

## **Intrapreneurship, the salvation of our hospitality DNA?**

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## **Executive summary**

This paper studies the intrapreneurship and corporate culture to better understand the relation, and the impact of this on the financial performance of hospitality companies. The purpose of this paper is to provide tools for endorsing intrapreneurship among hotel employees.

The authors suggest the use of Positive Psychological Capital as a leadership method to increase intrapreneurial achievability in organization. Furthermore, the authors suggest that improved intrapreneurial achievability will boost innovation in corporate culture.

Intrapreneurship enables the formation of competitive advantage and provides possibilities for innovations. Incorporating the intrapreneurship, values and corporate culture also improves the performance and profitability.

**Keywords:** Intrapreneurship, Innovation, Corporate culture, Positive PsyCap

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## **1 Introduction**

Innovation has been put through a challenge when Covid-19 has shaken the hospitality industry and molded it for the new normal. Companies who have innovatively pushed new forms of lodging, food and business services, digital experiences, and the incorporation of developing technology trends are the ones who have survived through the challenges. We believe that intrapreneurship is a key to innovation and for this reason, it is fundamental for the hospitality operators to empower their staff and enable the intrapreneurial qualities in order to keep the companies futureproof.

This paper is viewing intrapreneurship through skills and characteristics that can be implemented to innovative corporate culture to increase the profitability of the company. How can intrapreneurs increase profitability? Is intrapreneurship the salvation of hospitality DNA? We approach these questions by considering employees as the asset of the company.

The main purpose is to develop recommendations for Hotel Marski by Scandic on how they can further enhance the intrapreneurship of their employees. The reason for choosing this specific hotel lays in their values and corporate culture. When the values are viewed as the DNA of the company it leads towards intrapreneurship. In Hotel Marski by Scandic intrapreneurship is already partly present through empowerment and accountability of the employees. Therefore, it is easy to expand on already existing practices. There is still plenty of room for innovation and to deepen the intrapreneurial aspects in the working environment.

The continuation of this paper suggests how intrapreneurship can support the goals of Hotel Marski by Scandic.

## **2 Intrapreneurship**

Gifford and Elizabeth Pinchot invented the concept of intrapreneurship in 1978. Miller (1983) added to the subject of intrapreneurial study by emphasizing the notion of entrepreneurship at the business level. Additionally, Miller proposed firm-level entrepreneurship be defined by the company's capacity of strategic competitiveness and risk-taking. Some studies have associated intrapreneurship with entrepreneurship. According to Bosma et al. (2010), intrapreneurship is a subset of entrepreneurship that shares many of its core behavioral traits. Intrapreneurship has been characterized by some as "entrepreneurship within an existing organization" (Antoncic and Hisrich 2001, 2003), Ping et al (2010).

The notion of intrapreneurship, which began as an attempt to demonstrate the innovation process within vast businesses, has matured into a significant strategy consideration for any firm, regardless of size. This notion was coined by Hisrich and Peters (1998) as the entrepreneurial spirit. According to Anu (2007), the idea of intrapreneurship is tied to an organization's entrepreneurial approach. Lastly, Veronica et al. (2013), defines intrapreneurs are domestic entrepreneurs that seek the interests of their organization while focusing on innovation and creativity.

## 2.1 Skills and characteristics

The skills and characteristics of an intrapreneur, either from individual or organizational-based points of view have the potential to be considered beneficial for the individual, the company, and eventually the hospitality industry. They turn company ideas to profit (Pinchot & Pellman 1999) by daring, changing, and succeeding (Heinonen & Vento-Vierikko 2002). Pinchot & Pellman (1999, 16) state that only the ones who roll up their sleeves and work persistently until things are done can be called intrapreneurs.

Björn (2021) claims that intrapreneurship is a competence that can be developed through time. An article analysis conducted by Neessen et al. (2018) implements that intrapreneurship has been viewed through five different perspectives:

1. Experience design skills (product or customer's journey)
2. Business Ideation
3. Self-efficiency
4. Opportunism
5. Initiative and openness

The aim of this paper is to interpret the benefits of the five intrapreneurial characteristics with a thematic idea of various purposes presented in the table below:

Table 1 Benefits of the five intrapreneurial characteristics.

