

## **ORGANISING FOR READAPTATION: THE RECONCILIATION OF INNOVATION AND EFFICIENCY**

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### **Introduction**

The focus of the reported research was the exploration of possible links between the strategic objectives of a manager's role and the personality characteristics and business attitudes of that manager. Specifically, should executives pursuing a strategy of growth and innovation be different to those whose strategic objective is to maximise on a steady-state situation? A related question concerns the organisation; how does the interaction of the behaviour of the chief executive and the co-ordination of different strategic roles in the company portfolio of activities influence corporate success or failure?

Do certain matches of managers with strategies lead to overall success for the company in its ability to introduce change while maintaining its equilibrium? This delicate balance — the continuous reconciliation of innovation and efficiency — has been termed the "readaptive process" (Lawrence and Dyer, 1983). The management of the readaptive process in companies today is a key success factor in their survival and prosperity.

### **Managing Corporate Entrepreneurship**

An important theme of industrial development and the introduction of innovation is the use of existing larger businesses to spawn new enterprises, as these larger businesses are more likely to have the necessary resources than smaller ones (Drucker, 1985). The ingredients necessary to generate these new businesses are the presence of entrepreneurs within the corporation and the opportunities for innovation afforded to such internal entrepreneurs. This parallels the view that roots the level of entrepreneurship of any society in the availability of economic opportunities and the supply of entrepreneurs (Murray, 1981).

It has been argued that in a corporation with a portfolio of different business units, managers in charge of new, growth oriented business units

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need to be more entrepreneurial than those in charge of static, mature units (Gupta, 1982; Business Week, 1984). The new business unit, launched for diversification or growth purposes requires managerial qualities typified by corporate entrepreneurs or, according to a newly coined phrase, by "intrapreneurs" (Pinchot, 1985). Pinchot (1985) describes the intrapreneur, like the founder-owner entrepreneur, as motivated primarily to satisfy a personal need for achievement by bringing into existence new products and services that are meaningful to himself and the marketplace, and, as committed to action that makes a reality of his ideas. Other features that particularly typify the intrapreneur are: goal-oriented and self-motivated, but also responds to corporate rewards and recognition; cynical about the system but optimistic about his ability to outwit it; not afraid of being fired so likes moderate risk; pleases self, customers and sponsors; works out problems within the system or bypasses it without leaving; adept at getting others to agree to private vision; somewhat more patient and willing to compromise than the entrepreneur, but still a "doer".

Susbauer (1979) spells out the contrast between the desirable management characteristics for new versus old businesses. The management type for new business requiring innovation is defined by an emphasis on young, ambitious, aggressive, competitive entrepreneurs with strong development and growth potential, and high risk tolerance. On the other hand, the management type necessary for the mature business unit, with its demand for efficiency is defined by an emphasis on seasoned, experienced, "hard-nosed" operators with low change tolerance who seek productivity and instant results, having an immediate rather than a long-term developmental orientation.

## **The Present Study**

### *(i) The Subjects: Irish Dairy Co-operatives*

The study was based in one industry only, in dairy co-operatives, so that uncontrollable factors attributable to industry differences that might create confusion in the interpretation of the results would be eliminated. One can then see the attributes of firms, including strategies of firms, as relative to competitors' strategies. To rate a business on some absolute scale is primarily to characterise the kind of industry it is in (Hambrick, 1983).

The dairy sector is the most important agricultural sector in Ireland. Farmers' co-operatives are intrinsically identified with dairying in Ireland. Unfortunately, through these co-operatives, Ireland has not maximised the potential for value-added in dairying (NESC, 1984).

Various recommendations to secure the well-being of dairy co-operatives have been made by people close to the industry (Horan, 1984; IDA 1984; Russell, 1985; ICOS, 1987). These recommendations attempt to increase value-added per workhour by two means — (i) innovation, i.e. shifting of resources to new activities that command a higher international price per unit of input than heretofore, and (ii) efficiency, achieving more output from the same or less input (NESC, 1984). The innovation-oriented recommendations emphasise the necessity to diversify out of commodity dairy products such as butter and skim milk powder into higher value-added products such as cheeses, "health foods", etc. With respect to efficiency there must be a reduction in costs through a reduction in the price paid for the basic raw material, milk, a reduction in labour costs and a general rationalisation and streamlining of operations by various means, including a drastic reduction in the large number of co-operatives from about fifty to three.

