

Nurturing Intrapreneurship: Exploring the Developments in Plantation Sector of Sri Lanka

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ABSTRACT

Intrapreneurship or corporate entrepreneurship has gathered significant attention in the recent past, especially in the developed world, as a means of achieving and sustaining competitive advantage in today's hypercompetitive, globalized marketplace. In this study certain dimensions of the internal work environment, determining/moderating the development of an intrapreneurial culture, were assessed in the context of estate managers in the plantation sector of Sri Lanka. The results highlight the heavy workload and rather rigid organizational system within which managers must operate. Although respondents do claim to have sufficient autonomy in their decision-making, the work environment culture was not indicative as being flexible and allowance of mistakes. The findings of the study, overall, imply that estate managers' ability to create an innovative organizational culture and environment is constrained by the rigidities prevail at the "Head Office", from one hand, and the 'empowering' leadership style preferred by them to control the "Estate", on the other.

KEYWORDS: Intrapreneurship, Managerial perceptions, Organizational Behavior, Plantation sector

INTRODUCTION

The Importance of Intrapreneurship

The entrepreneur as a unique individual, the eccentric and visionary are images that have been etched in our minds ever since we began formally studying and recording cases of their behavior and ventures. An off-shoot of the study of entrepreneurship is the focus of "entrepreneurs within an existing business", and has come to be discussed

under different lenses of definition, such as 'corporate entrepreneurship', 'corporate venturing', 'entrepreneurial management', 'strategic entrepreneurship' and 'intrapreneurship' (Hornsby *et al.*, 2002). Technological and market changes are occurring faster than expected, and have created hypercompetitive, dynamic and uncertain business environments for companies all around the world. The real challenge for a company to remain a going concern is to establish a competitive advantage and the only way to accomplish this is through differentiation and continuous innovation. The route for this, argued by many scholars and practitioners, is corporate entrepreneurship (Christensen, 2004); that is established firms will need to adopt entrepreneurial strategies (Ireland *et al.*, 2009). Intrapreneurship, suggests ways to revitalize existing organizations and make them more innovative, by allowing employees within those firms to be creative, innovative, and responsible for the decisions they make. Therefore, corporate entrepreneurship has been established in organizations for purpose of profitability, fostering innovativeness, gaining knowledge for future revenue streams, strategic renewal, and international success (Zahra, 1991).

The Plantation Sector of Sri Lanka

The plantation sector truly emerges during the colonial rule of the British and the most significant turn occurs as a result of land reforms introduced in 1970s, which passed large numbers of these plantations into the hands of the state, which created a number of agencies to manage the bulk of this land. Later in 1977, entire plantations owned by the government were brought under two state corporations, namely the "Janatha Estate Development Board" (JEDB) and "Sri Lanka State Plantations Corporation" (SPC) and parts of the land

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acquired were distributed among the peasants in the villages, i.e. about 8,094 hectares of cultivated estate lands. Public ownership was, however, reversed when Regional Plantation Companies (RPCs) were formed in 1992 which were sold to the private sector after 1995. Today much of the formal sector is in the hands of these RPCs, each of which manage a number of different estates.

The plantation sector of Sri Lanka plays a key role in the economy in terms of its extent of land of cultivation, production, foreign exchange earnings, employment etc., and further, it is closely embedded in the social fabric that surrounds many important industries and productive societies. The sector comprises the cultivation, processing and marketing aspects of mainly tea, rubber, coconut and oil palm crops (Table 1). The existence of the estate, the primary point of operation, makes this sector unique from other businesses, in general, and the agribusiness sector, in particular. The estate carries its own associated socioeconomic and political dimensions, which have been shaped by years of historical, geographical and cultural influences. Today, the plantation sector faces a number of issues ranging from low productivity, rising costs of production and unstable prices of products in the marketplace. Therefore attention needs to be shifted to resolving these core issues systematically and guiding managers on appropriate ways of doing so.

The Role of the Estate Manager

The primary managerial role in the estate is played by the estate manager, who acts as the focal point of the whole human and social capital of it and wields significant authority within this business-social setting. The traditional perspective of the estate manager comes as an individual with significant power in both decision-making and problem solving. The old, but still used, titles such as ‘Superintendent’, “Periya Durai (PD)” (Big Sir), ‘Assistant Superintendent’, and “Sinna Durai (SD)” (Small Sir), stand testimony to these views. Very little has been academically studied about the organizational-managerial firm structure in estates and management practices of estate managers. The estate manager is by definition a managerial position and has considerable influence over the work practices, employee productivity and both formal and informal bonds of operations.

