

QUESTION MARK CULTURE: HOW CULTURE AFFECTS
ENTREPRENEURSHIP AT AMAZON

by

Burton Cowles

Submitted in partial fulfillment of the
requirements for Departmental Honors in
the Department of Management, Entrepreneurship, and Leadership
Texas Christian University
Fort Worth, Texas

May 4, 2015

QUESTION MARK CULTURE: HOW CULTURE AFFECTS
ENTREPRENEURSHIP AT AMAZON

Project Approved:

Supervising Professor: Ted Legatski, Ph.D.

Department of Management, Entrepreneurship, and Leadership

Michael Sherrod, MBA

Department of Management, Entrepreneurship, and Leadership

Eric Simanek, Ph.D.

Department of Chemistry

ABSTRACT

This exploratory study of corporate culture's effect on entrepreneurship first defines and reviews literature of intrapreneurship and entrepreneurial orientation (EO). A case study of Amazon.com leads to discussion of the company's operations, vision, values, and founder. Through analysis of Amazon's culture, this research aims to develop a model with recommendations for companies to remain entrepreneurial past the startup phase. The essence of this research is to explore how culture can affect entrepreneurship within existing organizations.

TABLE OF CONTENTS

INTRODUCTION	1
LITERATURE REVIEW	3
Entrepreneurial Orientation	3
Intrapreneurship	10
METHODOLOGY	18
Amazon Company Overview.....	18
Amazon Culture.....	22
Jeff Bezos	22
Leadership Principles.....	26
ANALYSIS.....	27
FINDINGS	31
RECOMMENDATIONS/IMPLICATIONS.....	33
CONCLUSION	35
WORKS CITED.....	37



INTRODUCTION

Intrapreneurship is the process of being an entrepreneur within an established organization. Intrapreneurs are able to use their organization's resources in order to start new ventures or initiatives. These ventures can have a variety of goals, such as financial gain, diversification, corporate responsibility, etc., but the overarching goal of intrapreneurial ventures is to benefit the larger organization. Firms that practice intrapreneurship take on the same risk that entrepreneurs do, but also have the opportunity to reap the same kinds of rewards. Intrapreneurship is much more common in firms that have an entrepreneurial orientation (EO), which is a term used to describe an environment where collaboration, creativity, and innovation are encouraged and appreciated. Some industries, like the tech industry, are better known than others for intrapreneurship, but that does not mean that intrapreneurship is only possible in certain industries. This paper will address intrapreneurship as it is facilitated by the culture at Amazon.com.

Extensive research exists on intrapreneurship and EO. Many researchers have studied the factors that create environments conducive to intrapreneurship.

Studies of these factors of EO refer mainly to creativity and collaboration, but studies of intrapreneurship go further to include the actions necessary for intrapreneurial ventures. Extensive research also exists on the retail giant Amazon.com and its founder Jeff Bezos.

While there is plenty of research on these topics, major gaps exist between the two. Intrapreneurship studies are mostly broad and are seldom specific to current industries or companies. This can lead to questions of application for specific businesses or businesses operating in specific industries because industry factors often affect the way that innovation and creativity occur. Additionally, the vast majority of literature on Amazon focuses primarily on Jeff Bezos instead of the company as a whole organization.

The major research question this paper seeks to answer is: How does intrapreneurship occur at Amazon? This paper will proceed with a literature review of articles about intrapreneurship, EO, and Amazon, and provide relevant study of the culture at Amazon. Next, the paper will analyze the research, attempt to generalize the findings to other companies, then conclude implications of the research.



LITERATURE REVIEW

Entrepreneurial Orientation

In addition to research on intrapreneurship, extensive research exists on the concept of entrepreneurial orientation (EO). Entrepreneurial orientation is usually defined as a multidimensional construct, applied at the organizational level, which characterizes firm's entrepreneurial behavior and includes one or several of these three dimensions: risk-taking, innovativeness and proactiveness. Intrapreneurship is the end result, but the situation must be right in order for intrapreneurship to occur. Organizations with strong EO are the organizations that can most effectively provide such a situation.

Lumpkin and Dess (1985) use autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness as the five dimensions of EO. Park, Kim, and Krishna (2014) claim that a crucial part of EO is "a system for employees to participate in managerial processes through which they may help in identifying emerging threats or opportunities, novel practices, or creative ideas for innovation." (p. 532).

There is argument in the academic community about EO's level of application. That is, whether EO applies to individuals, business units, or entire organizations. Entrepreneurship is widely viewed as an individual process because many famous entrepreneurial ventures are known for their revolutionary leaders. Examples of this include Apple founder Steve Jobs and Amazon's Jeff Bezos. While entrepreneurship often starts at an individual level, Lumpkin and Dess (1996) focus on EO as a firm-wide phenomenon.

Many different researchers have also argued about whether EO is a disposition or a behavior. Covin and Lumpkin (2011) sought to create a mutual agreement in the academic community and understood EO as a direction of thought, inclination, or interest pertaining to entrepreneurship. As a response to the question of disposition or behavior, the authors suggested “A behavioral model of entrepreneurship because behaviors rather than attributes are what give meaning to the entrepreneurial process. An individual’s psychological profile does not make a person an entrepreneur. Rather, we know entrepreneurs through their actions. Similarly, non-behavioral organizational-level attributes, like organizational structure or culture, do not make a firm entrepreneurial. An organization’s actions make it entrepreneurial. In short, behavior is the central and essential element in the entrepreneurial process.” (p. 139). This reinforces the notion that the behaviors create EO, and that EO leads to intrapreneurship.

Lumpkin and Dess (1996) focus on autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness as the dimensions of EO. Two of these dimensions, innovativeness and proactiveness, are shared with the dimensions of intrapreneurship Antoncic and Hisrich (2001) provided.



The first dimension of Lumpkin and Dess's (1996) framework is autonomy. Entrepreneurship is known for independent thinkers that have gone out on their own to start new ventures. In the same way, organizations must give employees autonomy so they are not inhibited by the organization. Rather than inhibiting, freedom allows employees to utilize their creativity and champion new ideas, initiatives, or projects. "Autonomy refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion. In general, it means the ability and will to be self-directed in the pursuit of opportunities. In an organizational context, it refers to action taken free of stifling organizational constraints." (p. 140). Autonomous employees are able to make key decisions and adapt quickly to threats and opportunities.

