploitation of opportunity, regardless of the resources currently available*. Mark Casson (1991) highlighted *the most significant entrepreneur's talent, to make discretionary decisions about the optimal allocation of scarce resources*. During 1990s, the research efforts shifted significantly toward the entrepreneurial teams, while new start-up ventures gain lot of traction in last two decades (Allen, 2009, 13-19).

Differences in terminology used by researchers have created confusion in the scientific domain of corporate entrepreneurship. While the terms entrepreneur and entrepreneurship refer to the independent entrepreneurial efforts of individuals acting autonomously, there is much more inconsistency regarding the terms describing entrepreneurial activities in an organizational setting. The most common are: corporate entrepreneurship (Zahra, 1993a; Burgelman, 1983), corporate ventures (Biggadike, 1979), intrapreneurship (Pinchot, 1985), internal corporate entrepreneurship (Jones & Buttler, 1992), internal entrepreneurship (Vesper, 1984; Schollhammer. 1982), strategic renewal (Guth & Ginsberg, 1990), and venturing (Hornsby et al., 1993) (Sharma & Chrisman, 1999). Analyzing different definitions, it can be deduced that different authors use the same term referring to different phenomenon, and vice versa.

There is a substantial lack of consistency in the way different activities are defined, making dilemmas and ambiguities more pertinent. The lack of clear conceptual boundaries makes difficulty for researchers to build upon prior theoretical considerations, and for managers to test their practical application. The definitions differ in terms of domain and comprehensiveness, which results in partial overlapping and sometimes even contradictions. The broader definitions are more inclusive, as they cover a wider range of specific domains emerging during research, which means that they are more reliable, comprehensive and less likely to become obsolete. They reflect more precisely the early stages of development and provide room for maneuver for theoretical and empirical elaboration within corporate entrepreneurship (Sharma & Chrisman, 1999). However, even though a broader perspective is more convenient as a starting point, over time it is still necessary to develop more precise conceptual definitions (Metcalfe, 2006, 62).

Zahra (1991) noted that corporate entrepreneurship can refer to both formal and informal activities, aiming to create new venture within organizations through innovations of product, processes and market development. These activities can take place at the corporate, divisional, functional or project level, with main purpose to improve competitive position and overall financial performance.

Vesper (1984) highlights that corporate entrepreneurship encompasses corporate ventures, strategic renewal and innovation. Although different, these forms of corporate entrepreneurship are mutually dependent, and the intensity of the relationship is contingent upon the ultimate purpose of the entrepreneurial initiative, whether the new product launching or strategic revitalization, due to significant changes in business, strategy or competitive position (Narayanan et al., 2009). 59). Following this, the prevailing standpoint nowadays is that corporate entrepreneurship referes to three types of activities (Zahra, 1996; Guth & Ginsberg, 1990): a) Corporate ventures - creating a new business within the organization; b) Strategic entrepreneurship - transforming an organization through the renewal or redefinition of key values; c) Innovation. *Corporate ventures* refer to internal entrepreneurial activities that result in the creation of new business within an existing organization, arising mainly from product or market innovation, or both. These activities may, but not necessarily, lead to the creation of a new organizational unit, in a structural sense. The ventures are being categorized depending on how much they are within the scope of the existing organization. External corporate ventures refer to the emergence of semi-autonomous or autonomous organizational entities physically located outside of the organization, and may take different forms: joint ventures, spin-off ventures, venture capital investments, etc. Internal corporate ventures relate to activities resulting in the creation of new organizational units, with different levels of structural autonomy, connection to core competence, degree of innovativeness and managerial support. *Strategic entrepreneurship* refers to corporate entrepreneurial efforts leading to significant change of organizational strategy or structure. Fundamental change is taking place, within the organization itself or between the organization and the external environment, and in most cases implies some kind of innovation. Strategic entrepreneurship refers to strategic renewal (Guth & Ginsberg, 1990), strategic change, revitalization and transformation (Schendel, 1990), strategic refocusing (Vesper, 1984), reorganization, redefinition (Zahra, 1993a, b), organizational renewal (Stopford & Baden-Fuller, 1994) (Kuratko & Audretsch, 2009).

Practical implications refer to understanding theoretical concepts and distinctions in the field of entrepreneurship should provide directions for owners and managers and indicate how change in organizational strategy, structure, processes and leadership style can benefit entrepreneurial, creative innovations and consequently competitive position on the market. Second, entrepreneurial organizations systematically encourage individual initiative and autonomous behavior of employees, nurturing an organizational culture based on entrepreneurial strategic vision and sophisticated motivational mechanisms. They promote the constant pursuit for more innovative, higher quality products and processes, outperforming progressively less efficient competitors. Third, organizations that nurture entrepreneurial culture and tolerance, encourage individual initiative, empowering employees and strengthening their selfconfidence. Finnally, the economic contribution of entrepreneurial organizations at the macroeconomic level is indisputable, creating new value and new jobs, accelerating economic growth and development, empowering competition, technological experience, knowledge creation and transfer. Encouraging entrepreneurship often has a direct impact on redistribution of political power, to the benefit of policymakers who provide incentives for innovation through adoption of favorable macroeconomic measures and corresponding legal framework.

5. Conclusions

Entrepreneurial organizations thrive in volatile, turbulent, disturbing, even chaotic environment. They are the best when competition is fierce and complexity high. Markets are often characterized by low concentration of competitors, but high supply heterogeneity and the pace of technology change. Entrepreneurial organizations benefit during periods of economic expansion, but, paradoxically, even during recessions, when resources are scarce and environment hostile, they are ones the best equipped to survive. Yet the impact of external trends is far more complex than can be inferred based on a generalization. For some organizations, new opportunities lead to the sudden and significant success, but for others, even when they demonstrate a high level of innovation, it can mean failure. The complex interdependence of market circumstances, different business practices, regulations and cultural characteristics makes it almost impossible to make predictions regarding the success of entrepreneurial initiatives. Transforming the organization to be able to adapt in different contexts requires the adequate management, as well as structuring and designing organizational processes with purpose of creating an internal environment suitable for the development of corporate entrepreneurship.

An entrepreneur is focused on their own success or the success of a specific product, while a corporate entrepreneur is focused on the success of the organization. (Eilenberg, 2012, p. 3). Successful implementation of innovative activities in an organization requires better understanding of specific nature of corporate entrepreneurship. Corporate entrepreneurship is a mean of systematic search for new sources of competitive advantage, which is crucial for successful managing organization. Limited success in defining comprehensive theoretical foundation limits the ability to anticipate, describe and shape the internal environment in which corporate entrepreneurship can thrive. Organizational structure, culture and management style encouraging entrepreneurial behavior are still being studied. Our and other similar research studies should be inspiration for further efforts in this complex yet promising field in entrepreneurship.

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