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The Impact of Organizational Culture on Intrapreneurship in Azerbaijani Financial Institutions

Masters Thesis

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We hereby declare that this Master's Thesis has been independently written and is our work. All sources and materials used in this thesis have been appropriately cited.

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1. Introduction

The changing dynamics of the business environment makes intrapreneurship an essential factor that drives organizational innovation while building stability and adaptability. Intrapreneurship enables established companies to conduct entrepreneurial activities through opportunity spotting and autonomous project development while tackling problems. The adoption of intrapreneurship receives broad acceptance for its advantages, yet research about specific implementation remains sparse, especially within developing economies, along with structured financial services sectors.

Organizations in the financial sector face distinctive entrepreneurial possibilities despite strict regulatory principles, risk-minimizing features, and hierarchical management structures. Organizational culture becomes a crucial factor in financial institutions because it enables or prevents entrepreneurial action. Financial institutions operating in Azerbaijan, alongside other emerging economies, maintain cultural tendencies that uphold centralized leadership and hierarchical organizational structures. It is essential to assess cultural influences on intrapreneurship since analyzing these cultural elements will help organizations keep their competitive advantage and stimulate innovation.

Despite the relevance of this context, existing research remains sparse. Most intrapreneurship studies have been conducted in advanced economies such as the United States and Western Europe, where corporate cultures are more conducive to innovation and employee autonomy. These findings, while valuable, may not be directly transferable to environments like Azerbaijan's, where hierarchical and compliance-driven cultures prevail. Moreover, few empirical studies have examined intrapreneurship in the financial sector specifically, where regulatory constraints and risk mitigation are institutional imperatives.

In Azerbaijan, scholarly work on intrapreneurship remains scarce, and even fewer studies address how organizational culture in financial institutions either supports or inhibits such behavior. While some insights can be drawn from emerging markets such as Türkiye or India, the Azerbaijani context is distinct due to its post-Soviet heritage, economic trajectory, and institutional structures. Without context-specific research, policymakers and business leaders lack the evidence to design effective cultural or structural interventions to support innovation from within.

The aim is to offer an integrated perspective of how organizational culture can be utilized to generate innovation and intrapreneurship in developing economies. Drawing on theoretical frameworks including Schein's model of organizational culture, Hofstede's cultural dimensions, Self-Determination Theory, transformational leadership, and job design theory, the research offers

a holistic analysis of how visible practices, underlying assumptions, leadership behaviors, and motivational structures interact to enable or constrain intrapreneurial activity. Through qualitative interviews with bankers, innovation champions, and fintech professionals in Azerbaijani financial institutions, this research will address the following objectives:

1. To critically examine and delineate the theoretical concepts and established models of intrapreneurship within the existing academic literature.
2. To analyze and elaborate on the theoretical frameworks and dimensions of organizational culture, specifically identifying aspects relevant to fostering or hindering innovative and entrepreneurial behaviors.
3. To empirically investigate, through qualitative interviews with professionals in Azerbaijani financial institutions, how current organizational cultural characteristics and leadership practices influence intrapreneurial behavior and initiatives.
4. To identify the key cultural, structural, and regulatory barriers that hinder intrapreneurship in Azerbaijani financial institutions.

By focusing on a developing and culturally unique setting, this research contributes both to theory and practice. Theoretically, it extends current models of intrapreneurship to underrepresented regions. Practically, it provides Azerbaijani financial institutions with actionable insights for cultivating innovative internal cultures. The findings also inform institutional reform efforts by highlighting the cultural enablers and barriers to bottom-up innovation in a highly regulated sector.

Keywords: Intrapreneurship, Organizational Culture, Corporate Entrepreneurship, Emerging Markets, Transformational Leadership.

Research classification code(s) (CERCS): S190 - Management of enterprises

2. Literature Review

The shared values, beliefs, and workplace norms that guide employee conduct, known as organizational culture, are essential for promoting or blocking intrapreneurial activities. Schein's (2010) three-tier model of organizational culture provides a foundational framework for understanding this phenomenon. At the surface level are artifacts, observable elements such as organizational structure, language, or innovation spaces. Beneath these lies espoused values, such as a declared commitment to agility or collaboration. At the deepest level are basic assumptions, unconscious, taken-for-granted beliefs about authority, failure, and change. These assumptions are particularly consequential for innovation, as they guide employee perceptions of what is safe or appropriate within the workplace.