LITERATURE REVIEW

The Concept of Intrapreneurship

Even though corporate entrepreneurship has been recognized as an important driver towards achieving competitive advantage, there is still much more to be learned about the substance and process of corporate entrepreneurship (Hornsby *et al.*, 2002). As scholars argue that there appears to be nothing near a consensus on what corporate entrepreneurship is.

Table 1: Performance of Tea, Rubber, and Coconut Sectors in Sri Lanka (2009)

Description	Tea	Rubber	Coconut
Extent (Hectares ‘000)	222	124	363
Production (Million)	289.8 kg	136.9 kg	2,762 nuts
Contribution to GDP	1.0%	0.3%	1.4%
Export Income (Million Rs.)	136215.4	11333.1	19103.1

Source: Annual Report 2009 of the Central Bank of Sri Lanka

In the existing management and organizational behavior literature, corporate entrepreneurship has been viewed as many things, the driver of new business within on-going enterprises as achieved through internal innovation, joint ventures or acquisitions; strategic renewal; product, process and administrative innovations; diversification; and processes through which individuals' ideas are transformed into collective actions through the management of uncertainties. Over the last three decades, the concept of corporate entrepreneurship within existing organizations has evolved, and is known under many different labels. What all the proposed concepts have in common is the highlighting of the fact that corporate entrepreneurship is concerned with various forms of newness, such as organizational renewal, innovation, and establishing new ventures, and has its consequences for organizational survival, growth, and performance (Dess *et al.*, 2003).

For the purpose of developing an operational framework for this study (Zechmeister *et al.*, 2009), two points of view were considered; contemplated through an organizational context and pursued from a managerial perspective. First, the works of Pinchot (1985) and Christensen (2004) are a good starting point, where they argue that intrapreneurship as a concept within the umbrella of corporate entrepreneurship, and the most appropriate label for entrepreneurship within an existing company. Second, the definition by Sharma and Chrisman (1999) for corporate entrepreneurship as "the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization, or instigate renewal or innovation within that organization", is a simple and straightforward lens for progressing further.

Intrapreneurship and the Work Environment

Intrapreneurship often fails because organizations present hostile environments for creative ideas (Sharma and Chrisman, 1999). Therefore the point of focus should be on the factors of the internal environment of a firm that promote and constraint entrepreneurial behavior and practices. One must always be mindful that both formal and informal aspects of the internal environment have impacts upon the intrapreneurial orientation of firms. Accumulated research findings consistently suggest that internal organizational factors, in particular, play a major role in encouraging corporate entrepreneurship (Covin and Slevin, 1991). Thus, a thorough understanding of the internal conditions that prevail within a firm is demanded. Nevertheless, there is no agreement on which key internal organizational factors stimulate or restrain this phenomenon (Hornsby *et al.*, 2002).

The prime proposition of this study, comes from attempting to answer the questions of where within the organization, entrepreneurial behavioral processes originate (Ireland *et al.*, 2009) and what guides behavior of employees of an organization in developing and/or accepting new initiatives (Dess *et al.*, 2003). When focusing on estates of the different RPCs, the principal entity that will have considerable effect on the entrepreneurial orientation is the estate manager. This proposition follows the works of Ginsberg and Hay (1994) and more recently of Hornsby *et al.* (2002).

However, the question remains, as to what factors determine the level of intrapreneurship within established firms, and how do it shape the role of estate managers. A review of literature sheds light on a number of key antecedents, moderators and inhibitors of intrapreneurship. Covin and Slevin (1991) highlighted risk-taking, innovativeness, and proactiveness as dimensions of an intrapreneurial behavior. Lumpkin and Dess (1996) added competitive

aggressiveness and autonomy. Other attributes are demanding work schedules (Hornsby *et al.*, 2002), resources available (Pinchott, 1985), firm's incentive and control systems, organizational structure and managerial support. Although these dimensions as behavioral attributes, are exhibited across the organizational hierarchy (Ireland *et al.*, 2009), estate managers serve as the focal point for the actions and reactions that are sustained by these, within their individual estates.