The 10 co-operatives in the study all fall within the top 200 of Ireland's companies based on 1985 turnover and 8 of the 10 are within the top one hundred. Seventy-five percent of milk supplied, 60 percent of turnover and 70 percent of assets employed in the dairy sector are accounted for by the 10 sample co-operatives. (ICOS, 1986). It would be fair to conclude that these co-operatives represent the major part of the activities in their sector.

It was necessary to categorise the 10 co-operatives in terms of their readaptation, i.e. their attainment of innovation and efficiency, the two key criteria of success that have emerged in the industry.

Innovation was measured by means of an Innovativeness Rating Scale developed by the author to evaluate level of innovation in each of the co-operatives with respect: (i) to new product development, (ii) technology, (iii) marketing, and (iv) general business behaviour. It was filled out by industry experts who were familiar with the co-operatives.

Efficiency for each co-operative was measured by the ratio of Return on Net Assets (RONA) over the last 3 year period as a good indicator of how productively the assets of the business were being put to use.

By placing each of the 10 co-operatives above or below the mean of the range for innovativeness and for efficiency, it was possible to derive 4 groups of co-operatives based on their relative achievement of readaptation, as follows:—

- Group E+I+ — high efficiency, high innovation (3 co-operatives)
- Group E-I+ — low efficiency, high innovation (3 co-operatives)
- Group E+I- — high efficiency, low innovation (1 co-operative)
- Group E-I- — low efficiency, low innovation (3 co-operatives)

### (ii) *The Co-operative Executives*

The chief executive and 2 senior managers from each of the 10 co-operatives were interviewed. This gave a total of 30 subjects, all male. The 2 senior managers were chosen according to the following requirements:

- Category A — a manager in charge of an 'old' mature business unit, traditional to the co-operative concerned, receiving very little investment and/or being managed frugally to maximise short-term cash flow. The managers picked for this category tended to be in charge of factory processing mainly of commodities, or trading in farm inputs, and had a good deal of contact with farmers.
- Category B — a manager in charge of a "new" recently introduced product/function, novel to the co-operative concerned, a business receiving a generous level of investment with returns expected in the medium to long-term. The activities under this heading included R&D, new business development/marketing functions and new products/divisions such as cheeses or meats. They were all at the embryonic stage, surrounded by uncertainty but with hope and promise; two of the managers spontaneously used the term "the jewel in the crown" to describe the role of their enterprise in their co-operatives' portfolios of business units.

### (iii) *Method: Repertory Grid Technique*

The central research method employed in the study was Repertory Grid, a technique developed by psychologists to measure how we perceive the world and the interrelationships amongst the various people and objects in our environment (Eden and Jones, 1984). Repertory Grid was used in this study to ascertain what hypotheses the subjects applied about managerial characteristics with respect to business success in certain strategic situations, and how they themselves operated on these hypotheses in their own lives.

Repertory Grid resolves the conflict between the tidy structure of questionnaires which give the respondent little freedom of response, but do enable statistical analysis, and alternatively, open-ended interviews which give freedom to the respondent but play havoc with statistical analysis. With Repertory Grid, basically the interviewee introduces the concepts that are meaningful to him; these are subsequently subjected to examination of the interrelationships amongst them. These concepts (called *constructs*) are there to be elicited from the interviewee rather than supplied to him.

For each subject the administration of the Repertory Grid was preceded by an interview which covered various points, including the individual's career history to date and his specific function within his co-operative.

*(iv) Results*

An initial classification was carried out of all the constructs that were elicited from the 30 executives. This would indicate the sorts of concepts, ideas, and managerial characteristics that these executives associated with business behaviour. It is assumed that the importance or meaningfulness of the constructs can be estimated from the number of people out of the maximum of 30 from whom the construct was elicited; the greater the number of people spontaneously introducing a construct, the more important is that construct.

