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The Relation between Organizational Design and Corporate Entrepreneurship:  
Evidence from Russian SMEs

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Concentration – Management  
Anna Filimonova

Research advisor:  
Professor, Galina V. Shirokova

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## ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ

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## АННОТАЦИЯ

Автор	Филимонова Анна Андреевна
Название магистерской диссертации	Связь между организационным дизайном и внутрифирменным предпринимательством: на примере российских малых и средних предприятий
Факультет	Высшая школа Менеджмента
Направление подготовки	Менеджмент
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Научный руководитель	Широкова Галина Викторовна, профессор
Описание цели, задач и основных результатов	<p>В связи с тем, что нынешняя экономическая ситуация в России очень нестабильна, малые и средние предприятия всячески пытаются найти новые возможности для бизнеса, чтобы успешно конкурировать на рынке. Однако, зачастую малые и средние предприятия не имеют достаточных ресурсов, чтобы соперничать с большими предприятиями, а иногда даже друг с другом. Внутрифирменное предпринимательство может предложить возможное решение данных проблем без дополнительных денежных вложений. Главная цель данного исследования, понять связь между элементами организационного дизайна и внутрифирменным предпринимательством, чтобы выявить лучшее их сочетание. Для этой цели, было выявлено несколько задач: выявление основных элементов организационного дизайна и внутрифирменного предпринимательства, исследование этих элементов и их связей на основе реальных примеров, оценка как полученная информация может быть полезна для российских МСП. Было проведено изучение пяти российских малых и средних компаний. На основе полученной информации, было выявлено, что децентрализация, формализация и свобода действий сотрудников имеют влияние на внутрифирменное предпринимательство в организации, однако существуют и другие внутренние факторы, которые иногда влияют на внутрифирменное предпринимательство. Автор сформулировал ряд практических советов для российских предприятий малого и среднего бизнеса.</p>

Ключевые слова	Внутрифирменное предпринимательство, малый и средний предпринимательство, организационный дизайн, МСП
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### ABSTRACT

Master Student's Name	Filimonova Anna
Master Thesis Title	The Relation between Organizational Design and Corporate Entrepreneurship: Evidence from Russian SMEs
Faculty	Graduate School of Management
Main field of study	Management
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Academic Advisor's Name	Professor Galina V. Shirokova
Description of the goal, tasks and main results	<p>Due to the fact that the current economic situation in Russia is unstable, nowadays, Russian SMEs are desperately searching for new business opportunities in order to successfully compete. However, small and medium enterprises usually do not have enough resources to compete with big companies, or sometimes even with each other. Corporate entrepreneurship can provide a possible solution to find new competitive advantages without extra expense. The main goal on the research is to explore the existing relation between organizational design and corporate entrepreneurship, in order to figure out the best configuration of those elements. For this reason there were set several objectives: to identify the main organizational design and corporate entrepreneurship elements, to explore these elements and link between it in the real-life cases, to evaluate how the received information can be useful for Russian SMEs. It was conducted and analyzed five cases of Russian SMEs. Based on this analysis, it was found that decentralization, formalization and employees' autonomy influence on the level of corporate entrepreneurship within an organization, however, there are also some internal factors that in some cases may have even stronger effect on the corporate entrepreneurship within an organization. For Russian SMEs author has formed a number of particular implications.</p>
Keywords	Corporate entrepreneurship, intrapreneurship, organizational design, SMEs, small and medium enterprises



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## **Introduction**

Today's world faces new challenges such as globalization, intense competition, rigorous ethical scrutiny and the demand for sustainability, a need for rapid response, adapting to the digital world, and increasing diversity (Daft, 2013). On the one hand, these circumstances seem to be aggressive, however, on the other hand – it provides a lot of opportunities such as new resources, new products, new services. In order to gain the market, large, medium and small organizations are needed to be proactive, to react fast. Therefore, an entrepreneurial behavior is required for them. The process of implementing entrepreneurial behavior in interest of organization called corporate entrepreneurship (CE). Recent studies of Covin and Ireland showed that the corporate entrepreneurship improves the firm performance (Covin and Ireland, 2009). As well as it positively effects on the organization's resistance to constant environmental changes. As a result, according to the research of the most influence scholars in the field of corporate entrepreneurship, S. Zahra ad D. Kuratko, in their study of 1999, it was identified that CE can make a significant difference to a company's ability to compete (Zahra, Kuratko, 1999).

As recent study showed (Bailey, 1992), the organizations where the corporate entrepreneurship is developed, the profit is higher than in organization, where it's not. Also, other studies (Covin, Selvin, 1991; Zahra, Covin, 1995) provided information, that corporate entrepreneurship improves effectiveness of the organizations, and accelerate its growth, and as results, it increases its profit. CE also has a practical application for an organization; for example, it cuts expenses and improves organizational processes.

The need of using corporate entrepreneurship was discussed by many researches. For example: Kuratko wrote in 1990, that importance of usage of CE arose when organizations understood that they need to avoid the stagnation by using innovation; that their employees are disappointed of traditional bureaucratic organizational structure; that there is a need to avoid traditional weakness and threats (Kuratko, 1990). It became even more important when organizations operate in unstable environment, at the emerging market such as Russian. Russian small and medium enterprises are the most vulnerable by facing these conditions. Most part of Russian SMEs is relatively young. Since Russia took a market-oriented direction only in early 1990, Russian SMEs needed to develop fast, to change its habits and rules to suit the market requirements and to gain market power. At the same time, these organizations needed to be able to compete with the foreign companies that started to enter the Russian market. In such hostile conditions, it is crucial to be able to resist and save the existed market position. Corporate entrepreneurship is one of the approaches that helps to the organizations to do so. It provides the organization strategic advantages that allow performing well and gaining a bigger

market share. With collaborating of existing organizational design and corporate entrepreneurship theories, Russian SMEs may create new competitive advantages without high additional investments. Since the SMEs are especially depending from resources, this aspect has a crucial importance.

CE shows entrepreneurship at the level of the firms (Miller, 1983), which depends upon the entrepreneurial behavior of the individuals that work on it. Zahra, Hayton, George pointed that the field of CE is quite distanced from the strategy literature, where CE has become overshadowed by the concept of entrepreneurial orientation, a strategic orientation akin to market orientation (Gotteland, Haon, Jolibert, 2009).

The main purpose of CE is to create more innovative processes inside an organization. CE can be seen when an organization delegates some responsibilities and authority to create and develop new products or services to employees, or an employee/a group of employees must improve already created products/ services. This system must help an organization to avoid the rigid and bureaucracy organizational structure. At the same time, in a new substructure (a group of employees or an employee who responsible for a concrete product/service) it can be found centralization of decision-making. This leads organization to react fast to the changing environment and to rapid realization of its business projects. Since a decision making process is proactive in this case, the organization spends less time to find and estimate possibilities. Therefore, such an organization became more flexible, because it starts to have time to find alternatives, for resources allocation.

### **Research gap for CE**

The external environment, that firms face these days can be characterized as hostile, dynamic and heterogeneous (Zahra, 1991). External factors mainly characterized by uncertainty and influence directly on the organizations performance. Its hostility can damage, the firms development; dynamism may negatively effects at the stable working process, and heterogeneous obstacles do not allow to have a clear view at the competitors' performances.

Current circumstances in Russian market changed significantly in the last 3 years. As it was mention by the lot of government officials such as former finance minister, prime minister etc. Russian economy is in crisis these days. The Western ranking agencies also emphasize the unfriendly business environment. For example, this year Fitch Ranking as well as Standard & Poor's, in 2016 gave Russia "BBB" (the same ranking have: Brazil, India, Vietnam, Zamia etc.). This ranking usually is given to the countries that are close to default or already in the default. Also due to the sanctions, low price for oil and other political games, the business

environment is suffering a lot. The market conditions are unpredictable and the resources became less affordable. Many researchers mentioned that the emerging economy countries have fewer possibilities to restrain the hostile environment (Hoskisson et al., 2000; Peng et al., 2008; Puffer et al., 2010). Thus, the Russian organizations, and precisely Russian SMEs need to think not just how to compete between each other, but also how to survive on the market. The possible solution to succeed on the market may provide corporate entrepreneurship. Some researchers have emphasized that the significant changes in a firm's external environment also are working as a kind of stimulus for companies' internal entrepreneurial development.

Nevertheless, the corporate entrepreneurship may provide the necessary flexibility for companies that operate in such as conditions. Many researchers found that the today's core competitive advantages tied with innovativeness and proactiveness. For the more, as Kuratko pointed out, organizations must realize "the entrepreneurial imperative of the twenty-first century" (Kuratko, 2009). Revealing corporate entrepreneurship concepts, it is important that the influence of corporate entrepreneurship on the organizations performance is different on Western countries markets and emerging countries markets. The previous studies were mostly made based on the companies that were operating in relatively stable economic conditions, mostly on the companies that operate in developed countries. However, this study has a concrete focus on small and medium Russian enterprises that have the specifics not just due to the external economic conditions, but also specifics that related to the organizational design as well. Generally in the literature the SMEs are characterized as organizations with the simple structure, clear strategic orientations of managers, however we should not to oversimplify it (Bouchard, Basso, 2011). At the same time these companies are very depended on the resources (external and internal). That makes them especially vulnerable in the current economic situation. It is important to explore the SMEs' nature, to help them save their positions, since these days these companies are seen not just a source of social and political stability, but also as a source of innovative and competitive power (Wennekers, Thurik, 1999). By collaborating of existing theories of organizational design elements and corporate entrepreneurship theories we can provide some insights for Russia SMEs on how to operate more efficient on the market and create the competitive advantages. Taking into account Russian particularities on the market, it is believed that this research have not just academic, but also managerial implication.

## **Research Questions**

The study aims to find the relationship between organizational design (OD) and corporate entrepreneurship, but also it is important to analyze the impact of organizational design on corporate entrepreneurship development if it exists. It would be interesting to understand whether the triggers of CE lay in the field of OD, or may be in external areas. These findings help to understand how firms can gain on the market, which elements of organizational design can be improved in order to become competitive advantages of an organization, how in real-life the organizational design interacts with corporate entrepreneurship development.

In order to conduct the study, the following research questions were stated:

- *How organizational design elements impact on the corporate entrepreneurship development within Russian SMEs?*
- *How should Russian firms perform in order to find the best link between their organizational design and corporate entrepreneurship elements?*

Therefore, in this study there will be deeply investigated and revealed several organizational factors that have significant impact on the stimulation and, as a result, creation of the corporate entrepreneurship within the organization. These internal factors may have different effects on the CE. Focusing on these factors, some insights concerning competitiveness, wealth creation, and innovativeness of the organization will be discovered.

### **Research methodology**

One of the aspects of this research is to focus on particular small and medium size firms that exist on a market for at least five years. Small and medium size firms are the key indicators of its-country economic situation, the amount of it and its success show, whether the economy is healthy and stable, supportive and people oriented. The research showed that in countries where the amount of small and medium sized firms is growing, the national income is growing respectively (Bouchard, Basso, 2011). Therefore, it may be considered that the findings in the field of studying the small and medium sized enterprises (SME) lead to some insights that might be helpful for both: governmental and entrepreneurial understanding of the situation. The focus of this thesis is mostly on the entrepreneurial understanding, since it will be explored the internal part of SMEs. The results of this study will help to already existed SMEs to improve their day-to-day work and operation process, as well as will help to improve its profit generation, by providing some insights on creation of some new competitive advantages.

In order to conduct the research, a case study has been chosen as a research strategy. The particular reason to use the case study is that it allows to discover the field deeper and to

have more applicable insights. It will provide illustrative picture of the studied impact and as well as it will provide a possibility to explore the interaction of concepts. Therefore, the casual links will be examined.

In this study, it will be linked the elements of organizational design and corporate entrepreneurship activities in Russian small and medium enterprises. The relationships between these concepts will be described. It is expected that the study could also provide insights into the competitive strategies that Russian SMEs may use in the market. Basically, entrepreneurship is the engine by which companies define opportunities and create innovations. But entrepreneurship inside the company is impossible without appropriate organizational design elements. Therefore the liaison between these two concepts is quite clear. However, it will be more relative to focus on particular elements of organizational design, those that have the biggest impact on the process of developing of CE within the organization.

## **Chapter 1. *Organizational Design and Corporate Entrepreneurship theoretical model***

The main purpose of this chapter is to provide a theoretical analysis of the existing scientific literature in the fields of organizational design, corporate entrepreneurship and its interconnections. In the first part of this chapter, it is shown the different research approaches that were conducted in order to understand the corporate entrepreneurship. The second part introduces the theories that exist of organizational design understanding. The third part presents the way the corporate entrepreneurship concept was understood from the prism of organizational design and the relation between these two concepts. The last part presents the theoretical model of this research that was made through deep analysis of existing literature.

In order to conduct the literature review there was made deep literature analysis through several steps article selection. The choice of articles for this research was directed to the wide field of corporate entrepreneurship and organizational design studies. Due to the fact that the present study is an interdisciplinary one, and that it was found out the main and the most important researches, there was organized two steps articles' selection.

At the first stage, it was made a search of related articles in one of the most authoritative journals' reviewing databases, such as EBSCO, Scopus and Emerald. It helped to go through the most significant studies in the fields of CE and OD. Therefore, as key words it was used the expression like: Corporate entrepreneurship, organizational design, Corporate entrepreneurship AND organizational design, elements of organizational design, and some synonymous like, intrapreneurship, corporate venture, SMEs. The key words among articles were found in titles, among key words and abstract. At the beginning, it was not set any time boundaries and it was found a lot of theoretical articles, but then in order to find the most recent and more practical studies, further it was set the time gap from 1990 till present time. Overall it was at the end more than 100 articles to deal with.

The second stage was to divide these articles into some groups according to the Journals where it was published. That helped to estimate the quality and correspondence to the research subject. Mostly it was used the ABS 2015 journal ranking, made by Association of Business Schools Academic Journal Quality Guide February 2015; and Financial Times Survey of Top Business Schools 2006/2010. At the end of the selection it was about 80 articles to explore.

The articles that were used, came from 38 scientific journals, and 21 of them are A and B category (ABS ranking). It has been approximately 70 % of articles that were published in these journals, approximately 30% of them from category A journals and 40% of them category B journals. Most part articles were in Journal of Business research, Entrepreneurship Theory and Practice, Journal of Business Venturing, Journal of Small Business Management.

The selected articles were published from 1981 to present time. It can be said that the articles concerned the CE started to appear from 1960th and the most important work was done from 1986 to present time.

### **1.1. Corporate Entrepreneurship: contemporary understanding**

The concept of corporate entrepreneurship began to evolve more than 40 years ago. It was Hill and Hlavacek, Peterson and Berger, Hanan, and Quinn, who stressed the importance of CE (Hill, Hlavacek, 1972; Peterson, Berger, 1972; Hanan, 1976; Quinn, 1979). Generally speaking, corporate entrepreneurship can be defined as different entrepreneurial behaviors that include different actions, active or passive. A lot of authors explain the term CE as innovations that lead to sustain growth of organizations. Rule and Irwin (1988) wrote that companies established culture of innovation through: the formation of teams and task forces; recruitment of new staff with new ideas; application of strategic plans that focused on achieving innovation; and the establishment of internal research and development programs that were likely to see tangible results. Robert A. Burgelman (1983) describes corporate entrepreneurship as the internal development diversification in company's activity. When the author describes the process of diversification, he includes new resources to help the firm to extend its activity in the new spheres of opportunities. Summarized it, the author explains that such diversification is presented the process of individual entrepreneurship in the corporate one (Burgelman, 1983). Latter, Zahra (1991) defines CE a little bit wider, and explains it as formal or informal activities aimed at creating new businesses in established companies through product and process innovations and market developments.

Therefore, in can be said that corporate entrepreneurship is a result of combining the entrepreneurial activities of multiple participants.

Corporate entrepreneurship also is known as intrapartneurship (Macrae,1976) or corporate venturing (Burgelman, 1983). CE is the practice of developing a new venture within an existing organization, to exploit a new opportunity and create economic value (Pinchot, 1985). Many researches used these concepts in order to interpret organizational phenomena such as innovation, proactive behavior, and strategic renovation. Stevenson H.H. and Jarillo J.C. in their paper "A paradigm of entrepreneurships: entrepreneurial Management" wrote that corporate entrepreneurship happens when the big firms understood that in order to compete on the market they need to have some features of small business organizations, such as flexibility, innovativeness, growth. (Stevenson and Jarillo, 1990)

According to Guth and Ginsberg there are two main directions of development of the

concept CE: 1) When inside the one organization appears a new business, in other words corporate venture or innovations; 2) When transformation or renovation are the key, basic elements that organization based on (Guth and Ginsberg, 1990).

Gifford Pinchot, is one of reputable researchers in a field of intrapreneurship, wrote a lot about possible changing within the big organizations, in order to overcome the bureaucracy and rigid system. For example, he proposed to create a system of outsourcing contracts within the organization, that might help to organizations improve the quality of certain performed work (Pinchot, 1965). Most part of his works was concentrated on the exploration of individual personal level. He thought that it is crucial for organizations to develop the spirit of entrepreneurship, innovative orientation.

Some researchers studied CE not just as a phenomenon, but they link it with organizational life cycle. In light of it, they emphasized that it is important for organizations to support entrepreneurial function not on a stage of growth, but also on a stage of maturity. It will help for the next stage of renewal, because it will help to adapt to new circumstances as well as help to occur some new innovative ideas and business development.

Researches tried to understand CE through different prisms.

