Innovation and entrepreneurship: An empirical study of Moroccan firms

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Abstract:
Many researchers have discussed the relation between entrepreneurship and innovation based on the process, structure, and strategy of either entrepreneurship or innovation (Littunen, 2000, Cornwall and Perlman, 1990, Caird, 1988; Casson, 1982). While others have touched on the conceptual relationship between entrepreneurship and innovation (Schumpeter, 1934, Drucker, 1994, Legge and Hindle, 1997, Kanungo 1999, Sundbo, 1998), there have been few empirical studies that explore the synergies between the two.

This study adopts a qualitative approach in exploring the presence of innovation in entrepreneurship process and actions. Therefore, interviews with senior managers of Moroccan entrepreneurial and innovative organizations and were conducted. The main findings of our empirical study will be presented and discussed in order to analyze how they would add to an understanding of the existing theories and practices of entrepreneurship and innovation.

Key words: Entrepreneurship, Innovation, Moroccan companies, Qualitative study.
Introduction
The growing importance of innovation to entrepreneurship is reflected by a dramatic increase in literature that addresses the role and nature of innovation (Drazin and Schoonhoven, 1996; Drucker, 1994). Innovation is the specific tool of entrepreneurship by which entrepreneurs exploit change as an opportunity for a different business or service. There is considerable overlap between entrepreneurship and innovation (Kanungo, 1999, Sundbo, 1998, Drucker, 1994, Schumpeter, 1934).

A review of the literature reveals that some studies have dealt with the process, structure, and strategy of either entrepreneurship or innovation (Littunen, 2000, Cornwall and Perlman, 1990, Caird, 1988; Casson, 1982), and that others have touched on the conceptual relationship between the two (Schumpeter, 1934, Drucker, 1994, Legge and Hindle, 1997, Kanungo 1999, Sundbo, 1998). However there have been few empirical studies that explore the synergies between the two.

This study adopts a qualitative approach in exploring the presence of innovation in entrepreneurship process and actions. Therefore, case studies of Moroccan entrepreneurial and innovative organizations and in-depth interviews with senior managers were conducted. The main results of our empirical study will be presented and discussed in order to analyze how they would add to an understanding of the existing theories and practices of entrepreneurship and innovation.

1. The conceptual framework: interaction between innovation and entrepreneurship
Over the last decades, entrepreneurship has become established as a legitimate field of research and managerial practice (Hoskisson et al., 2011). However, despite an increasingly abundant literature, there is still no unanimous definition of entrepreneurship within the scientific community, and the concept is often used loosely (Audretsch, 2002; Friis and Paulsson Karlsson 2002; Iversen et al 2005). Therefore, there is a large number of perspectives or definitions of entrepreneurship (Morris, 1998; Verstraete and Fayolle, 2004; Lucke et al, 2007; Welter and Lash, 2008). Here are some definitions:

- “Entrepreneurship is the field that studies the practice of entrepreneurs: their activities, characteristics, economic and social effects of their behavior and modes of support are made available to facilitate the expression of entrepreneurial activities” (Filion, 1997);
“Entrepreneurship, in its narrowest sense, involves capturing ideas, converting them into products and, or services and then building a venture to take the product to market” (Johnson, 2001, p. 138).

“Entrepreneurship is the result of any human action undertaken in order to generate value through the creation or expansion of economic activity” (OECD, 2007).

In fact, entrepreneurship can only be understood as a multidimensional reality, even if that reality is often difficult to identify (Landström, 2005; Friis et al., 2002; Fayolle, 2004; Julien, 2005).

Therefore, we might adopt the definition of Shane (2003) for whom entrepreneurship examines activities involved in the conception (various modes of opportunity recognition), launch, development, and operation of new ventures (resource formation process). In this regard, the perspective of our study is focused on the notion of creation that can be articulated in terms of value creation, the creation of a new company, a new organization, a new market or a new product or service.

