

## Chapter 39

# Corporate Innovation and Intrapreneurship in the Middle East

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### ABSTRACT

*Corporate Intrapreneurship (CIP) is still viewed in many cases in the Arab region as a western concept that does not apply to the Middle East. Whereas Corporate Intrapreneurship (CIP) has been an area of increased interest in the United States and in Europe in the last few decades, stimulated mainly by the hope that it will revitalize and regenerate the manufacturing industry, among others, in these countries, especially in the face of increased competition, in the Middle East CIP is still a somewhat new and sometimes vague concept with little understanding to its benefits and uses. The objective of this chapter is to link intrapreneurship to the well-developed literature on entrepreneurship, to develop a model that will allow us to incorporate those factors that are critical to the intrapreneurial zone of an organization.*

### INTRODUCTION

Corporate Intrapreneurship (CIP) is still viewed in many cases in the **Arab** region as a western concept that does not apply to the Middle East. Whereas Corporate Intrapreneurship (CIP) has been an area of increased interest in the United States and in Europe in the last few decades, stimulated mainly by the hope that it will revitalize and regenerate the manufacturing industry, among others, in these countries, especially in the face of increased competition, in the Middle East CIP is still a somewhat new and sometimes vague concept with little understanding to its benefits and uses. This will change because even though the manufacturing industry is still in its infancy compared to the developed countries, yet competition is also strong and if these companies plan to stay in the game and compete, then they need to use whatever tools available and one of them is CIP. In Lebanon in particular where the country prides itself with the human factor, it is greatly advantageous to use this tool especially that it is readily available and can provide strong results.

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The objective of this chapter is to link intrapreneurship to the well developed literature on entrepreneurship, to develop a model that will allow us to incorporate those factors that are critical to the intrapreneurial zone of an organization, its size and its dynamics, and to link all of this to the value of the firm. The early part of the chapter discusses entrepreneurship and the profile of an entrepreneur in the hope that an existing large firm can identify entrepreneurs within its structures in order to harness their talents and to add value to the firm. Furthermore, various elements of intrapreneurship are identified, then considers the necessary and sufficient conditions for it to become a value driver within the firm. The various influencing factors are identified and some conclusions are drawn.

## **DEFINITION OF ENTREPRENEURSHIP**

While some may claim that entrepreneurship as a concept started with Adam Smith however the term itself was coined by a French economist Jean Baptiste Say, an admirer of Smith, around 1800. Even though this term has been around since 1800, there is still some confusion concerning the true meaning of the word.

There are many views as to who is an entrepreneur and what an entrepreneurial behavior is. Kuratko et. al (2011) list seven main perspectives on the nature of entrepreneurship. The first is the creation of wealth referring to the undertaking of risks to facilitate production and make a profit. The second perspective is the creation of enterprise which is starting a new business venture that did not exist before. Third is the creation of innovation which is putting together a unique combination that makes existing methods or products obsolete. Next is the creation of change which is to modify or adjust one's ways or skills to better exploit opportunities in the environment. Fifth is the creation of jobs since entrepreneurship involves hiring and developing part of the labor force. Sixth is the creation of value, taken from the perspective of creating value for customers by making use of opportunities previously overlooked. Finally there is the creation of growth because a strong drive towards growth in sales, income, assets and employment are aspects defining entrepreneurship. Perhaps the creation of innovation and change are the perspectives that best describe the role of the entrepreneur in what Schumpeter called creative destruction. Schumpeter described how entrepreneurs through innovation, change and improved work methods often lead to the demise of passive industries or markets that do not manage to evolve.

Nearly 60 years later, Kirzner (1999) stated that the entrepreneur does not create innovation and opportunities but actually is alert to opportunities and therefore is able to exploit them. This concept is close perhaps to the sixth perspective mentioned earlier. Later Kirzner (1999) stated that his view and Schumpeter's view are not necessarily contradicting and can be both accepted. This addition by Kirzner shows that entrepreneurship and entrepreneurial activity as a concept is still developing to this date and although the term has been around for a long time, yet the meaning is still evolving through time.

Most entrepreneurship books, such as the one by Kaplan and Warren (2010) define entrepreneurship today as 'the process of creating something different by devoting the necessary time and effort; assuming the accompanying financial, psychic, and social risks; and receiving the resulting monetary rewards and personal satisfaction'. This definition in particular covers most of what is discussed so far with the exception of the strong drive towards growth. This feature usually accompanies a special type of entrepreneurs, the corporate entrepreneur.

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