



Turning entrepreneurs into intrapreneurs: Thomas Cook, a case-study



Lisa Smith^a, Patricia Rees^b, Noel Murray^{c,*}

^a Gold Medal Travel, The Trident Centre, Portway Ribble Docklands, Preston, Lancashire, PR2 2QG, UK

^b Manchester Metropolitan University Business School (Retired), Apt 4, Bryn Cregin, Ty Mawr Road, Deganwy, Conwy, LL31 9UR, UK

^c Dept. of Marketing & International Business, School of Business, Cork Institute of Technology, Cork, T12 P928, Ireland

HIGHLIGHTS

- Entrepreneurship and intrapreneurship is investigated in Thomas Cook.
- Entrepreneurs and Intrapreneurs have complementary skill sets.
- Intrapreneurs are more financially risk averse than entrepreneurs.
- With top level sponsorship, they achieve their goals by sometimes breaking rules.
- Connecting Entrepreneurs and Intrapreneurs provides development opportunities.

ARTICLE INFO

Article history:

Received 24 January 2014

Received in revised form

22 April 2016

Accepted 23 April 2016

Keywords:

Entrepreneurship

Intrapreneurship

Corporate environment

Travel business

ABSTRACT

The purpose of this paper is to understand how Thomas Cook can turn Entrepreneurs into Intrapreneurs by: looking at the intrinsic and extrinsic motivators as well as the factors in a corporate environment that are conducive to, and act as barriers against entrepreneurial behaviour. A case study approach was adopted. Interviews were carried out with, amongst others, entrepreneurs and intrapreneurs in Thomas Cook.

It was found that Entrepreneurs and Intrapreneurs have complementary skills, particularly in navigating a corporate political environment. With top level sponsorship and support, they achieve their goals by sometimes breaking rules. Connecting the Entrepreneurs and Intrapreneurs to engage with each other, and utilising their skills for bigger and wider challenges, provides development opportunities for both groups. Due to an embargo, the paper refers to research carried out in the late 2000's.

© 2016 Elsevier Ltd. All rights reserved.

1. Introduction

Over the past thirty years there has been a growing interest in understanding the enablers for organisations to be able to foster creativity, innovation, self-renewal and entrepreneurship from within (Burgelman, 1983; Kanter & Richardson, 1991; Abraham, 1997; Wunderer, 2001; Christensen, 2005; Jones, 2005; Brunaker & Kurvinen, 2006; Gapp & Fisher, 2007; Chakravarthy & Lorange, 2008; Kacperczyk, 2012; van Wyk & Adonisi, 2012). This has been in tandem with a subtle movement from using corporate entrepreneurship descriptions towards heavier use of the intrapreneur term throughout the 2000's (with movement back to the term corporate entrepreneur more recently). Whilst there is research

conducted on intrapreneurs turning into entrepreneurs (Sharma, 2006) or intrapreneurs starting up new business ventures within existing firms (Coulson-Thomas, 1999; Hisrich & Peters, 1986) there appears to be no literature addressing the reverse, turning entrepreneurs into intrapreneurs as part of a larger corporate environment, or using proven entrepreneurial skills to aid new business venture creation for the parent corporation, post the acquisition process.

This paper investigates what strategy can be employed to encourage previously independent and successful entrepreneurs to behave intrapreneurially within, and for the benefit of a larger corporate organisation. The research took place in Thomas Cook – one of the world's leading leisure groups. This was prior to the troubles the company encountered in 2011/12 and provides a snapshot of the organisation at that time. (The implications of this study and the later difficulties will be discussed as a postscript in the conclusions). Whilst being a snapshot of events in the late

* Corresponding author.

E-mail addresses: ls@goldmedal.co.uk (L. Smith), p.l.nicholls@gmail.com (P. Rees), noel.murray@cit.ie (N. Murray).

2000's, it is contended that this research still has current value in examining the concept of turning entrepreneurs into intrapreneurs in a travel company. Additionally, according to Li (2008), corporate entrepreneurship has the least coverage in hospitality journals. This is when most hospitality firms are now very large and might benefit from a clearer understanding of corporate entrepreneurship. It is hoped that research presented here will provide findings that will have some practical application in large hospitality companies that want to be more entrepreneurial. The following provides a brief background to Thomas Cook just before this study took place.

1.1. Thomas Cook 2008–2010

Thomas Cook has annual sales of around £9bn, carrying 22.3 million customers, operating a fleet of 93 aircraft, a network of over 3400 owned and franchised travel stores, interests in 86 hotels and resort properties, and employing 31,000 employees (Thomas Cook, 2009). It is structured into five geographically based segments operating in 21 countries (Thomas Cook, 2009). In September 2008, in order to fully capitalise on the organisation's four-pronged strategy of: maximising the value of the mainstream business; be a leading travel-related financial services provider; become a leading independent travel provider; and grow the company's value through mergers and acquisitions – a restructure saw a separation of the UK division into “Independent Businesses” and “Mainstream” with the promotion of a CEO figurehead for each (Dennis, 2008). In line with the above strategy Thomas Cook have, since 2008, made a number of strategic acquisitions to complement their existing portfolio. The businesses recently acquired have, on the most part, been created and successfully developed by entrepreneurs, each with its own culture, values and entrepreneurial style. Whilst the acquisition deals are structured individually, Thomas Cook has been careful to ensure they keep the skills and experiences of the entrepreneurs as part of the management deals they construct. These businesses remain stand-alone from Thomas Cook's mainstream business and sit on the Thomas Cook Independent Board.