Some of the authors focused on companies' external contexts. Hayton, George, and Zahra (2002) explored the effects of national cultures and industry conditions. Some other researchers, such as Covin, Slevin (1990) have looked through some industry's conditions and checked it as the effect of CE on company performance. They tried to point to some of the conditions under which CE enhanced company performance. There is a large volume of published studies describing the internal or firm-specific elements of CE. For instance, some authors have focused on the organizational structure (Covin, Slevin, 1988; Zahra, 1991), organizational culture (Zahra, 1991), incentives (Zahra, 1991) and managerial systems (Zahra, 1991) of firms. They have also tried to find the correlation between the effect of firms' ownership and CE (Zahra, 1996), also in this sense they have linked CE activities to firm strategy (Zahra, 1991). The author discovered that firm-specific variables influence employees' perceptions, attitudes and behaviors, thereby determining potential investments in CE. It is important for employee to be able to take risks for its career. To be proactive is required from employees. It was found that innovation requires managerial support, in order to use the creativity and apply their knowledge to find the solutions in complex organizational issues (Zahra, 1991).

In the 1990s some trends can be identified in research of CE. Many authors verified sets of variables (for example, environmental characteristics), but they did it without taking into account consideration of their particular places and connections. Such studies ignored the

relationships between these sets and their dimensions. There are a very small amount of literature studies that tested the causal chain among these variables. It can be problematic for the future works, because the causal chain might change over time or under particular conditions. It is a fact that in the literature, there are very few studies that provides longitudinal works.

As it has been already discussed, an innovation is a core element of corporate entrepreneurship where one can take an idea or invention and create something new and valuable. CE occurs when organizations try to “exploit product-market opportunities through innovative and proactive behavior” (Dess, Lumpkin, McGee, 1999). As such, CE facilitates a firm’s efforts to exploit its current competitive advantages as well as explore new opportunities and the competencies required to successfully pursue them (Covin and Miles, 1999; Covin, Slevin, and Heeley, 2000; Ireland, Kuratko, and Covin, 2003). In established organizations, CE has been recognized as a separate identifiable organizational strategy that is directed at the recognition and exploitation of new opportunities (Ireland, Covin, Kuratko, 2009).

Hornsby, Kuratko, and Zahra (2002) found five key factors that influence corporate entrepreneurship to include management support, work discretion and autonomy, rewards and reinforcement, time availability, and organizational boundaries (Hornsby, Kuratko, Zahra, 2002).

Summarized different researches in this field, Wickham (2004); Guth & Ginsberg, 1990; Zahra, 1996, Covin, Miles, 1999; Sharm, Chrisman, 1999; Antoncic, Hisrich, 2001; Antoncic, 2007), we can make a basic framework of corporate entrepreneurship. The figure (Figure 1: Core elements of CE) below presents the general approach of understating the core sense of CE.

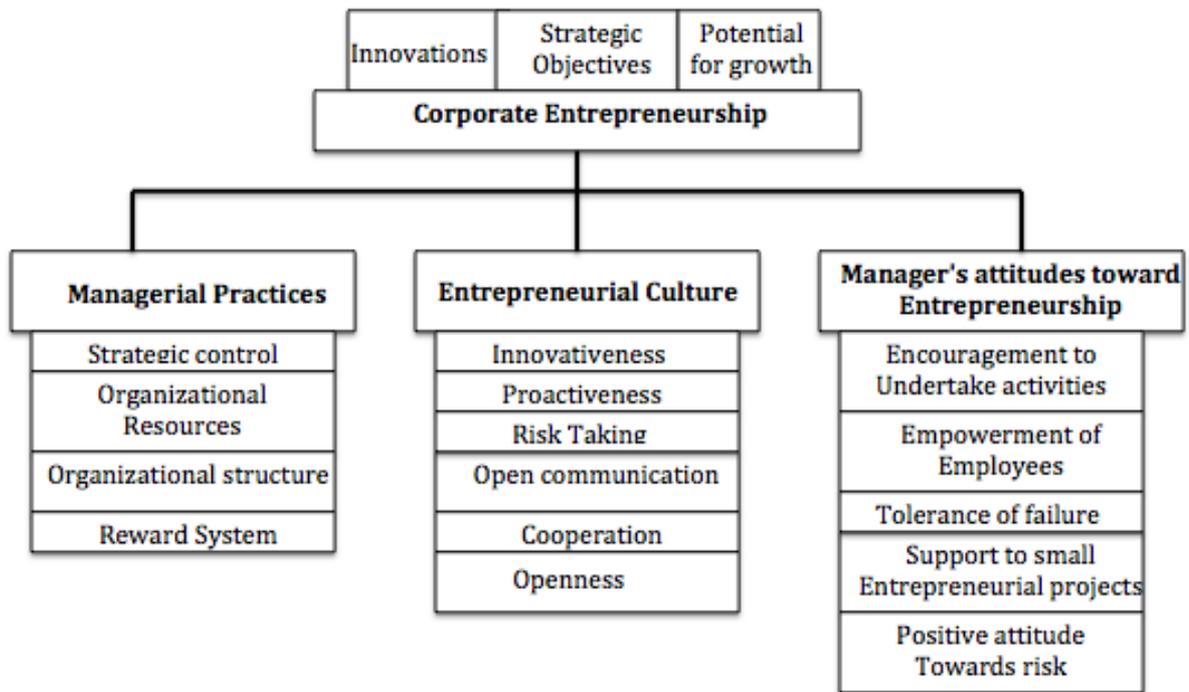


Figure 1. Core elements of CE (Duobiene, 2013).

According to this figure, it can be highlighted three main characteristics that determine the CE operations: innovations, strategic objectives, and potential for growth.

Managerial practices, entrepreneurial culture and manager's attitudes toward entrepreneurship are three main factors that influence on CE processes. It is identified through analyze of different conceptual and empirical researches (Russell, 1990; Covin, Slevin, 1991; Zahra, 1991; Russell, Russell, 1992; Hornsby , 1993; Baden-Fuller, Stopford, 1994; Van de Ven, Poole, 1995; Chung, Gibbons, 1997; Jucevičius, 1998; Sharma, 1999; Dess , 1999; Zwell, 2000; Crome, 2000; Antoncic, 2001; Hornsby et al., 2002; Diaz, Rodriguez, 2003, McGuire, 2003; Kuratko et al., 2005; Chen et al., 2005).

Russell (1990) wrote that internal factors provide possibilities to create corporate entrepreneurship, and organizational culture in this sense is extremely important. CE makes the organization achieve a competitive advantage through entrepreneurial culture that consists of embeds values, norms and believes (Russell, 1990).

Barringer and Bluedorn (1999), in their research, described several key rules that helped us to understand the successful CE operations within an organization (Barringer, Bluedorn, 1999):

- 1) It is necessary to scan activities. The hard constant job of scanning a firm's environment helps to recognize the existing opportunities.
- 2) Firms should be proactive, but moreover they should be flexible in their strategic

plans. It is important to be able to change plans rapidly and easily according to the environmental changes.

3) The strategic plans on the entrepreneurial behavior have to be with several planning horizons.

4) It is required to have a high level of employee involvement in strategic planning facilitates. The employee participation at all levels supports the entrepreneurial process and helps to pursue new opportunities (Burgelman, 1984; Sathe, 1988).

5) Control system should be able to pursue a rewarding creativity and innovations. A well-designed control is important to sustain entrepreneurial activities through stimulation and incentive of rewarding system.

Covin and Slevin (1990) have proposed that the firm with the entrepreneurial behavior has the following structural characteristics:

1. Freely varied operating style;
2. Top-managers are experts;
3. Flexibility to environmental changes;
4. Result-orientation rather than on the processes;
5. Friendly cooperative atmosphere with informal control;
6. Diversified team with a flexible on-the-job behavior;
7. Concentration on team-creating and team-working;
8. Free communication.

It is important to mention that CE is a part of corporate culture. These two concepts intertwine with each other, and both have some similar elements. Numerous studies have attempted to explain how culture relates to innovations and entrepreneurship (Timmons, 1999; Peters, 1997; Cornwall and Perlman, 1990). To sum up the research in this field it can be described several common characteristics of entrepreneurial culture, that lead to CE:

- People and authority are focused on positive results;
- Challenge of innovations and risk-taking;
- Hands-on management;
- Freedom to grow and to fail;
- Personal commitment and responsibility;
- Orientation on a future and a sense of urgency.

To generalize recent studies, it is possible to identify some general components of CE as well. The components are made from strategic point of view. The CE strategy model has following elements:

- 1) The antecedents of CE strategy (external environmental conditions that provoke to

entrepreneurial activity, the individual entrepreneur's strategic point of view);

2) The elements of CE strategy (i.e., top management's entrepreneurial strategic vision for the firm, organizational architectures that encourage entrepreneurial processes and behavior, and the generic forms of entrepreneurial process that are reflected in entrepreneurial behavior);

3) The outcomes of CE strategy (i.e., organizational outcomes resulting from entrepreneurial actions, including the development of competitive capability and strategic repositioning).

Many studies were conducted in order to have a deeper understanding of the nature of CE and the trigger factors of it. The table below presents the main studies in the relationship between CE and organizational design elements (Table 1. The relationship between CE and OD).

Table 1. The relationship between CE and OD (created by author).

Author/Year of publication	Type of study	Country/ Sample	Research problem	Findings
(Jennings, Lumpkin, 1989)	Quantitative study	USA/ 56 firms	Modeling of corporate entrepreneurship that function.	In an entrepreneurial organization, managers of each level are participated in the decision-making process. All levels of management support risk taking. There is no punishment for mistakes.
(Allen, Avila, Morris, 1993)	Quantitative study	USA / 180 manufacturing companies	Individualism and the Modern Corporation	High levels of individualism are not lead to corporate entrepreneurship. Companies where the corporate environment is collectivistic, the level of entrepreneurship is low. The cultures where the level of individualism and collectivism are balanced, the level of

				entrepreneurship relatively high.
(Abraham, 1997)	Quantitative study	USA/106 people	The relationship of vertical and horizontal individualism and collectivism to intrapreneurship and organizational commitment	The study shows that intrapreneurship is explained by horizontal individualism, personality alone shows a small amount of intrapreneurship; there is a strong dependency on situational factors (contingency framework)
(Barringer, Bluedorn, 1999)	Qualitative study	USA, Europe & Asia/ 169 firms	Relationship between corporate entrepreneurship and strategic management	There is a positive relation between the corporate entrepreneurship and flexibility and participation of employee in corporate planning.
(Hornsby, Kuratko, Zahra, 1999)	Quantitative study	USA & Canada/ 231 & 530 midlevel managers	Middle managers' perception of the internal environment for corporate entrepreneurship	There are five factors that were identified: management support, work discretion/autonomy, rewards/reinforcement, time availability, and organizational boundaries. These factors influence middle managers to foster entrepreneurial activity in companies.
(Antonicic, Hisrich, 2003)	Quantitative study	Slovenia/ 477 firms	Corporate entrepreneurship contingencies	The study shows that corporate entrepreneurship is a

			and organizational wealth creation	direct predictor of organizational wealth creation, as well as profitability and growth; that organizational support is an important direct predictor of CE. The formal control system has positive correlation with CE
(Morris, Allen, Shindehutte, Aviala, 2006)	Quantitative study	200 firms/ USA	Control systems and Corporate entrepreneurship	The high level of control and formalization tend to have the organizations with low level of CE.
(Tajeddini, Mueller, 2012)	A case study	Switzerland/ 18 managers	Level of Corporate entrepreneurship involvement	The successful firms need to have strong entrepreneurial orientations to compete and survive technology intensive industries

To summarize, there were made many researches to analyses the key triggers for CE. There are a lot of different approaches to understand the sense of CE, some authors refer to intrapreneurship (Kuratko et al., 1990); some of them to internal corporate entrepreneurship (Schollhammer, 1982), corporate ventures (Ellis, Taylor, 1987; MacMillan et al., 1986), venture management (Veciana, 1996) etc. CE is the process of creation and extension of organization's competitive advantages, of exploration new opportunities and renovation existing process within an organization. Most part of studies was made in order to find main characteristics of CE, and at the same time, there were made some significant studies on discovering the relations between OD and CE. Today it can be revealed that corporate entrepreneurship and organizational design are strongly tied concepts. Basically saying, corporate entrepreneurship is developing and existing with the mix of certain OD elements.

## **1.2 Organizational Design: contemporary understanding**

More than 90 years ago Henri Fayol and Max Weber formulated the basic concept of organizational design, they offered the structure of principles for managers to pursue.

Those principles gave a start for huge amount of studies and developments in this field.

Over more than a century, there were made a lot of different research in a field of organizational design. The scientist studied the content of organizational design (Haberstroh, 1965; Mintzberg, 1979; Harris, Raviv, 2002), as well as they tried to formulate the most appropriate collaboration of elements taking into account different circumstances (Schon, 1983; Weick, 1993; Akin, 1994; Yoo, 2006).

Organizational design can be seen as the combination of vision, mission, values, operating principles, strategies, objectives, tactics, systems, structure, people, processes, culture and performance measures in order to deliver the required results in the operating context of the organization (Stanford, 2007). The importance of this concept was emphasized by Cunliffe, who wrote that the suitable organizational design allows organizational members to: (1) deal with contingencies (constant changes in technology, markets and competition); (2) gain a competitive advantage (by creating the key competencies); (3) make a supportive, effective and responsive working environment; and (4) increase efficiency and innovation (Cunliffe, 2008).

The concept of organizational design in a wide sense means the all processes that make an organization works. It can be said that this concept includes many aspects such as: organizational culture, organizational structure, organizational strategy, mission, people that works in this organization and the way all processes are organized insight this organization etc.

Speaking generally about organizational design, it can be define as a process of creation or change the structure of organization. The sense of organizational design often is mixed up with a sense of the concept of organizational structure. However, the organizational structure has a bit different purpose, it is a formalization of jobs. It encompasses the list of positions, duties, titles, reporting structure etc. It is a current description of the “skeleton” of an organization. Therefore the concept of organizational design is more about creating proper designed and aligned elements of an organization to efficiently and effectively deliver the purpose of an organization, the ideas and intentions of an organization(Hinrichs, 2009). It is a plan to how an organization should function to make its performances better.

According to Bollingtoft the organization design is aimed to enhance the firm’s adaptive capacity to ensure a dynamic fit between environmental conditions and organizational characteristics (Bollingtoft, 2009). There are different approaches that aimed to determine an organizational design building process. It is clear that the environmental factors influence the intraorganizational level. Therefore, these factors should not be excluded in organizational

design process reviewing (Pfeffer, Salancik, 1978). There is different understanding of how the external factors influence on the organizational design.

The contingency theory suggests that the organizational design and the quality of the organizational performance depend upon the different external or environmental events or factors. According to the theory, the organizational design elements adopt to the environmental factors. Paul Lawrence and Jay Lorsch in 1967 tried to understand whether the various in the environment of the company from different industries would correspond with differences in the internal structuring if the firms (Lawrence, Lorsch, 1967). Also they stated that one of the most important dimension of environment for the organization wellbeing is the degree of certainty or stability. One of the results of this study is that there is a positive relation between the environmental certainty and formalization within an organization. Therefore, in stable environment can fixed the routine and formalized the processes. According to them, in order to be successful an organization must find the balance between differentiation and integration of the organizational systems (Lawrence, Lorsch, 1967). The studies of Lawrence and Lorsch are correlated to the studies of Tom Burns and G.M. Stalker that were made in 1961, and that can be seen in a contingency theory perspective as well (Burns, Stalker, 1961). By the examination of the organizational structure and management style, they proposed to divide the organizational structure into two types: organic and mechanic.

The mechanistic organization has a high level of formalization, centralization, narrow span of control, clear chain of command, a high level of specialization and rigid departmentalization (Burns, Stalker, 1961). Therefore, there are: formal hierarchy of authority; supervisors that control each employee. There are also a big distance between the top –manager and low-level managers, and there isn't a direct control from top-managers to low-level managers. Each job is specified.

The organic organization is a vice versa type, where there are: a low level of formalization, decentralization, wide spans of control, free flow of information, cross hierarchy teams and cross-functional teams (Burns, Stalker, 1961). These organizations are more adaptive to the constant changes and flexible. In such an organization, the employees are high-trained professionals; there are still divisions of labor, but the jobs aren't standardized. Because of their professionalism, these employees require less control; therefore there are fewer rules.

According to T. Burns and G.M. Stalker, these types of structure exist in different environment circumstances: mechanic structure is more suitable for the stable environment, while an organic structure is more effective in unstable environment (Burns, Stalker, 1961).

The other theoretical approach that is used in literature is resource dependence theory. According to this theory, an organization in order to survive needs to have some resources. An

organization transacts with other for the resources; the control over the resources provides with a power over the organization. Therefore, an organization needs to cope with environmental contingencies with a focus of organizational actions (Pfeffer, Salancik, 1978). This theory suggests that the organization needs to have a proactive strategy in order to successfully deal with environmental circumstances.

The institutional theory sees an organization as an institution, as an established order comprising rule-bound and standardized behavior (Jary, 1991). It is suggested that organization as sociological institution, is aimed not just to produce goods/services, but also it may be driven by the emotions and traditions. Therefore, as Selznick mentioned, an organization as an institution has history, culture, set of values, routines and interests (Selznick, 1957). In his research, Selznick noticed that the initialization as the organizational policies and practices is the readiness with which organization's structure changed in response to new circumstances (Selznick, 1957).