Two types of autonomy exist within this dimension. The first is autocratic, which means that one strong leader has autonomy over the project. Furthermore, the project as a whole has autonomy, but not each individual within the project. The other type of autonomy is more democratic. In this instance, each member of the project team has autonomy within the project. This democratic form of autonomy is ideal, but it is contingent upon the project leader gaining autonomy from the larger organization. The leader can then grant autonomy to the members of his intrapreneurial team as well.

Another factor that affects employees' degrees of autonomy is the ownership structure of the organization. "For example, in a firm in which the primary decision maker is the owner/ manager, autonomy is implied by the rights of ownership."

(Lumpkin and Dess, 1996, p. 141). This is in contrast to massive corporations, where even CEOs may not have full autonomy.

A valuable tactic for increasing autonomy within an organization is to flatten the hierarchy. Organizations with flat hierarchies eliminate systematic frustrations that come from having to get approval from superiors in order to make decisions. While re-structuring the firm can lead to more autonomy, further action is also required. "Firms must actually grant autonomy and encourage organizational players to exercise it." (p. 142). This often occurs in the form of champions that are shielded from organizational norms or resource restrictions that may hamper projects. These champions can also then extend their own autonomy to others, creating democratic autonomy.

The next dimension of EO is innovativeness. Lumpkin and Dess (1996) asserted that innovativeness is a company's inclination to pursue and support new ideas, experimentation, and creative processes that may result in new products, services, or processes. Innovativeness represents a firm's willingness to depart from existing technologies or practices and venture beyond current norms. There are two major categories Lumpkin and Dess use for their analysis of innovation: product market innovation and technological innovation. "Even this broad categorization may be hard to distinguish; however, because innovativeness frequently represents considerable overlap and blending of product market and technological innovation, as in the case of technologically sophisticated new products designed to meet specific market demand. In either case, innovativeness is

an important component of an EO, because it reflects an important means by which firms pursue new opportunities.” (p. 143).

Innovativeness can also occur along a spectrum from a simple willingness to try a new product line or experiment with a new advertising venue, to a passionate commitment to continuous advancement in new products or technological advances. Some companies might allow managers to flush out ideas, or innovation might be a core aspect of the company’s culture. Of the EO dimension, innovation is one that could easily translate to intrapreneurship.

Another EO dimension that can directly contribute to intrapreneurship is risk-taking. Inherent in the concept of entrepreneurship is the assumption of personal risk to achieve goals. In the same way, an organization’s propensity for risk (or lack thereof) can support (or detract from) intrapreneurship. Like in innovativeness, there are categories of risk-taking. The first category, venturing into the unknown, conveys a sense of uncertainty and applies generally to risk such as personal risk, social risk, or psychological risk (1996). In the context of an existing organization, this type of risk-taking could include entering a new product category, geographic market, or industry. Another type of risk is financial or asset risk. “Firms with an entrepreneurial orientation are often typified by risk-taking behavior, such as incurring heavy debt or making large resource commitments, in the interest of obtaining high returns by seizing opportunities in the marketplace” (p. 144).

Risk-taking can also occur on a spectrum. Simple, safe risks, like depositing money in a bank, low-risk investments, or restocking the shelves represent one end

of this spectrum. Meanwhile, actions such as borrowing large amounts of money, pursuing unexplored technologies, or introducing new products into new markets represent high-risk activities. Further research is required to determine whether the level of risk affects EO.

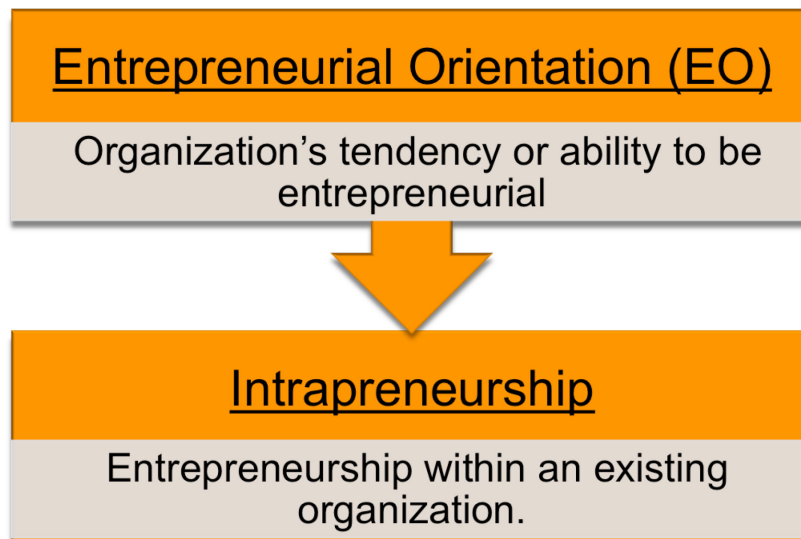
The next EO dimension is proactiveness, which could also be called opportunism. Proactiveness may be crucial to EO because it suggests a forward-looking perspective that is accompanied by innovative or venturing activity (1996). One advantage to proactiveness is staying out in front of external opportunities or threats. Proactiveness can also lead to competitive advantage through first-mover advantage if a firm is proactive enough to beat other firms to an opportunity (1996).

While this dimension could be seen as primarily competitive, Lumpkin and Dess distinguish between proactiveness and the final dimension, competitive aggressiveness. "Although closely related to competitive aggressiveness, we feel there is an important distinction between it and proactiveness that needs to be clarified. Proactiveness refers to how a firm relates to market opportunities in the process of new entry. It does so by seizing initiative and acting opportunistically in order to "shape the environment," that is, to influence trends and, perhaps, even create demand. Competitive aggressiveness, in contrast, refers to how firms relate to competitors, that is, how firms respond to trends and demand that already exist in the marketplace" (p.147).

The last dimension of EO, competitive aggressiveness, refers to a firm's propensity to directly and intensely challenge its competitors to outperform industry rivals in the marketplace. Unlike proactiveness, competitive

aggressiveness is typically classified as response or reaction to other competitors (1996). Innovativeness and risk-taking heavily contribute to the way in which firms react and respond to their competitors. For example, entering into a new market that a competitor has decided to enter poses risk and demands innovation. One key goal of this dimension is achieving competitive advantage (1996). The vigor with which a firm pursues these advantages is one way to measure competitive aggressiveness.

These dimensions represent a solid framework for assessing and analyzing EO in organizations. Autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness are general terms that can be applied in various degrees to any organization, but firms where these dimensions are more prevalent will experience greater EO.