Because entrepreneurship involves human agency, where individuals act to pursue opportunities they have recognized (Baron, 2007), much research in entrepreneurship has focused on the cognitive aspects of how individual entrepreneurs recognize the opportunities noted above for new business creation (Baron, 2008; Ucbasaran et al., 2010). Likewise, because many new ventures have been initiated in established corporations, a large segment of research focused on corporate entrepreneurship (Covin and Miles, 1999; Guth and Ginsberg, 1990; Ireland et al., 2009) that has emerged at the firm level. Also, more recent research within established corporations has focused more broadly on entrepreneurship, including corporate innovation activities (Ireland et al., 2003; Kuratko and Audretsch, 2009).

1.1. Defining Innovation

Examination of the innovation literature confirms that there is enormous diversity in views and approaches to what actually constitutes innovative activity, and also highlights some of the confusion that exists within the discipline itself. Confusion seems to stem from the fact that many definitions introduce peripheral concepts, which may deflect attention from the core components of innovation and make its application difficult. Many definitions have been proposed to explain innovation, and as a result the term has gained greater ambiguity (Garcia and Calantone, 2002).

feature invention, and Koontz and Weihrich (1990) and Zahra (1995) put forward definitions that highlight marketing and entrepreneurial philosophies.

A number of process models have been developed in the literature suggesting that innovation consists of a variety of different phases: idea generation, research design and development, prototype production, manufacturing, marketing and sales (Dooley and O'Sullivan, 2001; Knox, 2002; Poolton and Ismail, 2000; Rothwell, 1994). However, theorists have suggested that there is more to innovation than the process (Amabile, 1996; Couger, 1995). Innovation thus has many facets and is multidimensional. The most prominent innovation dimensions can be expressed as dualisms:

- Radical versus incremental;
- Product versus process; and
- Administrative versus technological (Cooper, 1998).

Innovation can be radical and incremental. Radical innovations refer to path-breaking, discontinuous, revolutionary, original, pioneering, basic, or major innovations (Green et al., 1995). Incremental innovations are small improvements made to enhance and extend the established processes, products, and services. However, this contradistinction does not “necessarily [correspond] to the more fine-tuned reality” because “radicality is a continuum” (Katila, 2002, p. 307). Product innovation, as the name suggests, “reflects change in the end product or service offered by the organizations, [whereas] process innovation represents changes in the way firms produce end products or services” (Utterback cited in Cooper, 1998, p. 498). Some researchers have categorized innovation into technological and administrative innovations. Technological innovation is about “the adoption of a new idea that directly influences the basic output processes, [whereas] administrative innovations include changes that affect the policies, allocation of resources, and other factors associated with the social structure of the organization” (Daft, 1978 cited in Cooper, 1998, p.497).

Also many definitions of innovation focus on the concept of newness. Slappendel (1996) argues that the perception of newness is essential to the concept of innovation as it serves to differentiate innovation from change. The newness theme is especially important to understanding the link between innovation and entrepreneurship as suggested by prior studies that emphasize its pivotal role in new venture creation and management: “new business startup” (Vesper, 1988), “new entry” (Lumpkin and Dess, 1996), “new organizations” (Gartner, 1988) and “organizational renewal” (Stevenson and Jarillo, 1990). With these
innovation concepts in mind, Johannessen et al., (2001) developed a study that investigated six different types of innovative activity:

1. New products;
2. New services;
3. New methods of production;
4. Opening new markets;
5. New sources of supply; and

Consequently, innovation in new ventures requires entrepreneurs to imagine something novel, refine those ideas, make an initial investment, and justify their venture to key stakeholders who can offer support and legitimacy (Cornelissen and Clarke, 2010).

Therefore, for the purpose of the present study innovation can be defined as a process that provides added value and a degree of novelty to the organization and its suppliers and customers through the development of new procedures, solutions, products and services as well as new methods of commercialization (Knox, 2002; Lumpkin and Dess, 1996).

1.1. Innovation and entrepreneurship

The conceptual relationship between entrepreneurship and innovation has been discussed in the literature for many years. According to Nelson (1993, p.4), innovation encompasses “the processes by which firms master and get into practice product designs and manufacturing processes that are new to them.”

Such a broad understanding of innovation is particularly meaningful within the context of innovative entrepreneurship insofar as upgrading technology or improving skills may lead to more efficient uses of resources or higher-quality outputs, but not necessarily to new products or patents. That is why Lundvall (2007) emphasized that it is important to avoid a high-tech bias when thinking about innovation.