A total of 29 constructs were elicited. The top 10, i.e. the most important constructs are as follows (number of executives out of the 30 who produced the construct appears in brackets):

- risk taking versus careful, cautious (30),
- innovative versus conservative, traditional (29),
- insightful, understands industry, foresees future developments and their strategic implications (26),
- dynamic, growth-oriented (26),
- resourceful, enterprising, decisive (26),
- good judgement, business acumen (22),
- energetic, committed, hard-working (21),
- maximises profit, has an eye on the bottom line (17),
- leadership abilities, commands respect from and motivates subordinates (16),
- planner, sets clear short-term objectives (16).

It can be seen that characteristics that pertain to entrepreneurship feature very strongly at the top of the list. In particular, we have risk-taking, innovativeness, a long-term strategic outlook and a growth orientation as the top four constructs. This awareness of and interest in entrepreneurial behaviour is remarkable in an economic sector which in the past, has had a relatively traditional conservative outlook.

The next stage of the analysis was to examine how the executives saw themselves in terms of the constructs that they had produced. What sort of people did they reckon were suitable to run their industry and how did they themselves fit in? What aspirations did they have for the future, and how far had they got in attaining them?

The main question was whether the repertory grid results of managers carrying out different strategic roles varied according to the 4 co-operative groups that had been derived, based on their levels of innovation and efficiency (i.e. their levels of readaptation). This analysis entailed the formation of 12 group grids (called "consensus" grids), i.e. a group grid for each of the 3 types of executives for each one of the 4 co-operative groups.

A comparison of the 4 consensus grids representing the chief executives from each of the 4 co-operative groups was carried out. Similar comparisons were carried out for the managers in charge of old activities and for the managers in charge of new activities. This enabled comparative pictures to emerge of how the different types of executives thought and operated in the different co-operative groups and how the roles of the different executives were co-ordinated in these groups. Were the more readaptive co-operatives organised differently to the less readaptive ones in terms of the strategy-manager fit?

*The E+I+ co-operatives:* It was found that managers of old activities in the high efficiency, high innovation co-operatives were very profit-oriented and identified less with a high growth outlook than their old business counterparts in other co-operatives. They were inward looking, primarily motivated toward efficient production. Thus, they seemed to fulfill their strategic roles more in the expected direction than the old business managers in the other co-operative groups.

Managers of new activities in the E+I+ co-operatives conveyed a cautious, relatively short-term impression of incremental change that is well organised, close to the customer and profit-oriented. These managers were highly geared to today's situation; a broader futuristic view of the industry and a growth orientation were not that relatively important to them.

It seems that entrepreneurial decisions involving growth, risk and innovation were made by the chief executives in the E+I+ co-operatives, which leaves less room for entrepreneurship at the managerial level, but still requires a high need for competent management; hence, we have the relatively conservative stance taken by the managers in charge of the new activities.

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The chief executives of the E+I+ co-operatives were particularly self-confident people. While they had a strong internal locus of control, feeling that they were in charge of their own destinies, at the same time they did not rule out good luck as an ingredient of success. In that respect, they differed from all the other subjects in the study who considered that by-and-large "you make your own luck".

*The E-I+ co-operatives:* The managers of old activities in the innovative, less efficient co-operatives valued risk taking which might have been counterproductive for their efficiency, perhaps by involving their co-operatives in imprudent expenditure. They had less commitment and energy but greater personal ambition than their counterparts managing old

business in the other co-operatives, possibly lacking the dogged persistence that mature enterprises demand. Generally, their sense of self was not clearly defined and they had a relatively poor self-image.

The managers of new enterprises in the E-I+ co-operatives had a good awareness of long-term strategic factors; they were expansive and imaginative in their outlook. In short, they displayed strong entrepreneurial attributes.