Intrapreneurship

In previous research, intrapreneurship was viewed as a process by which individuals inside organizations pursue opportunities without regard to the resources they currently control (Stevenson and Jarillo, 1990), as doing new things and departing from the customary to pursue opportunities (Vesper, 1990), and as a spirit of entrepreneurship within the existing organization (Hisrich and Peters, 1998).

Some researchers used narrower definitions excluding smaller organizations and focusing on corporations (Burgelman, 1983, 1985; Kuratko et al., 1993; Pinchot 1985; Rule and Irwin, 1988; Schollhammer, 1982). Others limited themselves to just new venture formation (Baduerahanian and Abetti, 1995; Kanter and Richardson, 1991). Vesper (1984) defined intrapreneurship as “employee initiative from below in the organization to undertake something new; an innovation which is created by subordinates without being asked, expected, or perhaps even given permission by higher management to do so” (p. 295). Antoncic and Hisrich (2001) defined intrapreneurship more simply as “entrepreneurship within an existing organization. It refers to a process that goes on inside an existing firm, regardless of its size, and leads not only to new business ventures but also to other innovative activities and orientations such as development of new products, services, technologies, administrative techniques, strategies, and competitive postures.” (p.498)

According to Antoncic and Hisrich (2001), the concept of intrapreneurship has four distinct dimensions. First, the new-business-venturing dimension refers to

pursuing and entering new businesses related to the firm's current products or markets. New business venturing is "the most salient characteristic of intrapreneurship because it can result in a new business creation within an existing organization by redefining the company's products (or services) and/or by developing new markets" (Antoncic and Hisrich, 2001, p.498).

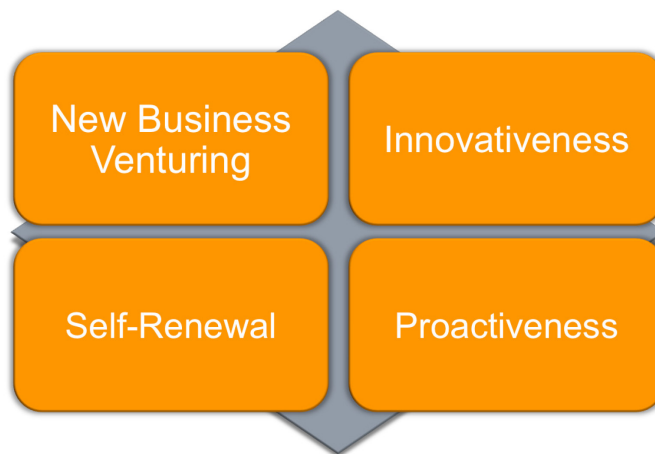
Second, the innovativeness dimension refers to product and service innovation with emphasis on development and innovation in technology (Antoncic and Hisrich, 2001). Schollhammer (1982) said that intrapreneurship includes new product development, product improvements, and new production methods and procedures. Knight (1997) described innovation as the development or enhancement of products, services, and techniques and technologies in production as part of organizational innovativeness.

Antoncic and Hisrich (2001) description of the self-renewal dimension emphasizes the strategy reformulation, reorganization, and organizational change. This includes strategic and organizational change connotations and includes the redefinition of the business concept, reorganization, and the introduction of system-wide changes for innovation (Zahra, 1993). Vesper (1984) also considered new strategic direction, or a significant departure from corporate strategy, as a part of intrapreneurship.

Finally, the proactiveness dimension reflects top management orientation in pursuing enhanced competitiveness and includes initiative and risk-taking, and competitive aggressiveness, and boldness. The concept of proactiveness "refers to the extent to which organizations attempt to lead rather than follow competitors in

such key business areas as the introduction of new products or services, operating technologies, and administrative techniques” (Covin and Slevin, 1986, p. 631).

These dimensions provide a framework for assessing intrapreneurship. While these four factors are not fully exhaustive in terms of intrapreneurial activity, they provide a broad lens through which researchers can analyze activity within enterprises. Another important note is that not all activities that fall into these dimensions will result in intrapreneurship. While some factors listed above are results of intrapreneurship, some are merely symptoms. For example, a company could experience self-renewal through a re-branding campaign without internally changing its strategy or core functions. In this case, the change would be within one department, with the results being primarily external.



Although most theories on all forms of entrepreneurship are based almost exclusively on American research, Antoncic and Hisrich (2001) assess both Slovenia and the US. Because the authors used two vastly different economies, these theories become much more generalizable. The research concluded that intrapreneurship is

positively related to organizational and environmental predictors, growth, and profitability. These results were also found to be true cross-culturally.

Van Dyne and LePine (1998) introduced that employee voice, or “employee expression of constructive ideas, information, and opinions about change in organizations,” (p.85) is another vital part of intrapreneurship. These authors argue that the way organizations manage employee’s ability to communicate is a major in organizational innovativeness. They call this information trafficking. “Information trafficking in management is like the blood stream of an organization by which strategic opportunities are taken and incubated, and strategic threats detected and controlled.” (Van Dyne and LePine, 1998, p. 534) Individual employees are not merely the nuts and bolts of an organization, but informational agents who convey and promote organizational interests. They also collect and circulate information essential to the organization. They are communicators who are continuously exposed to environmental signs related to organizational missions and strategic goals. They are capable of detecting, selecting, and sharing the signals with other members of the organization. Management strategies and institutional values are almost always enacted through employees’ communicative behaviors (ECB’s).

Kim and Rhee (2011) explored ECB’s and presented the idea of scouting, which is defined as “Employees’ voluntary communicative efforts for attending to and seeking organization-related information, and the sharing and forwarding of such information with relevant organizational members.” (p.535). Scouting expands on the concept of environmental scanning, which is defined as a formal “gathering of information about the publics, about reactions of publics toward the organization,

and about public opinion toward issues important to the organization” (Dozier, 1986, p. 1). In contrast, scouting states that employees acquire information from internal and external environments daily and pass the acquired information along to members of their organization. Kim, Park, and Krishna (2014) note that this passing along of information leads to a buzz around the organization that formal communication channels are incapable of creating. This is particularly valuable for strategic ideation because according to public relations and management researchers, about two thirds of strategic information tends to come through informal ways (p. 535). These informal forms of communication are typically great sources for identifying opportunities for innovation and threats in the market or industry. Kim, Park, and Krishna (2014) add that employees with task expertise and frequent communication with strategic constituencies may discover critical changes of task and social environments. In summary, scouting allows employees to freely exchange potentially valuable information throughout the organization, which can lead to significant strategic change.