Today's scientists mark out six key elements of organizational design, which are: work specialization, departmentalization, chain of command, span of control, centralization and decentralization and formalization (Daft, 2009). Work specialization is dividing the work activities into small jobs. According to Niedeffhoffer (2011) it can be refer to job division that is the separation of a job up into parts usually performed by different individuals. It helps to use efficiently the different skills that usually workers have. Departmentalization is the way, in which common work activities are grouped together, in order to coordinate and to integrate better. Lennick in 1995 proposed several types of departmentalization, which were fulfilled lately by other scientist. At the moment, there are five basic types: functional, geographical, product, process, and customers' departmentalization. Speaking about chain of command, it is the way hierarchy's reporting is organized within an organization. This concept includes three elements: authority, responsibility and unity of command. An appropriate chain of command makes it certain that every task, job position and department has one person assuming responsibility for performance (Crumpton, 2013). Span of control is about the effective and efficient management of employees, in other words the hierarchy of authority. Determined span of control means determined the number of levels and managers in an organization (Mintzberg, 1979). That also leads to the efficient performance of an organization. The wider the snap the more efficient an organization is at least in terms of cost, however if the manager doesn't have time to supervise all subordinates, it may reduce the quality of performance (Bell & McLaughlin, 1974, 1975; Ouchi & Dowling, 1974). Some studies showed that the well-trained and experienced employees can function with wider span of control (Rama Rao, 2010). The larger span of control leads to speed up the decision-making process, as well as increase

flexibility within the organization. Centralization and decentralization refers to the way decisions are made in an organization, and what level (Aghion, Tirole, 1997). Centralization happens when the manager within the organization makes key decisions with a small input from the subordinates. Decentralization is the other way to make the decisions, it happens when decisions are pushed down and distributed among the employees (Melumad, Reichelstein, 1987). Traditional organizations are more structured in a pyramid way, and are more centralized. In order to decide which way should organization chose, it is necessary to take into account several factors like: first of all organization's goals, also environmental factors, the size of an organization, the quality of lower –level managers, whether the company geographically dispersed. Recent studies showed, that the recent trend is to decentralize, to give employee more authority (Amar, Hentrich, Hlupic, 2009). Referring to formalization means the standardization of an organization's jobs, to create a guide of rules and procedures for employees. The degree of formalization is different in different organizations. The less formalization, the more creativity appears in an organization (Jansen, 2006). Although some formalization is still needed, nowadays many organizations allow their employee act according the circumstances, even though some times it leads to a kind of “breaking” rules. But this way helps to the organization be closer to its customers (Foss, 2001).

In the organizational design studies there were also created a lot of different models that were aimed to clearly show the way organizational design is organized and the way it can change. For example, in 1965 Harold Leavitt proposed a model with four dimensions, commonly called Leavitt's diamond (Leavitt, 1965). These four dimensions refer to the structure, people, task, and technology as main organizational design elements. Among these elements there are a strong dependency and interconnection, so any change or modification of the at least one of the elements leads to the modification of the all the rest elements. This model became a start for the deep thinking about the organizational design as a system for the other scientist, it became a basis for the new models as well.

The other model that was built on the Leavit's diamond model is Galbrath's star model (Galbrath, 1973). This model has five elements: strategy as a direction, people as a mindset and skillset, rewards as motivation, processes – information, structure as power. In this model all the dimension also have an interconnection, however, the main is the strategy, which is the head of the star. The model extends the Leavitt's diamond, and provides all necessary direction to maintain while creating, establishing and analyzing the work design within an organization. However, this model cannot be used for accounting the input or output of the organization.

In 1976 there was proposed also another model by Marvin Weisbord that contained six “boxes” or elements: purpose, relation, structure, rewards, relationships, helpful mechanisms,

in the middle of it leadership as a lever. All these elements exist in the context of environment that might influence on it.

Based on the M. Weisbord model in 1977 Nadler and Tushman proposed their model that was based on the assumption that the organization is an open system, therefore it is influenced by the environment which creates the input, then the organization builds in this environment through transformation of its elements, and as a result it creates the outputs. Though as for the inputs in this model it was used history, environment, resources; the transformational process has for elements: task, informal organization, individuals, formal organizational agreements; and for the outputs there were used: system functioning, group and individuals behavior, inter group relation.

Pascale and Athos in 1981 proposed a new model – 7S, that later was used by McKinsey & Company. The elements that were taken for this model are following: strategy, structure, style, staff, skills, systems, shared values. According to the authors of the model, it is crucial to find a right balance between these elements. The elements can change differently; therefore, they are needed to be analyzed differently. These elements were divided into two groups: soft and hard elements. The soft elements are: shared values, skills, staff and style. While hard elements group contains strategy, structure and system. The hard elements can be identified rapidly and directly influenced by managers, while it is difficult precisely identify the soft ones. These elements are less tangible. All of these models are commonly used, however, they do not include the external factors that might have influence at any of these elements. The critics of this model emphasized that it does not take into account the external environmental factors that obviously influence on the elements of the model.

Burke and Litwin proposed the other commonly used model in 1992. This model proposed different elements based on the perception that the environmental factors are the key triggers for the organizational design change. Therefore, some key elements such as: mission, strategy, leadership and organizational culture, are influenced by the environment.

The other paradigm was proposed in 1998 by Ambrosini, Johnson and Scholes, so called “the cultural web of an organization”. This model combines the idealistic view of an organization (the paradigm) as well as adopted view of the existing organizational elements (the elements around the paradigm). This model includes has seven elements linked to each other and provides a clear vision on the organizational design within a company. This cultural web or organizational design model is especially useful in monitoring organizational changes since it allows to look through main organizational design dimensions such as: power structure, organizational structure, control systems, rituals and routines, stories, symbols and in the middle the paradigm. The model can be used for different purposes: for the audit the

organization's culture and the barriers to change; as well as for building an outline vision of the investigated organization (Balogun, Haily, 2008).

The other recent direction in organizational design is in the way the organization can be design. The most commonly used model of it, is so called ADIE- model that contains four basic steps: the analysis of the design, the design of a solution, the implementation of it, and the evaluation of the results. (Lang, 1978; Van Strien, 1997). This model may be used from different perspectives or views. There three basic views on the way an organization can be designed: in a rational way, dialogical way or pragmatic way. The rational perspective refers to the traditional understanding of the organizational design. In this perspective the formal structural characteristics of organization are emphasized: the labor functional division, the tasks allocation, responsibilities, the hierarchy mechanisms. (Mintzberg, 1979; Harris and Raviv, 2002). As for the dialogical view on the organizational design has a more analytical nature. An organization is mostly perceived as a political system. The people that have power over the resource should be satisfied by the way organization is structured. (Hickson, 1971; Pfeffer, 1978, 1981). The rational design approach is aiming to reduce the complexity of an organization designing from the very beginning (Rittel, 1972; Rittel, Webber, 1973). This approach includes not just structural characteristics, but also the environmental ones (Schon, 1987; Weick, 1993; Baker, Nelson, 2005).

In order to design an appropriate organizational structure, the scientists emphasized four main contingency variables, that are necessary to take into account (Daft, 2009):

- Organization's strategy: it should push ahead organization's goals. Alfred Chandler found that changes in corporate strategy led to changes in an organization's structure that support the strategy. His research said that certain structural designs effect differently to different organizational strategies, and work with some of them better than with others. For example, the flexibility and free-flowing information of the organic structure works well when an organization is pursuing meaningful and unique innovations. The mechanistic organization with its efficiency, stability, and tight controls works best for companies wanting to tightly control costs (Chan Kim, Mauborgne, 2009; Bryan Joyce, 2007).

- Size: this element also affects the structure; large organizations (with more than 2000 employees) usually have more specialization, departmentalization, centralization, and rules and regulations. Studies have shown that the size has less influence at the structure once the organization got one (Gooding, Wagner III, 1985).

- Technology: organizations use it in order to make their input into output, and they use different form of technology. Joan Woodward explored it, and according to her studies, she divided organizations into different categories according to their technical complexity: 1)

unit production – the production is in units or small batches; 2) mass production - the production is in large batches; 3) process production – the production is a continuous process (Woodward, 1965). Some other studies show that the structure is adapting related to the level of routine of technical process (Rousseau, Cooke, 1984; Miller, Glick, Wang, Huber, 1991). For instance, the more routine the technology, the more mechanistic the structure can be (Zhang, Baden-Fuller, 2010).

- Environmental uncertainty; organizations can face stable and simple environment, but also can face dynamic and complex one. In order to avoid negative consequences some managers try to adjust an organizational structure (Reilly, 2009). For example, if the environment is stable, for company is better to use more mechanistic organizational design. However, in case of environment with a high uncertainty, an organic design would be more efficient, because it is essential for an organization to be flexible and to learn fast (Burns, Stalker, 1961).

### **1.3. Relationship between Organizational Design and Corporate Entrepreneurship**

There are a lot of studies about synthesis of corporate entrepreneurship and competitiveness. At the same time, a lot of authors tried to extend the understanding of CE concept by developing different models that include other external or internal factors. For example, Zahra (1991), as well as Russell (1992), focused on CE from the perspective of environmental, organizational and strategic factors. Horsby in his study in 1993 created and empirically proved a model of CE development that mostly included organizational and individual factors (Horsby, 1993). In 1991, Slevin in his studies focused on more organizational variables, mainly on strategic and structural variables (Slevin, 1991).

Nowadays, a lot of authors confirmed that CE is one of the most important issues in a successful firm's strategy. At the same time, for organizations, in order to succeed on the market, is crucial to have appropriate organizational design. Different scientist researched organizational design from different perspectives. They noted out key elements of it. Thus, for example, A. D. Mayer, A. S. Tsui and C. R. Hinings, studied it from the configuration approach. They believed that all organizations are the systems of elements that are tied and support each other. Therefore the appropriate organizational design means the one where all elements are coherent, and they pursue the same purposes as its organization (Mayer, Tsui, Hinings, 1993).

Ireland in his paper in 2009 proposed a model so called “pro-entrepreneurial organizational architecture”, that was described by organizational elements that support a CE development, like: culture, reward system, resources, structure, capabilities (Ireland, 2009).

Many researches (Stuart, Podolny, 1996; Dess et al., 1999, etc.) showed that exploratory activity and opportunity seeking activity usually appear in organizations where organizational design has following features: high level of decentralization and autonomy. At the same time there were made numerous researches (Ireland et al., 2009; Jansen et al., 2006; Dess et al., 1999; Shane and Venkataraman, 2000) that showed that centralized and formal organizational design aren't help for exploratory activities, but correspond to opportunity realization. According to Slevin's and Covin's (1989,1988) empirical studies, entrepreneurial orientation connected with organic structure. In addition, many authors (Dess et al., 1999; Kanter, 1986, 1988; Miller, Friesen, 1982, 1984; Zahra, 1991), mentioned that innovative activities can be triggered by different organizational structure's elements, such as: autonomy, decentralization, professionalization etc.

From the perspective of organizational structure, according to Covin and Slevin, mechanistic structure has high level of centralization, bureaucracy and formalization, a lot of hierarchical levels. While the organic structure can be characterized by formality, cross hierarchy teams and cross-functional teams, decentralization, free flow of information (Covin, Slevin, 1989). Some researchers, like Burgelman and Sayles (1986) or Pinchot (1985), found out that organic structure influences positively to CE development within an organization. It happened, as Burns and Stalker (1961) mentioned, because the information in such a structure can be delivered and processed faster, that leads to higher level and faster developed innovations. Coven and Slevin, also showed the positive effect of organic structure to corporate entrepreneurship development by finding the moderate correlation between organizational structure, strategic orientation and financial performances. However, this strict division of organizational structure into two groups does not allow understanding the particularities of the elements that are interconnected with corporate entrepreneurship. As it was found by Zahra, in his research in 1991, that corporate entrepreneurship might have a positive influence by formal communication (Zahra, 1991).

In literature there are different points of view in terms of influence of formalization and decentralization on corporate entrepreneurship. Thus, for example, Foss (2014) in his research stated, that decentralization not necessarily positively influence the CE, in contrast, he thinks that it might lead to miss some opportunities in resource sharing synergy, it reduces the inter communication and as result reduces knowledge sharing and creates lack of coordination. But, in this study, at the same time he found that decentralization can encourage employees to entrepreneurial opportunity recognition. Also, Ireland, in his research in 2009, showed that the organizations activate the high ideas generation if its organizational design characterized by high level of decentralization and employees autonomy (Ireland, 2009).

Foss (2014) also found that formalization might stimulate the realization of entrepreneurial ideas. Confirmed the earlier findings by Burgelman and Sayles (1986), when they emphasized the importance of administrative mechanisms for ideas selecting, evaluating and implementing. However, formalization might also lead to decrease the entrepreneurial process by creating a rigid, bureaucratic, time consuming structure (Zahra 199; Covin, Slevin, 1988).

According to some researches, like Burgelman, the core sense of CE and its development is concerned to the diversification by internal firms elements (Burgelman, 1983, 1984). In connection with it, there were made a lot of analyses of corporate strategies and other organizational factors; that might have influence on the entrepreneurial culture within the organization. A lot of authors confirmed that CE is one of the most important issues in a successful firm's strategy.

D. J. Cambell in his work "Proactive Employee: Managing Workplace Initiative", mentioned, that without concrete corporate entrepreneurship strategy, there will be no sense to have employees with entrepreneurial characteristics, and vice versa, without such employees there will be no sense to make efforts to stimulate development of corporate entrepreneurship within organizations (Cambell, 2000).

As Pinchot, pointed, the companies that want to develop and perceive entrepreneurship should set up an appropriate corporate environment in which employees will be encourage to pursue the opportunities (Pinchot, 1985). The entrepreneurial activities within the company require the high interconnection between the internal level of organization and external environment. However, in this study, it is going to mainly focus on internal elements that influence on CE directly.

Therefore, it can be considered that there are two main factors for successful corporate entrepreneurship development: 1) employees personal abilities for entrepreneurship; and 2) organizational elements that help to actualize and to support these entrepreneurial characteristics.

Generally speaking, researches describe the interaction between organizational design and corporate entrepreneurship from two different perspectives. From one side, it can be analyzed the relationship between the concrete elements of OD and the CE's elements. For example, some of researches, like Covin, Selvin, observed the influence organizational structure elements or some other studies showed the relationship between the control system and the intension of corporate behavior (Covin, Selvin, 1991).

On the other side, researchers tend to understand the organizational design through determining the main characteristics that are important and exist in entrepreneurial companies.

The main purpose of these studies is to find out the factors that help to develop the entrepreneurial behavior. Also these studies try to find the mechanism that leads to the entrepreneurial characteristics. So for example, in Jennings and Lumpkin studies, were emphasized that entrepreneurial companies usually have: no punishments for managers in case of failure, a desire to take risks among managers, an employees' involvement in establishment of target values (Jennings, Lumpkin, 1989). Hans Wissema (1999, 2000), found that one of crucial elements for CE is a special type of management that must decentralize entrepreneurship between different business units. He supposed that it might be reached through- shared responsibilities for some certain product/market combinations among different business units. Then these business units will report directly to top managers. Integral business responsibility means the responsibility for all functional level units like marketing, sells, R&D etc. H. Wissema believed that this decentralized system of responsibilities directly means the responsibilities of each business level for the profit; it leads to rapid decision-making and to a potent market orientation (Wissema, 1999). The study of Brown and Eisenhardt, shows that the organizations that are quite successful in their field, usually have combination of determine (concrete plan of actions, determining of responsibilities etc.) and non-determine (non-formal communication at different levels, experiments with new products etc.) characteristics (Brown, Eisenhardt, 1998). Hornsby, Kuratko and Zahra in their study, showed that the important thing for the middle-level managers is the support from high-level managers, but also the ability to have free time, the reward system should also support the entrepreneurial behavior (Hornsby, Kuratko, Zahra, 2002).

Generally speaking, most of the studies saying that organizational design in entrepreneurial firms should have the following characteristics: low level of formal rules, flexibility of internal processes, flexibility of a system of control, intensive horizontal communications. Also the reward system in entrepreneurial firms should: first of all, stimulate managers to take reasonable risk: secondary, it should have non-financial aspects such as social recognition etc.; thirdly, it should be a stable salary that cannot be influenced in case of failure of taken risk.

It can be consider that the chain of creating benefits from a collaboration of OD and CE is following: open communication, management support, and formal control help to develop CE within an organization. An organization with developed CE creates new businesses; it is more innovative; it has systematic renewal. Therefore this organization operates on the market more efficiently. As result, active growth, competitive position and high profit.

The concepts will be investigated from a point of view of configuration theory. It is considered that certain combination of characteristic in a certain condition lead the company to high level of corporate entrepreneurship and as a result to its successful performances.

#### **1.4 Theoretical Model**

According to numerous studies, the organization that entrepreneurially designed activities creates entrepreneurial potential at all levels of the company (Gibb, 1988, Morris et al., 2008, Kuratko et al., 2004).

As it was mentioned, it can be defined by two general approaches that are aimed to study the relations between organizational design and corporate entrepreneurship. The first one is to investigate the concrete elements of organizational design and how these elements can be characterized from the corporate entrepreneurship perspective. For example, there were made several studies to understand the influence of organizational planning on the level of corporate entrepreneurship (Barringer, Bluedorn, 1999) or in the work of Morris, Allen et al. there were discussed the level of control and formalization on the level of corporate entrepreneurship (Morris, Allen, Shindehutte, Aviala, 2006). The other approach is to identify the core characteristics of the companies with the high level of corporate entrepreneurship. In this type of study, the researchers usually try to figure out the factors that support the CE development within an organization. For example, in the study of Jennings and Lumpkin, there was found that in the organization, that can be characterized as an entrepreneurial, the managers of each level participate in the decision making process. In such an organization there is also high support of risk taking (Jennings, Lumpkin, 1989)

Speaking from the relation between corporate entrepreneurship and organizational design, the CE is big changes that happen inside the company, therefore changes in the organizational design in the company that might be provoked from both inside and outside environment.

