

Is there a difference between intrapreneurs and early-stage entrepreneurs in Romania?

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Abstract. *The aim of this paper is to study the differences between being an intrapreneur and an early-stage entrepreneur in Romania. We first present an international comparison of intrapreneurial and early-stage entrepreneurial activity rate, followed by the individual level analysis of these new venture creators using Global Entrepreneurship Monitor (GEM) database of Romania from 2012.*

Keywords: intrapreneur; early-stage entrepreneur; Global Entrepreneurship Monitor; socio-demographic characteristics; entrepreneurial perceptions and attitudes.

JEL Codes: L26, D20, J24.

REL Codes: 14D, 10B.

1. Introduction and literature review

According to Parker (2011) intrapreneurs are those who develop a new venture within an existing organization, who explore a new opportunity and create economic value, while entrepreneurs are those who develop a new venture outside an existing organization.

In this study we will analyze the main socio-demographic and perceptual characteristics of both types of new venture creators in order to identify the possible influencing factors of becoming an intrapreneur or an early-stage entrepreneur.

The safe environment could be a reason of choosing intrapreneurship. The probability that a job created in a new firm would still be around four years later is less than that of jobs created in all firms (Armington, Acs, 2003). Wagner (1997) showed that jobs in new firms pay less, offer worse fringe benefits, and provide less job security than jobs in existing firms. People who have the required skills to create a new venture but they lack the resources (mostly the younger) or the inclination (which is most frequent in case of older persons) to engage in independent start-up activities can be persuaded to do so within a corporate environment (Parker, 2011). Managers wishing to discourage employees from quitting to found potentially competing start-ups might seek to “buy them off” with higher salaries, which helps retain both the employee and the innovation within the firm (Hvide, Kristiansen, 2012, Hvide, 2009, Parker, 2011).

Intrapreneurs are much more likely to have the intention to start a new independent business than other employees, but employees with safe jobs in existing firms will think twice before moving to a risky new business venture (Bosma et al., 2011). The ambiguity-reducing effect of knowing other entrepreneurs was emphasized by Minniti (2005), which may lead individuals to accept more risk (Einhorn, Hogarth, 1985).

Among socio-demographic characteristics, age and gender have been shown to play some role in entrepreneurial decisions. For example, the probability of starting a business has been shown to increase with age up to a threshold point and to decrease thereafter (Levesque, Minniti, 2006). The youngest and older employees are significantly more likely to engage in nascent intrapreneurship than in nascent entrepreneurship (Parker, 2011), and men have been shown to be more likely to start a business than women (Blanchflower, 2004).

Education has been shown to be negatively related to the probability of being an entrepreneur, except in some rich countries where post-graduate training has been found to have some positive effects (Blanchflower, 2004). According to Bosma et al. (2011), higher educational attainment is positively

linked to intrapreneurship, but linked negatively to independent entrepreneurship. The effect of household income is positive for entrepreneurship, but strongest for intrapreneurship.

Nyström (2012) showed that there are important differences between entrepreneurs and intrapreneurs with respect to their perceptions of capabilities.

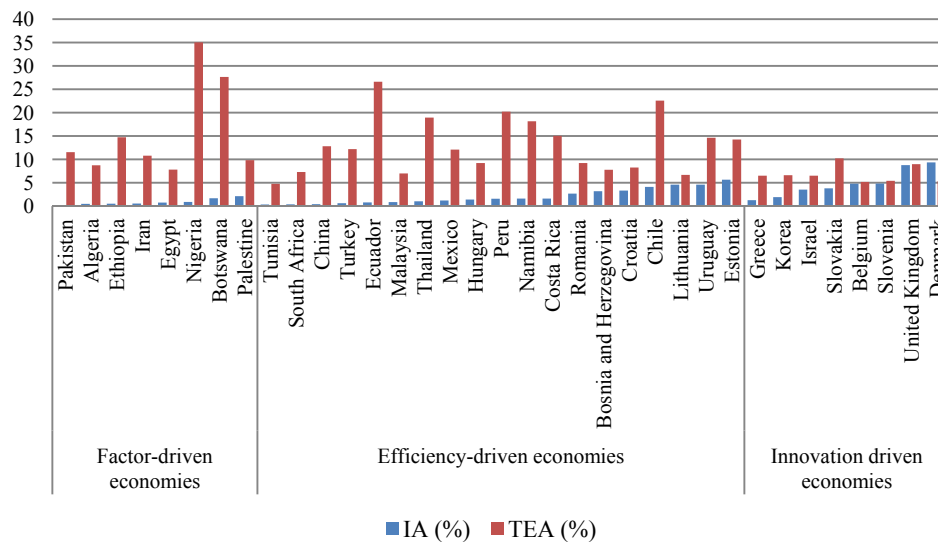
Entrepreneurial decisions are largely based on perceptions, and the cognitive mechanism (Koellinger et al., 2007). Bosma et al. (2011) showed that in low income countries there are very high levels of perceived entrepreneurial skills and knowledge, as well as perceived opportunities, that might be the reason why in these countries intrapreneurship may function as a stepping stone on the way to entrepreneurship. According to Nyström (2012) intrapreneurs do think that there are good opportunities for starting a business, while in case of entrepreneurs the perceived knowledge, skills and experience required to start a new business are higher, which is the most pronounced difference between entrepreneurs and intrapreneurs.