Kim, Park, and Krishna (2014) also mention entrepreneurial employees as a major factor of intrapreneurship. They state “New ventures can start within the organization if an organization can motivate and facilitate entrepreneurial thinking among employees about their work processes. Intrapreneurial employees will be more likely to seek out and share innovative ideas and information and make their hosting organization more innovative, competitive, and successful,” (p. 537). This is distinctly different than saying that entrepreneurial founders or executives are key. The idea here is that product and service innovation is more effectively originated

from people who work closely with the products, services, and customers. Moreover, organizational innovation is best ideated and executed by employees who know the products, services, and operational processes of the organization. In both of these cases, the people with the best knowledge are employees, not executives or senior leaders. However, in order for employees to be effective in this way, they must engage in proactiveness and innovative thinking. In addition, Kim, Park, and Krishna (2014) say “scouting aligns with the characteristics of intrapreneurship in its proactiveness and innovativeness,” (p.537). This claim links the authors’ main ideas and adds that scouting is complimentary for intrapreneurial employees. While they do not argue that the two are contingent on each other, but their hypothesis is that scouting will lead to more intrapreneurial employees.

Kolchin and Hyclak (2001) presented numerous attributes that apply to intrapreneurs. While many of these attributes are generic and applicable to any good employee, the authors offer some more unique traits as well. One example is that intrapreneurs must be equally focused on internal stakeholders and the customer. Another is that they are much less risk-averse than other corporate employees. The authors even go so far to say that intrapreneurs should have no fear of being fired. This will make them open to taking necessary, calculated risks. Emphasis is also placed on how intrapreneurs operate within what Kolchin and Hyclak (2001) call “the system.” Intrapreneurs generally have disdain for the system, but have enough wit to successfully maneuver and manipulate it. This allows them to maintain relationships within the organization while still taking an entrepreneurial approach to getting things done.

The second contribution that Kolchin and Hyclak (2001) make is the case of a traditional intrapreneur. In the case, the authors give an example of a general manager who utilizes intrapreneurial philosophy. The manager creates and executes strategies to make production and labor more efficient. This led to success for the manager that also allowed him to stay within the larger company's system. One important takeaway from this case was the importance of the company's perception of the project. The intrapreneur did not have fully support to be creative, so he had to maintain a certain appearance in the eyes of upper management. This is one of many ways intrapreneurs can be effective and successful in rigid corporate environments.

Karvounis (2012) gives some examples of beneficial strategies or "plays" for intrapreneurial employees to be more effective. The first of these plays is to manage expectations downward. This may seem counter-intuitive because traditional entrepreneurs all want to generate hype for their new projects. The chief reason that this is beneficial is that high expectations often come with high levels of attention from executives. This unneeded attention only serves to stifle innovation and creativity, so it is important to avoid too much hype for intrapreneurship. One tactic for keeping manageable expectations is to refer to new projects as "pilots." According to Karvounis (2012), pilot is code for "this project might not actually work."

The second play that intrapreneurs can use is systematically staging risk. While entrepreneurs succeed by being idealists and visionaries, a more pragmatic approach is required for intrapreneurs. One tool for showing a pragmatic

orientation is to create a roadmap that sets milestones and constantly re-evaluates the project. The third play for intrapreneurs is bootstrapping. Bootstrapping is yet another counter-intuitive tool because their organizations often have plentiful resources to spare. Bootstrapping is very common in entrepreneurial ventures where it is difficult to secure funding, but the tactic can be very beneficial to intrapreneurial projects too. The benefits of bootstrapping are similar to those of managing expectations. A large capital investment also comes with the expectation of large monetary results, which can invite unwanted pressure.

Rathna and Vijaya (n.d.) examine major similarities and differences of entrepreneurs and intrapreneurs. While many people would intuitively think that entrepreneurs and intrapreneurs might have identical skillsets, the two groups have some differences. This study looked at how the two different groups rate the importance of certain competencies, as well as how frequently members of each group use the competencies. One major difference is entrepreneurs' greater emphasis on venturing competencies in contrast to intrapreneurs' greater emphasis on managerial competencies. The biggest difference from the study was the frequency of use of learning orientation competencies. Intrapreneurs and entrepreneurs both rate learning orientation as being very important, but intrapreneurs do not use those competencies frequently at all. Although differences exist, most competencies are similarly valued and utilized between the two groups.



METHODOLOGY

For methodology, this research uses a case study of Amazon.com's operations and corporate culture. The following section comes directly from Amazon.com and provides a detailed overview of Amazon.com, Inc.

Amazon Company Overview (Source: Amazon.com)

Amazon.com, Inc. (Amazon or 'the company') is one of the largest global online retailers. It offers a wide range of merchandise, including books, apparel, electronics and other general merchandise products through its website www.amazon.com. Amazon also operates through various international websites. The company has operations in North America, Europe and Asia. It is headquartered in Seattle, Washington and employed about 117,300 people as of December 31, 2013.



The company recorded revenues of \$74,452 million in the financial year ended December 2013 (FY2013), an increase of 21.9% over FY2012. The operating profit of the company was \$745 million in FY2013, an increase of 10.2% over FY2012. The net profit was \$274 million in FY2013, compared to the net loss of \$39 million in FY2012.

Amazon.com strives to be Earth's most customer-centric company where people can find and discover virtually anything they want to buy online. By giving

customers more of what they want (low prices, vast selection, and convenience)

Amazon.com continues to grow and evolve as a world-class e-commerce platform.

Founded by Jeff Bezos, the Amazon.com website started in 1995 as a place to buy books because of the unique customer experience the Web could offer book lovers. Bezos believed that only the Internet could offer customers the convenience of browsing a selection of millions of book titles in a single sitting. During the first 30 days of business, Amazon.com fulfilled orders for customers in 50 states and 45 countries- all shipped from his Seattle-area garage.

It is by design that technological innovation drives the growth of Amazon.com to offer customers more types of products, more conveniently, and at even lower prices. Among its many technological innovations for customers, Amazon.com offers a personalized shopping experience for each customer, book discovery through "Search Inside The Book", convenient checkout using "1-Click® Shopping", and several community features like Wish Lists (www.amazon.com/wishlists) that help customers discover new products and make informed buying decisions.