In this research it is planned to check the interaction of the elements of the theoretical model and corporate entrepreneurship in Russian SMEs. In order to have more deep and precise understanding of this relation, it was taken not just dimension of corporate entrepreneurship, but also the elements of entrepreneurial orientation, as determinants of the corporate entrepreneurship. The concept of entrepreneurial orientation was created by Miller (1983), Covin and Slevin (1989), Lumpkin and Dess (1996). The entrepreneurial orientation shows the degree of the level of entrepreneurship within an organization. Just two major and most commonly used elements of entrepreneurial orientation elements, such as innovativeness and risk-taking are

going to be used for this research. According to most part of corporate entrepreneurship definitions, most part of authors is explained it through innovativeness and readiness to take risks, that allows to think that these elements of entrepreneurial orientation may provide the profound understanding of the level of corporate entrepreneurship as it is and these elements can be CE determinants (Baden-Fuller 1995; Covin, Slevin 1991; Cunningham, Lischeron 1991; Lumpkin, Dess 1996; Thomas, Mueller 2000; Tan 2008). The entrepreneurial performance within a company, many studies tend to identify three dimensions: proactivity, innovativeness and risk-taking. According to D. Kuratko, a particular organizational context can be characterized by different combination on these dimensions (Kuratko et al, 2004). For purpose this study it was decided to focus on the two of these dimensions: risk-taking and innovativeness. These dimension are used as determinates of CE. Innovativeness appears in the organization, when the organization tends to have unusual solutions, novel decision, creative approach, generally it represents by the new products or renovation that are existed. Risk-taking usually understands by the readiness of the organization to use resources in order to achieve the opportunities, the results of which may be whether failure or success.

According to the deep analysis of the existing studies and literature, there were made a lot of studies that investigated the role of formalization, decentralization (centralization) and employees' autonomy (i.e. controlling systems) on the SMEs' performance including the influence on corporate entrepreneurship (Covin, Slevin, 1988; Morris, Allen, Shindehutte, Aviala, 2006; Jennings, Lumpkin, 1989; Horsby, Kuratko Zahra, 2002). In this study, these elements of organizational design are taken as well and checked their relationship with in the corporate entrepreneurship within Russian SMEs.

In many researches the organizational design was determined by the level of formalization, decentralization, and employees' autonomy. It was found that decentralization may provide the wide range of resources and skills that usually are required by the complex innovative approaches within an organization (Thompson, 1969). What is more, decentralization supposes that the managers are more closely attached to the market, to the external knowledge sources and networks. The high level of decentralization usually makes managers to be able to identify different opportunities, realizing time, improve day-to-day activities to success.

The level of formalization always has been rising in studies, where the scientists discussed the influence of organizational design on innovation level (Ahuja et al., 2008; Jansen et al., 2006). This dimension shows the degree to which the working processes are formalized. The formalized work process may lead away employees from the opportunity realization, entrepreneurial understanding of the situation. However, the organizational literature suggests that formalization may have contradictory attitudinal effects depending on whether it is viewed

as constraining or enabling (Adler, Borys, 1996). The formalization may have a dual effect on an organization's performance, on the one hand, formalized working process may reduce the level of innovativeness, but on the other, by doing the whole process transparent and explicit, it may have the contradictory effect like assist the experimental approaches (Foss, 2001). Effort realization requires a deep understanding of the sense on the whole operations within the company, that process is stimulated by formalization.

Employees' autonomy or as some researches call this dimension - the coordinating mechanism, is the way the coordination of different tasks and its accomplishment exist within an organization. There are different ways to control or supervise the inside organization's activity. Explaining a working place with high autonomy Langfred and Mayoe wrote, that employees are given individual freedom in scheduling activities and deciding how work should be done (Langfred, Moye 2004). For large established firms, Lumpkin and Dess explained autonomy as an environment where actions are taken (and decisions are made) by managers and employees freely from stifling organizational constraints (Lumpkin, Dess, 1996). It is suggested that the level of employees' autonomy represents the existing working environment that shows the way employees' ability to work; to accomplish the tasks to coordinate their work that is existed.

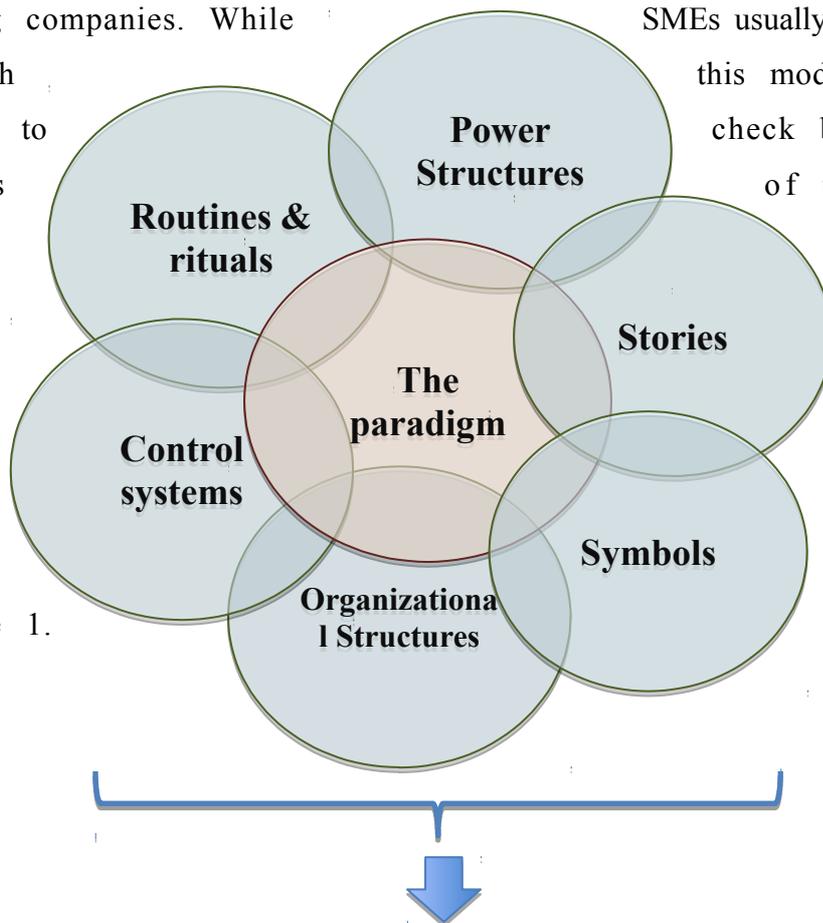
In a perspective of SMEs, the organizational design has a crucial role. When it comes to comparing the small and medium enterprises with big companies, these companies have more possibility to get a higher level of flexibility, therefore these companies may easier adopt their organizational design to corporate entrepreneurship. Due to the size, these companies may rapidly respond on the environment changes (Daft, 2007). However, often SMEs are to depended from the resources, their economies of scale and their resources are less than those of large companies, so they finically cannot effort the arisen opportunities (Aragón-Sánchez, Sánchez-Marín, 2005). Stoica, Liao, Welsch in their research in 2004 indicated that organizational culture of SME also represents an important factor in determining organizations growth and performance. It was shown that organizational culture of SMEs has a significant impact on various dimensions of organizational: information search systems, formalization, flexibility, organizational reactiveness (Stoica, Liao, Welsch, 2004). For the successful operating of SMEs, the organizational culture plays a key role. As a study of Ussahawanitchakit (2009) showed higher earnings quality are achieved in companies with strong organizational culture (Ussahawanitchakit, 2009).

For the purpose of this study, it is used the configuration theory approach that allows to investigate the multidimensional nature of the elements (Doty, 1993; Meyer, 1993). The configuration theory proposes a complex causality and not necessarily linear relationship among investigated elements by creating synergy effect. Therefore, through cross sectional

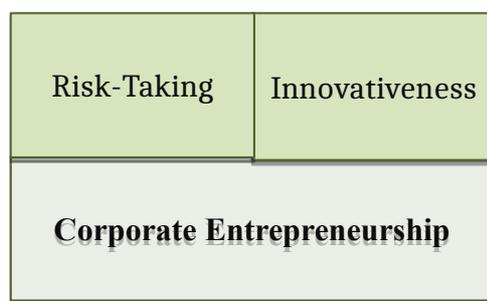
design, this theory will help to not just emphasize the fact of interaction of the elements, but also to emphasize the effects that they might have on each other.

Based on the discussed theory in previous parts of this chapter, in the research it is proposed to use as a basis for theoretical model, the model that was proposed by Ambrosini, Johnson and Scholes in 1998, the model of the cultural web. This model may help to provide a profound understanding organizational design with its particularities. According, to Balogun and Hailey, this model includes all necessarily elements to have a proper view on the organization and its internal mechanisms. The elements of this model include all the discussed above elements of organizational design, and what is more allows to see organizational design in a more broad perspective. Therefore, it can be identified how the organizational design elements influence on corporate entrepreneurship with its determinants. This model will be used on the investigation of Russian small and medium enterprises. SMEs have some specifics that strongly related to organizational design. For example, for this type of organization it is crucial to have personal involvement to the company, since the amount of employees is usually limited. Also in this type of companies are strongly depends on the resources, even more than the big companies. While

it. With possible to elements picture regard The model (Picture 1.



SMEs usually have less accesses to this model as a basis it is check both hard and soft of the organization; therefore, the whole can be seen with a of SMEs specifics. picture below presents the created theoretical for this research Theoretical model).



Picture 1. Theoretical model (Created by author).

As it was mentioned above, for the theoretical model it is used the cultural web model of Ambrosini, Johnson and Scholes. Balogun And Hailey in their book especially emphasized the high quality of the analysis that can be done by using this model (Balogun, Hailey, 2008). This model consists of six elements that surround the seventh. Each of these elements presents different aspect of organizational design. The elements that are around the paradigm refer to the behavioral manifestation as well as to legitimations of these assumptions. Each of the six surrounded elements exist by them self, and at the same time they are deeply tied to each other and have interconnection. The paradigm in the middle is the core or the key values of organization, and its mission and idealistic view on it. This element is not created by itself, and each of the six elements influences on the paradigm as well. Corporate entrepreneurship with its determinants as elements of this model also exists within the company. Basically, it influences on the whole picture of organizational design within a company. However, for clearness, in this picture of theoretical model corporate entrepreneurs a bit a part from organizational design picture. Because in this research, there will be made an attempt to separate these concepts, in

order to understand how CE interact with OD elements and what are the levers for the corporate entrepreneurship from the organizational design perspective. Therefore, it is used the organizational design model of Ambrosini, Johnson and Scholes with all its elements to understand the relation of each of them with corporate entrepreneurship and to identify the key ones for Russian SMEs. It is believed that the seven elements of organizational design including paradigm influence on the corporate entrepreneurship within an organization.

The paradigm is the beliefs and assumptions about an organization and its environment (Johanson, 1987). Speaking about the elements of the model: the stories represents the things that are told by the employees to each other, to the other people that nit working in the company, usually it is important and the main things about the organization that are considered to be known, the history of the company, important milestones or events; the symbols are the logos, titles etc. that the company use in order to represent itself; the power structure –the individuals or a group within the company that have the most power or the ones that have the most influence with the company or in other, the once who makes the final decision making; the organizational structure refers to the hierarchy, structure, strategy that exist within the company, it can be also seen in the level of decentralization/centralization; the control systems is the reward system and measurement systems that exist, the way the employees are motivated to full fill their work, the way the work is formalized; the routine & rituals a complex of understanding the day to day activities of employees and the organizational particular or special events which are emphasized, here can be also measured the level of employees autonomy in a day to day work (Johanson, 1987; 1992).

This theoretical model is aimed to explain the particularities of organizational design of Russian SMEs. Also, it allows investigate a detailed picture of its organizational design. Therefore, it will be possible to identify the way organizational design interacts with corporate entrepreneurship in Russian SMEs

## ***Chapter 2. Impact of Organizational Design on Corporate Entrepreneurship Development: Empirical Analysis***

The aim of this chapter is to provide the description of the process of empirical study. It also provides the explanation: of the selected methods, process analyzing and the key findings. The structure of this chapter is following: methodology, research sampling, data collection, cases description, cross – case analysis, discussion.

### **2.1. Methodology**

Methodology is the way the research was made. Methodology influences the results that researcher gets. In order to choose a particular type of vary methodological approaches, the researcher should define three conditions: 1) the type of research question; 2) the control that investigator may have over actual behavioral events; 3) the focus on contemporary as opposed to historical phenomena (Yin, 1994).

The qualitative method is to be used in this study; precisely it was taken the case study strategy. The case study strategy usually provides an opportunity to investigate contemporary phenomena with its real life context, especially when boundaries between the phenomenon and context are not clearly evident (Yin, 1994). It also allows measuring the impact and interdependency of these factors in a concrete situation. For this study, it was collected primary data. The aim of this research is to find how organizational design elements impact to corporate entrepreneurship development in Russian firms. So it may provide understanding of how Russian SMEs used some elements of OD that lead to CE development. Therefore, the research question is “How”, which leads to choose as a method whether a case study, whether histories or experiments. In the research, it is supposed that it should be investigated just the contemporary events. The investigator has not any control over these firms or over the processes inside these firms. Therefore, the researcher won’t have any control over the process of investigation. This means that a case study is more appropriate for this research. It is needed to emphasize, that main purpose of the study is to examine the present or contemporary situation and present firms; therefore it will be possible to see the real situation on a market. Summarize it: the most suitable method for this research is a case study or a multiple case study. For the research, it was chosen a multiple case design, because it will be made the study and comparison of five cases in their totality according to the proposed theoretical model; and what is more it will allow to study various units within identifiable cases (Yin, 1994).

As many researches emphasized (Cronbach et al., 1980; Guba, Lincoln, 1981; Yin, 1999) the main characteristics of a case study method are: 1) to explain the casual connections of the investigating processes; 2) to describe the phenomena in context where it happened; 3) to illustrate some concrete elements of a research topic; 4) to explore the situations where the phenomena have been happened (Yin, 1994). All these characteristics directly correspond to the primary goals of this research.

In order to improve quality of the case study, it was taken into consideration the following principles: 1) using multiple source of evidence; 2) maintaining a chain of evidence.

The first principle is focused on source of data collection. By sources of evidence, it is meant: documentation; archival records; interviews; direct observation; participant observation; physical artifacts. In case of using more than one source of information the situation and the research topic can be deeply understood. In the research, the main focus was made on the multiple source of evidence: it was conducted interviews, leaded direct observation and went through documentation. All the interviews were recorded and transcript.

The second principle means the way the data was collected and organized for this case study. It must be reliable; the research process can be traced, so it might be used in further researches. For this purpose, the researcher tries to explain the whole process of data collection.

This case study has its own design. A research design is the logic that links the data collection to be collected (and the conclusion to be drawn) to initial questions of a study (Yin, 1994).

The components of this study will be:

- 1) Research questions;
- 2) Units of analysis;
- 3) The logic linking the data to the propositions;
- 4) The criteria to interpreting the findings.

As it was mentioned, the main research questions are following:

- *How organizational design elements impact on the corporate entrepreneurship development within Russian SMEs?*
- *How should Russian firms perform in order to find the best link between their organizational design and corporate entrepreneurship elements?*

In order to answer these questions, the main characteristics of organizational design and corporate entrepreneurship elements were discussed in a previous chapter, and what is more, it was made the links between organizational design and corporate entrepreneurship development. However, in this study Russian SMEs' reality will be in focus, the specifics of interaction between organizational design and corporate entrepreneurship in real-time Russian context will be observed. There will be made an analysis to figure out what are the key aspects

of the relation of organizational design on corporate entrepreneurship in Russian SMEs that lead to competitive advantages.

Based on the research questions it was proposed the theoretical model that was found after deep analysis of literature.

## **2.2 Sampling**

As it was mentioned, the main purpose of the study is to understand the relationship between organizational design elements and corporate entrepreneurship within small and medium Russian organizations.

The research has theoretical sampling that is designed to generate theory that is “grounded” in the data, rather than established in advance of the fieldwork (Glaser, Strauss, 1967; Strauss, Corbin, 1990). There was limited number of respondents in order to collect specific information from representative individuals. Therefore, it was emphasized several criteria for companies for this research:

- Russian companies;
- Small and medium size enterprises;
- Exist on the market for at least 5 years (these companies may be seen as those that could manage to save their position over the crisis in 2014, therefore their operating models are viable);

The small and medium sized Russian enterprises that existed on a market for at least 5 years were studied. It was explored five companies from different industries, such as: travelling, real estate, retail, internet-media, housing and communal maintains. The fact that these companies are from different industries will provide a possibility to make more reliable insights that might be useful for different types of business. For the privacy concerns, the two names out of five companies are encoded, however, the respondents agreed you use their name in the research in case of any further questions.

## **2.3 Data collection**

For the purpose on this research, as it was mentioned above, there will be used three methods: 1) In-depth interviews; 2) Observation; 3) Document analysis.