Organizational culture is also deeply embedded within national cultural frameworks. Hofstede's (1980) Cultural Dimensions Theory offers a macro-level lens through which to understand institutional behavior across societies. For instance, in high power distance environments, employees tend to defer to authority, limiting the likelihood of bottom-up innovation unless explicitly invited by senior leadership. In contexts with high uncertainty avoidance, risk is perceived negatively, and deviation from norms is discouraged. These cultural orientations can either reinforce or counteract internal innovation initiatives, depending on how organizational leaders respond to them. As such, the success of intrapreneurial programs is not only a function of internal design but also of their alignment with, or deliberate disruption of, cultural norms.

Intrapreneurship – sometimes called corporate entrepreneurship – involves employees acting entrepreneurially within existing firms. Antoncic and Hisrich (2001) conceptualize intrapreneurial organizations as those that actively engage in new business venturing, are innovative, continuously renew themselves, and are proactive. In other words, such organizations launch new initiatives, support creative ideas, and anticipate market shifts. Intrapreneurial organizations empower their workforce to identify emerging opportunities, develop creative solutions, and implement transformative changes. Prior research links intrapreneurial intensity to numerous positive outcomes, including revenue growth, operational agility, employee satisfaction, and strategic renewal. In this sense, intrapreneurship is not merely a tool for innovation but a mechanism for organizational resilience and adaptability.

Despite its benefits, intrapreneurship faces unique challenges in regulated and traditional sectors such as banking and insurance, where organizational change often conflicts with risk-averse processes, compliance obligations, and layered approval systems. These sectors tend to operate under

strict frameworks designed to ensure stability, predictability, and security, values that can conflict with experimentation and entrepreneurial thinking. Nevertheless, successful cases demonstrate that intrapreneurship can be integrated into even the most constrained environments when supported by cultural alignment, leadership vision, and well-designed support systems.

2.1 Organizational Culture in Azerbaijani Financial Institutions

Research shows that formal controls and risk aversion in financial institutions can coexist with innovative initiatives, but only with strong organizational support (Antoncic and Hisrich, 2001). This organizational backing, known as intrapreneurial support, enables innovation within traditionally risk-averse environments. It includes providing dedicated resources, establishing formal innovation structures, and creating platforms where employees can safely propose, develop, and pilot new ideas. Through intrapreneurship programs, funding, mentorship, and leadership endorsement, organizations create an environment where entrepreneurial efforts can thrive despite regulatory requirements and risk management constraints.

Financial institutions in Azerbaijan function under cultural norms that emphasize high power distance along with uncertainty avoidance according to Hofstede's (Hofstede Insights, n.d.) cultural dimensions. These cultural background characteristics hinder organizational innovation because staff demonstrate reluctance toward risk-taking behaviors and norm transformation. Organizations should promote openness and collaborative environments and encourage risk-taking, as these approaches enhance intrapreneurial behavior according to Martins and Terblanche (2003). Organizational units practice intrapreneurship by displaying entrepreneurial conduct within established financial institutions when they need innovation to adjust to regulatory transformations, technological developments, and shifting customer requirements. Intrapreneurial behavior in financial institutions becomes more understandable through Antoncic and Hisrich's (2001) four-dimensional intrapreneurship model, which combines new business venturing with innovativeness, self-renewal/autonomy, and proactiveness.

Financial institutions operating in Azerbaijan must overcome obstacles like bureaucratic structure and centralized decision-making to implement intrapreneurship programs effectively. Operational evidence from financial institutions like PASHA Bank shows that regulated environments do not necessarily prohibit intrapreneurship as employees use innovative methodologies to drive organizational change. The leading private bank in Azerbaijan, PASHA Bank, pushes digital advancement by inviting staff members to build novel solutions that led to mobile banking apps and blockchain systems (PASHA Bank, 2022).