There are few studies in the literature which compares intrapreneurship with entrepreneurship. This article contributes to the literature by presenting the global perspective of intrapreneurship and early-stage entrepreneurship, by analyzing the characteristics of being an intrapreneur or an early-stage entrepreneur in Romania.

2. Intrapreneurship and early-stage entrepreneurship in international view

The GEM consortium collected data regarding entrepreneurial employee activity since 2011. In this section we will present the entrepreneurial employee activity rate in comparison with the total early-stage entrepreneurial activity rate in 35 countries by stage of economic development in 2012 (Figure 1).

According to the GEM definition, early-stage entrepreneurs (TEA) refers to the adult population aged between 18-64 years, identified as nascent or young business entrepreneurs. Nascent entrepreneurs are those individuals aged between 18-64 years who are actively planning a new venture. These entrepreneurs have done something during the previous 12 months to help start a new business, that he or she will at least partly own. Activities such as organizing the start-up team, looking for equipment, saving money for the start-up or writing a business plan would all be considered as active commitments to starting a business. This business has not paid salaries, wages or any other payments to the owners for more than three months. Young business entrepreneurs or new business owners are those entrepreneurs who at least partly own and manage a new business that is between 4 and 42 months old and have not paid salaries for longer than this period. These new ventures are in the first 42 month after the new venture has been set up (Kelley et al., 2011, p. 64).



Source: GEM Global National Level Data, 2012.

Figure 1. Intrapreneurial activity (IA) and total early-stage entrepreneurial activity (TEA), 2012

As Figure 1 shows the intrapreneurial activity rate is higher in the innovation-driven economies, while in case of early-stage entrepreneurial activity rate the highest rates are reached in the factor-driven economies. On average less than 3% of the adult population are intrapreneurs. In Romania the intrapreneurial activity rate is 2.69%, while the total early-stage entrepreneurial activity rate is 9.22%, both values are close to average rate measured in efficiency-driven economies.

3. Intrapreneurship and entrepreneurship in Romania

In this section we will study the socio-demographic characteristics, as well as the differences in the entrepreneurial perceptions and attitudes in case of Romanian intrapreneurs and early-stage entrepreneurs. We excluded those intrapreneurs from our analyse who are early-stage entrepreneurs in the same time.

The Table 1 presents the distribution of Romanian intrapreneurs and early-stage entrepreneurs by age, gender, household income and level of education.

Table 1

**The socio-demographic characteristics of Romanian intrapreneurs
and early-stage entrepreneurs, 2012 (%)**

		Intrapreneurs	Early-stage entrepreneurs
Age categories	18-24 years	11.5	21.4
	25-34 years	34.6	35.7
	35-44 years	24.0	19.8
	45-54 years	24.0	17.5
	55-64 years	5.8	5.6
Gender	Male	53.9	72.0
	Female	46.1	28.0
Household income	Lowest 33%	3.4	14.0
	Middle 33%	30.3	31.8
	Upper 33%	66.3	54.2
Educational attainment	Some secondary	18.7	32.2
	Secondary degree	36.3	32.3
	Post secondary	33.2	26.6
	Graduate expectation	11.8	8.9

Source: Own calculation based on GEM Romania, Adult Population Survey, 2012.