Focusing upon the entire internal environment of an estate is impossible, given the diversity and complexity of the organization systems that are present. Thus the attention of this study is upon the work environment of estate managers. Since, within the estate, the work environment of the manager is anchored wide around and is the pivot for all organizational-

managerial firm structure dynamics that lead to creative and innovative practices being created and implemented within estates. Furthermore, the work environment of managers is considerably influenced by the authority relationships with the policies of senior management of the respective RPCs and stakeholder pressures and requirements. The attributes discussed in the above paragraph can be distilled down to four prime elements of the work environment: (1) Workload; (2) Work Guidelines; (3) Autonomy; and (4) Risk/Hazard Level (Figure 1).

Such an approach is further justified by a number of empirical issues in such a research. Management research on the plantation sector is difficult due to the unwillingness of most companies to share information and participate in in-depth studies.

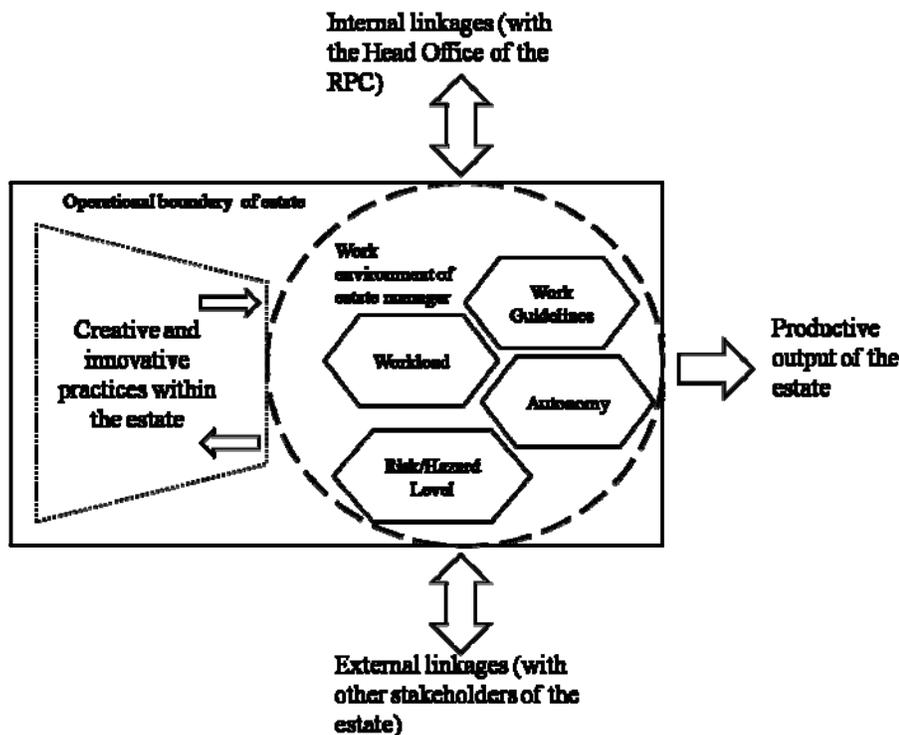


Figure 1: Conceptual framework showing the relationship between managerial work environment and intrapreneurial orientation of an estate

Estate managers are typically very busy and time-poor individuals and often, when contacted for research purposes, they often cite their busy schedule as an excuse. This creates numerous empirical difficulties for those undertaking systematic research on organizational behavior and management in this sector. Thus, there is a need for the development of research tools and instruments that are science-based, yet friendly for use in such a constricted situation.

Objectives of the Study

In light of the above, the objective of this study was to examine empirically, the nature of intrapreneurship within the estate working environment, specifically to assess the primary elements of the work environment of estate managers that impact upon their intrapreneurial orientation, in the special case of the plantation sector and focusing on high performing plantation companies.

METHODOLOGY

Designing and Developing of Survey

Instrument

A multi-phased research approach

was adopted for the study, beginning with an extensive review of literature on corporate entrepreneurship, intrapreneurship, entrepreneurial behavior of managers, and the work environment, focusing on the four main dimensions selected. The works of Hornsby *et al.* (2002); Ireland *et al.* (2009) and Lumpkin *et al.* (2009) were chosen to serve as base studies for this research.