In these co-operatives, the chief executives were not decisive and displayed disdain for detail, strict organisation and methodical behaviour, preferring impulsive, instinctive action. They did not favour taking risks but were more inclined to take gambling as opposed to calculated risks when they did take any risks. These chief executives tended not to exercise strict control over their subordinates. This "permissive" attitude allowed the managers of new businesses to express tendencies that were beneficial for the innovativeness of the co-operative, but it also allowed the expression of tendencies by managers of the old businesses that diminished efficiency.

*The E+I- co-operative:* The findings were based on three individual grids, so they may be less generalisable than is the case for the other 3 co-operative groups.

The manager in charge of the old activity was seen as active and committed, decisive and highly risk averse; he was strongly conservative. All of these features conform to the result of high efficiency evidenced in this co-operative.

Short and long-term planning, good analysis and a commitment to action and implementation featured in the profile of the manager in charge of a new business in the E+I- co-operative. However, his profile also indicated a low priority given to innovation and the introduction of change. Thus, the planning and implementation skills of this manager may have been directed more toward improvement of the status quo rather than toward innovation, accounting for the low innovation score of the co-operative.

The low innovation score was also accounted for by the headline that was set by the chief executive. He gave a high priority to serving his customers, to resourcefulness and decisiveness along with an emphasis on making the right decisions and to profit-maximisation, all of which obviously contribute to efficiency in the form of a good return on net assets. While he showed some interest in innovativeness and growth, it took second place to his concern for immediate profitability.

*The E-I- co-operatives:* The managers in charge of old activities in the lowest efficiency, lowest innovation co-operatives had the most entrepreneurial profile of all the managers in charge of old activities. They were highest on innovation and growth orientation. Moreover, they were highly active in their behavioural orientations which means that they probably act on their entrepreneurial impulses. Although they were also cost conscious this may have been swamped by their interest in innovation. Their entrepreneurial interests may well have conflicted with their role as managers of mature activities.

In the E-I- co-operatives, those managers in charge of new businesses lacked a definitive view of their objectives and their roles. In general, they had no dedication to action or implementation. These results confirm a self-image on the part of these managers as poor planners and decision-makers.

It would appear that neither the new nor old business managers in the E-I- co-operatives were able to fulfill their strategic roles very effectively, in part, because they had received no clear direction on the nature of their roles and little or no support in carrying them out.

The chief executives in the E-I- co-operatives had a strong need to be in command and to be active. These needs along with an apparent belief in tough, ruthless management may have made them inconsistent delegators, creating an image of insensitivity to subordinates that damaged the fulfillment of organisational objectives. These chief executives did have an expansive interest in new technology and in strategic understanding of their industry alongside strong cost consciousness, two potentially opposing tendencies that they seemed unable to reconcile.

### **Conclusions and Discussion**

By and large the degrees of readaptation achieved in the different co-operative groups were reflected in the organisation of strategic roles and the resulting strategy-manager fit. It is concluded that the strategy-manager fit is dependent, firstly, on the effectiveness and clarity of the strategy itself, then on the locus of entrepreneurial decision-making and on other organisational factors.

The study indicates that the organisation of successful readaptation can take several forms. In the case of the E+I+ co-operatives, readaptation occurred because strategic decisions involving entrepreneurial initiatives were made at corporate level and competent managers were selected to implement these decisions.

A different model of intra-corporate entrepreneurship is proposed by Burgelman (1984) whereby entrepreneurial initiatives are taken at lower levels in the organisation and the role of corporate management is limited to the retroactive rationalisation of those initiatives. This model might describe the E-I+ co-operatives with their "laissez faire" chief executives that provided scope for the entrepreneurial initiatives of the managers in charge of new business units. However, a better strategy-manager fit in the old business units would have advanced efficiency as well as innovation in these co-operatives, since the study strongly suggests that risk-takers and entrepreneurially inclined people should not be in charge of activities that call for positive cash flow and tight controls. It may be that the Burgelman model suits companies that are attempting to introduce innovation, providing efficiency has already been achieved and will be maintained. The model that describes the E+I+ co-operatives may suit companies where a certain amount of innovation has already taken root and efficient management of that innovation is necessary in order to reap the financial benefits from it.

