

## EXAMINING THE INNOVATION AND INTRAPRENEURSHIP DRIVERS: THE CASE OF ALBANIA

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### ABSTRACT

This study provides an analysis of the situation of Albanian companies in dealing with implementing innovative strategies and the internal work environment in relation to innovation support. Intrapreneurship has recently been introduced into economics and business strategies which is why this study is being conducted to evaluate how prepared are employees in Albanian companies to apply innovative ideas to improve the life of companies. The main aim is to investigate how active Albanian companies are with innovation and intrapreneurship aspects. This research paper analyses five different aspects that cover both intrapreneurship and innovation in companies in Albania, including top management support, work discretion/autonomy, rewards/reinforcement, time availability, and organizational boundaries.

**Keywords:** intrapreneurship, innovation, leadership, motivation, work environment.

### 1. INTRODUCTION

Innovation has changed the world around us, through every aspect that we deal with. It has made our lives more efficient and convenient in more ways than one. Whether it be through school and study, work, health, and everyday tasks innovation is the source of it all. However, innovation does not come alone. It is studied that innovation is an output of an entrepreneurship mindset and that they enhance one another for better outcomes in the market, inside the business, and overall profits made. According to Drucker (1985), for economists, entrepreneurship is a “meta-economic” event, something that profoundly influences and indeed shapes the economy without itself being part of it. And so too, for economists, is technology. The enterprise has an important role in society as it is seen as the leader of innovation. There is great significance in observing and concluding the drivers of innovation and entrepreneurship for they can foretell and give many answers about the economic situation in Albania. The research question for this study is: are Albanian domestic companies offering enough support for organi-

zational innovation and intrapreneurship? The main objective of this study is to explore how the sources of innovation for intrapreneurs are managed within domestic companies. There is a lack of information on such topics in the Albanian context for innovation and intrapreneurship and through this study, there are new insights discovered about Albanian innovation trends.

The way this paper was carried out was by providing a detailed literature review on topics such as intrapreneurship and innovation. The methodology portion explains how the measurement instrument (survey) that was developed by Kuratko, Hornsby and Covin (2014) was used to measure the promotion and support of an environment for innovation.

### 2. LITERATURE REVIEW

The different drivers and influential factors of innovation and intrapreneurship are debated by different economists and/or researchers. The intrapreneur is defined as “ a person within a large corporation who has the responsibility to develop a new product through innovation and

risk-taking (Gasper et al., 2016). The intrapreneur's compensation is linked to the success of the new product. Large companies need intrapreneurship to stay competitive and increase their chances of continued survival. Creative people within the organization can be lost to entrepreneurial opportunities that cause them to leave the firm. The benefits of staying with the firm are more security and more potential resources available than on their own as entrepreneurs (Gasper et al., 2016).

Innovation is a word we have heard time and time again due to the fact that it is responsible for the advancement of technology and making daily tasks much easier for everyone in society in a variety of work fields. According to Kuratko (2013), the process by which entrepreneurs convert opportunities (ideas) into marketable solutions is known as innovation. Ayhan (2014) states that innovation is a process where ideas, perseverance, and dedication remain all the way through the implementation of such ideas. Davila, Epstein, and Shelton (2006) have noted that for almost every organization, innovation is not only the opportunity to display growth and prosper but also the chance to dramatically impact the route of the industry. Influential factors of innovation may be interpreted differently depending on the region being researched. For example, after a study done in the USA, it was concluded that there were four drivers of innovation (Mika, 2007). The first driver of innovation is finding talent and the second driver of innovation includes managers. A manager has the role of a mentor in the company to make sure he is not only delivering the tasks but also the creative, innovative process. The third driver of innovation is relationships. In order for a company to move forward, bring new ideas, and creatively introduce them to the market, a firm needs to understand what consumers are demanding and that is only possible through good relationships with them. Lastly, the final driver that Mika (2007) concluded as an influential factor of innovation in the USA is choosing the right leaders. Thus, the study done by Mika (2007), concludes that innovation is driven by talented leaders, skilled managers, relationships with consumers and

lastly keeping and choosing the right leaders to continue the success of the company. These four drivers of innovation were very orientated towards efficient leaders being the key and less driven by the economy of the United States.

