

**IMPACT OF INTRAPRENEURSHIP ON ORGANIZATIONAL  
PERFORMANCE WITH REFERENCE TO TEXTILE INDUSTRY IN  
TIRUPUR, INDIA.**

**Dr.Ajitha.H**

**Ex-Assistant Professor, St.Albert's College(Autonomous), Ernakulam**

**Dr.Mahalakshmi Sankar,**

**Assistant Professor,**

**Albertian Institute of Management, Ernakulam**

**ABSTRACT:**

In the context of environmental uncertainty and competition, organizations are trying to find new ways to improve their performance. Every organization strives for growth and development.

The development of novelties based on innovative practices is the success point for many organizations. The intrapreneurial behavior of employees in any organization has become strategic importance for its Performance. Intrapreneurship and organizational structure are important factors for organizations to improve the innovation performance. According to Antoncic & Hisrich (2001) Intrapreneurship is the entrepreneurship in organizations. Entrepreneurial activity provides prerequisites for that growth and development of the organization. This study is aimed to investigate the intrapreneurial activities followed in the textile industry in Tirupur district. The study also explored the impact of intreprenurship on the performance of employees and the growth and development of the organization at large and discovers its impact on job satisfaction of employees. The data was collected from 120 employees of textile industry in Tirupur using convenient sampling methods and analyzed using statistical tools like Correlation coefficient, t-test, ANNOVA test and Percentage analysis. It was found that intrapreneurial support activities like employee engagement and skill recognition

existed in the organization and innovative support activity and training for innovation was not much prevalent. The study result showed that the respondents perceived that by strengthening intrapreneurship activities in the organization, would improve the job satisfaction level of employees and enhance their performance which leads to the growth and development of the organization at large.

**Key words:** Intrapreneurship, Employee engagement, innovation support activity, training for innovation.

## **1. INTRODUCTION:**

A rapid change and uncertainty in market and environmental conditions have forced organization to adapt to changes through innovative practices, products and services. In the context of environmental uncertainty and competition, organizations are trying to find new ways to improve their performance. Every organization strives for growth and development. The development of novelties based on innovative practices is the success point for many organizations. The intrapreneurial behavior of employees in any organization has become strategic importance for its Performance. Intrapreneurship and organizational structure are important factors for organizations to improve the innovation performance. However, intrapreneurship can be seen as the most appropriate concept to characterize entrepreneurial activity within an existing organization (Christensen, 2004).

Intrapreneurship has been described as an entrepreneurial action within an organization (Antoncic & Hisrich, 2003) focusing mainly on the establishment of new ventures. Kolchin and Hyclak (1987) have suggested that intrapreneurship had been narrowly defined as the development of new products or businesses, proposing that intrapreneurship can also be the introduction of a new process or the adaptation of an existing one. Antoncic and Hisrich (2003) have described intrapreneurship as a sub-field of entrepreneurship, consisting of innovative activities within an organization that creates new services and products strengthening the competitive position of the organization. Focusing on the activities which create favorable conditions for growth and development of the organization is a significant management function. Intrapreneurial activity provides prerequisites for that growth and development of the organization.

## **NEED FOR THE STUDY:**

Intrapreneurship is a distinct area of study within the larger domain of entrepreneurship. Intrapreneurship provides wider scope for innovation and creativity, which provides competitive advantage for the organization through better problem solving and opportunity finding. The primary impetus for this study is to explore new dimensions of intrapreneurship that will

contribute to the growth and development of the employee and the organization by finding correlation between the organizational success factors and intrapreneurship benefits. The role of intrapreneur is hardly discussed topic to be studied when compared to entrepreneur. The concept of intrapreneurs exists in large or small organization but is not classified as a separate concept or discipline. Hence it is not given much importance especially in relation to training and development of employees. Innovation and creativity leading to change and enhancement in technology and process is very important in manufacturing industry to keep in pace with changing global business scenario. Better understanding of intrapreneurs and its importance in the success of an organization will pave way for innovation and creativity, which is the backbone of any manufacturing organisations.