Employee autonomy is the main force behind intrapreneurship because it allows workers to make decisions and fosters innovative ideas. SDT asserts in a paper by Deci and Ryan (1985) that autonomy, competence, and relatedness are basic elements that activate employee motivation toward innovation and entrepreneurial work. According to Gagné and Deci (2005), empowered workers show greater willingness to take initiative and contribute to organizational innovation. Beyond autonomy, intrinsic and extrinsic motivation plays a crucial role in driving intrapreneurial behavior. Employees who feel intrinsically motivated are more likely to engage in proactive problem-solving and pursue innovative ideas out of genuine interest and personal fulfillment. Extrinsic motivators, such as recognition, career advancement, and performance-based rewards, can further enhance their engagement when aligned with intrinsic goals. This dual pathway of motivation is essential in fostering sustained innovation within organizations. However, empowering a culture within Azerbaijani financial institutions is difficult due to the hierarchical structures restricting worker autonomy and the lack of motivational systems that recognize or reward innovative behavior. Research from various emerging markets demonstrates how empowering employees across units, while simultaneously cultivating motivational climates, promotes better intrapreneurial activity in companies.

Organizational entrepreneurial culture depends heavily on the leadership capabilities of its members. The essential traits to build an innovative culture, according to Transformational Leadership Theory (Bass and Avolio, 1994), include vision-sharing along with empowerment and risk-taking. Distinctive thinking, initiative, and questioning traditional approaches from employees create favorable conditions that drive employees to act as intrapreneurs. The financial industry of Azerbaijan functions mostly under leadership frameworks that prioritize stability above taking risks based on traditional cultural preferences.

To better understand structurally how organizations can enable innovation, Wolcott and Lippitz (2007) identify four models of corporate entrepreneurship:

- The Enabler provides funding and senior executive support for innovation projects, while allowing ideas to emerge organically across the organization.
- The Advocate promotes innovation through leadership and cultural support, but individual business units are responsible for securing resources and executing ideas.
- The Producer centralizes innovation efforts within a formal unit or function, with apparent authority, dedicated resources, and top-down ownership.
- The Opportunist lacks a formal innovation strategy, relying instead on informal networks, individual initiatives, or isolated experiments.

The models vary in the extent to which organizational ownership and authority over resources are invested in innovation activities. This model contributes to the body of knowledge by presenting actionable models that organizations can use based on their internal culture and strategic priorities. Significantly, Google best illustrates the Enabler model in which staff members are given the time to dedicate 20% of their working hours to personal projects, allowing them to submit ideas, build ad-hoc teams, and create prototypes of self-identified needs. This practice shows how entrepreneurial leadership and adaptable organizational structures can open innovation and stimulate creativity.

This piece explores how Azerbaijani financial leaders can shift away from traditional models and apply transformational leadership practices, supported by models like Wolcott's, to cultivate a more vibrant and innovation-based organizational culture.

Organizations' design, decision systems, and resource distribution directly affect how well they develop their intrapreneurial capabilities. According to Job Design Theory by Hackman and Oldham (1976), three main elements of autonomy, task significance, and skill variety help employees become innovative. According to Amabile (1996), autonomy, available resources, and willingness to take risks drive corporate innovation. The bureaucratic nature of Azerbaijani banks and financial institutions requires reforming their organizational structures to implement decentralized frameworks that will support intrapreneurship. The paper investigates how such organizations adopt changes to nurture employee innovations.

The financial institutions in Azerbaijan serve as a distinctive environment in which to study how organizational values interact with corporate entrepreneurship activities. The sector comprises national and independent financial establishments with distinct organizational characteristics and cultural traditions. Corporate actions follow traditional values, including hierarchy, respect, collectivism principles, and risk avoidance practices that obstruct intrapreneurial efforts.

Intrapreneurship development comes with digitalization and the adoption of financial technology (fintech) in Azerbaijan. Financial institutions have started to accept their need for technological adaptation and global market changes. The current research investigates methods for financial institutions to integrate traditional corporate values alongside innovations to build an entrepreneurial culture for the industry.

2.2 Intrapreneurship in Emerging Markets

Intrapreneurship allows and challenges itself through the characteristics of developing economies, which combine swift economic advancement with active regulatory changes and distinctive social customs. The research shows that emerging markets require modifications of universal en-

trepreneurial principles for native business environments, especially in financial services, because regulatory requirements and cultural traditions strongly affect innovation potential.