The second phase comprised of a series of focus group discussion and interviews, conducted with Chief Executives and Directors of RPCs, academics in the field of plantation management, and experts and resource persons from different social institutions dealing with the plantation sector. This was to explore the nature of intrapreneurship in this sector, scrutinize the work environment aspects and generate variables for the survey that have more concurrence with the social-business situation of estates and the nature of corporate entrepreneurship within those estates (Zikmund, 2003). For each of the four elements, a series of response (Table 2) and attitudinal statements (Table 3) were developed that reflects the work environment of estate managers.

Table 2: Response Statements Describing Main Elements of the Work Environment

Elements of the Work Environment	Alternative Response Statements
Workload	(i) I have about the right amount of work to do (ii) I have the capacity to do more work (iii) I have a lot to do, but do not feel overloaded (iv) I have too much work and feel overloaded
Work Guidelines	(i) I receive specific guidelines about my tasks (ii) I am provided a general outline of my duties (iii) I am given a brief description about my tasks (iv) I am not given guidelines to carry out my duties
Autonomy	(i) I feel that I am my own boss and have the freedom to decide what I do on my job (ii) This organization is flexible enough to allow me to use my own judgment (iii) I do not have enough autonomy on my job and am not left on my own to do my own work
Risk/Hazard Level	(i) My job is one which has a high level of risk (ii) There is substantial level of risk in my work (iii) My work is of relatively low risk (iv) There is no considerable risk in my job

Table 3: Attitudinal Statements for Selected Dimensions of the Work Environment
Attitudinal Statements Reflecting Different Aspects of the Work Environment

- (i) Harsh criticism and punishment result from senior management for making mistakes on the job.
- (ii) There is a lot of challenge in my job.
- (iii) There are many written rules and procedures that exist for doing my job.
- (iv) There is no room for being innovative / creative in my job.
- (v) I am under a lot of stress due to my work.
- (vi) The benefits of the estate manager' job outweigh the negative impacts.

These statements were adapted from literature and the discussions with the prime personnel of the sector in the second phase. The recommendations of Zikmund (2003) and Zechmeister *et al.*, (2009) were followed during the development of the statements. A questionnaire was designed and the response and attitudinal statements were included. In the questionnaire, respondents were asked to *'think about their work environment, the way themselves and other managers carry out their duties, what they feel during and after work hours'*, and were then asked, first, to select one statement that correctly describes the given aspect of their work environment. Secondly respondents to score a series of attitudinal statements on a modified Likert scale; the statements were a modification to the existing five-point Likert scale, by including a "Yes" (Agree) and "No" (Disagree) field; resulting in a 1 to 5 range of 'agree a bit' to 'strongly agree' and 'disagree a bit' to 'strongly disagree' and enabled the possibility of obtaining numerical scores that ranged from -5 to +5 to a statement on which the respondents were asked to score based on its conceptual meaning and the underlying or corresponding phenomenon.

This survey methodology stems from the assumption that when estate managers select a particular alternative response statement or rate a certain attitudinal statement as representative of an actually reflects their perception of the protocols of intrapreneurial behavior allowed and followed by them and the nature of the different dimensions of the

work environment that effect on the said behavior. The questionnaire was validated by means of a pilot survey with eight estate managers from the sample (5%).

Sampling Strategy and Data Collection

Based on the information gathered through the survey of literature, a number of factors were taken into account, in developing the sampling framework for this study, including: (1) Current structure of the plantation sector (i.e. type of management - private vs. public RPCs; elevation – low, mid and up country; type of crop – tea, rubber and both tea and rubber etc.); (2) proposed number of estates for the study (n = 80) given the "time" and "financial" constraints as well as difficulties faced in terms of getting a higher number of estate managers for collection of data at one point of time; (3) desire of the senior administrators of the RPCs to participate in this study (Table 4).

The validated structured questionnaire was administered among 65 senior estate managers, with the cluster of managers belonging to a single RPC at a time, followed by a personal interview with each manager to verify certain issues from June to August 2010.

FINDINGS AND IMPLICATIONS

When asked about the workload, the majority of managers responded that they "have a lot to do, but do not feel overloaded" (44.8%), followed by the second highest response that they "have the capacity to do more work" (32.8%).

Interestingly, only a few respondents stated that they feel overloaded (Figure 2).

The mean scores for each attitudinal statement are presented in (Figure 3). An attitudinal statement queried the respondents as to whether they are under stress due to their work. The

responses were divided, with a slight incline to the negative side, implying that managers are under a certain level of job related stress, but not to a large extent. Estate managers were divided again, but more clearly, on whether the benefits of their job outweigh the negative impacts.