### **In-depth interviews.**

It was decided to make five cross-cases comparisons, based on the results of conducted in-depth interviews with the representatives of five different Russian small and medium

enterprises, its observation and documents' analyzes. The choice of this particular method was conducted by the opportunity of this method to explore the interested topic deeper and get more information.

In order to get the concrete data about objectives of this research, the individual semi-structured interviews were conducted. According to the research that was made by Bloom N., the individual interviews are more effective in collecting data and usually the quality of this data is better than the data from the focus group interviews (Bloom, 1988). That allows considering that by providing individual interviews, it will be possible to collect more insights than using other type of qualitative methods. Also individual interviews stimulate the respondents to provide detailed answers and share their insides understanding of the topic of the interview.

The plan for interviews is in appendix 1. Individual interviews as a source of information helped to focus directly on the topic; it also helps to understand deeper the real situations inside the company. The questions were posted with regards to the main purpose to understand how the elements that were emphasized in the research exist in the reality of the chosen organization. Also, by analyzing the results of the interviews, the understanding of how these elements are used or implemented inside the organizations will be appeared. For the interviews, it was used as a basis two questionnaires that were proposed by R.D. Ireland, D.F. Kuratko and M.H. Morris in their article "A health audit for corporate entrepreneurship: innovation at all levels: Part II". The first one, "Measuring the firm's entrepreneurial intensity" helped to create deeper questions that lead us to understanding of the level of CE inside the observing firms. The second questionnaire is "Corporate Entrepreneurship Climate Instrument" helped to create questions concerned "to assess, evaluate, and manage the firm's internal work environment in ways that support entrepreneurial behavior" (Ireland et all 2006). Also it was used the questions that were proposed to by G. Johnson in 2001 in "Mapping and remapping organizational culture: a local government example" with an adaptation for the SMEs. So it was discovered the relations between CE and exploring elements.

The interviews are semi-structured and lasted from 25 to 40 minutes. It consists of several sections. General questions – consists of the general questions about the company including questions about symbols and stories (questions such as: how many employees work there/ what are the key values / Are there any particular symbols which denote the organization) and about the respondent (questions such as: what is your position/ how long do you work there). Then, the part of questions that measures the corporate entrepreneurship level (questions such as: How many new products (services) you company introduced over the past two years?). Next part of the questions was about the organizational structure and inside

atmosphere (questions such as: what is the structure of your organization/What kind of relationship exists between employees?). Then, it was asked questions that allow measuring the level of control system by asking questions such as what is how free the employees are in work accomplishing and methods of control. Also the respondents were asked about power structure (how is power distributed in the organization/ what are the core believes about leadership in your organization). The next part of questions was about the determinants of the corporate entrepreneurship: the level of innovativeness (questions such as: Is there any positive relation within the company toward the innovativeness?) and the last part was to measure the level of risk tolerance (questions such as: In your strategic decisions, are you inclined to concentrate on risk investments?). All interviews were conducted in Russian and recorded and transcribed, so it can be analyzed, justified the considerations by correct and precise information. The recorded interviews can be used for the future research. The records of the interviews show transparency of the research and can be checked. The other opportunity that provides by interviews is to observe non-verbal evidence by the respondents. So the interviewer can better communicate, and understand the respondents.

The respondents were directors or deputy directors. The table below (Table 2. General information of respondents), provides more concrete information about the respondents.

Table 2. General information of respondents (Created by author)

Organization	Name	Position	Years on the position
TJournal	Nikita Likhochov	The editor-in-chief	4,5
“A”	Andrey Filimonov	The deputy general director, the chairman of board of shareholders	25
Sletat.ru	Anton Gorbachov	The director of international projects	2
E s t e t & Jeterini	Svetlana Koshman	CEO	10
“B”	Artem Mayorov	The deputy of general director of economic and development	1,5

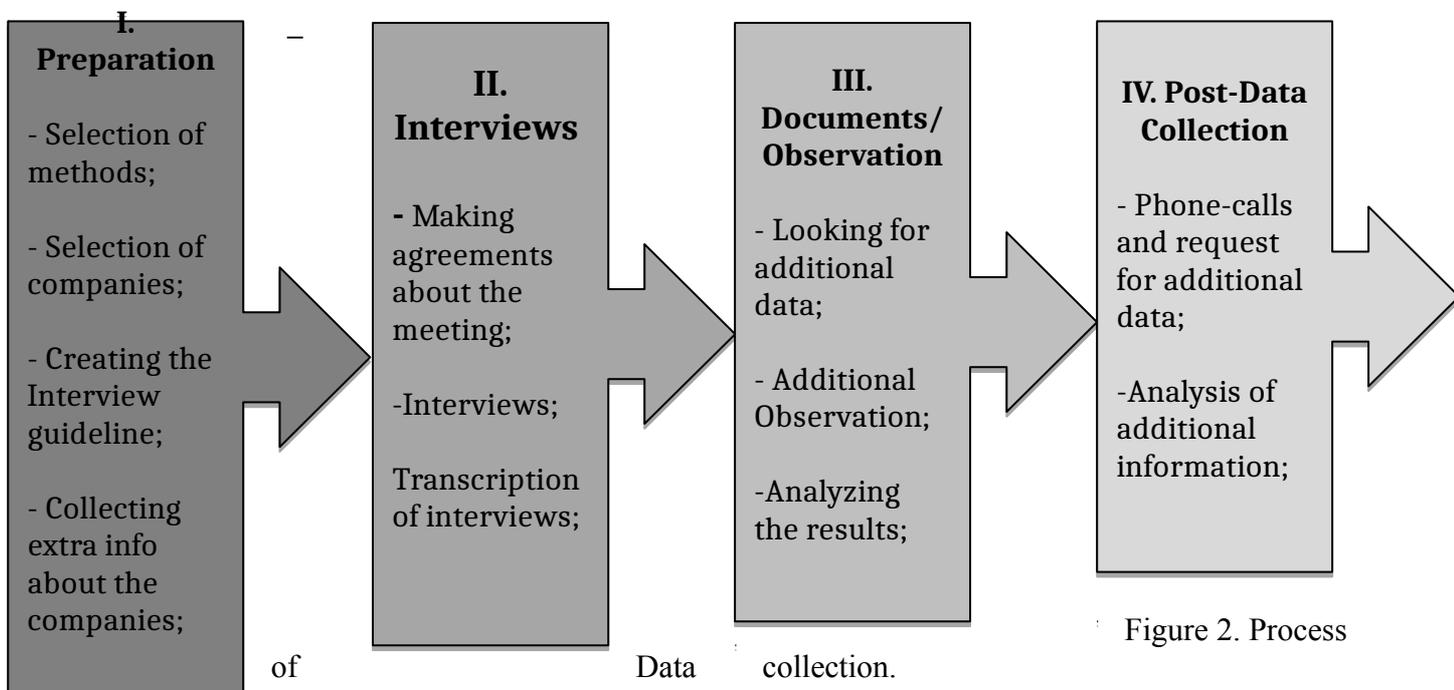
#### Document analysis and Observation.

The document analysis and observation were added as methods for this research for the collecting additional information; therefore, it can be made the more profound understanding of the situation.

TJournal allowed only the observation of their working processes. Also it was checked

their web site and they presented their new products and renovations. In case of companies “A”, they allowed to do both, check their documentation: job regalements, check the latest documents related to any kind of renovation; and observation: the presence on the meeting, on the process of decision-making and at day-to-day work. Sletat.ru showed some internal documents, like job regalements, some corporate internal documents and their application and web site. Estet & Jeterini allowed observe their work process only. While the last company “B” provided the internal documents only.

The following figure (Figure 2. Process of Data collection) presets the data collection process that divided by four stages.



**I. Preparation:** The preparing stage consisted of several sub steps. First of all, it was started from the appropriate methods selection. Through deep analysis of academic literature, it was chosen and agreed about appropriate method – Case study strategy based on interviews, documentation analysis and observations. Then it was found the companies that would be representative for the study. Mostly it was used self-resources and connection to find them. At the beginning, it was around 10 companies that were appropriate for the study. It was tried to collected additional information through external sources such as website or officials. Then it was created the interview guideline that covered the all-necessary points.

**II. Interviews:** Before conducting the interviews, each of the companies was called to agree the meeting, to all of them confirm the meeting, 4 companies refused. Then, one more company rejected us; the respondent was very busy. Therefore, at the end it was 5 companies for this study. It was scheduled the meeting and explained in few words the main purpose of the study. However, it was not provided them any kind of list of studied factors, so the respondents were free to answer the questions. All interviews were conducted in two weeks period, at the beginning of March. All interviews were face-to-face ones and recorded. The language was Russian. All interviews were transcribed. During the interviews there were made some notes as well, so it was possible to capture the interviews details and some small details.

**III. Documents analysis/Observations:** Some companies after interviews provided some internal documents that were related to the interviews. Some of the companies agreed the interviewer to observe the daily work in their companies. Also it was shown the companies websites by the respondents with detailed disruption of new products or renovations.

**IV. Post-Data collection:** In some cases, during the process of data analyses it was found a kind of lack of information. So the respondents were contacted one more time, in order to full fill data analyses.

## **2.4 Data analysis**

The data analysis process is divided into two stages: the case description with emphasizing the main elements of the study (such as history, main elements) and cross case analysis where the comparison of all results from each particular case was made.

### **Cases Description.**

**TJournal:** TJournal exists on the market since June 2011. It operates in business media industry. Generally speaking it is an Internet editor, or an aggregator that rapidly collects the information about media, technology and trends in Internet and post it at their resources (website, in social networks, application). Also the journalists' them-selves write some articles, take interviews and full fill the content. In other words, through analysis of Internet, mostly social networks and self-contributions, they provide information about latest news and trends. It is a quite popular Internet journal. It has 33 673 followers at Facebook, 514 000 followers at VK and 326 000 followers at Twitter.

The company trends to focus on risky-investments and on ideas that have uncertain results. Over the past two years they created around 10 new products (by products in this context

understands websites, application, new column) and 5 renewals of existed products. These numbers are relatively similar to the same metrics of their key competitors. At the same time, their new products are new and do not exist on the market.

### **Company “A”:**

The company originally was established in 1953, when it was milk production-distributor in Saint Petersburg. In early 1990<sup>th</sup>, they changed the format of ownership, and a bit latter, the whole concept of their activity. These days, it is a company that operates in use of real estate sector: office facilities, storage accommodations and trading accommodations. At the moment, there are around 25 employees. As the respondent said, he thinks that in terms of combination of the quality of their services, the amount of clients and profit generation, the company is successful. The main reason for this, as he mentioned, that the organization was established in Soviet period, and they save the Soviet values, such as: welfare not just the organization, but also the all employees: “That’s where well-being started”.

The company tries to avoid any kind of risk. For them, it is important to think deeply through each of decision, investments and proposition. In terms of innovations, they do not seek particularly for it, but they have an interest to the new approaches that might improve the work process, but it is not the main interest.

Due to the very specifics of the company, such as traditional objectives of activity, lately have not been any new products. As the respondent said: “The best innovation for us in the healthy, deliberate conservatism”. However, they tried to improve the existing products (by product in this context it was understood the unit of accommodation) or services.

### **Sletat.ru:**

Sletat.ru operates in the IT- tourism field. Generally speaking, it is a travel-aggregator that provides the most interesting existing all kind of travels’ special offers: travel packages, tickets, excursions, hotels etc. The company was established in 2010. These days, it works in 91 cities in Russia and has around 60 000 users per days, that find an appropriate travel package. The company works with 130 travel providers all around Russia. At the moment, there are 122 employees. Among the direct competitors for their direct products, they have the leading position. At the same time, there are some different directions of their business, such as franchising, for example, and among these competitors they are on the top. The key values of the company are: to create relevant products that are interesting for the customers.

The amount of new products over the past 2 years were approximately 5-7, and it was around 5-6 renewal of existing products, based on the feed back of customers or environmental

changes, by analyzing market trends. The product usually already existed, but there is updated and more comfortable to use for the clients.

The company does not stimulate the innovative approaches for the improvement the working process, however, if the employee has an idea, he/she might discuss it with manager, and if the implementations will be successful, the employee might have some financial bonuses.

The company does not focus on risks, due to the crises and the present situation on the travel market. Every new idea is calculated. Uncertainty about the results is not supported, mostly once again, due to the situation on the market. Thus, there is no such a system that would support the risk taking.

### **Estet & Jeterini:**

The company operates in a retail field, has around 30 shops in Saint - Petersburg and other regions of Russia. It exists on the market since 1997, the company operates under two brand names, but all employees work as for one company. At the moment, they have around 100 employees. The company supposes that they are quite successful, however, still they have a lot to develop like Internet selling, more regions to operate, and developing in Saint-Petersburg direction. The key values of the organization based on the honesty, responsibility, hard work.

The amount of new products is big, because each product line they try to fulfill each season of some new models. It is their priority to find, to present and to sell new products, new brands. They consider even small suppliers to work with. They also try to fulfill the product line for different price category and for different segments. Compare to their direct competitors, they try to be the first in terms of new models, and create wide the range of products. These days, they do not search for new brand names, “the company’s name work for them” and new brands find them.

There is a high interest for the new ideas and the directors are support it. For example, they even provide new models that are not so certain about the success of them, but they try to be proactive. However, in terms of big investments, they prefer not to risk, mostly they explain it by the specific of the industry.

### **Company “B”:**

The company is a management company, a part of big holding. It is responsible for maintenance (housing and communal services) of the houses that were build by the by the other company of this holding. The company exists on the market for the last 5 years; at the moment they have around 75 employees. As it is a part of big business system, the company “B” is not

the core business inside the holding. The key value is “that the end user was satisfied.” At the moment, the company has 5 housing estates under control, in the next two years the company expects to grow in three times, due to the fact that the holding are going to open new housing estates.

Speaking about new products or services, in the field where the company operates, it is possible to provide a various range of additional services (such as video, cleaning cars etc.); therefore, over the past 2 years they provided quite a lot new services, around 10. There were not a lot of improvements of the services, around 5. Compare the amount of new services with competitors is more or less the same, depending of the segment of the housing and communal services company. The improvements are not new for the market.

No risk taking existed there. In this industry there is almost no risk, for example, even the crisis on the market do not affect them. They spend money exactly on the things that were ordered by end-users.

In order to understand the general trend, it is important to identify the differences and similarities of the analyzed cases.

The table (Table 3. Cases overview) below, present the overall information of the cases.

Table 3. Cases overview.

	<b>TJournal</b>	<b>Company "A"</b>	<b>Sletat.ru</b>	<b>Estet &amp; Jeterini</b>	<b>Company "B"</b>
Year of establishing	2011	1953/1990th	2010	1997	2010
Size (number of employees)	50	25	122	100	75
Industry	Internet Mass media	Real estate	IT-Tourism	Retail	Housing Maintain
Amount of new products/renovations	10/5	-/app.5	5-7/5-6	More than 50 per year	10/5

The chosen companies operate in totally different industries, such as: real estate, retail, IT-tourism, housing maintains, Internet mass media. All of these companies were established in different time, but it is possible to divide them into two groups: the ones that were established in 90th (real estate and retail) and the ones that were established in 2010th (the others). It can be explained by the technology development that have been risen significant since 2009, while the businesses in real estate and retail are a kind of traditional business areas. The similarities of these companies can be found that all of these companies' head office located in Russia, St.-Petersburg, also there are relatively the same amount of employees and the fact that all of the companies operates on the market for at least 5 years. All the companies have simple three levels of management organizational structure. Four out of five had approximately 5 renovations of existing products/services and three out of five had approximately 7 new products/services over the past two years. It terms of other organizational design elements and corporate entrepreneurship elements, the companies' results are different.

Generally speaking, the cases that were chosen for this research have a wide diversification: the industry, age, amount of employees, and specifics of OD. These differences give a possibility to see the broader image of the interconnection of OD and CE within the

Russian SMEs. That also allows us to use the results not just for a particular business, but figure out the tendency. The similarities that were found and emphasized are that the companies that were chosen are Russian based small and medium sized enterprises. An interesting fact, that all of the respondents believe that their companies are quite successful in their fields.

## **2.5. Cross-case analysis**

According to the theoretical model that was already discussed, in this part there will be made an analysis of the groups of factors of organizational design and of corporate entrepreneurship, compare the results from the cases and it will be understood the interconnection between them. Therefore, here it will be discussed the following dimensions: symbols, stories, power structures, organizational structures, control systems, routines & rituals, and corporate entrepreneurship with its determinants: innovativeness and risk taking.

### Corporate entrepreneurship elements

As it was discussed, corporate entrepreneurship provides a company possibility to improve its organizational performance, identify opportunities and create new competitive advantages. The degree of corporate entrepreneurship can be analyzed through extend of company's innovativeness, reactivity, risk-taking (Irland, Kuratko, Morris, 2006). In this part it will be analyzed the each of the investigated factors, compared them between each of the case.

The level of innovativeness was identified by the special questions in the interviews, as well as by the document analysis and in some cases by the observation. In two out of five cases the level of innovativeness was characterized as "High", in TJournal and Sletat.ru. The respondent of TJournal said: "All our products are relatively new on the markets.... We are trying to be a step ahead, and create something that will be more useful for our users". While the respondent of Sletat.ru told us: "we are operating in IT-industry, we need to be proactive... all the time we are trying to implement any kind of new products, however, some of them not very new for market". In order to explain, it should be looked into the industry where these company operates, it is Internet mass media and IT tourism, both respondents supposed that their companies are at the start-up stage. All businesses that operate in Internet or IT, need to develop their products as fast as the technology developing it-self. The high level of innovativeness was also proved by the observation, when in TJournal they faced a small problem with the source of one article, the observed employees showed a high level of

creativity for solving the problem. At the same time, in Sletat.ru the innovativeness can be also proved by the result of the document analysis, at the moment when they realized that the things are going very well, and they need to expand in other Russian cities; they started to sell franchises, rather than enter by themselves each particular market. It is quite unusual practice for travel operators companies.

