Culture, Entrepreneurship and Innovation: 
A View of Corporate Entrepreneurship from the Perspective of Innovative Enterprise Framework

Öner Tulum
University of Ljubljana, Faculty of Economics, Ljubljana, Slovenia, PhD Student

Abstract

In recent decades, productivity in the US biopharmaceutical (BP) industry has become increasingly dependent on the innovation efforts of smaller firms. Large BP firms, once the pioneers of the modern BP industry, are now scrutinized as they struggle to enhance their innovative capabilities. Innovation-driven growth models enable firms that possess greater entrepreneurial aspiration to adapt to changes in technology and markets. Since technological change has become a recurrent phenomenon in the BP industry, larger firms who are less adaptive to those changes are in competitive disadvantage. The chancing corporate culture among the leading BP firms appears to be the culprit of this competitive disadvantage. Lazonick (2013) extensively explains how and why U.S. corporations have adopted a financialized business model that essentially discourages top management to support the organizational learning efforts, and to institute an organizational culture that promotes entrepreneurship and innovation. By applying Lazonick’s theory of innovative enterprise (TIE) framework, this study examines how financialization influences key social conditions of innovation (SCI): strategic control, organizational integration, and financial commitment. Using Chung and Gibbons’ (1997) social structure model, this research also explains how the changes observed in SCI affect corporate entrepreneurship through the changes observed in corporate culture. This research employs a multiple-case study method identifying the firms to be analyzed in depth via purposeful sampling. The two leading BP companies, Merck & Co. and Pfizer Inc., have been carefully selected for case analysis. Merck & Co. is an exemplary case of the rise and demise of a corporate champion in industrial innovation whose corporate success dissipated due to the disappearance of a strong innovation-oriented corporate culture; Whereas Pfizer Inc. serves as an exemplary case of a highly financialized firm whose corporate success is mostly driven by external innovation. The preliminary results of this ongoing study will be presented and discussed.