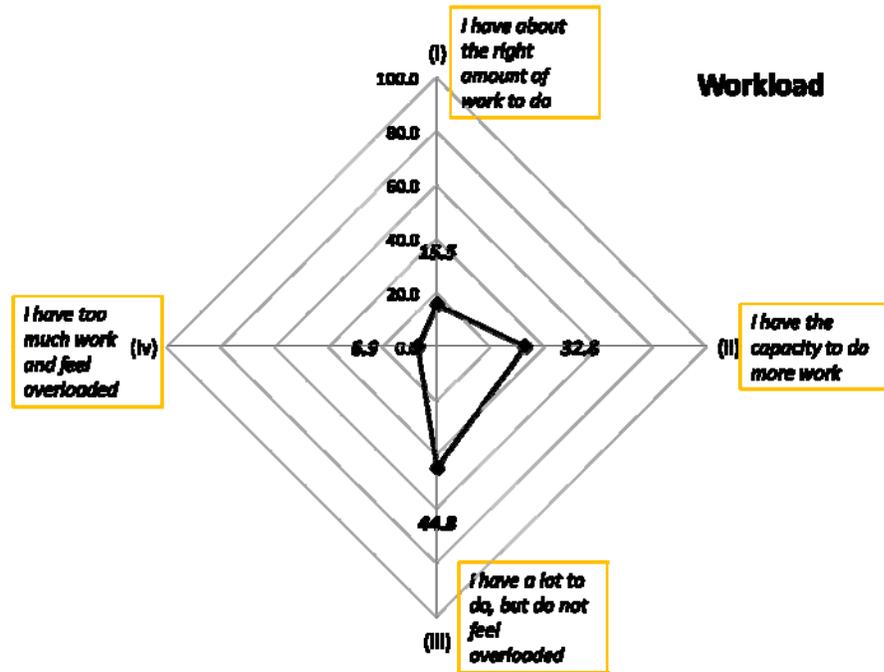


Figure 2: Estate managers’ perception about the workload

Attitudinal Statements	Strongly Agree (+5)	Strongly Disagree (-5)
(i) Harsh criticism and punishment result from senior management for making mistakes on the job.		-1.20
(ii) There is a lot of challenge in my job.	4.13	
(iii) There are many written rules and procedures that exist for doing my job.		1.80
(iv) There is no room for being innovative / creative in my job.		-2.67
(v) I am under a lot of stress due to my work		-0.25
(vi) The benefits of the estate manager’s job outweigh the negative impacts.		0.34

Figure 3: Mean scores for attitudinal statements on work environment

Under the work guidelines, the majority of managers (55.2%) cite that they are provided with “specific guidelines about their tasks” (Figure 4). This is interesting given that this aspect not only highlights the guidelines provided to managers, but also makes to wonder about the rigidity of their work. It can be inferred that estate managers are forced to work under a certain types of rigid work guidelines forwarded to them by the top management. This was further examined through the next aspect.

In the case of autonomy, a vast majority (75.4%) responded that their “organization is flexible enough to allow them to use their own judgment” (Figure 5). This aspect is critical since it highlights that even within a certain environment where organizational protocol is adhered to; estate managers are provided with what they perceived as sufficient amounts of autonomy.

The Likert-scale based attitudinal statements on autonomy/work guidelines (Figure 3) also concur with the above

interpretation. Mistakes on the job are allowed to a great extent; however estate managers do have to work within the framework of written rules and procedures. The mean score of -2.67 for the negatively worded statement (iv.) highlights that they are allowed to be creative and innovative when carrying out their work which is essential in bringing out their entrepreneurial skills for work performance

The purpose of the aspect on risk/hazard level was to explore the level of risk faced by estate managers during their job. The outcome of analysis suggests that managers perceive their job to carry “substantial level of risk” (56.9%). This is important for consideration, given that where they are forced to take critical decisions, managers might rate these on level of possible hazard before they actually make decisions (Figure 6). Estate managers further remarked on an attitudinal statement, that there is considerable amount of challenges faced in their job (Figure 3).