In addition to the recently acquired businesses, and also under the remit of the Independent division, Thomas Cook have a number of businesses and products which have been either developed internally or have come under their ownership as a result of previous mergers and acquisitions. These businesses have varying degrees of connectedness to Thomas Cook's mainstream business, with some located within the head office, sharing IT platforms and so on. The businesses are largely run by intrapreneurs who have taken over the role of running the business. Having worked their way up from more junior roles within the business, they now hold the role of Managing Director for each of these products/brands.

The next section reviews the academic background and definitions of the terms entrepreneurs and intrapreneurs and what motivates them. From the strategic literature, strategic entrepreneurship will be reviewed drawing out key areas for the corporate environment with regards to entrepreneurialism and intrapreneurialism.

2. Literature survey

2.1. Entrepreneurship and intrapreneurship

With a historical background stemming from the work of the classical economists, the earliest use of the term entrepreneur is believed to have been contained in the work of Richard Cantillon in 1734, describing an entrepreneur as someone undertaking self-employment with an uncertain return (McMullan & Long, 1990;

cited in; Sharma & Chrisman, 1999). Later work undertaken in the neoclassical era saw economists such as Schumpeter (1934) developing the theory of entrepreneurs as innovators, driving new products, exploiting new markets, combining resources differently and creating game changing rules of competition for their industry. Schumpeter also identified entrepreneurs as agents of innovation and creative destruction, prevailing over inertia and being the instigators of change, thus driving new jobs, higher incomes and subsequently driving economic development.

Outside the economic development field, theories look at human facets, such as what makes entrepreneurs different to other people (Cox & Jennings, 1995), their impact on strategic direction and competitive advantage (Barringer & Bluedorn, 1999) and the role the environment plays and how entrepreneurs capitalise on it (Zahra, 1993). Tangentially, Jones (2005) explores the boundary spanning activities (for example between the firm and its environment) of intrapreneurs and their contribution to organisational success.

The term intrapreneur was coined by Pinchot in his 1985 book “Intrapreneuring” (Pinchot, 1985), where he puts forward the necessity for organisations to innovate in the face of the ever increasing advent of sophisticated competitors and the need for the organisation to facilitate self-renewal from within. He proposes a set of 10 commandments for aspiring intrapreneurs, conveying empowerment, including items such as “do any job needed to make your project work, regardless of your job description” (Pinchot, 1985: 22). Since Pinchot's work, the literature finds consensus in that intrapreneurs will behave entrepreneurially within a firm (Antoncic and Hisrich, 2003), and will look for ways to redefine the status quo within existing organisations (Seshadri & Tripathy, 2006). There is also consensus in how to engage intrapreneurs in terms of ownership, empowerment, reward and recognition (Abraham, 1997; Pinchot, 1985; Seshadri & Tripathy, 2006).

In today's business environment, intrapreneurship requires firms to seek out new business opportunities in the wake of globalisation and technological development (Kuratko, Hornsby, & Goldsby, 2004) so as to renew and regenerate competitive advantage (Corbett, Covin, O'Connor, & Tucci, 2013) in order to be sustainable over time (Covin & Slevin, 2002). In essence this allows company employees to embrace their entrepreneurial ambition within the safety of their company (Kuratko & Audretsch, 2013). The term ‘intrapreneurship’ has evolved over the years with many academics also adopting the concept of ‘corporate entrepreneurship’ (CE) (Shimizu, 2012; Burgess, 2013; Chen, Tang, Jin, Xie, & Li, 2014), which provides autonomy within the structure, rules and culture of the organisation, so as to improve corporate success (Kuratko, Montagno, & Hornsby, 1990). Although CE has been examined for several decades (Hill & Hlavacek, 1972), important issues still require examination (Shimizu, 2012) as the entrepreneurship element was often quite ambiguous due to the phenomenon under examination lacking specific clarification (Corbett et al., 2013). For the purpose of this research, CE is defined as “a type of proactive behaviour that can stimulate desired innovation” (Kuratko, Ireland, Covin, & Hornsby, 2005: 699). In essence, CE seeks to continually renew and reshape competitive advantage (Corbett et al., 2013) to replace the idea that competitive advantage is sustainable (Chen et al., 2014) due to increasing globalisation and technological development (Shimizu, 2012). This study follows the call from Corbett et al. (2013: 813) for “scholarly inquiry that invites new insights from a variety of perspectives on the matter of how established organizations might best respond to the entrepreneurial imperatives they face and opportunities confronting them”.

2.2. Intrinsic and extrinsic motivation

Autonomy and management support are recognised as being

Download English Version:

<https://daneshyari.com/en/article/7421407>

Download Persian Version:

<https://daneshyari.com/article/7421407>

[Daneshyari.com](https://daneshyari.com)