Theme	Result	Purpose
Experience Design skills	Guest satisfaction	Profit
Business Ideation	Adaptation	Creativity
Self-efficiency	Visualization & critical thinking	Articulation
Opportunism	Innovation	Problem-solving
Initiative and openness	Corporate Culture	Resilience

Experience design skills can be considered as the innovation per the demand of the market or global crisis. Business Ideation for new strategies to adapt and to not extinct when facing problems. Self-Efficiency for consistency. Opportunism for the purpose of finding solutions to problems. Innovation and openness to build resilience.

Further similarities of intrapreneurial behavior defined by Antoncic and Antoncic (2011), for example, proposed four dimensions: new business venture, product/service innovation, process/technology innovation, and self-renewal. The Intrapreneurial activity was defined into five aspects by Agca et al. (2012): innovativeness, new business venture, self-renewal or strategic renewal, risk-taking, and proactiveness. Each of these definitions shares the belief that intrapreneurial behaviors promote organizational innovation and growth through exploration, as well as the recognition and exploitation of new knowledge or opportunities (Kuratko & Audretsch 2013; Zahra 2015).

However, recognition of intrapreneurship relies on the emotional capital and leadership within the organization.

## 2.2 Tools for sparking Intrapreneurship

Aypek (2017) states that positivity and support towards innovation in a work environment increase intrapreneurial mindset. This is backed by a study conducted by Grözinger (2021), which finds that a company's positive psychological state influences creative innovation and performance directly.

To initiate intrapreneurship, one could argue about the approaches, however, social psychological studies examined by Pandey et al. (2020) support the benefits of using positive Psychological Capital (PsyCap) in organizations. Managers leading with positive PsyCap, who understand how people interact with each other and how that interaction affects the team are needed to recognize the intrapreneurs among a company.

Alongside, Psychological Capital can support managers to realize what type of rewarding or supporting systems work for each employee, to increase the intrapreneurship amongst them, instead of lowering the innovation by using incompatible methods.

The intermediation between positive PsyCap and intrapreneurship appears through the similar emotional attributes that connect the two organizational behavioral theories. Intrapreneurs existing in various positions could serve a competitive advantage for the sustainability of the company due to the intrapreneurial attributes presented in 2.1.

The beneficial value of Psychological Capital in the hospitality industry is not viewed as a resource until the managers go through trial and error at the cost of significant emotional labor for the employee, managers, and entrepreneurs. As defined by Luthans (2007), the aspects of PsyCap, HERO; (hope, self-efficiency, resilience, and optimism), plus the five attributes of an intrapreneur mentioned in 2.1, could lead towards employee empowerment for the corporate. When individuals are more hopeful, effective, resilient, and optimistic, they are more likely to "weather the storm" in a dynamic organizational or demanding personal setting. As a result, leaders must understand the notion of Psychological Capital. Psychological capital is described as "a person's constructive psychological development." (Luthans et al. 2007.)

Based on the above, Psychological Capital can act as a supportive tool for intrapreneurship but not only PsyCap serves this role. As an example, the work environment plays a crucial role in enhancing intrapreneurship and allowing intrapreneurs to bloom in the company. Environment, which supports daring, and uses failures as a learning point for the whole organization, supports innovation (Peltola 2020, 16). According to Heinonen & Vento-Vierikko (2002, 74), prevailing corporate culture can increase or decrease the desire for individual risk-taking since it correlates strongly with the support, operational structures, and resources provided. Intrapreneurship has gained prominence as a critical capacity that contributes to corporate innovation and growth (Sinha & Srivastava 2013). To create such an environment, innovation must be practiced throughout the corporation by integrating it into their corporate culture.

### **3 Innovative corporate culture**

An innovative culture when practiced in corporations allows intrapreneurship to become the leader for internal entrepreneurship. (Antoncic & Hisrich 2001; Douglas & Fitzsimmons 2013). The change towards innovative corporate culture starts from the leaders and management of the company (Heinonen & Vento-Vierikko 2002). Based on the research of Heikkinen (2020) trust between employees and management is important for the work atmosphere. Ways to ensure the trust are to be present, listen, support, and encourage. Besides having bilateral meetings between superior and employee it is crucial to operate according to the company values. Values are companies' basic principles where all the operating is based (Heikkinen 2020; Kamensky 2014).