When innovation is included in the analysis, it is important to distinguish between innovation and invention (Fagerberg, 2006). As Fagerberg (2006) shows, both are closely linked, and it is very difficult to distinguish one from another. But in many cases, there is a considerable lag between the two. However, a main difference between invention and innovation is that the former may be carried out anywhere, while innovation occurs mainly in firms that need to

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1 From his point-of-view (Fagerberg, 2006, p. 4), “Invention is the first occurrence of an idea for a new product or process, while innovation is the first attempt to carry it out into practice.”
combine several different kinds of capabilities, knowledge, resources and skills (Fagerberg, 2006, p. 5).

As Herbig et al. (1994 pp. 37 and 45) have observed: “Innovation requires three basic components: the infrastructure; the capital; and the entrepreneurial capacity needed to make the first two work”. Moreover, innovation has to address market needs, and requires entrepreneurship if it is to achieve commercial success (Zhao, 2001). For this reason, it is important to introduce in the analysis the role played by the entrepreneur and to determine those elements or factors that would have any effect on him (Oakley, 1990; Aghion and Howitt, 1998).

In general terms, when the entrepreneurship factor is considered the economic agent’s behavior must be taken into account. This is not an occupation but an activity, and it must be considered the different circumstances and aspects of a person and the role of uncertainty and obstacles inherent in the business creation process (Devece et al., 2011; Giacomin et al., 2011; Nielsen and Lassen, 2012; Bettiol et al., 2012). The entrepreneurship factor also includes persons that search information or ideas about efficient production processes, as well as new organizational forms.

Taking into account these ideas, different types of entrepreneurships can be considered (Nissan et al., 2011). First is the innovator, following Schumpeter’s (1911, 1950) thesis. Schumpeter considers that entrepreneurship activity implies innovation in the introduction of a new product, organization or process, generating a destruction process. Thus, the entrepreneur is an actor who initiates and implements innovations (Docter et al., 1989; Hyvärinen, 1993; Lefebvre et al., 1997).

Second is the entrepreneur that takes advantage of profit opportunities (Kirzner, 1973, 1999). Kirzner agrees with Schumpeter that an entrepreneur tries to take advantage of profit opportunities, but, contrary to Schumpeter’s view, Kirzner says the entrepreneur learns from past mistakes and tries to correct them, driving the market toward equilibrium.

Third, uncertainty element must be taken into account (Knight, 1921). Knight distinguished between risk and uncertainty, believing uncertainty to be an important factor considered by entrepreneurs. They have to take it into account and adopt decisions in an uncertain world. Their profits are a reward for bearing this uncertainty.

And fourth, productive and non-productive entrepreneurships must be also considered (Baumol, 1990). From Baumol’s point-of-view, entrepreneurs are creative and ingenious, searching for the most effective and appropriate means to increase their wealth, power and
prestige. The existing environment around them has an important influence on their decisions (Farinos et al., 2011).

Finally, it is also interesting to take into account the Drucker (1998) perspective. Drucker points out that innovation is at the heart of entrepreneurship activity and it is due to innovation that many entrepreneurships carry out their activity. One of the factors considered in the strategic growth of the company and the promotion of entrepreneurship is innovation (Freel, 2000; Freel and Robson, 2004; Hoffman et al. 1998; Hsueh and Tu, 2004; Qian and Li, 2003; Verhees and Meulenberg, 2004). Hamel (2000 cited by O'Regan et al., 2006: 254) goes so far as to say that innovation is the most important component of a company's strategy. Entrepreneurs seek opportunities, and innovations provide the instrument by which they might succeed. Corporate entrepreneurship often refers to the introduction of a new idea, new products, a new organizational structure, a new production process, or the establishment of a new organization by (or within) an existing organization. From this perspective, we can presume that innovation would promote their activity, creating a feedback effect. That is, entrepreneurships innovate and the innovations stimulate other entrepreneurs to carry out their activity (Caceres et al., 2011; De Cleyn and Braet, 2012; Zortea-Johnston et al., 2012).