It has been suggested that the co-existence of efficiency and innovation cannot be achieved in one fell swoop. It may be more usual to first attain a moderate degree of innovativeness and graft efficiency on to it or to first become highly efficient and then move into innovation (Murray, 1985). Future scenarios should then see the E-I+ group of co-operatives become more efficient, perhaps as they begin to achieve economies of scale with expanding markets for their new products (moving to the E+I+ model of organisation?). By the same token the E+I- co-operative could begin to explore new territories and become more innovative (moving to the Burgelman model?). Perhaps the reason for the non-readaptive position of the E-I- co-operatives is that they have tried to strike out in too many directions at once and have become immobilised.

This study examined the scenario at one point in time. It would be interesting to explore the dynamics of the organisation of readaptation over a longer time period. A longitudinal study could establish whether there is some necessary evolution of organisational models involving the selection of executives to carry out particular strategies in order to achieve maximum readaptation in the first instance, and then to maintain it over time in the context of changing business climates and industry structure.

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## **HOTEL MANAGERS: AN EXAMINATION OF THEIR BUSINESS IDEOLOGY**

Gerald Shortt\*

Many eminent authorities have called our age the 'era of management' (Gasse 1982). Until recently, the entrepreneur was regarded as a remnant, a legendary figure from the age of aristocratic capitalism. The entrepreneur with his control over great enterprises was supposed to have been supplanted by professional managers and administrators using sophisticated management techniques and decision aids. Contrary to this, recent studies of the work of hotel managers have shown that the performance of entrepreneurial activities appears to be viewed by practitioners as contributing to managerial effectiveness.

Many recent writers are still struggling with the definition of entrepreneurship. Three recurring themes emerge from the various definitions — namely that entrepreneurship involves (a) uncertainty and risk, (b) complementary managerial competence, and (c) creative opportunities (Sexton and Smilor, 1986). The entrepreneur has been described as the individual whose function is to carry out "enterprise"; the innovator, concerned with doing new things or old things in a new way; a risk taker; an organisation builder, and a decision-maker. Definitions such as these appear to be rooted in the field of economics and are closely related to starting new organisations. Definitions have altered as business concepts have evolved and ownership forms have changed. It once appeared to be a requirement that a business must be owned to qualify as an entrepreneur. This is no longer the case. Many researchers believe it to be possible for entrepreneurs to exist as employees of large organisations (Sexton and Smilor, 1986).

Contemporary writers have coined the term 'intrapreneur' (corporate entrepreneur) to embrace those individuals in organisations who have

. . . . guided autonomy . . . . working within recognised boundaries yet thriving on the flexibility and freedom provided by a receptive corporate structure (Ferguson, Berger, and Francese, 1987)."

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Mintzberg (1973) takes this view of entrepreneurship, and defines it within the framework of his managerial role theory as a role managers may have to play. Mintzberg focusses on all managerial work associated with systematic change in ongoing (as well as new) organisations. "In the entrepreneur role", he writes

"the manager acts as initiator and designer of much of the controlled change in his organisation. The word 'controlled' implies that the manager makes changes of his own free will — exploiting opportunities, solving non-pressing problems."

Several writers have used Mintzberg's (1973) conception of entrepreneurial activities. In Ley (1978) and Arnaldo (1981) the entrepreneur role was seen to be very important. Shortt (1988), in a study of the work activities of hotel managers in Northern Ireland, reports a significant correlation between size of establishment and the importance managers attached to the performance of the entrepreneur role. This research would appear to suggest that, as the number of employees supervised rises, so does the importance of performing entrepreneurial activities. The majority of managers in this study rated the performance of the entrepreneur role as being very important to managerial effectiveness. Some support for these studies is also found in Law and Schruger (1982). None of these studies, however, attempted to draw a distinction between employed- and owner-managers. The words 'entrepreneur' and 'entrepreneurial' have been used extensively. But are there measurable differences in the way in which these two distinct types of manager will view their relationship with the organisation managed? This paper addresses the extent to which employed managers and owner managers are psychologically different in their beliefs about the management process.