## **2. LITERATURE REVIEW**

Intrapreneurship is defined as the activity to start a new venture in an existing firm (de Jong et al., 2011; Sharma & Chrisman, 1999). It is also agreed by many researchers that intrapreneurship has its roots in entrepreneurship (Amo & Kolvereid, 2005; Antoncic & Hisrich, 2003). Usually intrapreneurs use employers' resources to device risky and new decisions while entrepreneurs use their own resources or resources of external investor's (Molina & Callahan, 2009).

If intrapreneurs fail to deliver successfully, they are exposed to career risk at the individual level or may take risk on behalf of the organization. For the success of intrapreneurs activity they may not be always financially rewarded as compared to entrepreneurs who may be directly benefited from their endeavours (Baruah & Ward, 2015). Intrapreneurs based on their innovative ideas and concepts usually use the existing working conditions while an entrepreneur may create their own system (Morris & Kuratko, 2002) and concepts or borrow from outside agencies.

The organization has to conduct activities to support their employee intrapreneurs in the organization and get benefitted like idea development, innovation activity support, employee engagement, skills recognition, cultural change, external positioning. The management should also adopt wide range of models and approaches to support intrapreneurs in the organization including training intrapreneurs, aligning incentives with intrapreneurial thinking, management

and leadership support, collaborate across functions, communication etc. (Anthony Ferrier, 2014).

Muzafer Brigić et.al(2015) in their study on intrapreneurship impact on the growth of production company, it was found that implementation of intrapreneurial activities in the organization will bring a positive effect on the development of the production companies in Bosnia and Herzegovina. They also recommended in improving organizational presumption for implementations of intrapreneurial activities in the organization. It was also recommended to create an atmosphere of positive and proactive thinking, trust and openness.

Bidyut Baruah & Anthony Ward (2014), have found how intrapreneurship can be used as an effective solution for managing innovation progression in an organization which can be used to solve many complexities. The study also has highlighted how intrapreneurial initiatives in organizations help to derive various benefits. The culture of innovation could be accomplished through intrapreneurial activities undertaken in the organization which can lead to attainment of organizational development in terms of its performance, profitability and competitiveness.

### **3. RESEARCH DESIGN:**

The study undertaken to find out the impact of intrapreneurship on the organizational performance of employees and the organization, is descriptive in nature. The data required for the study was collected from 120 employees of textile units in Tirupur city. The researcher identified the respondents using Convenience sampling method. The data collected for the study was analyzed using the tools t-test, ANOVA, Correlation Coefficient and Percentage analysis. This study was based on both primary and secondary data. The primary data was gathered at the field level through questionnaire survey from employees of manufacturing industries in Kochi city. The secondary data required for the study was collected from journals, review articles, websites etc.

### **OBJECTIVES AND METHODOLOGY**

Research is the systematic search for information on a particular topic to find answer for research problem. Research methodology is a systematic procedure which is the more formal and

intensive process of carrying on the scientific method of analysis (Best, 1977). The purpose of this research is to gain insight into the concept of intrapreneurship in encouraging innovation in the organization, enhancing the performance of the employees and supporting the growth and development of the organization at large.

### **3.1. RESEARCH OBJECTIVES**

The general objective of the study is to ascertain the impact of intrapreneurship on the growth and development of employees and the organization. The specific objectives are

- To examine the effect of intrapreneurship activities on the growth and development of the organization.
- To analyse the impact of intrapreneurial support activities on the increase in performance of employees.
- To find out the effect of intrapreneurship activities on the job satisfaction of employees in the organization.
- To explore the relationship between performance based reward system on innovative performance of the employees.

### **3.2. HYPOTHESES**

A research hypothesis is the statement created by researchers when they speculate upon the outcome of a research or experiment.

H0: There is no significant effect of intrapreneurship activities on the growth and development of the organization.

H0: There is no significant impact of intrapreneurial support activities on the increase in performance of employees.