Amazon.com operates retail websites and offers platforms that enable third parties to sell products on our websites. Our retail websites include:

www.amazon.com, www.amazon.co.uk, www.amazon.de, www.amazon.co.jp,

www.amazon.fr, www.amazon.ca, www.amazon.cn, www.amazon.it,

www.amazon.es, www.amazon.com.br and www.amazon.in. We also provide

platforms for third-party retailers, marketing and promotional services, and web

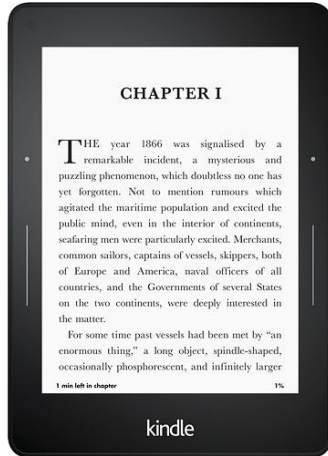
services for developers. In addition, we operate other websites, including

www.a9.com and www.alexa.com that enable search and navigation and www.imdb.com, a comprehensive movie database.



In 2000, Amazon.com began to offer its best-of-breed e-commerce platform to other retailers and to individual sellers. Today, more than two million small businesses, world-class retail brands and individual sellers increase their sales and reach new customers by leveraging the power of the Amazon.com e-commerce platform. Through programs such as Selling on Amazon, Fulfillment by Amazon, Amazon Webstore, Checkout by Amazon, Product Ads and Advantage, sellers of all shapes and sizes offer their selection to Amazon.com customers by using various components of the e-commerce platform.

Launched in 2006, Amazon Web Services (AWS) began exposing key infrastructure services to businesses in the form of web services- now widely known as cloud computing. The ultimate benefit of cloud computing, and AWS, is the ability to leverage a new business model and turn capital infrastructure expenses into variable costs. Businesses no longer need to plan and procure servers and other IT resources weeks or months in advance. Using AWS, businesses can take advantage of Amazon's expertise and economies of scale to access resources when



their business needs them, delivering results faster and at a lower cost. Today, Amazon Web Services provides a highly reliable, scalable, low-cost infrastructure platform in the cloud that powers hundreds of thousands of enterprise, government and startup customers businesses in 190 countries around the world. AWS offers

over 30 different services, including Amazon Elastic Compute Cloud (Amazon EC2), Amazon Simple Storage Service (Amazon S3) and Amazon Relational Database Service (Amazon RDS). AWS services are available to customers from data center locations in the U.S., Brazil, Europe, Japan, Singapore and Australia.

In 2007, Amazon introduced the first Kindle, the revolutionary portable reader that wirelessly downloads books, magazines, newspapers, blogs and personal documents to a crisp, high-resolution electronic ink display that looks and reads like real paper. Kindle Paperwhite is the most-advanced e-reader ever constructed with 62% more pixels and 25% increased contrast, a patented built-in front light for reading in all lighting conditions, extra-long battery life, and a thin and light design. The new latest generation Kindle, the lightest and smallest Kindle, now features new, improved fonts and faster page turns. In 2011, Amazon introduced the first Kindle Fire tablet, combining 15 years of innovation into a fully integrated, end-to-end service for customers.

Kindle Fire quickly became the most successful product launch in the history of Amazon.com, earning over 10,000 5-star customer reviews, remaining the #1

best-selling product across the millions of items available on Amazon since its introduction. A year later, Amazon introduced Kindle Fire HD, which features a stunning custom high-definition display, exclusive Dolby audio with dual stereo speakers, high-end, laptop-grade Wi-Fi with dual-band support, dual-antennas and MIMO for faster streaming and downloads, enough storage for HD content, and the latest generation processor and graphics engine—and it is available in two display sizes—7” and 8.9”. The large-screen Kindle Fire HD is also available with 4G wireless, and comes with a groundbreaking \$49.99 introductory 4G LTE data package. The all-new Kindle Fire features a 20% faster processor, 40% faster performance, twice the memory, and longer battery life. Amazon has also been introducing a series of free “Buy Once, Read Everywhere” Kindle apps which let customers read their Kindle books on all of the most popular devices and platforms, including Android, iPad, iPhone, PC, Mac, BlackBerry, Windows Phone and most recently, web browsers with Kindle Cloud Reader.

Amazon's evolution from Web site to e-commerce partner to development platform is driven by the spirit of innovation that is part of the company's DNA. The world's brightest technology minds come to Amazon.com to research and develop technology that improves the lives of shoppers, sellers and developers around the world.

Amazon Culture

Jeff Bezos

The unique culture of Amazon is an incredibly important part of how the company operates and innovates. Any analysis of Amazon as a company is severely

lacking without thoughtful analysis of its prominent culture, most of which can be attributed to Jeff Bezos. The Amazonian culture is highly representative of Bezos's personality.

In an interview with the Harvard Business Review, Bezos said, "The truth is that corporate cultures are incredibly stable over time. They are self-perpetuating, because they attract new people who like that kind of culture, while the people who don't like it eject themselves" (Kirby and Stewart, 2007, p. 80). This quote illustrates the intensity and all-or-nothing attitude of the culture Bezos created at Amazon. He also asserts that the self-reinforcing loop that Amazon culture creates is a competitive advantage for the company that cannot be easily replicated. This aspect of Amazon's culture is supported by ASA (Attraction Selection Attrition) theory. Schneider claims that attraction to an organization, selection by it, and attrition from it yield particular kinds of persons in an organization (1987). In Bezos's quote, he references a rule that requires every employee to be trained in customer service by spending two days in a call center every two years. This rule even applies to Bezos, who says even though he started the customer obsession at Amazon, he always learns from his days in training (2007).

If Amazon's culture could be described in one word, it would be "Intense." Jeff Bezos said, "Intensity is important. I always tell people that our culture is friendly and intense, but if push comes to shove, we'll settle for intense" (p. 82). This intensity is another self-reinforcing loop at Amazon. An example of this intensity is something called a "question mark email."

Jeff Bezos has a public e-mail address, jeff@amazon.com, where customers can send him direct feedback. This is a way of hearing the customer's voice clearly. Not only does he read many customer complaints, he forwards them to the relevant Amazon employees, with a one small addition: a question mark (Secrets of Bezos 2013). Upon receiving one of these emails, employees are frantic. Usually the whole department or division stops everything they are doing in order to deal with the issue immediately. The article "The Secrets of Bezos," featured in Bloomberg states that "Amazon's culture is notoriously confrontational, and it begins with Bezos, who believes that truth shakes out when ideas and perspectives are banged against each other" (p. 3). One especially confrontational issue arose when a customer complained about getting emailed an ad for sexual lubricants. Bezos sent the question mark email, and when the relevant employees had the meeting to answer for themselves, things were very intense. Bezos was so upset that he wanted to shut down the entire division responsible for email marketing. He was quoted as saying "I want you to shut down the channel. We can build a \$100 billion company without sending out a single f----- e-mail" (p. 3). This kind of predisposition for intense conflict could be seen by many as threatening to a healthy culture. Such atmospheres can easily intimidate employees, making them afraid to make any kind of mistake. This is certainly counter to EO. That fear can make people uncomfortable, and it can decrease employee propensity for risk, which could in turn stifle innovation.