The studies on intrapreneurship in Türkiye (Özsunur, 2020) and Kazakhstan (Baimukhamedova & Karimova, 2021) demonstrate that organizational cultures alongside effective leadership form essential elements for promoting innovation within hierarchical structures that tend to avoid risks. Financial institutions in Türkiye support intrapreneurship through innovation hubs and cross-functional collaboration, although the country maintains a substantial power distance cultural structure (Özsunur, 2020). Kazakhstan's innovation drive includes implementing reforms by financial institutions, which combine decentralized organizational decision-making models and employee empowerment programs (Baimukhamedova & Karimova, 2021).

These examples demonstrate that while emerging markets face unique challenges, such as bureaucratic structures and cultural resistance to change, they also offer opportunities for intrapreneurship through adaptive leadership and cultural transformation. In Azerbaijan, where the financial sector is similarly characterized by hierarchical structures and risk aversion, lessons from other emerging markets can inform strategies for fostering intrapreneurship.

This research integrates organizational culture models with leadership approaches, employee autonomy, and corporate innovation strategies to deliver actionable recommendations for Azerbaijani financial institutions aiming to develop intrapreneurship. Recognizing that cultural and structural constraints inhibit innovative progress, organizations implement targeted strategies that encourage employees to take risks, propose new solutions, and operate as intrapreneurs. In order to explore these complex organizational dynamics, thematic analysis is a strong qualitative research approach. Braun and Clarke's (2006) six-phase model is highly employed, enabling systematic identification and interpretation of recurrent themes in qualitative data. It is best suited for analyzing the interplays among culture, leadership, and innovation within financial institutions. Implementing this approach helps formulate realistic actions that enable Azerbaijani financial organizations to adapt their internal cultures to resemble global entrepreneurial standards, thus becoming more competitive in the long run in changing market environments.

3. Methodology

The research design employs a qualitative, exploratory, case-based approach to examine how organizational culture influences intrapreneurial behavior within Azerbaijan's financial sector. Given the complex and context-specific nature of the topic, semi-structured interviews were conducted across five innovation-oriented financial institutions to collect rich and detailed insights.

Thematic analysis was used to identify patterns and systematically interpret meanings within the data.

3.1 Data Collection and Interview Design

Semi-structured interviews enabled a flexible examination of organizational culture and leadership as drivers of intrapreneurial success. The interview questions (Appendix 1) were based on topics from the literature that have repeatedly emerged across leadership behavior, mechanisms of support at an institutional level, hierarchical form, and risk-innovation-related communication patterns.

The core thematic areas explored, namely, organizational culture, leadership dynamics, innovation practices, and individual motivation, were conceptually grounded in several well-established theoretical frameworks.

Schein's (2010) model of organizational culture and Hofstede's (1980) cultural dimensions played a central role in shaping questions about shared values, informal collaboration, and internal communication. According to Schein's layered model, the questions were designed to elicit both observable cultural practices and the deeper assumptions underpinning them. Hofstede's power distance and uncertainty avoidance constructs were particularly relevant for discussions around hierarchical structures and risk tolerance, critical factors in post-Soviet organizational settings such as those in Azerbaijan.

Antoncic and Hisrich's (2001) intrapreneurship model further informed the interview structure, guiding questions related to new idea generation, employee-driven initiatives, and organizational responses to innovation. This framework enabled an exploration of the four key dimensions of intrapreneurship: new business venturing, innovativeness, proactiveness, and self-renewal, from both individual and organizational perspectives.