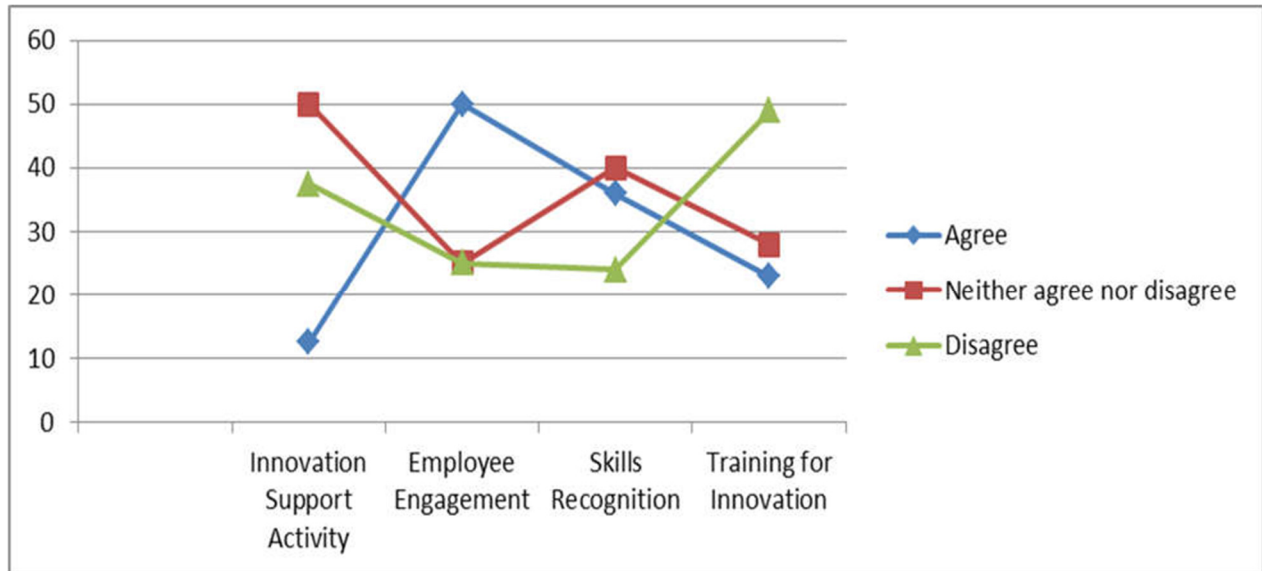
H0: There is no significant impact of intrapreneurship activities on the job satisfaction of employees in the organization.

H0: There is no significant relationship between performance based reward system on their innovative performance.

#### 4. DATA ANALYSIS AND INTERPRETATION

**Table 4.1**  
**Percentage Analysis**

<b>Variables</b>	<b>Frequency /Percentage</b>	<b>Agree</b>	<b>Neither agree nor disagree</b>	<b>Disagree</b>	<b>Total</b>
Innovation Support Activity	Frequency	<b>15</b>	<b>60</b>	<b>45</b>	<b>120</b>
	Percentage	<b>12.5</b>	<b>50</b>	<b>37.5</b>	<b>100</b>
Employee Engagement	Frequency	<b>60</b>	<b>30</b>	<b>30</b>	<b>120</b>
	Percentage	<b>50</b>	<b>25</b>	<b>25</b>	<b>100</b>
Skills Recognition	Frequency	<b>43</b>	<b>48</b>	<b>29</b>	<b>120</b>
	Percentage	<b>36</b>	<b>40</b>	<b>24</b>	<b>100</b>
Training for Innovation	Frequency	<b>28</b>	<b>33</b>	<b>59</b>	<b>120</b>
	Percentage	<b>23</b>	<b>28</b>	<b>49</b>	<b>100</b>



Percentage analysis was used to find out the attitude of employees towards the intrapreneurial support activities like Innovation Support Activity, Employee Engagement, Skills Recognition and Training for Innovation, practiced in the organization. According to the study it was found that more than nearly 90 percentages of the employees either disagreed or had neutral feeling about innovation support activities practiced in the organization. Fifty percentage of the employees agreed that employee engagement was prevalent in the organization. Majority of the employees either agreed or had neutral feeling that their skills were recognized in their work. Nearly half of the employees felt that they were not given training for innovation in the organization. According to Stevenson and Jarillo (1990), the management support will help to increase the potential intrapreneurs’ trustworthiness to their organization.

**Table 4.2**

**Correlation between intrapreneurship activities on growth and development of the organization.**

Correlations		
	Total IA	Total devp of org



Total IA	Pearson Correlation	1	.661**
	Sig. (2-tailed)		.000
	N	120	120
Total devp of org.	Pearson Correlation	.661**	1
	Sig. (2-tailed)	.000	
	N	120	120
**. Correlation is significant at the 0.01 level (2-tailed).			