Drivers of innovation do not only depend on the region but also the type of firm. Two other types of drivers are firm-level drivers and country-level drivers. For firm-level drivers of innovation, the size and age of the firm are important. According to Acemoğlu, Akcigit and Celik (2015), a firm's will and capability to innovate will be contingent on many aspects.

Especially, newer, smaller firms are mainly observed to be the source of innovation. Truthfully, these younger firms do acquire a significant role in new products they bring, however that does not always make them more innovative compared to other types of companies. This tends to occur with smaller firms that show signs of innovation, grow rapidly, and then become larger-sized firms. For example, Google and Amazon were start-ups before their success escalated; this was due to successful innovation strategies. Start-ups that lack innovation eventually exit the market. Drucker (1990) states that another vital aspect influencing innovation is firm ownership. The contribution of local firms to the international supply chain leads to a great increase in innovation. Different decisions made by firms are related to their capability to innovate. For example, one of these capabilities is being able to compete in a global market. Aghion, Bloom, Blundell, Griffith, and Howitt (2005) claim that exporting can expose local manufacturers to tougher and first-hand rivals from foreign products, thus initiating an encouragement to innovate. Lastly, information technology was also reviewed as a firm-level driver of innovation (Aghion, et al., 2005). Firm-level drivers for innovation are greatly controlled by the size and age of a firm, the ownership structure that it was built upon, being able to compete and prosper in an international market, and lastly incorporating information and communication technology (ICT) into their firm for future success (Aghion, et al., 2005).

Country-level firm drivers for innovations use a cross-country analysis to determine and measure innovation in different fields along with other country-level characteristics, such as income per capita, financial growth, research and development involvements, and the value of human resources. In country-level firm drivers, the first aspect that is reviewed is the country's openness. Moreover, there is a positive relationship between innovation strength and the openness of the economy. Different studies propose that a country's capability to promote innovation and also to accept new technologies is very beneficial for the economy (Chinn, 2006). Another driver for country-level firms is the skills in the workforce. Although some studies have failed to find a positive correlation between innovation and the population that has completed secondary education, a greater number of years of post-secondary education is largely related to a greater output (Welsch, 2008). Firm-level and cross-country analyses have recognized a variety of influences that play an important role in the development of firms' motivations and capability to innovate. Greater openness for the firm in responsiveness to international trade and enhancing the skills of the workforce were other important factors of drivers of innovation for country-level firms. Other influences, such as improved finance and the improvement of continuation of information and communication technology (ICT) organizations, also have an important role.

Innovation can come in many forms, like invention, extension, duplication, and synthesis. An invention is a completely new product introduced to the market; an extension innovation is a new use or different presentation of an existing product, service, or process; duplication innovation is replicating an existing concept in an innovative way; lastly, synthesis innovation is a combination of existing concepts and factors into a new formulation or use (Kuratko, 2013). The way entrepreneurs are able to accomplish all they do through innovation is linked to a process. This process involves creative thinking and systematic analysis which leads to success. They then seek out unique opportunities to fill needs and demands and finally turn problems into opportunities by recognizing

ing that problems are to solutions what demand is to supply (Kuratko, 2013).

It is also important to analyse some factors that contribute to the development of intrapreneurs. Intrapreneurs are not only praised for their skills in business planning, and growing profits but also for their motivational and leadership qualities. Employees are expected to perform to the best of their capabilities; however, intrapreneurs know that is not always the case. Motivating and leading employees in the right direction allows the firm to reach its maximum potential resulting in positive customer feedback, employee satisfaction, and an increase in profit growth. According to (Gasper et al., 2006) employee job satisfaction and welfare are critical if firms are to provide top-notch products and customer service. However, firms need to be cautious not to go overboard since several employee-centered organizations- primarily those based on job security, non-contributory pension plans, and elaborate employee benefits-tend to become too internally focused, cost ineffective, and complacent over time with little regard to customer satisfaction. In order to prevent this from happening, managers try to motivate employees by providing various incentives that promote job satisfaction, which in turn increases productivity, improves customer service, and ultimately accelerates profit growth. Managers have always wrestled with keeping employees motivated. While some employees may be encouraged by certain incentives, others may be indifferent to them. Psychologists and economists have been studying these issues for almost a hundred years to determine how best to motivate employees and improve the work environment (Gasper et al., 2006). There are studies conducted by Gazi and Alam (2014), Sekerdil and Gunes (2020) that confirm leadership behavior contribute to the potential of creating intrapreneurs. Leadership is known as the development of influence given to society or a specific group of individuals; however effective leadership involves adapting to different situations successfully and using the maximum potential to accomplish the tasks/goals at hand. According to DePree (2011), the signs of outstanding leadership appear primarily

among the followers, making sure they reaching of their most potential. It is obvious that the role of innovation is to improve the life of companies and other organizations at large. Innovation is always about renewing a product/service or inventing something that solves a social problem and contributes to a solution. Companies need to have a clear vision and must be able to provide the best quality to their enterprise in order to receive the best quality in return.