To examine leadership's role in fostering intrapreneurship, the guide incorporated principles from Transformational Leadership Theory (Bass & Avolio, 1994), focusing on leaders' ability to articulate vision, empower teams, and create a climate of trust and psychological safety. Additionally, concepts from Self-Determination Theory (Deci & Ryan, 1985) informed questions on motivation, autonomy, competence, and relatedness. Specific attention was given to how intrinsic motivation is supported and how recognition and rewards shape employee initiative and creativity. Finally, Wolcott's (2007) Four Models of Corporate Entrepreneurship provided a structural lens to assess how formal organizational design enables or restricts intrapreneurial behavior. Relevant questions addressed levels of autonomy, resource availability, and whether innovation was initiated from the top down or emerged organically from within the workforce. Twenty interviews were

conducted with purposefully selected participants from across hierarchical levels and departments, including executives, innovation leads, mid-level managers, and technical staff. This stratified sampling approach allowed for comparative insights between strategic-level innovation goals and the day-to-day experiences of frontline employees. Interviews lasted between 45 and 60 minutes and were conducted face-to-face or via video call, depending on participant availability. All sessions were audio-recorded with informed consent, transcribed verbatim, and anonymized to ensure confidentiality and encourage honest, unfiltered responses.

As emphasized by Sirwan Khalid Ahmed (2025), qualitative research is particularly well-suited for exploring the nuanced and multifaceted nature of organizational culture and behavior. Rather than aiming for broad generalization, this study prioritizes depth by employing a layered sampling strategy that combines purposive selection, voluntary participation, and constrained maximum variation to capture diverse perspectives within the organization. At the organizational level, five institutions were selected based on their visible commitment to innovation, willingness to provide internal access, and structural diversity (e.g., state-owned vs. private, traditional vs. fintech-driven models).

At the individual level, innovation managers and team leaders were identified through purposive sampling due to their central role in enabling or directing intrapreneurial activity. Concurrently, volunteer sampling included frontline technical and operational staff, enriching the dataset with a wide range of perspectives. Maximum variation was achieved by covering different job roles and hierarchical tiers.

Data saturation was achieved after 20 interviews, with no new themes emerging, affirming the sufficiency of the sample for a robust and credible thematic analysis.

Five institutions were selected against the following selection criteria:

1. Active Engagement in Innovation: Evidence of innovation commitment through the development of digital goods, fintech partnerships, and adoption of new technologies.
2. Voluntary Participation and Transparency: Willingness to uncover internal practices, including leadership practices and innovation management practices.
3. Organizational and Structural Diversity: Coverage of institutions that vary in size, ownership structure, and operational scope to capture a broad range of organizational cultures.

3.2 Justification for Thematic Analysis

Given the exploratory nature of the study, thematic analysis was adopted as the primary analysis method. The approach is best applied in identifying patterns within organizational settings where

there is an interaction between formal rules and informal cultural practices.

Thematic analysis offers methodological freedom, such that themes can inductively emerge from the data without losing analytic depth. This was needed to analyze not only the manifest content of participant answers but also assumptions and values behind organizational action. Braun and Clarke's (2006) six-phase model guided the analysis (Appendix 4), providing a systematic yet flexible framework ideal for qualitative research focused on identifying, examining, and interpreting meaningful patterns (themes) within textual data. Given the exploratory nature of this study and the complexity of organizational culture and intrapreneurial behavior, this approach facilitated a rigorous and transparent analysis of the interview transcripts.

The six steps followed in this analysis are outlined in the process map provided in the Appendix 4.

1. Familiarization with the data – All interviews were transcribed verbatim and read multiple times to immerse the researcher in the content and note preliminary observations.
2. Generating initial codes – A systematic coding process was conducted across the entire data set to identify meaningful features relevant to organizational culture, leadership, innovation, and employee autonomy.
3. Searching for themes – Codes were reviewed and clustered into potential themes, capturing recurring patterns in how participants described enablers or constraints of intrapreneurship.
4. Reviewing themes – Themes were refined by checking their consistency with both the coded data and the entire dataset, ensuring internal coherence and distinctiveness.
5. Conceptualization of themes – Each theme was clearly defined and named to reflect its core message and relevance to the research questions.
6. Producing the report – Final themes were organized to form a coherent narrative, supported by direct quotations from participants, and linked back to the theoretical framework and research objectives.

Braun and Clarke's model was chosen not only for its clarity and structure but also because it accommodates both inductive (data-driven) and theoretical (concept-driven) theme development.