To determine the strength of the relationship between variables Pearson Correlation Coefficient is used. The proposed null hypothesis was as follows:

H0: There is no significant effect of intrapreneurship activities on the growth and development of the organization.

The above table shows that the strength of association between the variables is high ( $r=0.661$ ), and that the correlation coefficient is significantly different from zero ( $P<0.001$ ). In accordance with the previous researches, the analysis showed the strong positive effect intrapreneurship activities with growth and development of the organization (0.661). Hence the null hypothesis is rejected. This shows that if intrapreneurship activities are implemented in the organization the performance and productivity of employees improve which leads to the growth and development of the organization at large. The result is in accordance with the finding of Muzafer Brigić(2015), who pointed that the implementation of intrapreneurial activities in the production companies has a positive impact on its development.

**Table 4.3****Significance (t) test for the impact of various intrapreneurial support activities on performance of employees.**

		N	Mean	Std. Deviation	T	Sig
Innovative support activity	Low	82	108.083	7.535	7.111	0.00(*)
	High	38	100.383	10.834		
Employee Engagement	Low	76	107.658	8.578	5.008	0.00(*)
	High	44	102.236	9.780		
Skills recognition	Low	100	106.223	9.699	2.325	0.02(*)
	High	20	102.837	7.057		
Training	Low	103	107.696	7.295	10.742	0.00(*)
	High	17	93.558	11.331		

To find out the impact of intrapreneurial support activities on performance improvement of employees t-test was used.

H<sub>0</sub>: There is no significant impact of intrapreneurial support activities on the increase in performance of employees.

To find out the impact of various intrapreneurial support activities on performance of employee's t-test was used. Using the median values low and high scales were retrieved. The factors considered for the test includes Innovation Support Activity, Employee Engagement, Skills Recognition and Training for intrapreneurship. From the above table it is found that the P value of all the factors of intrapreneurial support activities are less than 0.05. Hence the null hypothesis is rejected. This implies that there is a significant difference in the performance of employees

based on various intrapreneurial support activities considered for the study. It has been found that some of the management support activities like idea generation and tolerance for risk taking exerts a positive effect on innovative performance of the employees while performance based reward system and free time does not have much affect (Lutfihak Alpkon).

**Table 4.4**

**Job satisfaction Scores of the respondents based on intrapreneurship activities of employees.**

S.No.	PA	Number of respondents	Mean perception	Standard Deviation
1.	low level	30.8	112.0641	8.26147
2.	moderate level	53.6	106.5746	5.87743
3.	high level	35.6	98.6250	10.10010
<b>Total</b>		<b>120</b>	<b>105.6600</b>	<b>9.39200</b>

	Sum of Squares	Df	Mean Square	F	P value
<b>Between Groups</b>	7656.272	1	3832.136	60.823	<b>.000(*)</b>
<b>Within Groups</b>	18814.058	199	63.010		
<b>Total</b>	<b>26380.330</b>	<b>120</b>			

To find out the job satisfaction scores of the respondents based on intrapreneurship activities, ANOVA Test used. The proposed null hypothesis was as follows:

H0: There is no significant impact of intrapreneurship activities on the job satisfaction of employees in the organization.

The above table shows that the P value (0.000) is lesser than 0.05. The null hypothesis is rejected. This shows that there is significant difference among the job satisfaction level of the employees based on intrapreneurship activities in the organization. Though various factors of intrapreneurship activities in an organization affects the job satisfaction of employees in different levels based on their relative importance in their job, but still the affect is significant. It has been evident from the result of many studies that the job satisfaction has a significant and positive association with intrapreneurship of the organisation (Antoncic and Antoncic 2011; Giannikis and Nikandrou 2013) and act as a partial mediator between psychological ownership and intrapreneurial behavior of the employees (Mustafa et al. 2016b).