2. Empirical Study

Despite the development of works on entrepreneurship in Morocco in recent years, the literature on the entrepreneurship and innovation of Moroccan firms is still lacking. To our knowledge, there have been no previous studies of entrepreneurship and innovation interaction of Moroccan firms. Our study is an endeavor towards exploring the presence of innovation in entrepreneurship process and actions of Moroccan companies. In the following, we present the methodology of our research and the main results found.

2.1. Methodology and research design

Based on inductive logic, our approach is qualitative in nature because of its effectiveness in the context of exploratory research (Charreire and Durieux, 1999). Consequently, following the recommendations of several researchers (Quivy and Campenhoudt, 1995; Baumard et al., 1999; Demers, 2003), the data gathering method used in our study is based on semi-structured interview in which we used an interview guide (Appendix 1).

Accordingly, nine semi-structured interviews were conducted to examine the perceptions of senior managers regarding entrepreneurship and innovation.

2.1.1. Sampling
Following the recommendation of Patton (2002), we selected nine Moroccan firms for this study (Table I). The criteria of selection were:

- The companies had to be actively engaged in entrepreneurship and innovation activities; and
- The companies had to be of different size, in different industry sectors, and of different ages (years of establishment).

<table>
<thead>
<tr>
<th>Business/Activity</th>
<th>Size (number of employees)</th>
<th>Year of establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>+5</td>
<td>2006</td>
</tr>
<tr>
<td>Freight Forwarding</td>
<td>+10</td>
<td>2011</td>
</tr>
<tr>
<td>Printing</td>
<td>+15</td>
<td>2001</td>
</tr>
<tr>
<td>Food processing</td>
<td>+300</td>
<td>1990</td>
</tr>
<tr>
<td>Advertisement</td>
<td>+5</td>
<td>2008</td>
</tr>
<tr>
<td>Insurance</td>
<td>+3</td>
<td>2010</td>
</tr>
<tr>
<td>Consulting</td>
<td>+7</td>
<td>2000</td>
</tr>
<tr>
<td>Software solutions</td>
<td>+3</td>
<td>2007</td>
</tr>
<tr>
<td>Holding group</td>
<td>+250</td>
<td>1989</td>
</tr>
</tbody>
</table>

Table I. Overview of Moroccan companies interviewed

A semi-structured interview with a senior manager from each organization was conducted and the conversations were recorded and subsequently transcribed. The following step after conducting interviews was to select, sort and process data in transcripts. In this process the researcher decides what data should be extracted from the coded texts (Bardin, 1996).

For our part, data processing was performed using the content analysis described by Allard-Poesi et al. (1999) and Voynnet Fourboul (2004). Therefore, after each interview, we were able to extract the meaning conveyed from transcripts of conversations with the interviewees.

### 2.2. Results

Perceptions on entrepreneurship and innovation behaviors in Table II summarize the key responses obtained from the interviews.

<table>
<thead>
<tr>
<th>Interviewee/industry</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee 1 – Software solutions</td>
<td>“We started as a start-up and we still have that spirit within, I remember the beginnings were difficult and many talked about how risky it was, but being an entrepreneur means you have to cope with risk and the only way to survive and to prosper is to innovate and offer something new.”</td>
</tr>
<tr>
<td>Interviewee 2- Distribution</td>
<td>If the company wants to have a comfortable position at the start, it should start with innovative ideas. This could open market niches or might attract new customers instead of going to fight on the same markets as competition. My first innovations have been instrumental in my survival as an entrepreneur. When I started my business, I was in a hyper-competitive segment. Believing in the importance of continuous innovation, I found myself in other segments, and other various sectors.</td>
</tr>
</tbody>
</table>
I think innovation is not necessary when creating a new venture. On the other hand, it is important to be innovative to ensure the sustainability of the company. Innovation has allowed me to distinguish myself in the market. Many clients expect innovative proposals. Adopting a culture of innovation approach was strategic for my business. It allowed me to diversify my services and to adapt them to the demands of my clients.