3.3 Overview of Research Participants

The institutions involved reflect a representative cross-section of Azerbaijan's financial innovation landscape:

1. Company 1 – A life insurer leveraging agile frameworks and digital tools to transform service delivery.

2. Company 2 – A general insurance provider with strong customer-oriented digital initiatives.
3. Company 3 – A fintech enterprise.
4. Company 4 – One of the largest banks in the country, with a dedicated innovation unit and substantial digital infrastructure.
5. Company 5 – A leader in digital banking known for fostering intrapreneurial teams and robust IT ecosystems.

To understand how culture affects intrapreneurial behavior, interviews were conducted at three organizational levels:

1. Senior Leaders and Executives: Provided strategic insights regarding organizational vision, leadership systems, and cultural tone-setting.
2. Innovation Leads and Department Heads: Served as buffers, translating strategy into plans of work and coordinating intrapreneurial activities.
3. Technical and Operational Staff: Offered frontline perspectives on informal norms, autonomy, and everyday innovation practice.

This multi-level examination enabled a whole-system appreciation of both formal structure (e.g., policies, leadership styles) and informal practices (e.g., communication norms, initiative-taking), and how top-down and bottom-up dynamics interact in their impact on intrapreneurial behavior.

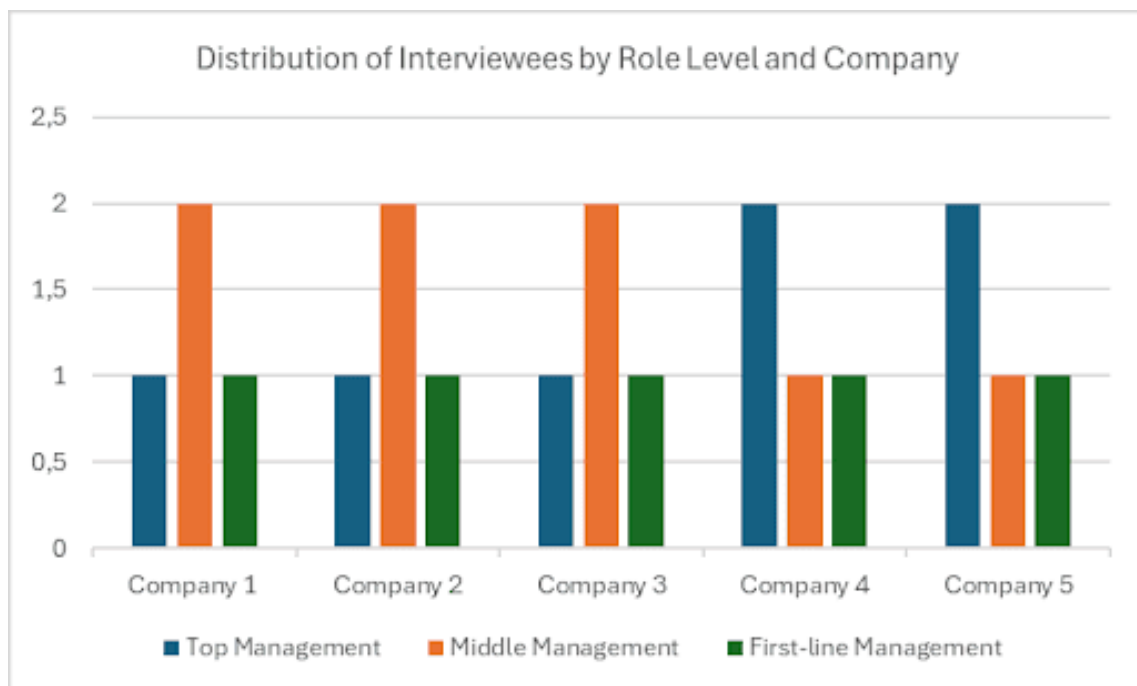


Figure 1.

Source: Created by authors, Distribution Of Interviewees by Role Level and Company

4. Findings

Thematic analysis was applied to all transcribed interviews to identify recurrent patterns and meaningful variations across institutions. Transcripts were reviewed thoroughly, and initial codes were manually generated, focusing on keywords, repeated phrases, and emotionally salient expressions. Visual coding tools and Excel spreadsheets supported cross-institutional comparisons.