We argue that intrapreneurship should be implemented to the core of the company like values. The change towards innovative corporate culture starts from leaders and climbs down to the organizational level (staff) through leadership. Intrapreneurship enhanced correctly can lead to big ideas or new departments within the company. For the innovations to reach this level, the company needs to consider its structures in leadership and development. How open-minded and easy innovating is, and what are the assets allowing development to happen externally or internally in the company. Demand for innovation grows when competition in the industry increases. For the future where intrapreneurship is the key aspect, it is important to consider changing the business models to match the innovative learning organization. Intrapreneurship is seen as a positive, new innovative resource, which is essential for dynamic, cutting-edge companies (Maunu 2011; Viitala & Jylhä 2004).

### **4 Why intrapreneurship benefits companies?**

According to Heinonen & Vento-Vierikko (2002), the key factors for the success of operating an organization in a constantly changing environment are intrapreneurship as a mode of operation, flexibility between responsibility and power, and a customer-oriented approach. When companies' success is being measured, it is often done by the competitive situations. Externally the performance of a company is measured by the profit, market share, customer satisfaction and loyalty, and the image of the organization. It is also assessed internally based on renewal, learning, work atmosphere, capacity to change, and the job satisfaction of the staff. (Heinonen & Vento-Vierikko 2002, 11-12.) When companies implement intrapreneurship in their ways of operating, it offers a clear competitive advantage and makes them more futureproof.

The pattern in Appendix 2 shows the implications for a company that is strongly tied with customer interaction through different levels of an organization and how these levels affect competitiveness in the hospitality field. Based on theory by Heinonen & Vento-Vierikko (2002, 21-22) when customer orientation and intrapreneurship are low in an organization it runs with bureaucracy. Bureaucratic companies use routines that are based on old tactics and working traditions, leaving no room for innovation. Customer-driven organizations lack intrapreneurship and aim to get the existing customers happy by answering customer expectations. Products and services can be developed to answer the demand, but bigger innovations are rare. Learning and evolving-oriented organizations on the other

hand focus on developing their inner structures but disregard the needs and expectations of customers. Employees are satisfied and enjoy the learning process, yet the company is missing the customer orientation.

Customer-oriented innovative success is achieved by organizations where intrapreneurship and customer orientation are on a high level. It allows the organization to be both, learning and customer-oriented organization. These kinds of organizations are developing inner and external structures by anticipating customer needs and expectations. The aim is to increase the value for the customer. The customer-oriented approach is integrated into all positions in the company which allows staff to work internally enterprising and innovate in customer-oriented ways. If implemented correctly it can offer competitive advance which is hard to copy by other companies. (Heinonen & Vento-Vierikko 2002.) This theory is supported by Jalivand (2017) who's research shows that innovation and customer orientation are positively connected to a company's performance.

Depending on the critical needs of the company, there are other ways of increasing profitability too. According to Tiihonen (2019) employee satisfaction affects customer satisfaction, and low customer satisfaction leads to lower profitability. Heinonen and Vento-Vierikko (2002) support the idea that intrapreneurship benefits both parties. Employees advancement to intrapreneurship delivers high-level knowledge and skills to the work community that are difficult to transfer or purchase. Intrapreneurship generates new ideas, goods and services, as well further successful methods of selling them. (Maunu 2011; Kansikas 2007.) Intrapreneurship brings meaningfulness to employees' jobs and increases commitment, respect, and richness towards their own work (Heinonen & Vento-Vierikko 2002). It offers the employee the opportunity to implement their own potential and provides a solution model to maintain work motivation (Maunu 2011; Koironen & Pohjansaari 1994). Alongside these, it is creating a greater "market value" for the employee itself because of the learning process (Heinonen & Vento-Vierikko 2002).

A corporate allowing a sense of ownership to their employees create a community sense within the organization, thus reducing the risk of losing the workforce. Employees' ideas welcomed in major corporations express corporate innovation and lead to intrapreneurship. In other words, employees who behave like entrepreneurs among a larger organizational system tend to lead more into employee engagement and meaning through recognized responsibility.