I think innovation is an ongoing activity/experience that the entrepreneur must go through permanently. The entrepreneur should be focused on product/service innovation whether on the extrinsic or on the intrinsic level. But the manager must expand its field of innovation to focus on ways of organizing its business, processes and markets. On a large scope, innovation is essential. An emerging company must study its competitors and find ways to distinguish themselves otherwise it will not survive. As an entrepreneur, the innovations that I have launched have always been a way for me to move on to new course. The evolution of my group has undergone several qualitative leaps and each with an innovation in the broadest sense of the term.

“There was (and still remains) a fierce competition when we opened our venture but we made it because we offered something new to customers, not in the sense of creating new offers but rather with enhancing the “service”, our customers become satisfied because we knew what they wanted and were ready to deliver. For me entrepreneurship and innovation are linked together and my experience proves it to me”.

“You can’t be competitive if you don’t add value to customers. That’s what entrepreneurship is all about. From product conception to delivery, we try to be effective, to reduce shortage and lead times. The hardest thing for me when I started this business was to grasp the importance of continuous improvement and what it takes. You have to be prepared to change the way things get done and processes whenever that was needed, that is why I consider innovation as an important component of entrepreneurship…”

“When I got back to Morocco friends and acquaintances objected and thought that I would be disappointed by work conditions… now I am happy that I proved them wrong. My agency is doing fine right now and we’re working on more projects than last year. Entrepreneurship is about individuals who had different visions and were not afraid to take it to the next level…probably the same “ingredients” that innovators and inventors are made of, except that successful entrepreneurs have a certain quality that is resilience, they don’t give up and always find a way to make it happen no matter how things are difficult”.

“I started doing business since I was in the university and I’ve been through ups and downs, and all along this journey I had many experiences and I learnt a major lesson, market is always unpredictable and volatile, to succeed you have either to follow the wave or to “create” it. Not all companies are capable of being leaders of market of course, but one way to improve their KPI is to offer something different or something new. In a word they have to differentiate their product/service. Successful entrepreneurs can do that for a long period of time, so in a way you can’t be an entrepreneur if you are not innovator enough”.

“Innovation and entrepreneurship are synonymous to me…you can’t be an entrepreneur if you don’t innovate and especially in our case, there are many companies trying to take as much market share as they can, and it’s a buyers market essentially, so the only way to survive is to innovate and invent new ways to attract customers or to gain their loyalty”.

Table II. Perceptions of managers on innovation and entrepreneurship behavior

On the basis of these interviews, the responses of interviewees seem to tend towards a general consensus that entrepreneurship and innovation are closely related. Indeed, the two words
were used interchangeably by the managers in describing their perception of how their organizations were created or how they achieved a competitive advantage. Regardless of size, industry or sectors, the Moroccan companies had to create new products and services, projects, new business opportunities, and markets in order to prosper or to survive. We might say then that they integrated innovation into their entrepreneurial approach and actions.

2.3. Discussion

Our results seem to confirm other studies of other researchers. For instance Zhao (2005) has carried out a qualitative study on 6 Australian organizations in order to understand the complementary nature of entrepreneurship and innovation. Consequently, he established three main propositions about the relationship between entrepreneurship and innovation, and the environmental factors:

P1. Innovation and entrepreneurship are complementary because innovation is the source of entrepreneurship and entrepreneurship allows innovation to flourish and helps to realize its economic value.

P2. Entrepreneurship uses innovation to expand business scope and boost growth. Therefore, entrepreneurship and innovation are dynamic and holistic processes that are not confined to the initial stage of a new venture.

P3. The development of entrepreneurship and innovation, and interaction between them for the successful commercialization of innovation, require an organizational culture and a management style that are innovation-focused and supportive.

Our findings confirm the first proposition, since all Moroccan companies had to create and snare a new market with a new product or new service, new ways of doing business, and new management strategies. The findings of the present study support Schumpeter’s (1934) entrepreneur paradigm, and the concept that entrepreneurship is about creating and building something that did not previously exist (Johnson, 2001).