The literature on entrepreneurship contains many cases and studies showing that organisational effectiveness is closely related to a particular type of business and managerial ideology. (Cole, 1959; McClelland, 1961; Sayigh, 1962; Lipman, 1969; Collins and Moore, 1970). These studies show a consistency regarding the beliefs claimed to be the most appropriate for business effectiveness. It is not one particular belief which is deemed important but the whole system of beliefs — the manager's business ideology.

It may be suggested that the management process is owner-managed hotels will be quite different compared to hotels which are managed by an employed manager. In fact, it may be hypothesised that the role of the owner- manager (hereinafter called the "entrepreneur"), may be quite different from the employed manager (hereinafter called the "administrator"). The term entrepreneur, that is, a person in effective

control of a business unit, underlines the adaptive nature of the managerial process in the owner-managed firm. It has connotations of enterprise, opportunism, individuality and intuition. It can be contrasted with the connotations of the term administrator, which may be associated with notions of organisation, planning, rationality and the predictive management processes. The argument that is being developed is one to preface the general hypotheses that the entrepreneur has both a different function from the administrator and a different set of attitudes and beliefs about the nature of the management process and business in general. This may be described as their cognitive orientation.

“Cognitive orientations make reference to the attitudes, beliefs and values of the (manager) toward various aspects of the business world deemed to be relevant in the dynamic functioning of (the) business enterprise (Gasse, 1983).”

It is the individual's cognitive orientation which determines the emphasis placed on various aspects of management, and their relative importance in improving the organisation's performance.

### **Hypotheses**

The general hypothesis advanced earlier can be refined to the following null hypothesis: There will be no differences in cognitive orientation between owner-managers (entrepreneurs) and employed managers (administrators).

### **Research Procedure**

#### *The Business Ideology Scale*

On the basis of previous research the following beliefs were singled out for investigation. These were incorporated into the Business Ideology Scale (BIS) (Gasse, 1977).

#### *1) Belief about the firm and businessman*

This identifies the subject's view of both the company and his role within the organisation.

#### *2) Belief about risk-taking*

The willingness to take calculated risks was identified as being important.

#### *3) Belief about wealth and material gain*

This area evaluates the manager's perception of profits; investments; interests; economic security.

#### *4) Belief about subordinates*

This assesses how well the manager trusts his subordinates.

*5) Belief about business growth*

This identifies how far the manager evisages his company growing.

*6) Belief about scientific methods and practices*

This section examines the manager's attitude towards the methodology developed for the analysis of various problems in the physical and social sciences as well as in the business world.

*7) Belief about competition*

This section is concerned with the manager's competitiveness and economic aggressiveness.

*8) Belief about uncertainty and change*

This evaluates the manager's openness to change.

*9) Belief about delegation of authority*

This examines the willingness of the manager to delegate authority.

*10) Belief about the control of fate in business*

This area examines the manager's perception of control/influence over the business, or how much he relies on chance and external forces.

The BIS is an index of the business ideology of the management practitioner. Scores on this instrument can vary from one pole of a continuum to the other. For purposes of identification one pole was characterised as entrepreneurial ideology and the other was called administrative ideology. Details concerning the validity and reliability of the BIS are contained in Gasse (1975).

**Research sample**

Five hundred managers who were members of the Irish Hotels Federation were sent an introductory letter by the Chief Executive of the Federation. This outlined the project and requested the participation of the manager in the research. The Business Ideology Scale, and an additional schedule requesting further information relating to the manager's position within the organisation, was sent one week later. Two week's following this mailing a remainder and second copy of the BIS was sent to those managers who had not replied. This procedure closely followed that recommended by Blank (1984) to maximise questionnaire returns.

Of the five hundred instruments sent to managers, three hundred and seven usable responses were received. This represents a response rate of 61.4%, which is unusually high for survey research. It is probable that the involvement of the Irish Hotels Federation contributed significantly to this response rate.