## **5 Conclusion**

Ultimately, creating a working environment where ideas and mistakes are cherished adds openness to the internal corporate culture. Employee empowerment optimizes the workforce and reveals potential for intrapreneurship. Corporations in the hospitality industry with innovations through intrapreneurs are maintaining and rebuilding after the damage caused by the pandemic.

Guest's happiness reflects on service memories and that intangible experience leads to a return of visits, therefore, an increasing working atmosphere through intrapreneurship adds value to guests' satisfaction. Through guests' satisfaction, intrapreneurship brings a



competitive advantage for the company in the hospitality industry, but it also helps to increase profitability. When employees are given more responsibilities and power to perform, the customer interaction gets smoother. Based on our findings, we argue that intrapreneurship is the salvation of hospitality DNA.

The four core values of Hotel Marski by Scandic, serve a synergy between the internal and external stakeholders, thus, when the values are viewed as the DNA of the company it leads towards intrapreneurship. To conclude, the perspective of this paper recommends Hotel Marski by Scandic to implement intrapreneurship as one of the values, so it becomes core of the corporate culture like other values have done so far. Alongside gaining more intrapreneurship to the work environment we suggest implementing intrapreneurship and company values to the company's HR as a measure and informative tool when hiring new employees. By being transparent of the intrapreneurship already in the phase of an interview it will help to find correct employees matching the values and intrapreneurial mind.

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# Appendices

## Appendix 1. Hotel Marski by Scandic values

**Scandic is built on four values. Our team members incorporate these concepts in their daily work and relationships, both internally and externally.**

**Be caring**

We are warm and welcoming, meeting everyone with open arms and open minds, and we care for the people, planet and society.

**Be you**

We are ourselves celebrating each other's' unique potential and appreciating the advantage of our differences.

**Be a pro**

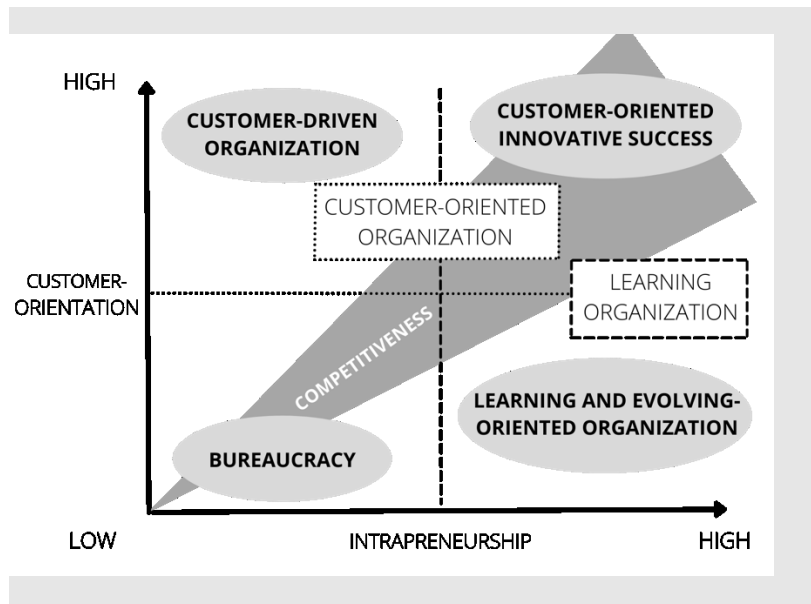
We are reliable and deliver high, consistent quality in everything we do. But we also go above and beyond what's expected, knowing that the key to success is about attention to every little detail and a constant obsession with going from great to world-class.

**Be bold**

We dare to do things differently, to go outside of our comfort zone and to spend more time looking forward than back – always aspiring to be an inspiration to our guests, to each other, to owners and to society at large.

Four values of Hotel Marski by Scandic (Scandic 2021).

**Appendix 2. Pattern of customer-oriented and intrapreneurship as a source for success**



Pattern of Heinonen & Vento-Vierikko (2002, 21) is modified from Finnish to English.