Similarly, the second proposition is confirmed as well by our study. Innovation is viewed as a permanent process by Moroccan managers; it is not limited to the creation stage but is more likely to be continuously pursued. Also, regardless of size and industry, Moroccan companies seem to engage in an incremental innovation process. This seems to contradict what Herbig et al. (1994) suggested in their research; namely that there is a high correlation between the creation of new companies and innovation potential and that small new ventures produce more innovations and bring innovation to the market more quickly than do large companies.
The continuous pursuit of innovation underpinned the growth of the nine companies studied seems to lean towards a similar entrepreneurial approach/attitude towards innovation (for instance: incremental innovation, proactivity to market dynamics, and a willingness to take risks). In this perspective, entrepreneurship continuously looks for and creates opportunities, thus stimulating the generation of innovations (Drucker, 1994).

Although we weren’t able to conduct a longitudinal study of the level of entrepreneurship and innovation of the nine firms at different stages of their lives, we might provide the examples of the Holding group and the Food processing companies that illustrate how established large organizations can be sustained through corporate entrepreneurship. Indeed, the food processing company has initiated a new business and began working on 3 new projects in 2013. Similarly, the Holding group continues to launch new projects since its establishment in 1989.

Also, the small consulting and training company as well as the advertisement agency have faced fierce competition from a large number of similar consulting companies since their creation. They have both survived, grown viably, and achieved considerable business turnover. According to the director of the company, the keys to its success are its uniqueness and creativity in providing highly customer-tailored products and services. In order to do that, the consulting company has developed a strong culture of innovation. Being unique and creative are the primary criteria for staff recruitment and motivation. The same vision is adopted by the advertisement agency. “Innovation is viewed as everyone’s responsibility and as the source of every employee’s job satisfaction”. To win bigger contracts and new customers, the company is trying to explore new ways and different approach to “doing things other people don’t do” (interview data from the present study). These examples show that entrepreneurship and innovation are continuous processes in organizations, and that entrepreneurship and innovation are complementary in enhancing business performance.

Concerning the 3rd proposition, the issue of innovation culture has always been ambiguous. National culture and organizational culture have a profound influence on the level of entrepreneurship and innovation in organizations. Culture is a primary determinant of entrepreneurship and innovation (Herbig et al., 1994). Organizational culture also has an important impact on entrepreneurship and innovation (Slevin and Covin, 1990). Organizational culture has been defined in different ways in the literature. Broadly, it could be defined as the norms and deeply rooted values and beliefs that are shared by people in an organization (Zhao, 2005).
Organizational culture can affect levels of entrepreneurship and innovation through socialization processes that influence workplace behavior, and through structures, policies, and procedures that are shaped by the basic values and beliefs of the organization (Martin and Terblanche, 2003). Buckler (cited in Ahmed, 1998) viewed innovation as an environment and a culture that drives value creation in an organization. Slevin and Covin (1990) emphasized the importance of an appropriate organizational culture in developing effective entrepreneurial and innovation behavior to address market dynamics.

However, concerning the empirical plan, Chandler et al. (2000) found in their study of 429 employees in 23 small-to-medium companies that there was no direct correlation between an innovative culture and business performance. It seems though that when the competitive environment became more dynamic, company’s earnings were increased by an innovative culture (Zhao, 2005). Concerning the results of the present study, we can say that they are inconclusive regarding the importance of an innovative culture to business performance.

Definitely, there is a need to assess how Moroccan companies have developed an organizational culture that promotes and rewards new ideas and new ways of doing business. Many elements regarding hierarchy and the management structure of the organizations and how they affect innovation can be studied. Nevertheless, the interviewee’s responses showed clearly that there is indeed an innovation culture in their organizations. All Moroccan companies were engaged in innovative efforts, allocated resources to innovations, and shared similar strategic vision with respect to innovation and entrepreneurship. They also shared an open attitude with respect to new ideas and new ventures. The findings are similar to those of Roberts et al. (1989), who explored the relationships among organization size, technology implementation, and organizational culture through a survey of 35 American and Canadian manufacturing firms. They showed that there is much in common in the area of technological implementation between large and small businesses, and between hierarchical and non-hierarchical organizations.

2.4. Issues and hindrances to innovation in entrepreneurship

Moroccan context seems to present many obstacles to managers engaged in entrepreneurship and innovation. The main problems disclosed by senior managers in the present study can be stated as follows:

- None of the nine companies has a formal specific structure in place for the implementation of innovation and entrepreneurship, and none has set up a position of “innovation manager” or “entrepreneurship manager”, or an independent function
dedicated to innovation inside their firms. The responses of managers indicate that, at present, the systems of innovation and entrepreneurship were very “informal” in their organizations.