Even though the intensity at Amazon is impossible to deny, Bezos explains that the environment is not one of tyranny, but one where people can voice their

opinions. “We have an informal atmosphere, which I think helps people tell me no, and not just me. It’s also really important that they be able to say what they think to their senior vice president or vice president and so on. An informal atmosphere, I think, is a huge benefit,” said Bezos (Kirby and Stewart, 2007, p.82).



Amazon Leadership Principles

Amazon has 12 leadership principles that strongly shape the culture and environment at Amazon. Each of the values are very important for employees' success at Amazon and the company only recruits individuals who show strong potential to embody these characteristics. The leadership principles also have major implications with EO and intrapreneurship, and an analysis of these principles can provide links to EO theory. The figure below shows the twelve principles that contribute to entrepreneurship at Amazon.

Customer Obsession	Ownership
Invent and Simplify	Are Right, A Lot
Hire and Develop the Best	Insist on the Highest Standard
Think Big	Bias for Action
Frugality	Vocally Self-Critical
Have Backbone; Disagree and Commit	Deliver Results

ANALYSIS

This section will use the 12 leadership principles as a framework to compare and contrast Amazon's culture. In addition to the twelve principles, this section will also analyze the following aspects of Amazon's culture: intensity, conflict, and Jeff Bezos's influence. Analysis of these principles will then be compared and contrasted to theory on EO and intrapreneurship.

The simple fact that Amazon has leadership principles greatly contributes to the strength of the organization's culture. This set of principles can be used to perpetuate culture in many different ways. First, they can be used in recruiting. When candidates for employment research the company, they can read the principles to see if they would be a good fit as a leader at Amazon. If a potential candidate thinks that they embody these principles, they will be more likely to pursue employment at Amazon. On the other hand, if they do not feel like they fit with the principles, they might not pursue the position. This helps Amazon because they will get more applicants who will fit in with the culture, and fewer who do not. The principles can also give interviewers more structure when determining a candidate's fit with the company.

Next, these principles provide new employees with a framework for development. Employees can aspire to embodying the principles more effectively, thereby becoming better employees for Amazon that also perpetuate the culture even more. For employees, this is beneficial because following this framework successfully will likely lead to increases in compensation and upward movement within the company. It is also beneficial to the entire company because it means

that more employees will be developing into leaders who embody the leadership principles.

Finally, this set of principles gives Amazon a way to hold its employees accountable. Managers can evaluate subordinates based on these principles for performance reviews and promotions. Additionally, employees can use these principles as checks to hold their bosses and superiors accountable for the way they lead. While these principles make Amazon's culture stronger and more self-reinforcing, they also support EO and intrapreneurship within the company.

Customer obsession is the first and possibly most important of the twelve leadership principles, and it accounts for a big part of Amazon's DNA. This leadership principle supports the EO dimensions of innovativeness and proactiveness by pushing employees to continuously think of ways to make their customers happy. Emphasis on this powerful external force allows Amazon to innovate. Their focus on what the customer wants has led to product innovation such as increased product offerings, Kindle, and Amazon Web Services. Process innovation can also create better experiences for customers, such as one-click purchasing and Amazon Prime.

Ownership, the next principle, is directly related to autonomy. Amazon's culture includes both autocratic and democratic autonomy. Jeff Bezos essentially has unlimited autonomy as the founder and CEO, but managers all the way down to entry-level employees are encouraged to take ownership of their own roles, projects, and ideas. This atmosphere in which every employee has autonomy is a

strong picture of EO. It also is very supportive of the intrapreneurship dimension of new business venturing.

Invent and simplify is almost a direct command for employees to innovate. Invent refers directly to product innovation, while simplify refers directly to process or technological innovation. New products and ideas are highly valued at Amazon, so employees feel encouraged and incentivized to invent and simplify. This motivation and these incentives are huge contributors to EO, and antecedents for intrapreneurship.

Think big is another principle that has implications in each of the EO and intrapreneurship dimensions. While think big is not a specific directive, the idea heavily encourages innovativeness, proactiveness, competitive aggression, and perhaps most heavily, risk-taking.

Moves like Amazon Prime, Kindle, and Amazon Web Services are examples of “big” ideas that were considered extremely risky at the time when they were formulated. More recently, Amazon has begun to produce its own TV series and movies in order to compete with Netflix, Hulu, and other streaming companies. Many see this move as a major risk because it is not included in Amazon’s core competencies, but no one could argue that it is not a “big” idea. Another huge idea that coincides with a large amount of risk is the use of drones for deliveries. As its name suggests, think big a very big aspect of Amazon’s culture, and it heavily supports EO and intrapreneurship theories.

Bias for action and deliver results are two principles that focus more on the actions of intrapreneurship than the concepts of EO theory. Amazon employees are

encouraged to refrain from asking too many questions or soliciting too many opinions on ideas. Rather, they are encouraged to act as soon as they come up with ideas. Then, they are expected to deliver results on the ideas they formulate.

Frugality is a somewhat paradoxical contributor to EO theory. While some may see this as a culture that does not provide enough resources to pursue ideas, Amazon sees frugality as a way to force employees to be even more creative and innovative. One-click purchasing is one example of a major innovation that was a product of restricted resources. The adaptation to the customer experience did not cost a large amount of money, but it has made it easier for customers to buy more on amazon.com.

The next aspects of culture that require analysis are intensity and confrontation. Intensity is pervasive throughout all levels of the organization and can both support and detract from EO and intrapreneurship. In a positive way, the intensity at a corporate level contributes greatly to competitive aggressiveness. At an organizational level, this intensity can be a big motivator to improve and innovate. Because of the intense atmosphere, complacency is not tolerated at Amazon. Instead of complacency, intensity fosters proactiveness and innovativeness.

In a more negative way, intensity can cause people to be afraid of making mistakes. While some employees may not let such fear affect them, it can be crippling for others. This fear of making mistakes is very detrimental to individuals as well as EO across departments or even the entire organization.

Confrontation is similarly two-sided. In some instances, vocal criticism and confrontation leads to collaboration, which is positive in terms of EO and intrapreneurship. When confrontation is approached with too much intensity or malice, it can be a negative thing that discourages collaboration and creativity.