Table 4.5

**Correlation between performance based reward system on innovative performance of the employees**

<b>Correlations</b>			
		Total PR	Total IP
Total PR	Pearson Correlation	1	.724**
	Sig. (2-tailed)		.000
	N	120	120
Total IP.	Pearson Correlation	.724**	1
	Sig. (2-tailed)	.000	

	N	120	120
**. Correlation is significant at the 0.01 level (2-tailed).			

To determine the strength of the relationship between performance based reward system on innovative performance of the employees correlation is used. The proposed null hypothesis was as follows:

H0: There is no significant effect of performance based reward system on innovative performance of the employees.

The above table shows the Correlation between performance based reward system and innovative performance of the employees in the organization. The strength of association between the variables is high ( $r=0.724$ ), and that the correlation coefficient is significantly different from zero ( $P<0.001$ ). The result showed a strong and positive effect of performance based reward system on the innovative performance of the employees in the organization ( $0.724$ ). Hence the null hypothesis is rejected. This implies that if the reward system of the employees is based on their performance, their innovative performance will improve. Studies have proved that if employees trust the reward system as beneficial to all, then their commitment to innovation and willingness to take risks linked to intrapreneurial activities will improve (Morrison and Robinson, 1997; Chandler et al., 2000) and the management have to pay the employees enough if they want to convince them to act like intrapreneurs (Thornberry, 2003). Joanna Jean North (2015), has noted in his research that reward outcomes are related to the terms of employment and the organisational policies.

## 5. Findings and Recommendations:

From the study it was found that most of the employees agree that factors like employee engagement and skill recognition was prevailing in the manufacturing industry but other factors like innovative support activity and training for innovation was not prevailing in the organisation. The study result also showed that intrapreneurship activity if implemented in the

organization will enhance the performance and productivity of the employees. Innovative organizations always provide competitive advantage in the market (Dobni, 2000).

Moreover, the respondents felt that intrapreneurship activities implemented in the organization will help in the growth and development of the organization in a strong and positive way. Similarly if the reward system of the employees is based on their performance, it helps them to enhance their innovative performance in a positive way. The respondents also felt that intrapreneurship activity followed in the organization will influence the job satisfaction level of employees.

It is evident from the study that the employees of textile industry in Tirupur district perceive that strengthening intrapreneurship activities in the organization would improve the job satisfaction level of employees and enhance their performance which leads to the growth and development of the organization at large. Textile industry is the back bone of Tirupur district and has a greater influence on the economy of the nation.

Tirupur textile industry has been fulfilling the needs of customers in local, national and international market. Traditional textile industry has seen a drastic shift over to an ever volatile mode of production to cope with the changing needs of global textile customers as it is one of the most competitive sectors.

Employees of textile industry consist of both educated and illiterate people. The working population in textile industry is a blend of skilled and semi-skilled laborers. Hence an initiative like implementing the concept of intrapreneurship in the organization will help the management to seek the cooperation and support of the employees in enhancing the productivity and development of the organization by augmenting a sense of belongingness in them. Intrapreneurship activity in the organization plays a vital role in motivating employees towards innovation and creativity. An employee who is self-motivated and involve in intrapreneurial activity will be able to spot opportunities which will not be much obvious to others employees, which can become the life breadth of the business. Hence the organizations has to focus on dimensions like ensuring management support, autonomy, time availability etc (Goodale et al.,2011) to affect the innovative performance of the employees.

## **6. CONCLUSION:**

Organizations has to reshape and change themselves according to the changes in the market conditions and offer new and innovative products or services to the customers to gain competitive advantages. Hence innovation and change has greater role to play in enhancing the financial and non-financial performance of the employees and the organization at large. Studies have proved that innovation is a major factor which directly affects the organizational performance (Aas & Pedersen, 2011; Dias & Escoval, 2013; Wang & Hsu, 2014).

García-Goñi et al.(2007), has noted in their studies that motivation of employees to adapt innovations will influence the organization's innovative performance. Hence intrapreneurship affects and encourages the institution's innovation(Antoncic & Hisrich, 2001; Avlonitis & Salavou, 2007; Goodale, Kuratko, Hornsby,& Covin, 2011).These employees will bring in change in the material results of the organization in various areas including product, service, and strategies used in business, exploring market etc. The success of intrapreneurial activity in an organization can be reaped through overall transformation in the organization functioning like leadership support, open communication, functional integration etc.

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