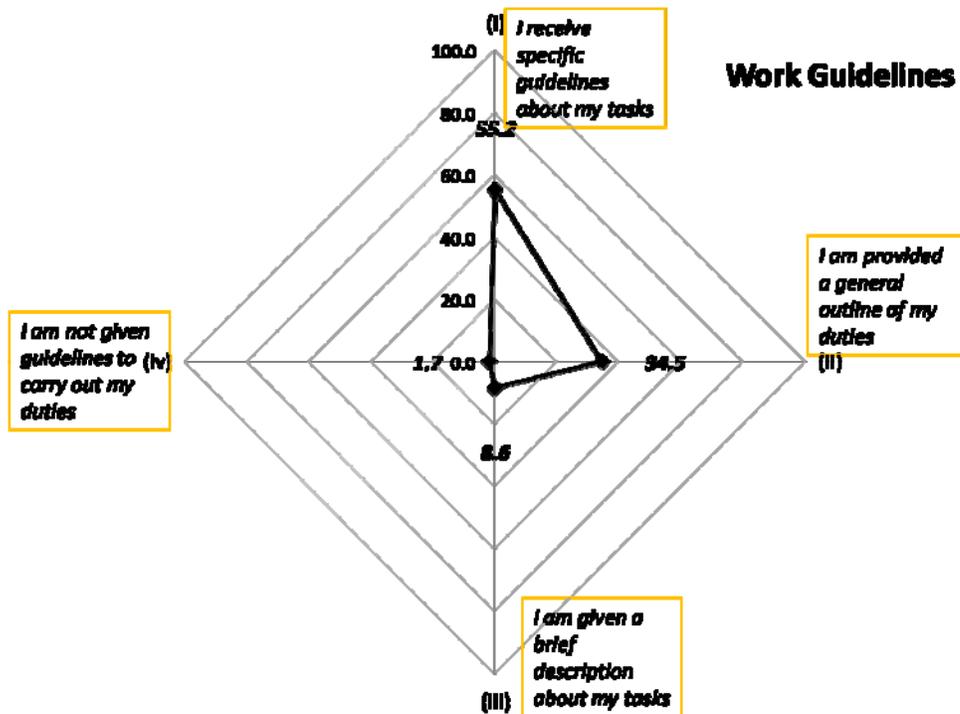


Figure 4: Estate managers’ perception about the work guidelines

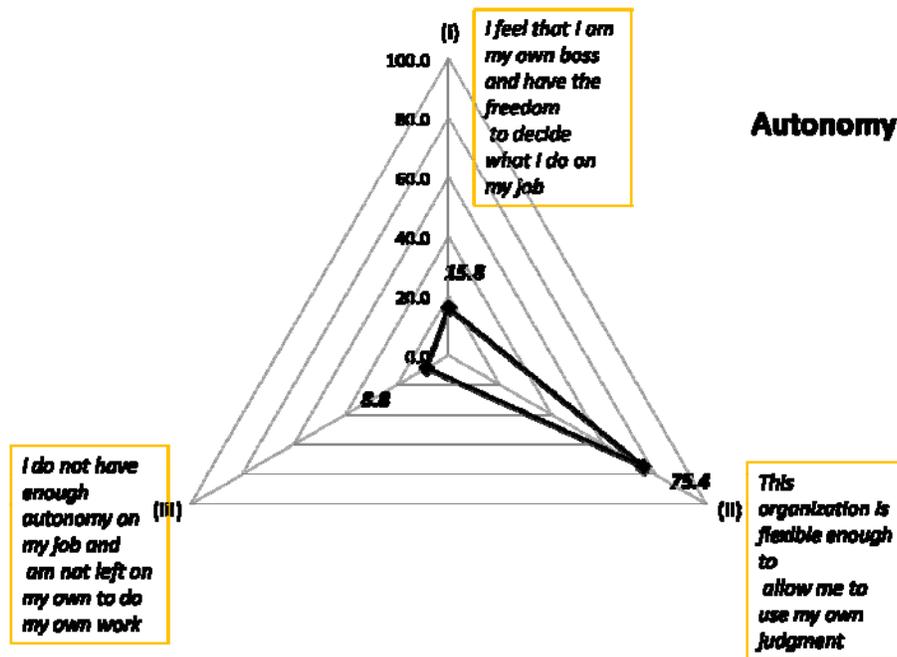


Figure 5 - Estate managers' perception about the autonomy

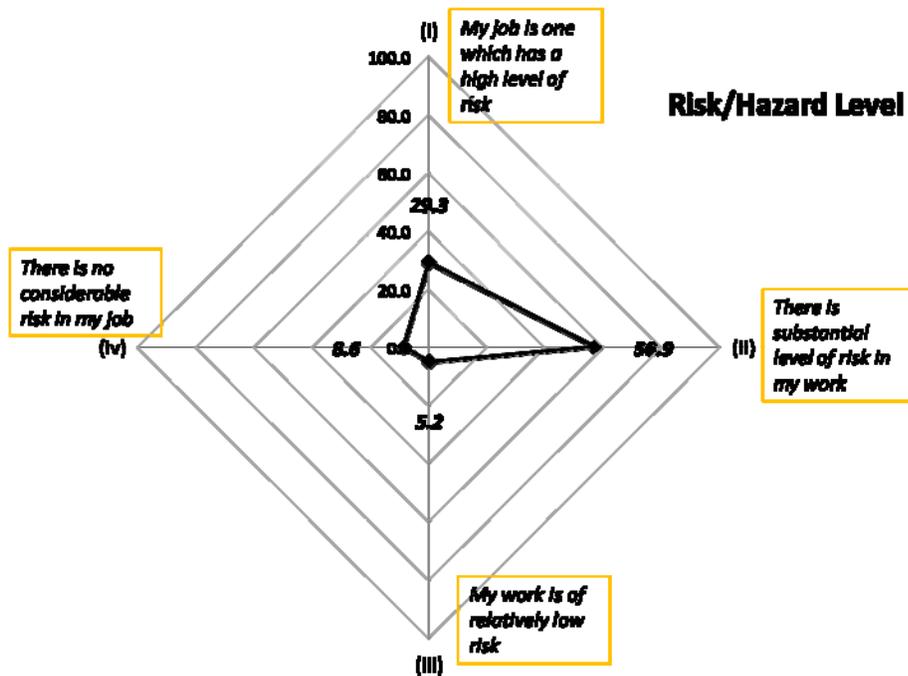


Figure 6: Estate managers' perception about the risk/hazard level

RECOMMENDATIONS AND CONCLUSIONS

The workload of an estate manager is a critical issue that needs discussion and action. Although estate managers stated that they had many assignments to undertake at a given point of time, they did not judge that they were overloaded and were of the view that they have the capacity to do more than they are doing now and perform better. Nevertheless, the available time and the flexibility of work schedules are important determinants for intrapreneurial behavior, yet in the given case, the workload seems to stem from the existing operational activities and could have some impediments towards intrapreneurship within the estate. The two aspects, work guidelines and autonomy, can be considered as linked indirectly. Estate managers revealed that they are provided specific guidelines about their tasks. At the same time, they perceive that their companies are flexible enough to allow them to use their own judgments

These responses raise some interesting questions as to how rigid really the work processes of an estate manager is and whether they are forced to work under certain types of rigid work guidelines with limited autonomy. However, a vast majority of managers do feel that they are allowed sufficient freedom to be innovative, creative and make mistakes within a framework of organizational work protocols. The core argument of this paper from the onset has been that, to be successful in business, there must be growth; both in human and financial capital and for growth, innovation and creativity play a significant role and thus are allowed to a reasonable level. Also, innovation and creativity prosper in an organizational environment which is flexible and mistakes are allowed. However, the findings here seem to suggest that to a certain extent such an organizational climate does exist within these estates, but is often pressured upon by authority relationships and traditional mindsets and perhaps not made use of by

the managers themselves. Nevertheless, we recommend that principles of autonomy should be incorporated, encouraged and supported at all levels of the estate. This would help the senior management of those large RPCs to come up with more practicable and persistent solutions for certain issues that are unique to certain estates through the experience of estate managers at the bottom of their administration.

Estate managers perceived their job to carry substantial levels of risk and further cited that it inherits a lot of challenges. This is important for consideration, given that when forced to take critical decisions, managers might rate them on a level of possible hazard before they make decisions. Thus, the findings imply that estate managers' ability to create an innovative organizational culture and environment is constrained by the rigidities prevailing at the "Head Office", from one hand, and the 'empowering' leadership style preferred by them to control the "Estate", on the other. Overall, the outcomes of this study leads to conclude that estate managers are allowed freedom, which they perceive to be sufficient, to be innovative, creative, and make mistakes, but within a framework of organizational work protocols that has molded their work environment over many years of historical and social influxes.

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