Following Braun and Clarke's (2006) six-step model (Appendix 4), codes were iteratively refined into six overarching themes. This approach allowed the study to map both enabling and constraining forces that influence intrapreneurship in Azerbaijani financial institutions.

The final six themes are as follows:

1. **Autonomy** – The degree to which employees are empowered to make decisions, test ideas, and lead initiatives independently.
2. **Leadership Support** – The extent of managerial engagement in fostering innovation through resource allocation, mentorship, and psychological safety.
3. **Risk Tolerance** – Organizational attitudes toward experimentation and failure, including the capacity to learn from setbacks.
4. **Intrapreneurial Support** – Availability of structured mechanisms such as innovation units, training programs, and suggestion platforms.
5. **Employee Motivation** – Intrinsic and extrinsic drivers encouraging staff to engage in innovative, entrepreneurial behavior.
6. **Barriers to Intrapreneurship** – Constraints including bureaucracy, hierarchical rigidity, lack of time, and fear of failure.

These themes serve as the basis for the detailed analysis in the following sections, offering a nuanced understanding of how organizational culture impacts intrapreneurial dynamics in the Azerbaijani financial sector.

4.1 Autonomy

At Company 1, leaders explicitly foster autonomy in the innovation process. Managers are “encouraged to give their teams autonomy to experiment,” and junior staff are involved in strategic discussions. Interviewees noted that time and budget autonomy enabled experimentation – one manager remarked that more “autonomy to experiment” would accelerate innovation. This suggests that Company 1’s culture supports employees in testing ideas, although even here, some interviewees saw room to decentralize approval processes further.

At Company 2, autonomy is more constrained by formal processes. Senior managers have begun to “free up time for creative thinking” and allocate small pilot budgets, but employees still face multi-layer approvals. One manager recommended “more autonomy at the team level” so that “managers. . . can pilot small ideas without going up the chain for every detail”. An insurance agent confirmed that while suggestions are welcome, large initiatives must wait for top-down approval. Thus, Company 2 maintains a structured approach: teams have some freedom to test minor improvements, but significant autonomy is limited by hierarchy and regulation.

Company 3 stands out as highly autonomous. Built with a startup ethos, it uses a flat structure in which “anyone can bring ideas directly” to the CEO or leadership. Managers have discretionary innovation budgets, and team leads report being able to “allocate a small budget for experimental projects without much red tape”. Employees even receive formal time to innovate (“one morning a week we can explore side projects”). Through interviews, staff described a culture where individuals are trusted to pursue ideas quickly, reflecting very high operational autonomy.

By contrast, the large banks (Company 4 and Company 5) show a mix of support and constraints. At Company 4, leaders have set aside dedicated innovation funds and streamlined some processes (e.g., a “fast-track review” to clear obstacles), but day-to-day work remains tightly managed. A Company branch consultant observed that branches still operate “by the book,” though leadership is now more actively soliciting ideas. At Company 5, senior management explicitly allocates “a portion of the budget. . . for experimental projects” and even gives branches discretionary mini budgets for improvements. The Head of Innovation reports that “we have budget autonomy for pilot projects under a certain limit,” demonstrating trust in managers at that level. Nevertheless, both Company 4 and Company 5 operate in highly regulated environments. In practice, autonomy is buffered by formal review committees and compliance checks, so employees in the banks experience less freedom than in the startup-like Company 3.

Company 3 clearly offers the greatest day-to-day autonomy, with flat hierarchies and flexible resources. Company 1 also scores high, investing in training and dedicated idea portals to empower staff. In contrast, Company 2 and the banks emphasize control: they require multiple approvals and formal pilots before ideas proceed. This pattern likely reflects organizational size and industry context (large banks and insurers tend to have higher power distance and risk aversion than fintech startups). Nonetheless, all firms recognize autonomy as important: even banks have begun allocating innovation budgets and shortcuts to give teams some freedom.

4.2 Leadership Support

Leadership support for intrapreneurship was strong in all firms, but the style varied. At Company 1, senior leaders actively participate in innovation activities. One executive described how the CEO and board members “often attend pitch sessions and give feedback directly,” allocate project budgets, and publicly reward creative employees (for example, through an “Innovator of the Quarter” award). Managers also champion ideas: a product manager noted that department heads “regularly invite team members to brainstorming sessions” and publicly praise creative thinking. These actions – visible involvement, resource commitment, and recognition – create an encouraging environment in Company 1.