Two out of five companies, the company “A” and “B”, have “low” level of innovativeness. As respondent of company “A” said: “Due to specific of our business field, for us the main rule is: ”the healthy conservatism”, any kind of innovative approaches we do not reject, but it takes time to start to consider it as useful for us”. When it was asked to define the “specifics of the business field”, the respondent answered: “The rental business haven’t changed much since 19<sup>th</sup> century, this is a very traditional business domain. There isn’t place for high technologies. For example, we use Internet mostly as a type of connection. In order to find new costumers we provide our offers to the agencies and to the real estate agents.” The respondent of company “B” said: “Between us (employees) there is non-written rules: “ no good deed goes unpunished”... Still we implement around 10 new services over the past 2 years.” These findings can be also explained by the industry specifics, real estate and housing maintain. But, also it can be explained by the corporate culture. For example, the respondent of the company “A” emphasized several times, that the company saved “soviet principles” (Respondent of company “A”) by this he mend the social orientation for employees (“ we support friendly atmosphere in our working process... the corporate celebration of Birthdays are very welcome... we also provide a wide range of social benefits for our employees such as: free lunch, free season tickets for those who use the public transport and oil compensation for those who use cars”), the honesty in working process, the conservatism in decision-making process (“ the director is the main decision maker... In decision-making, the last word is always after the director.”), and the main rule for them is: “the healthy conservatism”. Conservatism can be found also in the document analysis, they haven’t implement any new products over the past two years, and the renovation that were done, mostly was necessary due to the changed environment. For example, over the past two years they did 4 renovations of their office places because it was old (by the law the capital repairing must be done by the owner). Speaking about the company “B”, the industry of housing maintain itself does not require a lot of innovation, as respondent told us, “no creativity exist, the work is just needed to be done... It must be transparent for the end-users.... We are working for the low cost segment...the people just interested in the results for low amount of money”. All the new services that they added over the past two years are not innovative in the market and existed already for a long time. Also due to the fact that the company are working with the low cost

segment, the services that they provide are very depend on the customers, that normally do not ready to pay more.

Estet & Jeterini is the only company where the level of innovativeness is “medium”. As respondent told us: “In terms of new products, we are always trying to be the first one who gets the latest models, in this term we are the first among the competitors... every season we fulfill our product range...”. The evidence of it can be found in answers of the respondent, who always emphasized that the company always fulfills the products’ range by new models, they are following the fashion trends, and try to be the first one who gets the new models. Also the employees in this company always follow the fashion news, and try to find some new ideas for the product line. However, the way that they are finding new products cannot be called innovative. Generally, new brands just find them by Internet, and the company accepts nearly everyone, who accepts their conditions of selling and commission. By the observation, it was also found that mostly the working processes are quite debugged and traditional.

The level of risk-taking in a most part of the investigated companies is “Low”. Only the TJournal has it as “high”, in interview it was mentioned: “Recently we implement the new subscription... We were not sure about the results, and there was a high chance that we will lose our main part of readers, however the results were more than satisfying”. And Estet & Jeterini has it as “medium”, as it was said: “ We are ready to work with new unknown brands, even if we are not sure that their production will be successful on the market. However, we are not investing a lot in the future big uncertain products or projects, mostly due to the specifics of the market”. The risk-taking of TJournal (Internet mass media) was analyzed mostly by the interview results and website and application observation. Indeed the company acts quite risky in implementing new products. For example, when there were implemented new rules for users, (that only those users who subscribed for money can comment and add new information,) they weren’t sure whether it would work or not, there was a high probability that they would lose a lot of users. However, the idea was successful and accepted by users. What is more, they significantly increase their profit and improved the quality of the content. Also as it was found, the director highly supports all new and extraordinaire ideas financially.

The level of the risk taking of Estet & Jeterini (retail) was characterized as “medium”. As respondent explained: “We are ready to work with new unknown brands, even if we are not sure that their production will be successful on the market. However, we are not investing a lot in the future big uncertain products or projects, mostly due to the specifics of the market”. However, in such as situations, they insure them self by the commission conditions. Generally speaking, for the unknown brands they provide them a place to sell, and take the commission from the sold items. At the same time, they opened several shops in other region of Russia, and

they weren't sure about the results, but these shops started to generate profit very quickly and now consider as successful ones. Also respondent mentioned that due to the unstable situation on the market, and decreasing purchasing ability of the costumers, they do not invest a lot in any uncertain projects.

The other companies "A", Sletat.ru, "B" have "low" level of risk taking. This level was considered mostly by the results of the interviews. For example, the respondent of the company "A" said: " Every step of our company's operations is thought deeply by the general director and the deputy director... we are not likely to follow any kind of risky investments, we need to be sure in results". While the respondent of Sletat.ru said: "Due to the present instability on the travel market, we are trying to avoid any uncertain investment, and we try to not to take any extra risks". And in the company "B", the respondent told us: "We are operating in the field where everything is stable, even the crises that is going on at the moment, does not bother us, so we almost never take any kind of risk... Basically saying the specific of our work is: we take some money from the people for a particular work to be done, so we are not interested to risk not ours money." All respondents told that their companies avoid any kind of risk. The company "A" told that they do not make any step without deep understanding of the situation and results, for them it is crucial to lose anything that they have already, so they mostly try to save what they have: " The 90<sup>th</sup> was a difficult period of time, we saved only a small part of what we had had before. These days, the purpose of our company is rather to save what we have, than to find something new". Sletat.ru even though, the respondent considers them self as a start-up and as an innovative company, but when it comes to risks, they try to avoid it: "The Travel industry is very instable these days as well. In the autumn 2015 the big airline was announced as a bankrupt, as well as five big Russian travel agencies...we are trying to balance in an existing market situation." Of course, these conditions have a negative influence on the travel market. Also, we can say that the market suffers due to the difficult political relationship the most popular vacation direction, Turkey, was closed as well. This situation is also effected on the ability and desire to risk within existed travel agencies. Sletat.ru, as a platform where different offers are aggregated, is not an exception. As respondent told, " if it was 2008, I guess our company would invest more in new projects and in development". Speaking about the company "B", the respondent said: "the industry where we operate are not risky, and we always have a stable profit, and stable amount of costumers.... Even the crisis does not affect us significantly." Also the respondent emphasized that the system of their working process build up on the end-users money and their needs, so they cannot jeopardize the trust of their users.

The level of corporate entrepreneurship was analyzed mostly by the interviews that consist the related questions and by the analysis of the results of previous dimensions (risk-

taking and innovativeness). According to the analysis that was made, only two out of five companies have “high” level of corporate entrepreneurship: TJournal (internet mass media) and Sletat.ru (IT-tourism). As respondent of TJournal said: “Over the past two years we implemented around 10 new products and 5 renewal.... all these products are new for the market” .The TJournal has shown “high” level of risk taking and “high” level of innovativeness, these dimensions show the entrepreneurial orientation that can be characterized as “high”. Even though the respondent mentioned, the company implemented around 10 new products over the past two years, the amount of new products is relatively similar to their competitors. However, these products are new for the market. The main explanation of the “high” level of CE may be the industry specifics and the stage of organizational lifecycle. In order to gain the market, the company actively tries to be proactive and innovative. The respondent of t Sletat.ru told us: “over the past 2 years we implement from 5 to 7 completely new products and dimensions of the business, and made around 5-6 renovation of existing products”. This company is also operating in Internet industry, even though this company less risky these days, however, it still implements innovative services and products to its customers.

The one company out of five (Estet & Jeterini) has “medium” level of corporate entrepreneurship. As respondent of company Estet & Jeterini said: “It is difficult to say precisely the amount of new products over the past 2 years, because we fulfill every season each of our product line by new models, ... The models usually relatively new for the market” The “medium” level of CE of Estet & Jeterini can be explained by the big amount of new products that they were implemented over the past two years. However, these products were not completely new for the market. Also this company has a “medium” level of risk taking. That might mean that the company has entrepreneurial behavior, but do not complete rely on it in ordinary work activity. Also as it was mentioned by the respondent during the interview, that the company would do more risky investments if they were sure about the market conditions.

The other two companies “A” and “B” have “low” level of CE. The respondent of company “A” said: “Due to the specific of our operating area, we didn’t implement any new product, however, we had a few renovations of our old ones”. While the representative of the company “B” said: “We implement around 10 new services and had around 5 renovations, but these metrics are the same among the competitors, or a bit better.” These companies also have “low” level of each of entrepreneurial orientation elements, which are the determinants of the level of corporate entrepreneurship. This situation can be explained by the operating industries of these companies that are quite traditional and stable. Also the company “A” has not implemented any new products over the past two years, and the company “B” had some implementation, but it was mostly required by market, not the company intention.

Overall information about the corporate entrepreneurship elements can be seen in the table below (Table 5. Overall results of corporate entrepreneurship elements analysis):

Table 5. Overall results of corporate entrepreneurship elements analysis (Created by author)

<b>Dimension/ Company</b>	<b>Innovativeness</b>	<b>Risk-Taking</b>	<b>Corporate Entrepreneurship</b>
<b>TJournal</b>	High	High	High
<b>“A”</b>	Low	Low	Low
<b>Sletat.ru</b>	High	Low	High
<b>Estet &amp; Jeterini</b>	Medium	Medium	Medium
<b>“B”</b>	Low	Low	Low

It can be concluded that TJournal has “high” level of corporate entrepreneurship elements, mostly due to the specific of the industry, stage of organizational design. It can be also due to the fact that the employees feel comfortable to work with each other, the director support, i.e. financially, the innovativeness in general. This support can also motivate the risk taking among employees. The results of company “A” might be influenced by the corporate culture, in the organization mostly exists the conservative understanding of working process. Also the other factor is the industry – real estate. The industry it-self is a quite conservative, does not require any innovative approach in working processes. Sletat.ru (IT–tourism) has interesting results. It is not risk taking, however, in terms of innovativeness and general level of CE has “high” results. Such metrics can be explained by the uncertain situation on the market of operating. This instability forced to be careful and exclude any kind of risky investments. However, they still are innovative in terms of the product/service line. The explanation of the results of Estet & Jeterini can be found in active and entrepreneurial perception of the key employees in the direction of the company. However, the industries specifics do not allow provide completely new productions; and forcing the company to keep less risky approaches in terms of investments. The results of the company “B” (housing maintain) can be explained by the industry specifics, that has quite stable and debugged rules and working processes of organizations. Also the fact that they operates in the low cost segment, that the customers are not ready to pay extra money for innovative cleaning services etc. That may influence on the company’s entrepreneurial intention.

#### Organizational Design elements

It is important to look not just through each of the elements, but check the whole picture as it is. For this reason, it will be compared the results of each dimension, as well as a combination of investigated factors of organizational design.

As for the symbols and stories, it was found a strong company-dependence of it only in a one case in company “A”. As the respondent explained it, the company officially exists for more than 60 years. The general director and deputy director always remind every new employees the whole history of the organization, and every employee knows the main events that were happened over this time. The company celebrates every holiday and provides it with a kind of souvenirs or even more valuable gifts (extra money compensation, a travel etc.). The employees have a tradition to celebrate their birthdays on the work place as well, and it is highly supported by the director. At the beginning the company was as milk-made products distributor in Saint - Petersburg and since that time the symbol of the company is a cow. There is no requirement for wearing a special clothes, however, it is highly recommended to be in business style. TJournal as a symbol uses the first big letters of its name (TJ). The company does not have a lot of stories that are used as legends or that would create the core beliefs inside the company. They have a tradition to meet all together several times a year (the geography of the team members are distributed over Russia). Sletat.ru that proposed the travel services has as a symbol a plane, as respondent said “ the corporate culture started to widely spread recently over the company, and it is a mandatory condition for those who buy our franchise to use the same symbols and the same cultural elements as we do”. The company has a tradition to have a New Year’s celebration and the company’s birthday celebration together. Estet & Jeterini even though operates on the market for a quite long time still does not strongly support the corporate culture, corporate stories and believes. As respondent said: “Everyone knows that we need to be responsible for what we are doing and perform well, however, we don’t have a specifics attributes, or none is telling us any kind of stories of our company success etc.”. The company’s logo is two big letters of the two words name of the company in a triangle. They do not celebrate any holidays together, however, the employees from the headquarter usually during the summer are going in a countryside house of the director for weekends. The company “B” is a part of the big building holding, for these reason they do not have a particular their-own corporate culture or corporate symbol. The main firm establishes all these corporate elements. There is also no tradition to celebrate any holidays together. The dress code as a business style exists.

Speaking about the organizational structure, as it was already mentioned, it may refer to both: better performance of the organization, due to the freedom that employees may got, as well as anarchy in organizational structure and as a result, decrease of performances.

TJournal has a relatively decent organizational structure. It has three general management levels; the main decision maker doesn't have direct responsibility to control every level of management. Describing the relationship among the colleagues and departments, there is mostly non-formal relationship, friendly and inspiring atmosphere. In the company "A" was found that the organizational structure is centralized. The main decision maker is the general director and his deputy; they directly control all their employees. Relationship among the subordinates is mostly amiable and formal. All employees work there for at least 7 years and they deeply respect each other, and relationship between them close to friendship. Overall the atmosphere is mostly friendly. While based on the analysis of the investigation in Sletat.ru in terms of organizational structure inside the company has three general levels and is divided into departments according to the products' directions. The relationship between the employees and subordinates mostly depends on the departments. Really different, however, overall, he can say that half formal, but more friendly. Recently the relationship becomes more and more formal. The communication these days is organized mostly via e-mails. Estet & Jeterini's organizational structure is not very diverse, has three levels and most part of employees are sellers at the sales points. The key employees (4 managers, CEO and two directors) have friendly, mostly non-formal. But the relationship among sellers and key employees, are formal and distant. The relationships among sellers are also friendly and non-formal. The atmosphere inside the company is friendly and human oriented. The company "B" the organizational structure has three levels; the departments are not clearly divided. The relationship is mostly formal and the atmosphere is neutral.

Describing precisely about level of decentralization/centralization as a part of organizational structure dimension, the company "A" can be characterized as centralized one, as respondent mentioned: "we have a straight and simple management structure with three general levels, ... the director and deputy director directly can control everyone". As well as Estet & Jeterini: "Even though we have the general director, due to the fact that we are working together for at least 7 years, we became like a big family, everyone knows what to do without additional mentions." And Estet & Jeterini: "Our company has the straight three management levels structure". The most investigated companies can be called as centralized one, only TJournal has the opposite results, as representative said: "Everyone works as he/she thinks is better, we consult with the director, only in case of new products". The results of Sletat.ru is in the middle, it as both the elements of centralized and decentralized company: " We have a quite straight management system, everyone knows who is the main in the department, however the relationship between us are mostly friendly, so the subordination not so strict". Therefore, the three out of five companies are centralized, those companies are the ones that operate in real estate, retail, and housing maintains. The explanation of such as result may be the industry

where these companies operate, those industries existed on the market for a long time and the whole working process already has been worked through for a long time. At the same time, the level of decentralization/centralization may also depend on the amount of employees within the organization. However, in the cases, it is supposed that there is not the strong dependency between the level of decentralization/centralization and amount of employees. The company with a lowest amount of employees are centralization, while the company with the highest amount of employees is somewhere between centralized and decentralized company. The companies that are decentralized in some extent are those that operate mostly through Internet. The reason why these companies not that centralized, may be that both of respondents believed, that their companies are at the stage of start-up, though every person that work there mostly perceived them self as partners, rather than hired employees. Representative of the company A said: “we don’t need to write any kind of official paper ... I believe we are at the stage of start-up...Between the employees the relationship is mostly friendly, we all like partners...”; the representative of Sletat.ru: “at the moment, we are still at the start-up stage, but I guess in the near future we will step up....People that are working here since the beginner are more close to each other, they are more than just simple employees”. Also the tendency to centralize the organizational structure may be explained through the Hofstede’s studies. According to his research that was made in Russia, Russian culture has high level of power distance. That means that Russians accept inequality among people and wide salary range, subordinated expect to be told what to do, hierarchy in organization reflects to the existential inequality. Based on these studies can be explained the mental preference toward more centralized structure.

Refer to the dimension of the controlling system. Overall it can be seen as medium level and stable. In case of TJournal the control is lower than in other investigated companies. There is no paper reporting. They control them-selves by ASANA, and Editors-in-chief stay in contact with their subordinates all the day or most part of the day. “...We don’t need to write any kind of official paper, in order to explain our work process”. These results might be received because the company operates in the field of Internet mass media. Indeed in this company none is required any kind of paper reports, because all of the employees are mostly whether programmer or journalist, so the results of their work can be seen directly in the recent articles, or in the quality of website/application work. The low level was proved through direct observation, that were made during three hours, that was spend with respondent while the working process. Also when he was asked to show any kind of report documents, that he had to write, he simply said: “I don’t have them, Everyone can see that my job is done by the articles

that I posted during the day”. Also in this company is decentralized which may support the results of controlling system as well.