Jeff Bezos's influence on Amazon is the final factor that this section will analyze. As the entrepreneur, visionary, founder, and CEO of Amazon, Bezos has influence that cannot be overstated. This influence applies to everything from high-level corporate strategy to everyday operations. It also heavily shapes Amazon's culture. Research shows that Amazon's culture is a reflection of Bezos's personality. As a leader, he perfectly embodies all twelve leadership principles and demands members of his team to do the same.

It is extremely important to note that Bezos directly encourages and supports EO and intrapreneurship. Nothing happens at Amazon without Bezos's approval, so all of Amazon's ventures offer proof that he is a big contributor to the EO of Amazon. Another important note is that Bezos created Amazon as an inherently entrepreneurial company and actively ensures that it stays entrepreneurial.

FINDINGS

After researching Amazon.com, I have reached three major conclusions about how culture affects entrepreneurship: Vision and Values, Creative Tension, and the Entrepreneur's Influence.

First, a strong vision and a set of core values that support EO are both crucial for an entrepreneurial firm. A company's vision cannot be too narrowly focused on

one product segment, market, or industry. Instead, it should be focused on an ideal, such as being the Earth's most customer-centric company. This vision gives everyone in the organization a goal that guides strategy as well as everyday tasks. If a company's vision is the goal, core values are the roadmap to get there. Core values guide employee's decisions and let them know how they should behave and lead. These values should not merely be listed, but heavily advertised and discussed within the company. They should play a role in attraction, development, and performance reviews as well.

Next, it is important for a firm to have a healthy creative tension. This means that employees are encouraged to be creative and produce new ideas, while maintaining high standards and demanding positive results. If a company encourages creativity without any risk involved, the employees will shirk responsibilities and lose sight of the existing business. On the other hand, companies that focus too much on results and the status quo will never produce entrepreneurship and they will stagnate. A healthy balance is difficult to attain, but it is what sets the top innovating companies apart.

Finally, the influence of the original entrepreneur is vital. Jeff Bezos has a huge degree of influence not only on the business at Amazon, but also on the culture there. He was instrumental in the development in Amazon's vision and values, and the leadership principles mirror Bezos's individual leadership style. Bezos also has extremely high individual EO, which leads him to support others with entrepreneurial ventures and empower his employees to do the same. Bezos's

influence is certainly a major antecedent to the entrepreneurial successes of Amazon.

RECOMMENDATIONS/IMPLICATIONS

Based on findings from this research, I have developed two sets of recommendations: one set for new companies in the startup phase looking to build an entrepreneurial company, and one set for established organizations who are looking to become more entrepreneurial.

For startups, the first recommendation is to create a strong vision based on an ideal that will not limit the company. The vision should be a lofty aspiration that answers the question “Why do you do this?” Next, establish a set of core values amongst your team that will be held in serious regard. The values that you choose should be meaningful to your employees and supportive of EO. The final recommendation is for the entrepreneur to maintain a high degree of influence on the business functions, as well as the organizational culture, past the startup phase.

Established companies should expand their visions to include ideals rather than limiting industries, markets, or products. This vision should also be taken seriously as an ambitious, yet (eventually) attainable goal. Next, I recommend establishing a set of core values that reflect and support EO. These values must not be established, but heavily emphasized. Further, establishing these values democratically with employees from all over the company is a way to gain employee buy-in of the values right from the start. Finally, these companies should strive to balance creativity and intensity. Most likely, this will involve encouraging new ideas and shifting the culture towards creativity.



CONCLUSION

Innovation and corporate culture have become high priorities for companies all over the world, but connections between these ideas and entrepreneurial orientation represent an underdeveloped area of study. Without an understanding of these links, companies can thwart themselves by seeking innovation while promoting a culture that is not conducive to developing new ideas. Especially now that companies publicly promote their mission, vision, and values more than ever before, it is crucial that these elements of culture align with the goals of the organization. This research addressed how culture relates to entrepreneurial orientation and intrapreneurship, with specific focus on Amazon's culture.

There are many aspects to Amazon's culture, some of which support EO and some that do not. Despite factors that seem to detract from EO, Amazon is one of the world's most successful corporations at producing intrapreneurial ventures and innovations. This is due heavily in part to the fact that Amazon has a set of leadership values that provide a framework for employees to contribute to the company's EO. Another major factor that supports EO is the entrepreneurial spirit perpetuated by founder Jeff Bezos. Because the founding entrepreneur laid out solid expectations of continuous innovation and intrapreneurship right from the

beginning, Amazon has been able to maintain these characteristics long past its start-up phase.

Further research can focus on further generalizing the aspects of Amazon's culture. More research can also analyze many other companies' cultures so that more links and generalizations can be uncovered. Additionally, further research can analyze specific intrapreneurial processes within these companies that have had positive results, and then discuss how culture and EO contributed. Additionally, this topic should be revisited after Jeff Bezos leaves Amazon to see if the company can maintain its EO without the entrepreneur.

The ultimate goal of this research is to discover links between Amazon's culture, the company's EO, and intrapreneurship. Then, by analyzing the effects of specific elements of the culture on EO and intrapreneurship, develop recommendations that would be useful to corporations striving to develop effective cultures. The core of this research is to explore how companies can use their culture to innovate and evolve.

WORKS CITED

Amazon.com, Inc. SWOT Analysis. (2014). *Amazon.com, Inc. SWOT Analysis*, 1-11.

Amazon.com Inc (AMZN.O) Company Profile | Reuters.com. (n.d.). Retrieved April 23, 2015, from <http://www.reuters.com/finance/stocks/companyProfile?symbol=AMZN.O>

Antoncic, B., & Hisrich, R. (2001). Intrapreneurship: Construct Refinement and Cross-cultural Validation. *Journal of Business Venturing*, 16(5), 495-527-495-527.

Badguerahanian, L., and Abetti, P.A. 1995. The rise and fall of the Merin-Gerin Foundry business: A case study in French corporate entrepreneurship. *Journal of Business Venturing* 10(6):477-493.

Burgelman, R.A. 1983. Corporate entrepreneurship and strategic management: Insights from a process study. *Management Science* 29(12):1349-1364.

Burrows, P. (2008). BEZOS: HOW FRUGALITY DRIVES INNOVATION. *Businessweek*, (4081), 64-66.

Camelo-Ordaz, C., Fernandez-Alles, M., Ruiz-Navarro, J., & Sousa-Ginel, E. (2012). The intrapreneur and innovation in creative firms. *International Small Business Journal*, 30(5), 513-535. Retrieved September 22, 2014.

