

## THOUGHTS ON AN OLD THEME: ENTREPREURSHIP AND ORGANISATION

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### ABSTRACT

This paper is concerned with the concept of entrepreneurship in the large and complex business corporation with its network of management and organisational processes. Although, therefore, it fully recognises the significance of individual talents and dynamism as entrepreneurship characteristics - often associated with charismatic, risk-bearing founders of firms - it emphasises entrepreneurship as a process and then asks where it is located.

The question is answered in two ways. In the first instance, since entrepreneurship is concerned with determining the direction of an organisation through its product-market range, it can be identified with the formulation of strategic decisions. To find the focus of entrepreneurship is to locate the strategic decision function: they are one and the same thing.

Secondly, entrepreneurship as thus understood is not to be found in only one person or in only one spot in the enterprise. To use the term coined by the British economic historian Bernard Alford, there is 'diffused entrepreneurship'. As he put it: 'the greater the range and/or complexity of goods produced (and this includes the number of markets served) the more dispersed the determinants of a company's strategy are likely to be.' (Alford 1976). And along somewhat similar lines, James Quinn quotes an executive in General Motors: '*The strategy [of the company] may not even exist in the mind of one man. I certainly don't know where it is written down. It is simply transmitted in the series of decisions made.*' (Quinn 1980).

In stating those propositions, the argument of the paper is not that there are no major entrepreneurial individuals. It does not substitute the magic word 'process' for the idea that it is persons, not organisations as such, who make decisions. But it focuses particular attention on the strategic process and the inputs contributed to that process by numbers of (senior) members of an enterprise: hence it also raises the question of devising organisational structures which can take advantage of the inputs of individuals and turn them into business propositions.

These conceptual points have a number of applied implications:

- (a) entrepreneurship is not only a matter of making strategic choices in products and markets: it also involves creating the organisational and informational systems which are capable of making these choices effective. This is the more so because strategy (entrepreneurship) is a continuing process which is developed through time.
- (b) in a rapidly changing world and one in which it has been argued that there is a significant tendency towards decentralisation within large enterprises, the need to see managers as having an entrepreneurial task - implicit in the idea of diffused entrepreneurship - is reinforced. Development in informational technology is an important factor in this decentralisation, it permits better measurement. (Note also, the interest in intrapreneurship and management buy-outs).
- (c) entrepreneurial decisions disturb the organisation's established assumptions and paradigms: they arise from and reflect disequilibrium in product and factor markets. If the picture of (senior) managers as part of organisational entrepreneurship is correct, managers in the decentralised enterprise have to be able to make choices of business focus and not only of implementation of strategies determined by others. They have thus to cope with the ambiguity and uncertainty of disequilibrium: this says something of consequence about the direction of management education and development in academic institutions and in business itself.
- (d) the test of entrepreneurship lies essentially in market performance and it is perhaps a defining characteristic of the most senior members of the enterprise that they should have the most distant horizons. To see a possibility, to invent a product, is an intelligence or research activity: to attack the market, to create the team and means of success, is what makes entrepreneurial behaviour. But the innovative entrepreneurial spark may be lit not only in the marketing function but also in a variety of functions/department within the enterprise (Foxall and Minkes 1996).