### 3. RESEARCH METHODOLOGY

The purpose of this paper was to explore how the drivers of innovation and intrapreneurship of Albanian companies are used and to determine where the strengths and weaknesses related to a climate of intrapreneurship lie in Albanian companies. Intrapreneurship is a new term introduced to the internal life of companies and this paper was focused on finding how well Albanian managers encourage and accept intrapreneurship in their firms. The target population is Albanian companies and a quantitative approach was used for this study. The instrument used as a basis to collect the data was a survey developed by Kuratko, Hornsby, and Covin (2014). After the survey was delivered to the firms' managers, they were collected and analysed. In the survey five key aspects of innovation and intrapreneurship were included; management support, work discretion, rewards/reinforcements, time availability, and organizational boundaries. The answer ranged from 1-5; 1 being the least form and 5 being the greatest. The total number of surveys that were handed out to the nine chosen firms was 70 surveys. The survey used for this research covered every aspect of innovation and intrapreneurship that was key as well as the results being quantitative were constructive for making suggestions to noticeable issues within the firms. Collecting data for the five factors of innovation using the survey was very successful since it focused on key aspects with descriptive questions allowing the individuals who participated in the survey to easily understand and respond. Using quantitative research methods to analyze the data was very useful since these

kinds of studies are limited in Albania. Using the right method in research is an important aspect of data collection since it is the main procedure and strategy used in order to get significant results.

### 4. RESULTS AND FINDINGS

The patterns found amongst the results for the various Albanian companies regarding innovation and intrapreneurship were: all of the companies had a mean between 2.99 (3) – 3.39. None of the means exceed the interval of 3 even if rounded, which means the average answer for the companies is “I don't know”, while the highest rank in the measurement was 5. What can be understood from this result is that the employees were not able to answer whether their company excelled in innovation and intrapreneurship in different aspects or whether the company they presented did not surpass in these areas. This kind of result allows us to conclude that there are many aspects of improvement since the overall mean was 3.17 displayed below in Table 1 below.

Table 1: Summary of Means

Variables	Mean	SD	Median
Management Support for Intrapreneurship	3.39	0.71	3.31
Work Discretion	3.19	0.56	3.23
Rewards/ Reinforcement	3.08	0.42	3.09
Time Availability	3.02	0.50	3.00
Organizational Boundaries	3.15	0.57	3.10
<b>Total</b>	<b>3.17</b>	<b>0.55</b>	<b>3.15</b>