The company “B” has a bit over controlled system. The general director tries to automatize everything and tries to control everything. However, the effectiveness of it is low, because everyone needs to write their tasks by them self, but none controls whether it is done by the time, or even whether it is truly existed task or not. There are the labor contracts and the job regalements. However, none is checking the speed of time for the accomplishment of the job, it is just need to be done in a kind of period of time. The freedom of employees of task complement is relatively high. The managers control their employees by results, and they have a lot of feedback from end users, so it is also taking into account. As representative said: “Our director tends to gave us unnecessary paper work, and he even does not check it, but still we need to fulfill some kind of reporting forms and register our self in a kind of register.” During the interview, he was also asked why does the respondent think the director did it, the respondent explained it through specific personal characteristics of their director, however the industry does not require all these extra reports.

The other company showed relatively balanced controlling system. Analyzing the results from the company “A”, it can be seen that they do not have any extra paper work/reports, however still have the necessary amount of it. The representative of the company “A” said: “ the director requires only the necessary reporting documents, however, sometimes when it requires by law, we ask to prepare quite a lot”. The work discipline is strict and support by the general director. The employees need to follow the prescription undisputable. Each of the employees clearly knows what he/she should do, there are instructions for each department. Even though the relation among employees from the first sight seems formal, the overall atmosphere is very friendly and supportive. Estet & Jeterini can be seen as well as only necessary paper work exists. Over the last 10 years the working process is stabilized. It is important to strictly follow the job and tasks. Everyone just knows what he/she needs to do in order the company works successfully and this is what motivated them. The respondent of Estet & Jeterini said: “Over the past 10 years we complete standardized the working process, the reporting part takes part of it, be do only necessary paper work”. The explanation of such as result in these companies can be followed, the company “A” and Estet & Jeterini, these companies quite centralized companies and both respondents mentioned, that the working processes have been standardized over the past 10 years, and their director requires only necessary paper reporting. In fact, when there was made a document analysis, it was found that in these companies all prescriptions that were made by general directors referred mostly to financial or tax assessments. The employees provided written documents that referred to the

labor control. For example, the directors in both companies asked to write a paper for any case of absence for more than one day, also in company “A” it is required to sign is a special paper book that you got your salary each month.

Sletat.ru had also can be seen as balanced in terms of controlling system. However, the situation has been changed over the past year. Most part of the employees don't have the regalement of their job. Managers control their subordinates via computer program, KPIs and by the amount and quality of completed tasks. “Before we didn't ask anyone for any kind of reports, but recently the company has ben starting to formalize every process, still it is not a lot to write, but it seems that it is going to be more and more, with each next year”. Even though the respondent believes that the company is at the level of start-up, but as respondent mentioned: “The company is growing fast, over the past two years we implement from 5 to 7 new products”, also he explained that for some products, they even created a separate departments. Therefore, it is becoming more difficult for the director to control everything, but he needs to be sure that the work is done, therefore the paper circulation increased. By the observation, it was found that the employees work with a special computer program (“ASANA”) where they write down the things that they did during the day.

According to the existing studies, formalization, as a part of controlling systems, may have whether positive or negative effect on the organization's performance. Formalization may provide an opportunity to monitor employees' work; increase internal predictability; enforce the internal agreements among departments (Cohen, Levinthal, 1990; Zander, Kogut, 1995). But, at the same time, formalization may limit the opportunity realization and experimentation within the organization (Foss, 2001). The effect depends on the way the formalization has been seen by the employees: enable or constrain (Adler, Borys, 1996). Also the tendency in Russian firms to more or less formalize the process may be explain by the Hofstede's dimension of uncertainty avoidance, Russia has a high level of it. That basically means, that Russian people tend to avoid any kind of ambiguous situation. Formalization in this sense may help to standardize the process.

The results of the dimension of the routine and rituals are different. The rituals were discussed in the beginning. Generally speaking, the rituals can be seen that not a lot of companies have a kind of rituals or tradition, these elements of organizational design were seen only in companies that were operated on the market for the last 20 year, such as company “A” and Estet & Jeterini. As for routine, in this research it was mostly analyzed by the existing employees' autonomy within the companies. The employee autonomy refers to the level of persons' freedom while he/she accomplishes the work. The analysis of the level of employees' autonomy within the companies was made by the direct observation and the interviews. Mostly it

is balanced. In TJournal that operates in the field of Internet mass media, in a perspective of job performance, the employees have a lot of autonomy. The innovative approaches for improving the products or job process are encouraged, financially supported. There is no financial penalty for the mistakes. As respondent mentioned: “I don’t have any control from the director, and normally do not control strictly my subordinates, I’m sure about the quality of their work”. As the respondent explained, none controlled them in terms of what they need to write about, it is possible to work out of the office, none follow what the journalists are doing during the day, the only thing that is important is the quality of the content and everybody understands that. The result of observation proved it, during the hours that were spend with TJournal, it had seen that employees were leaved on their own, sometimes it seemed that they just chatting or having fun by watching videos. It can be explained by the company specifics; they need to find the fresh and interesting information faster than the other competitors do.

Sletat.ru the routine process is seen in the way the general director or the heads of the departments may interact with subordinates – which is mostly directly. In terms of working process, the employees can do they job freely, but all their activities should be in a frame of the job-regalement. In case of any kind of mistakes in a working process, the mistakes are analyzed individually, but if the mistakes were unintentional, they do not judge and try to solve it. As for employees’ autonomy it is balanced here. The respondent of Sletat.ru said: “ The company is growing every year, recently the direction start to implement the controlling system, but still we are free to do whatever we think it is better for the organization, only if it does not require any financial support.”

In this company, it is seen over the past year that the prescription for employees, it is becoming more strictly to carry out it. The crucial importance to follow the prescription is for the programmers, less for the rest of the departments. Mostly, the employees are free to decide what kind of methods they are going to use in order to complete the task, as long as it does not need any extra financial support. The employees not always are welcome to show the initiative in a working process. As for mistakes, they have a practice, when the employees were punished for the mistakes financially or even fire. But for small mistakes, they don’t have any serious punishments. The representative of Sletat.ru said: “Generally, employees are free in the way to accomplish their tasks”, however, there is a certain framework of this freedom. The limitation of freedom is the financial support. This limitation might be challenging in some situation. It can be explained by the industry where the company operates. Travel industry is very unstable area nowadays. Recently there were several bankruptcies of travel and fly operators.

The company: Estet & Jeterini it was seen that the key employees are free in a way to fulfill the task. But there are some deadlines, and they need to end their job by that time, no

matter how. As for sellers, they need to sell more, this is the key regulator for their day-to-day activities. The initiative is appreciated, and financially supported. The punishment for mistakes is usually used, just orally announced. The respondent of Estet & Jeterini said: "Even though we work as a family, we are free to do our work as we want, but in the time and our responsibilities framework". In a the responsibility's framework, the employees are free in their actions, but in case of serious problems/cases/situations they mandatory need to discuss it with the general director or deputy director". The framework of the responsibilities limits the employees of the companies "A" and Estet & Jeterini. But in company "A" there is also official job descriptions that employees should follow in their day-to-day work. In these two companies as it was mentioned by the respondents and seen during the observation, in case of more or less important questions or solutions, the employees always consults with the directors or deputy directors. These limitations in those companies might be explained by the fact that these companies operates on the market for a quite long time and the whole process within the company are debugged, and there are some kind of stabilized ways of operation, that includes some part of employees freedom.

As for the company "B", there is no any kind of support of the initiative inside the organization. The specifics of the field can be characterized as more conservative ones. It is important that everything is functional stable. The general director is very infantile, and there is no punishment for the mistakes, it is important that everything should works, does not matter how. Never existed any kind of punishment. There is a low level of employees' autonomy in a day-to-day work. The respondent him self mentioned: "we need to do only the things that are prescribed according to our competence, none is supported any new methods of making our job". The employees have the prescriptions and everyone follows them, none tries to show the initiative in the working process, as the respondent explained the mechanic following of prescriptions exist not because everyone is afraid of punishments, but because there is no sense to change anything, the director won't support it anyway, and as the responded said: "there is a spirit of laziness". It may be explained by the personal characteristics of the general director: "Our director is a quite infantile person, even though he always try to implement some kind of monitoring or controlling system, but almost always it failed, because he never though deeply about the way it should be implemented or the utility of it for our company". These personal characteristics influence significantly on the atmosphere and motivation of the employees.

Refers to the power structure in the companies in can be seen that overall it isn't very strict and mostly balanced. An interesting result was received from TJournal, the one that operates in Internet media – the power structure is quite distributed among the heads of departments and the director. The director is the final decision-maker only when it comes to the

new product that requires big investments, all the other decision are making by the editors –in-chiefs. “ We are (the editors-in-chiefs) making most part of decision by ourselves, because we need to react fast and making decision fast...The director is the final instance only in terms of new products that may need serious financial support”. What is more important in this sense that the director is completely confident in the editors-on-chiefs. Sletat.ru is stricter power structure. The director make the last decision, however, he is very influenced by the opinions of those with whom he started the company, basically it is a small group of people who is now deputies of director, or heads of departments. As respondent told: “The idea of our company came to the director firstly, but the company was created by the group of people. The director is very depended on the opinions of these people”. The companies “A”, Estet & Jeterini and “B” have quite common result. All of these companies have 2-4 management levels however, the real power and the last decision maker is always the director with a consultancy of deputy directors. All these companies are operating in the different industries, and have different amount of employees, but all of them can be seen as quite authoritarian companies.

The last element of the organizational design elements analysis is the paradigm. According to Johnson, the paradigm presents the basic assumptions about the company. This element is also partly built by the each investigated previously elements: stories, symbols, power structure, organizational structure, routines & rituals, control system (Johnson, 1987). The interviews with respondent showed, that two out of five companies (Sletat.ru and Estet & Jeterini) in their work oriented on the growth of the company. However, these companies have slightly different focus. The respondent from Sletat.ru said: “For us it is important to expend our operation system as well as to save our leading position in our segment”. While the respondent from Estet & Jeterini said: “We took a direction to growth and what to further extend in other Russian regions... We are open for new suppliers and actively seeking for new models all the time”. The other two companies, the company “B” and TJournal in their day-to-day operation have the end users orientation. The respondent from the company “B” said: “For us the primary goal is to satisfy our end-users needs, we are actually paid for this”. While the respondent of TJournal said: “In our work we are of course oriented on our readers, on their interests. However, we position our self as an innovative company, that has focus on IT industry and technology”. The company “A” has a strong orientation on the employees that work there. As respondent explained it is a result of their soviet past. They try to save the social responsibility’s principles that were commonly used in USSR. “We have two primarily goals which are to save our position and wellbeing of our employees”.

The result of conducted analysis of the cases can be seen in the table below (Table 4. The cases analysis results.)

Table 4. The cases analysis results (Created by author)

Company	The paradigm	Control Systems	Organizational Structures	Power Structures	Stories & Symbols	Impact
<b>TJournal</b>	<ul style="list-style-type: none"> <li>- Users oriented;</li> <li>- Common belief: “TJournal is “an innovative” company”;</li> </ul>	<ul style="list-style-type: none"> <li>- No standard reporting system, employees are free in accomplishment their work;</li> <li>- The results controlled by the amount and quality of the written articles;</li> </ul>	<ul style="list-style-type: none"> <li>- Decentralized;</li> <li>- Informal &amp; Friendly atmosphere;</li> <li>- Mostly organic structure;</li> </ul>	<ul style="list-style-type: none"> <li>- Three levels of management;</li> <li>- The power distributed among the director and the editors-in-chief;</li> </ul>	<ul style="list-style-type: none"> <li>- The stories and symbols are not specified;</li> </ul>	<ul style="list-style-type: none"> <li>- No franchise emp to-c</li> <li>- M trad who</li> </ul>
<b>“A”</b>	<ul style="list-style-type: none"> <li>- Employees oriented;</li> <li>- Common belief: “The organization cares about employees; to save the existing position”;</li> </ul>	<ul style="list-style-type: none"> <li>- Balanced formalization level;</li> <li>- The director and deputy director control their employees by them-self directly;</li> </ul>	<ul style="list-style-type: none"> <li>- Centralized;</li> <li>- Formal &amp; friendly atmosphere;</li> <li>- Mostly mechanic structure;</li> </ul>	<ul style="list-style-type: none"> <li>- Three management levels;</li> <li>- The general director is the last decision maker;</li> <li>- The general director always consults with deputy director;</li> </ul>	<ul style="list-style-type: none"> <li>Emphasized the stories &amp; symbols</li> </ul>	<ul style="list-style-type: none"> <li>- Co trad exist</li> <li>- Ha fran the emp sho</li> </ul>
<b>Sletat.ru</b>	<ul style="list-style-type: none"> <li>- Company growth oriented;</li> <li>- Common belief: “To sell more, to save the leading position”</li> </ul>	<ul style="list-style-type: none"> <li>- Quite formalized;</li> <li>- Exist a quite efficient controlling system</li> </ul>	<ul style="list-style-type: none"> <li>- Has the elements of decentralization and centralization;</li> <li>- Becoming more formal &amp; friendly atmosphere;</li> <li>- In a process of transformation from organic to more mechanic structure;</li> </ul>	<ul style="list-style-type: none"> <li>- Three management levels;</li> <li>- The last decision maker of the costly decisions is the general director;</li> <li>- Decision can be made by the heads of departments;</li> </ul>	<ul style="list-style-type: none"> <li>- In a process of creating corporate culture, but yet the stories and symbols are not very specified</li> </ul>	<ul style="list-style-type: none"> <li>- Ha lim the emp sho</li> </ul>
<b>Estet &amp; Jeterini</b>	<ul style="list-style-type: none"> <li>- Company growth oriented;</li> <li>- Common belief: “ To sell more, to find</li> </ul>	<ul style="list-style-type: none"> <li>- Balanced control systems, employees are quite free;</li> <li>- Balanced formalization level;</li> </ul>	<ul style="list-style-type: none"> <li>- Centralized;</li> <li>- More likely informal &amp; friendly atmosphere;</li> <li>- More mechanic</li> </ul>	<ul style="list-style-type: none"> <li>- Two levels of management;</li> <li>- The last decision maker is the director;</li> </ul>	<ul style="list-style-type: none"> <li>- The stories and symbols are not specified;</li> </ul>	<ul style="list-style-type: none"> <li>- Th cert fran day acti</li> </ul>

For TJournal the organizational design investigated factors have interconnection, it can be also explained by the specifics of the operation area, and also the important role-plays the lifecycle stage of the company. Some characteristics will probably change in time, when they will step up. For the company “A”, the key influence on the investigated organizational factors, has the quite conservative management style and probably the key values that are referred a lot to the soviet union social principles in some extend: the company cares for its employees, and employees cares for the company. Also the existing working processes have been proved themselves for a long time. So organizational design elements formed and fielded by the time and practice. For Sletat.ru, at the moment the forming factors of OD elements are the growth of the company, its fast development. Also the industry specifics that foster existing elements change according to the environment. For Estet & Jeterini, the situation is quite similar to the company “A”, this firm is also existing for almost 20 years, and over the time all process have been proved themselves and the working processes are stabilized. For the company “B”, the big influence on the OD elements has the personal qualities of the director.

Therefore, it can be concluded that the general trend among the investigated companies is to have a centralized management structure. That can be explained through mentality of Russian people. Russians, according to Hofstede’s studies, have the tendency to accept the power distance, and to expect the submission by the subordinates. Only TJournal showed the decentralization. As for formalization, overall most companies have it on the balanced level, which may mean that the document circulation is quite established. However, there were found two bias, TJournal almost doesn’t have any document circulation, where employees almost do not have written reports, and the company “B”, where it has overlapped, due to the director personal characteristics. Speaking of the employees’ autonomy, here it can be seen that in most cases it is also balanced. That means that generally companies have quite structured established system, however, once again there were two bias, once again it was TJournal, where the employees are almost completely free in a way the work. And the company “B” where the employees have strict prescription and initiatives almost excluded. These general results may be also explained by the Hofstede’s study. According to him, Russians try to avoid ambiguous situation, the lees freedom and more prescribed job, less uncertainty about the recent future.

It is interesting that two companies TJournal and “B” have completely opposite results in organizational design elements analysis. It can be explained by the industry where they operate. Thus, TJournal operates in a fast developing and high technological Internet industry, while company “B” operates in predictable and stable housing maintain. Roughly saying, it can be emphasized that these two company in some extend represent organic (TJournal) and

mechanic (“A”) organizational structure, the other companies have less shown structure, mostly mixed.

In this sense interesting, that the companies TJournal and Sletat.ru operates in similar high technological industries. But, Sletat.ru has more a kind of middle or balanced results of the investigated characteristics; it can be explained by fact that these company, growing faster than the other. Therefore, even though the respondents believe that their companies are at the level of start-up, Sletat.ru is developing faster and probably soon will enter the next stage of organizational life cycle.

The other companies “A” and Estet & Jeterini have the same results for the investigated elements. These two companies operate on the market for more than 20 years, or around it. The organizational structure and the working processes were already established and proved themselves, so the organizational designed already balanced according to the company’s needs.

The other interesting result refers to the paradigm that investigated companies have. The companies that have “high” or “medium” level of CE have whether the orientation on growth or user orientation with a perception as an innovative companies. While the company with a “low” level of CE have more social or employees orientation with a perception to save a position, or the end users orientation with a perception of fulfilling the job that they are paid of. Basically it can be seen, that the companies that do not have any perception on the growth, or on innovation, do not develop corporate entrepreneurship.