While Parker (2011) showed that there is a statistically significant difference between nascent intrapreneurship and entrepreneurship according to age in case of the youngest and older employees, we find no statistically significant difference in age and level of education structure of intrapreneurs and early-stage entrepreneurs. The average age of early-stage entrepreneurs is slightly lower (34.86) than the one measured in case of intrapreneurs (37.17). We can observe that the level of education is higher in case of intrapreneurs.

We find that there is a statistically significant difference at 0.04 level in the gender structure of those who are involved in intrapreneurial activity and in early-stage entrepreneurial activity. The proportion of male and female intrapreneurs is almost the same, while in case of early-stage entrepreneurs the presence of males is more pronounced, in accordance to Blanchflower's (2004) results.

We can observe a significant difference (0.027 level) in the structure of household income. In case of intrapreneurs the percentage of those whose household income is situated in the lowest tertile is much lower than in case of early-stage entrepreneurs, which confirms Bosma et al. (2011) result.

Entrepreneurial attitudes and perceptions express the general feelings of the population towards entrepreneurs and entrepreneurship, considering the entrepreneurship context:

- *Perceived opportunities* is the percentage of 18-64 who see good opportunities to start a business in the area where they live.
- *Perceived capabilities* is the percentage of 18-64 population who believe to have the required skills and knowledge to start a business.
- *Fear of failure rate* is the percentage of 18-64 population with positive perceived opportunities who indicate that fear of failure would prevent them from setting up a business.
- *Entrepreneurial intention* is the percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who intend to start a business within three years.
- *Entrepreneurship as desirable career choice* – percentage of 18-64 population who agree with the statement that in their country most people consider starting a business as a desirable career choice.
- *High status successful entrepreneurship* is the percentage of 18-64 population who agree with the statement that in their country successful entrepreneurs receive high status.
- *Media attention for entrepreneurship* – percentage of 18-64 population who agree with the statement that in their country you will often see stories in the public media about successful new businesses (Kelley et al., 2011, p. 64).

Table 2 represents the attitudes and perceptions of intrapreneurs and early-stage entrepreneurs. The level of perceived opportunities and capabilities in case of early-stage entrepreneurs is significantly higher than in case of intrapreneurs, but in case of fear of failure there is no significant difference. A significantly higher proportion of early-stage entrepreneurs consider that individuals would prefer a uniform living of standard.

Table 2

Individual perceptions and attitudes regarding entrepreneurial activity of intrapreneurs and early-stage entrepreneurs, 2012 (%)

	Intrapreneurs	Early-stage entrepreneurs
Knows a person who started a business in the past two years	40.6	66.4
Sees good opportunities for starting a business in the next six months	34.7	50.5
Has the required knowledge/skills to start a business	56.0	77.2
Fear of failure would prevent to start a business	43.9	37.3
All inhabitants prefer uniform living standard	53.6	72.1
Starting a business is considered as a good career choice	65.7	66.4
Persons growing a successful new business receive high status	67.3	72.8
Lots of media coverage for new businesses	55.1	52.9

Source. Own calculation based on GEM Romania, Adult Population Survey, 2012.

In accordance with the results of Nyström (2012) there are no statistically significant differences between intrapreneurs and early-stage entrepreneurs with respect to the following three measures of societal attitudes: entrepreneurship is perceived as a good career choice, perceptions about high status to successful entrepreneurs and media attention for entrepreneurship.

4. Conclusions

We studied intrapreneurship and early-stage entrepreneurship in international view. The higher values of intrapreneurial activity rates are reached in innovation-driven economies, while the highest rates of early-stage entrepreneurial activity are measured in factor-driven economies. According to Bosma et al. (2011) this fact can be explained by that due to the relatively high share of adults formally employed in multiperson organizations in high income countries, intrapreneurship is more prevalent in high income countries than in low income countries, respectively intrapreneurs have more autonomy (partly related to a relatively high educational level) than those in low income countries.

In Romania there is no statistically significant difference between intrapreneurship and early-stage entrepreneurship regarding age and education level, nevertheless the level of education is slightly higher in case of intrapreneurs. Statistically significant differences are between intrapreneurship and early-stage entrepreneurship regarding gender and household income, the proportion of male and female intrapreneurs are almost same and we can observe that a much lower prevalence rate of intrapreneurs have household income in the lowest tertile.

There are statistically significant differences regarding perceived opportunities and capabilities between intrapreneurs and early-stage entrepreneurs, while we find no significant difference in case of entrepreneurial attitudes.

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