Clay, A., & Camfield, J. (2011, November 21). The 4 Ways Big Corporations Flirt With Socially Responsible Business. Retrieved September 22, 2014.

Corbett, A., & Hmieleski, K. (2007). The Conflicting Cognitions of Corporate Entrepreneurs. *Entrepreneurship Theory and Practice*, 31(1), 103-121. Retrieved September 11, 2014.

Covin, J., & Lumpkin, G. (2011). Entrepreneurial Orientation Theory and Research: Reflections on a Needed Construct. *Entrepreneurship Theory and Practice*, 35(5), 855-872. Retrieved September 11, 2014.

Covin, J.G., and Slevin, D.P. 1986. The development and testing of an organizational-level entrepreneurship scale. In R. Ronstadt et al., eds., *Frontiers of Entrepreneurship Research*. Wellesley, MA: Babson College.

Dozier, D. M. (1986, August). *The environmental scanning function of public relations practitioners and participation in management decision making*. Paper presented at the meeting of the Public Relations Division, Association for Education in Journalism and Mass Communication, Norman, OK.

Erdödy Consultancy Ltd. (2012, July 31). Retrieved April 23, 2015, from <https://erdodyconsultancy.wordpress.com/category/corporate-entrepreneurship/>

Hisrich, R.D., and Peters, M.P. 1998. *Entrepreneurship: Starting, Developing, and Managing a New Enterprise* (4th Ed.). Chicago,IL: Irwin.

Kanter, R.M., and Richardson, L. 1991. Engines of progress: Designing and running entrepreneurial vehicles in established companies-The Enterprise program at Ohio Bell, 1985– 1990. *Journal of Business Venturing* 6(3):209–229.

Karvounis, N. (2012, October 31). The Intrapreneur's Playbook. Retrieved September 22, 2014.

Kikoler, H. (2013, April 23). How Shell Is Fostering Innovation With Meditation. Retrieved September 22, 2014.

Kim, J.-N., & Rhee, Y. (2011). Strategic thinking about employee communication behavior (ECB) in public relations: Testing the models of megaphoning and scouting effects in Korea. *Journal of Public Relations Research*, 23, 243-268.

Kirby, J., & Stewart, T. A. (2007). The Institutional YES. (cover story). *Harvard Business Review*, 85(10), 74-82.

Knight, G.A. 1997. Cross-cultural reliability and validity of a scale to measure firm entrepreneurial orientation. *Journal of Business Venturing* 12(3):213–225. Kolchin, M. *The Case of the Traditional Intrapreneur*, SAM Advanced Management Journal (ISSN: 0749-7075), 01/01/1987 Vol. 52 No. 3

Kuratko, D.F., Hornsby, J.S., Naffziger, D.W., and Montagno, R.V. 1993. Implement entrepreneurial thinking in established organizations. *SAM Advanced Management Journal* 58 (1):28–33, 39.

Leberecht, T. (2012, September 24). How To Nurture Your Company's Rebels, And Unlock Their Innovative Might. Retrieved September 22, 2014.

Lumpkin, G., & Dess, G. (1996). Clarifying The Entrepreneurial Orientation Construct And Linking It To Performance. *Academy of Management Review*, 21(1), 135-172. Retrieved September 11, 2014.

Mitchell, N. (2013, February 13). 5 Ways Social Intrapreneurs And Entrepreneurs Can Learn From Each Other. Retrieved September 22, 2014.

Moreno, A., & Casillas, J. (2008). Entrepreneurial Orientation and Growth of SMEs: A Causal Model. *Entrepreneurship Theory and Practice*, 507-528. Retrieved September 22, 2014.

Overview. (2013, June 1). Retrieved April 23, 2015, from <http://phx.corporate-ir.net/phoenix.zhtml?c=176060&p=irol-mediaKit>

Park, S. H., Kim, J., & Krishna, A. (2014). Bottom-Up Building of an Innovative Organization: Motivating Employee Intrapreneurship and Scouting and Their Strategic Value. *Management Communication Quarterly*, 28(4), 531-560.

Pinchot, G. III 1985. *Intrapreneuring*. New York, NY: Harper & Row.

Rathna, K., & Vijaya, T. (n.d.). Competencies of Entrepreneurs and Intrapreneurs: A Comparative Study. *South Asian Journal of Management*, 16(2), 28-60.

Rule, E.G., and Irwin D.W. 1988. Fostering intrapreneurship: The new competitive edge. *The Journal of Business Strategy* 9(3):44-47.

Schollhammer, H. 1982. Internal corporate entrepreneurship. In C.A. Kent, D.L. Sexton, and K.H. Vesper, eds., *Encyclopedia of Entrepreneurship*. Englewood Cliffs, NJ: Prentice-Hall.

Schneider, B. (1987). THE PEOPLE MAKE THE PLACE. *Personnel Psychology*, 40(3), 437-453.

Stevenson, H.H., and Jarillo, J.C. 1990. A paradigm of entrepreneurship: Entrepreneurial management. *Strategic Management Journal* 11:17-27.

Stopford, J.M., and Baden-Fuller, C.W.F. 1994. Creating corporate entrepreneurship. *Strategic Management Journal* 15(7):521-536.

Symonds, M. (2013, October 29). The Entrepreneurial Employee - How To Make Intrapreneurship A Win-Win For Everyone. Retrieved September 15, 2014

Terry-Armstrong, N. (2013). Amazon Case Study: Part One. *Busidate*, 21(1), 2-4.

The Man Who Sells Everything. (2015). *Foreign Affairs*, 94(1), 2-6.

The Secrets Of Bezos. (2013). *Bloomberg Businessweek*, (4350), 58-76.

Inside Amazon's 'culture of metrics'. (2012). *Executive Leadership*, 27(6), 1-2. <http://www.amazon.com/Values-Careers-Homepage/b?node=239365011>

Townsend, J. (2012, December 10). How Intrapreneurs Are Building Better Businesses From The Inside. Retrieved September 22, 2014.

Van Dyne, L., & LePine, J. A. (1998). Helping voice extra-role behaviors: Evidence of construct and predictive validity. *Academy of Management Journal*, 41, 108- 119.

Vesper, K.H. 1990. *New Venture Strategies (Rev. Ed.)*. Englewood Cliffs, NJ: Prentice-Hall. Retrieved September 24, 2014

Zahra, S.A. 1991. Predictors and financial outcomes of corporate entrepreneurship: An exploratory study. *Journal of Business Venturing* 6(4):259–285.