## **2.6. Findings and discussion**

The main purpose of this master thesis was to find out the best interaction of investigated organizational design elements and the corporate entrepreneurship; also it was important to understand the extend of the influence of the OD elements on the CE in the Russian small and medium sized enterprises. According to the existed research gap, it was conducted the case study analysis. For this case study there were chosen five small and medium sized companies that operated on the market for at least five years. The data for this research was collected by in-depth interviews, document analysis and direct observation.

According to the purpose of the study, the following objectives were made:

- To examine the organizational design elements and corporate entrepreneurship elements in each company, and find the specifics of them;
- To describe interaction between chosen OD elements and CE elements;
- To investigate what are the extend of OD influence on CE in SMEs;
- To figure out how the results of the study can be applied to the Russian SME’s.

Based on the existing theories and conducted analysis of organizational design and CE in Russian SMEs, there can be identified the following results.

It can be seen that two out of five companies have overall “High” level of corporate entrepreneurship. Both of these companies operate in the Internet field. From the organizational design perspective, these companies have friendly atmosphere, and while TJournal has organic organizational structure, more informal style, the company “A” is in a transitional period and becoming more mechanic and formal. However, at the moment both of them still are trying to be innovative and it is their main goal. The two companies out of five got “low” level of CE these companies have some similarities in their organizational design as well. These companies operate in a more stable and traditional business such as real-estate (“A”) and house maintain (“B”). Both these companies have quite formal, mechanic and centralized organizational structure. At the same time the level of formalization is slightly different (balanced and high). Controlling system is also a bit different in one case it isn’t strict at all, and in another it is quite diverse, but inefficient. The CE entrepreneurship determinants in both of these cases are also in a “low” level, therefore, both of these companies are risk averse and non-innovative. The one company got the “medium” level of CE, this company operate in a quite established field – retail, but at the same time Estet & Jeterini tries to stay more or less innovative and risk-taking. The organizational design of this company is balanced: it has balanced control system and level of formalization. However, still the company is centralized, but the overall atmosphere is friendly and informal.

It is also important to mention that the study was made based on the example of five SMEs. Small and medium sized enterprises have some specifics. As Bouchard and Basso, described in their study, SMEs are generally can be characterized by a simple structure, clear strategic orientations, well informed and concerned the manager owners. However, even though the SMEs have common characteristics, oversimplification of SMEs should not be appeared while doing a research (Bouchard, Basso, 2011).

Indeed, the following theoretical research of the investigated concepts showed, that there is an ambiguous understanding of the level of decentralization and formalization on the CE in SMEs. It was revealed that decentralization exists mostly where there is a rapid information flow, and organizational hierarchy would slow down the operations of company (Aoki, 1998). However, at the same time, the centralization showed its positive effect on the employees’ coordination (Athey, 1994). The right coordination may have an important role on CE implementing inside the company. Also speaking about formalization, as it was found in previous studies, it can have both a positive and a negative effect on corporate entrepreneurship in a company. For example, Jansen (2006) stated that formalization provides organization some

abilities to transform and exploit external knowledge; the individuals within organization easier understand resource allocation and increase internal predictability. But, there were and another studies, that the high degree of formalization may reduce the amount of experimentation and reduce the level of employees' creativity, which will negatively effect the level of CE within the company (Foss, 2001). When it comes to employees' autonomy, in literature, in most studies the researchers agree that the high level of it stimulate the employees' creativity, and has a positive effect on corporate entrepreneurship within a company.

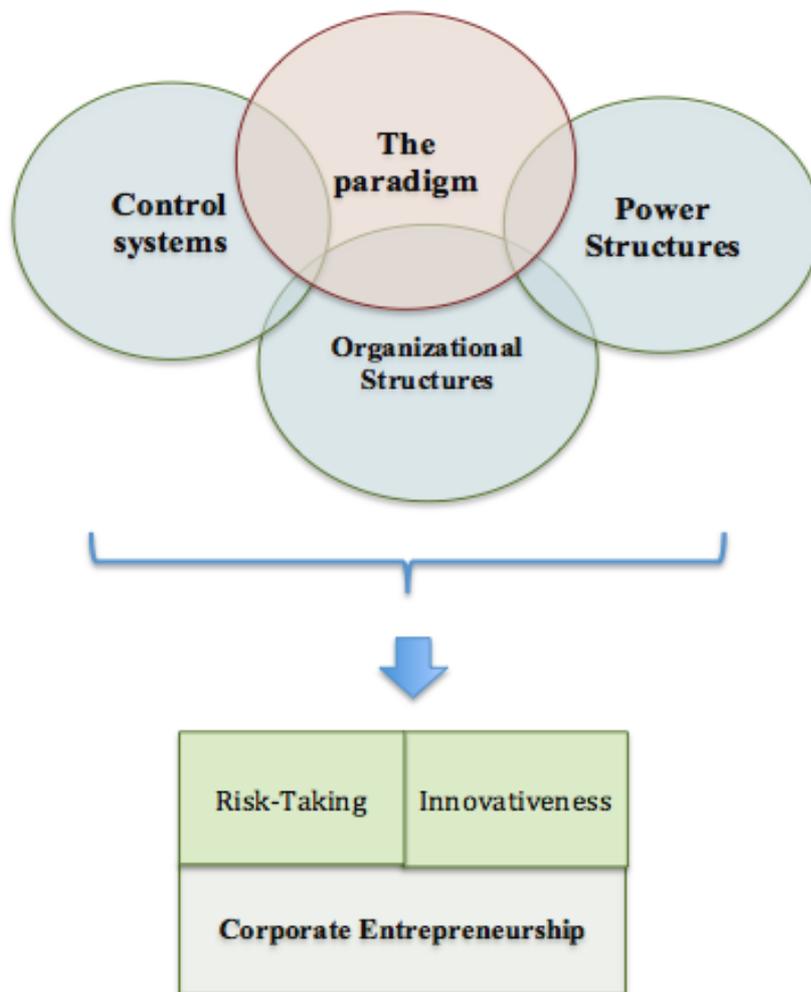
Also there was a study conducted by Leavitt, that showed that the groups that work on the relatively easy and precise tasks tend to show better results when the group is more structured (Leavitt, 1958). At the same time, the groups that have relatively difficult tasks, they accomplish it better and faster in case if the groups have less structured organization. In other studies were found that the organizations that operate in uncertain environment generate more profit if they have more organic structure. While companies with mechanistic structure generates more profit in more certain environment (Burns, Stalker, 1969). Covin and Slevin in their study, that was made based on the small manufacturing firms, confirmed that the firms' performance in the hostile environments has a positive correlation to an organic structure (Covin, Slevin, 1989).

Also the findings can be compared with the results of M. Morris, J.Allen, M. Shindehutte, R. Aviala , who found that that the "high" level of control and formalization tend to have organization with "low" level of CE (Morris, Allen, Shindehutte, Aviala, 2006). Also the results can be supported by the findings of J.S. Hornsby, D. F. Kuratko, S. A. Zahra who showed that employees' autonomy also support the CE within an organization.

The findings of this research can be also explained form the other perspective. The study of Carrier (1994,1996) emphasized that there is a significant difference between small and big companies, which is in the role of the top-managers. The role of manager owners in SMEs is crucial, in can be either a helping role or a process stagnated role. The way it can be determine the personal characteristics of these manager owners effects on the whole system of organizational design. In deed the conducted study showed that some respondent explained some corporate entrepreneurial or organizational particularities through their directors personal characteristics. Reveal the personal impact of the manager owner, it is important to mention that the study of Brouchar and Basso, who made an assumption that an organization, which is quite centralized, corporate structure still can be entrepreneurial oriented inside. The centralized structure can be explained that the manager owner finds it difficult or unreliable to delegate the responsibilities or to provide some freedom to employees; however, the manager owner has his/her own high innovative and risk taking abilities (Brouchar, Basso, 2011).

The research showed that indeed the effect of organizational design elements couldn't be well defined. According to the conducted analysis of interviews, documentation and direct observation, it can be defined the factors that has significant influence on the level of CE are inside the company. These factors are related to the control system (formalization), power structure (the managers in power), the paradigm (common beliefs and assumption) and organizational structure (decentralization/centralization). Explaining both the organizational design elements and the elements of corporate entrepreneurship, some respondent emphasized that on a certain dimensions may has a strong influence the director personality (manager in power) or the principles or key values inside an organization (the paradigm). An interesting issue that was found that some of the companies are quite successful (according to the respondents) and they have balanced level of investigated organizational design elements and a "low" level of corporate entrepreneurship elements. Those companies usually operate in the quite traditional, not very sophisticated business domains. Those companies that work in the Internet business fields can be characterized like more organic structured companies and have "high" level of corporate entrepreneurship. Therefore, the findings relate to the Leavitt and Burns and Stalker findings.

Therefore the theoretical model of this study is slightly changed. (Picture 2. New theoretical model)



Picture 2. New theoretical model.

As it is shown in the graph, the following elements of the theoretical model have especially emphasized influence on the corporate entrepreneurship within small and medium enterprises in Russia: organizational structures (in companies with “high” level of CE were found decentralization and informal and friendly atmosphere, while the results were vice versa in the companies with “low” level of CE), power structures (In companies with “high” level of CE the power usually more or less distributed, while in companies with “low” level of CE, it is focused in the hands of director), control systems (in companies with “high” level of CE, there is whether efficient, whether easy to check system control) and the paradigm (the companies with “high” level of CE, have a growth orientation or an innovation orientation, while the companies with “low” level of CE are ore social oriented or focus exclusively on the end users). While elements such as symbols, stories and routine and rituals do not play significant roles in organizational design interaction with corporate entrepreneurship.

## ***CONCLUSIONS AND IMPLICATIONS***

The main purpose of this study was to find and show the relation between organizational design elements and corporate entrepreneurship within Russian small and medium enterprises. In order to conduct the study, there were identified several objectives. The main objective was to explore the interaction between these two concepts.

Based in the literature analysis, the elements that were taken for this study were found. From the organizational design the main focus was made on: formalization, decentralization, employees' autonomy; as for corporate entrepreneurship: innovativeness, risk-taking and general level of corporate entrepreneurship. During the research process, it was defined different theoretical approaches of understanding the relation between corporate entrepreneurship and organizational design.

It has been studied five cases of Russian small and medium enterprises from completely different industries. Thus, it is possible to get more profound insights.

Based on the conducted analysis, the main conclusion can be identified: the investigated elements of organizational design have influence on corporate entrepreneurship, but the strength of it can be different and mostly depends on the external factors and internal. Speaking about the results more detailed, the configuration between the elements of organization design and corporate entrepreneurship in Russian SMEs can be significantly depended from the industry or business specifics. The reason for this assumption came up after conducted interviews and the following literature analysis. The respondent explained links between different elements of both corporate entrepreneurship and organizational design concepts, through external factors, that according to their opinions have significant influences. Indeed the confirmation of it, was found in previous researches.

Also, it was revealed, that the level of organizational design and corporate entrepreneurship elements strongly depend on the personal characteristics on the manager owners in SMEs. The respondents referred a lot on the personal abilities, or personal characteristics of the manager in power, when tried to explain the present level of investigated elements. According to the previous studies, due to the specifics of SMEs (size, simplicity in operating process etc.), the personal characteristics of the manager-owners have very significant influence on the organizational design elements and on the level of corporate entrepreneurship.

The different level of decentralization, formalization and employees' autonomy may support the corporate entrepreneurship within SMEs with considering the industry and man in power personal characteristics and abilities. During the analysis, it was found that in some companies the level of the corporate entrepreneurship was "high" however, not all elements of

organizational design had organic characteristics. At the same time, some organizations more mechanic configuration of organizational design elements, but the tendency of these companies is to increase the level of corporate entrepreneurship. According to the existing literature and respondents' answers, these unusual results can be explained by the external (Industry/business specifics) and internal factors (personal characteristics of a man in power).

Important particularity is also relate to the fact that some SMEs, like more traditional ones, are not necessarily required the high innovativeness or high risk taking in order to be successful on the market. However, it does not exclude the importance of corporate entrepreneurship for them. During the interviews, when it was asked related questions to the innovativeness and risk-taking levels, the respondent emphasized the needlessness of these factors. However, when it comes to the general level of corporate entrepreneurship the respondents were more enthusiastic.

The contribution of this master thesis refers to the field of corporate entrepreneurship and organizational design of Russian small and medium enterprises. The results of the study preset how the investigated elements of organizational design may influence on the corporate entrepreneurship and its investigated elements, and the relations that might have these dimensions. Based on this study it is possible to extend the existing theories of the relation of OD and CE. The results of this thesis suggest that the future development of OD and CE theories in the field of Russian SMEs should be focused on factors that support the corporate entrepreneurship in such organizations, with taking into account that the factors that trigger the CE in SMEs are different from the big companies and internal elements have bigger impact in SMEs.

The results of the made research can be rather useful. It can help for the companies from different industries: traditional and new ones. Refer to managerial implication the research, the following recommendation can be proposed. First of all, as it was discussed above it is important to remember that the internal factors in SMEs have bigger effect than the same factors in big organizations. It is suggested to build entrepreneurial oriented culture within an organization, taking into account the fact that the corporate culture and personal characteristics of the manager-owners influence all elements of organizational design elements and corporate entrepreneurship elements. Therefore, in order to create a corporate entrepreneurial organization, it is needed to have entrepreneurial oriented team, and especially entrepreneurial oriented manager in power. Second, the organic organizational structure in SMEs support the CE development, however, even in a structure with mechanic elements the CE still can be possible. Thus, for Russian SMEs, even if the company takes a direction on the innovativeness and risk taking, it is better to save centralized structure because this structure is mentally easy to

understand. Third, the atmosphere inside the SMEs may support the CE development; it should be informal and friendly. Fourth, in order to take corporate entrepreneurship direction, it is not necessarily need to be highly risk-taking, however, it is important to still accept it from time to time in some extent. Fifth, the formalization in Russian SMEs should be excluded or balanced in order to start the corporate entrepreneurship development. Sixth, for SMEs that operate in the field related to internet or high technology, it may be crucial to be corporate entrepreneurship oriented, while the SMEs that operate in a more established or traditional businesses it is less important. Seventh, for Russian SMEs, to develop corporate entrepreneurship, it is needed to have a support of it in the core beliefs of such SMEs, for example, to have a growth orientation, or innovation perception.

### **Limitations**

The results of this study can be outdated in a short period of time due to the fact that the study provides the contemporary views on the investigated factors. For the more profound understanding of the investigated elements it is suggested to conduct a longitudinal studies.

The other limitation can be found that in this study there were participated only one person from each company. However, all respondents are highly involved in the all-organizational processes and work in their companies for long time. Therefore, it cannot be seen as a limitation for this study.

Additionally, for the future research it would be interesting to investigate the dependency between the corporate entrepreneurship and the personality of the manager owners in Russian small and medium enterprises. It is suggested that in the organization where the amount of employees is relatively small the personal characteristics of the director may have a strong influence on the corporate entrepreneurship development. Some of the respondents explained for example “low” level of innovativeness, or high level of formalization through personal characteristics of the director. What is important for such study, what kind of personal abilities should a director of entrepreneurial organization have.

For the future research, it is also important to take into consideration other entrepreneurial orientation elements as determinants of corporate entrepreneurship with linkage to the organizational design elements. It may provide some more profound insights into relation between organizational design and corporate entrepreneurship.

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Appendix 1. The Interviews' Guideline.

**Interview Plan. For empirical study on «The Impact of Organizational Design on  
Corporate Entrepreneurship Development:  
Russian firms case.»**

**I. General part**

1. What is your position and how long do you have it?
2. When was your company established?
3. What is the industry where your company operates?
4. How many employees do you have at the moment?
5. How would you characterize the successfulness of your company on the market?
6. What are the key values of your company?
7. Further, we will talk about your products, how would you define the products of your company?
8. Are there any particular symbols which denote the organization?

**II. Main part**

(Corporate entrepreneurship)

9. How many new products (services) there have been implemented over the past two years?
10. How many renovations of existing products (services) were made in your company over the past two years? And how these numbers correspond to the same characteristics of your direct competitors?
11. In what extend your new products are new for the market?
12. When you are taking marketing strategic decisions, is it that important for your company to implement new products for the market?
13. In general, how are you looking for new opportunities?

(Organizational Structure)

14. What is the structure of your company? How many management levels do you have?
15. How would you characterize the relationship between the managers and subordinates?
16. How would you characterize the relationship between the employees in general?
17. How would you characterize the atmosphere inside the organization?
18. How interact the departments between each other?

(Control system)

19. How would you characterize the routine and paper work inside your company?
20. How strict it is required from the employees to follow their job- prescription?

21. How the employees' day-to-day activities are regulated?

(Routine & rituals)

22. How do the managers control their subordinates?

23. In what extent the employees can be free in accomplishing their tasks?

24. How would you characterize the independency of the employees in they day-to-day activities?

(Power structure)

25. When it comes to a new idea implementation (new product), how many levels of decision-making it is needed to take in order to implement it?

26. How is power distributed in the organization?

27. What are the cores believes about leadership in your organization?

(Innovativeness)

28. In your company, how would you define the attitude toward the initiative in the working process?

29. How you define the attitude toward the mistakes made by employees?

30. How the managers evaluate the employees?

31. In evaluating process is t any criteria that relates to the "innovativeness"?

32. How you characterize the attitude toward the innovativeness?

33. Do you have any kind of system that support the self-development of employees' ideas)

(Risk-taking)

34. In your strategic decisions, do you concentrate on the risky investments?

35. Does your company support bold ideas, even though the results of it are uncertain?

36. Does your company have any kind of reward system for taking risks?