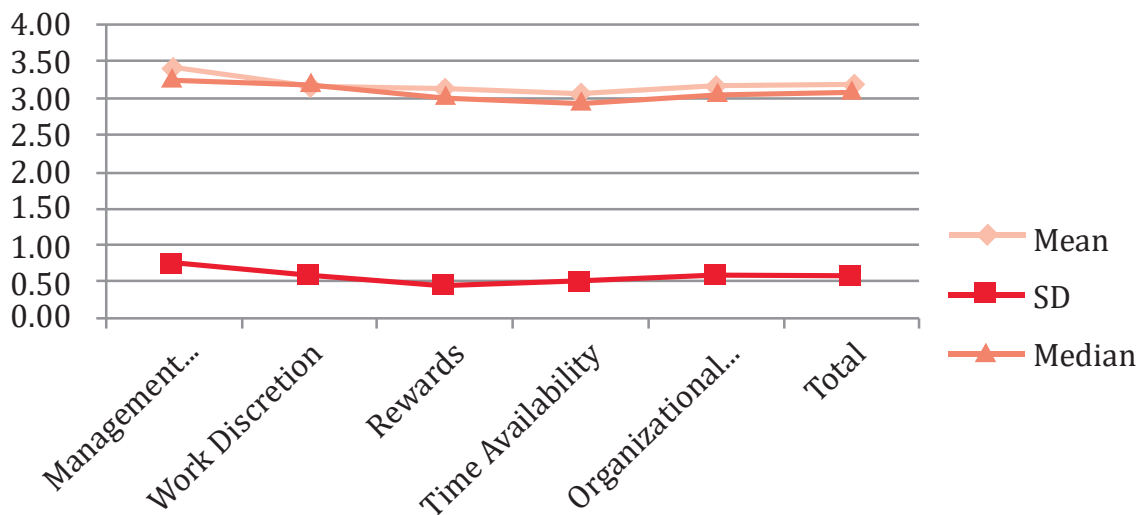
Since the overall mean also does not exceed 3.5, such as the overall means for the variables this can conclude although there is improvement in innovation and intrapreneurship needed, there is also a sense of stability since all of the mean results are constant. The average result shows that the ranking cannot be considered “good” however it cannot be considered “poor” as well. The problem may lie in the confusion that employees have due to a lack of proper regulations and rules set to follow and to explain what their tasks are and what is expected from them. To answer the research question: are Albanian domestic companies offering enough support for organizational innovation and intrapreneurship? From the data collected it is concluded that Management Support for Intrapreneurship (3.39), Work Discretion (3.19), and lastly Organizational Boundaries (3.15) are the main supported drivers of innovation and intrapreneurship in the Albanian companies.

Although the variables were all very closely related, it can be concluded that they are all contributing factors to innovation and intrapreneurship for Albanian firms. The first three variables mentioned however had a leading rank which shows that they impact the firms on a higher level of employee satisfaction, innovation, and intrapreneurship aspects. Below in Figure 1; the Mean, Standard Deviation, and Median are shown to display how similar in results they were concluded and how constant all of the data resulted.

**CONCLUSIONS AND SUGGESTIONS**

Drivers of intrapreneurship and innovation have many factors behind them. The study concluded that Management Support for Intrapreneurship, Work Discretion and Organizational Boundaries are the main supported drivers of innovation and intrapreneurship in Albanian companies. Although the variables were all very closely related, it can be concluded that they are all contributing factors in innovation and intrapreneurship for Albanian firms. The first three variables mentioned however had a leading rank which shows that they might have a higher impact on the firms’ innovation and intrapreneurship aspects.

Based on the findings revealed from this study, there is a need for more management support when it comes to increasing the level of innovation and intrapreneurship. Since management support was one of the top drivers of innovation and intrapreneurship, it would only be appropriate and effective in business environments if managers were more prepared on allowing the employees to grow instead of simply just completing a task given to them. Also, the amount of tasks/work given to employees should be calculated accordingly to the amount of time they are given to achieve them. Excessive obligations and not enough work time given can lead to an employee becoming overwhelmed and stressed which will result in a lack of innovative ideas and



a lack of leadership/intrapreneurial qualities. It was evident that a majority of the employees felt confused about whether their company was effective or ineffective regarding the support for intrapreneurship. To improve this situation, it is recommended to make the employees aware of what their position is and what they have the right, and freedom to do. Not explaining or making clear to an employee what is not only expected of them but also what opportunities they have upon them leads to unsure workers who will not only have difficulty in their tasks but will not show any growth or development. This can be resolved by encouraging the employees to participate in giving ideas and feedback whenever necessary to help improve the company as a whole. Allowing employees to feel part of the company and that they are making an impact will not only increase their confidence and work ethics but also increase innovative ideas for the firm and increase the number of intrapreneurs within the environment. Incorporating these suggestions into the Albanian firms that were researched in this paper would make a great amount of change for not only the companies but for the stakeholders as well.

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### **BIOGRAPHIES**

Dr. Blendi Shima is a lecturer at the Canadian Institute of Technology. Dr. Shima has a PhD and DBA in Business Administration from SMC Business School and the University of Central Nicaragua. His research interest relates to business information systems, business strategies, innovation, and entrepreneurship. He is part of various journal editorial boards, locally and internationally, conference proceedings, and articles for scientific journals. In recognition of his work, he was awarded the “Best Researcher” award for the conference paper “Sustainable Development by Means of Community-Centered Business Practices: The Tourism Industry in Context” at the 11th International Scientific Conference of Business Faculty, “Aleksander Moisiu” University. He is a passionate observer of the entrepreneurial spirit that makes idea innovations possible.