- Sometimes innovations aren’t well received by clients. In the words of the Distribution company manager “the customers are sometimes reticent towards new idea and stuck to the same old formula”.

- Innovation cannot prosper without suitable culture. According to the printing manager “the brakes are in the culture. Our employees have not evolved in a favorable innovation culture, as in their educational and training they were not encouraged to be creative, to take initiatives and propose new ideas”.

- Lack of Government support. For many senior managers, it is hard to innovate because there is no aid from the government side to encourage companies to “think outside the box” and to create something new or something different in the words of the software solutions manager. The freight forwarder stated that “history shows that big technological and managerial breakthrough were directly or indirectly backed up by the government, if we want an innovation culture, the government should be willing to help by subsidies or preferential taxes and other facilities”.

- There is lack of innovation culture as well that prevents Moroccan companies to go further in their plans. According to the advertisement agency owner, innovation and entrepreneurship need a suitable environment and a different set of culture and values, that emphasis more individualism, ambition and transparency…there will be time before these values become common in [Moroccan] society.”

- It is impossible to measure the consequences/outcomes of innovation and entrepreneurship on the companies because it is very difficult to separate them from the overall business of organizations.

- Lack of Funding. As one manager stated: “It is very hard for a small company like ours to be innovative in product development because it is hard to find the needed capital [funds] required to promote that product”.

- Managers do not like to lose control. As one interviewee observed from other managers’ behavior in his firm, they can feel “a bit of a threat if you become too creative”, and this can hinder the development of innovation.

There were many endeavors to stimulate innovation in entrepreneurship. An integrated framework for innovation and entrepreneurship studies show that organizations can foster
entrepreneurship and innovation internally through their strategy, structure, and processes (Cornwall and Perlman, 1990). On the basis of management texts by Bartol et al. (2001), Robbins et al. (2000), and Drucker (1994), Zhao (2005) has proposed an integrated framework for innovation and entrepreneurship for companies. The framework involves the “5Ss” of strategy, system, staff, skills, and style. However, due to the complex and evolving nature of entrepreneurship and innovation in Morocco, it will be interesting in the future to compare the proposed model with practices of Moroccan firms on a large scale. The model should therefore be seen as a starting point in developing effective organizational strategy, structure, and culture to stimulate entrepreneurship and innovation in Moroccan organizations.

**Conclusion**

This empirical study has explored the synergies between entrepreneurship and innovation through a review of the principal literature in this field and interviews with nine entrepreneurial and innovative companies in Morocco. The main findings of the study are the following:

- Entrepreneurship and innovation are positively related to each other and interact to help an organization to prosper;
- Entrepreneurship and innovation are complementary, and a combination of the two might be vital to corporate success and sustainability in today’s dynamic and changing environment;
- Entrepreneurship and innovation are not confined to the initial stages of a new venture; rather, they are dynamic and holistic processes in entrepreneurial and innovative organizations.

The study also shows that the entrepreneurial and innovative organizations studied in this research are facing problems with the implementation of entrepreneurship and innovation. Because entrepreneurship and innovation are systematic behaviors (Drucker, 1994), systematic efforts are required to incorporate them into the operations of organizations. Entrepreneurship and innovation should be regarded as ongoing, everyday practice in organizations, and this paper has contributed to enlightening the innovation attitude of some Moroccan firms. It is also apparent that cultural issues should be addressed when examining the level of entrepreneurship and innovation in Moroccan organizations. Moreover, more systematic and comprehensive studies are required in the future to study how innovation culture might influence firms’ performance.
Appendix 1:

*Interview Guide*

1: What does “innovating” mean to you? What is your perception of innovation?

2: Is innovation essential for the creation of businesses and the success of start-ups?

3: What was the role of innovation in creating your business?

4: In your opinion, does the Moroccan context (the political and socioeconomically environment) promote innovation?

Company:

Industry/activity:

Date of creation:

Number of employees:
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