## Results

All questionnaires were scored for Business Ideology. Using data obtained from respondents about their position in the organisation, they were classified as either entrepreneur or administrator. This analysis showed that there were 163 individuals who could be classified as entrepreneurs and 144 who could be classified as administrators in the sample.

To test the null hypothesis that there would be no differences in the cognitive orientations of entrepreneurs and administrators the mean scores for each category of manager on the BIS were inspected. These are shown in Table 1.

Table 1: *Mean scores (BIS) for each category of respondent*

Entrepreneurs (n = 163)	Administrators (n = 144)
Mean = 84	Mean = 101
s.d. = 11.3	s.d. = 15.7
'U' = 14.5 p ≤.001	

In studying the means and standard deviations presented in Table 1, it becomes apparent that there is a considerable distance between the means of both groups. In light of this the scores were subjected to the Mann-Whitney 'U' test. Results of this analysis can be found in Table 1.

On the basis of these results the null hypothesis was rejected.

It should be borne in mind that the lower the score on the BIS the more entrepreneurial-oriented is the individual's business ideology. In an effort to trace any further relationships between category of manager and business ideology held, a  $2 \times 2$  contingency table was constructed. Respondents with scores below the mean for entrepreneurial ideology were classified as strongly entrepreneurial-oriented; those with scores above the mean as less entrepreneurial-oriented. Respondents whose scores were above the mean for administrative ideology were classified as strongly administrative-oriented and those with scores below the mean as less administrative-oriented. Table 2 shows the results of this analysis.

Table 2: *Contingency table for high/low entrepreneurial/administrative orientation*

	High	Low
Entrepreneurial orientation	135	28
Administrative orientation	98	46
Chi-sq = 9.113 with 1 df		
Significant at p < .01		

This suggests support for the alternative hypothesis that there are differences in the business ideology of both categories of manager and the *a priori* classification of the respondents as having either entrepreneurial or administrative orientations.

### **Discussion**

Previous research (reported *supra*) on managers views about entrepreneurial activities has shown that managers *report* that they see this as being a very important part of their work. Shortt (1988) has pointed to a problem with this type of research. Social desirability may influence how a manager responds to questionnaire items. What may be reported is what the manager *thinks* is important and not what he actually does in practice. If this is the case, however, it has some implications regarding the conclusions that may be drawn from the present study. There appears to be a discrepancy between reported and actual entrepreneurial activity. The results of this study show that managers are spread out along a continuum, with high entrepreneurial orientation at one end, and high administrative orientation at the other. A significant number (98) have a high administrative orientation and a further 28 exhibit a low entrepreneurial orientation. This cognitive orientation, it will be recalled, is associated with connotations of organisation, planning, rationality and the predictive management process. This finding is in conflict with research, performed on the same population (Shortt, 1988), in which all managers rated the performance of entrepreneurial activities as being very important. The answer to this paradox may lie in the way in which managers are themselves 'managed'. Intrapreneurship, and the conditions for it, seems to be part of this answer.

Ferguson *et al* (1987) suggest ways in which organisations can be overhauled to provide the conditions for intrapreneurship. There are two crucial areas: the internal decision-making style and the company's organisation structure. Barriers to intrapreneurship include cumbersome hierarchies, excessive budgetary control, resistance to change, conservative approaches to risk taking, and reliance on normative decision-making, inflexible organisation structures and an unyielding hierarchy. The extent to which these organisational pathologies are present in the organisations of the managers studied is unknown and this is clearly an area for future research.

### **Conclusion**

This study tried to demonstrate the differences in business ideology between employed managers and owner-managers in the hotel industry in Ireland. Business ideology does appear to have an influence on the individual's perception of the organisation and how it should be managed. Although environmental and individual influences are difficult to

separate, it may be hypothesised that organisational effectiveness is related to the manager's cognitive orientation and functioning. Inevitably, more research is needed to better explain and predict which ideology, entrepreneurial or administrative, is the contributor to organisational effectiveness.

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