At Company 2, leadership has become more supportive in recent years. An executive vice president reported that leaders now hold regular town halls emphasizing innovation, and they celebrate success by acknowledging implemented ideas. A small discretionary fund for pilot projects has been created, and managers are urged to free up staff time for creativity. An insurance manager also noted that directors openly solicit suggestions (“My director always says he wants to hear ideas from staff”) and even reward initiative with bonuses. Overall, Company 2’s leaders are building momentum for intrapreneurship through communication and modest incentives, though innovation is still balanced by quality and compliance priorities. Company 3’s leaders exemplify a hands-on, facilitative style. Innovation metrics and goals are set at the top, and executives “empower their teams” at every level. For example, the CTO and other officers hold open Q&A sessions to solicit input, and leaders meet regularly with teams to discuss ideas. The company even uses gamified incentives (a quarterly “Innovation Star” award with prizes) to encourage ideas. Importantly, leadership removes roadblocks for intrapreneurs: if a team needs legal or IT support, executives personally expedite it. This visible, active support – characteristic of a “startup” mindset – signals that managers at Company 3 truly back employee innovation.

In the banks, leadership support is more formal but still evident. Company 4’s executives have declared innovation a strategic priority and allocated budgets accordingly. The EVP of innovation noted that “we have dedicated budgets for innovation projects” and that senior leaders, including the CEO, participate in project reviews and town halls on technology trends. An Innovation Center director added that top leaders attend demo days and provide “fast-track” support to clear project obstacles (e.g., quick compliance input). At Company 5, leaders set explicit innovation targets: the CEO publicly endorses entrepreneurship, managers must submit at least one improvement idea per quarter, and a portion of the annual budget is reserved for experiments. Executives engage

externally as well (attending startup demo days and partnering with universities), reinforcing a culture of innovation. In both banks, senior management's commitment (through resources and communication) signals to employees that intrapreneurship is a valued goal.

All five companies demonstrate leadership backing for innovation, but the mechanisms differ. Company 3 and the banks use more formal structures (innovation funds, targets, labs, and events), whereas Company 1 and Insurance rely on cultural emphasis and informal recognition (awards, workshops). Company 3's approach most closely resembles Antončič and Hisrich's "producer" model – leadership actively enabling internal ventures – while the banks incorporate elements of both "producer" and "enabler" models (institutional innovation centers, formal pipelines). In every case, however, management's visible endorsement (e.g. CEO involvement, public praise) was mentioned by employees as critical to motivating intrapreneurial behavior.

4.3 Risk Tolerance

The theme of risk tolerance emerged strongly across interviews. Company 1 acknowledges regulatory constraints but explicitly encourages experimentation. Staff are expected to "be careful" due to compliance, and some say there is a natural aversion to failure. However, interviewees noted that genuine attempts at innovation are not punished: one colleague's failed client questionnaire pilot was still appreciated for the learning it produced. Leaders "treat small failures as learning opportunities" and even run programs (like KickBox) that emphasize "learning rather than blame" when pilots fail. Thus, Company 1 combines cautiousness with a "fail-fast" mindset: failure is tolerated if it leads to insight.

At Company 2, risk is also managed, but employees are protected from blame. A senior executive explained that whenever an experiment fails, the outcome is analyzed "without assigning blame.". Similarly, managers noted that errors in pilots are treated as feedback rather than grounds for discipline. For example, a marketing pilot that underperformed was simply used to refine customer targeting rather than to punish the team. In practice, this means Company 2 allows "controlled experiments": ideas are evaluated and tested on a small scale, and failures are viewed as lessons. However, because of the insurance context, employees still need to ensure that pilots comply with regulations; this caution was implicit in discussions (e.g., big changes often require thorough vetting).

Company 3 explicitly embraces risk-taking. The CEO affirms a "fail fast" ethic: employees can try ideas quickly in a lean way, and failure is acceptable if the team "learns and moves on". Leadership allocates an innovation fund for precisely this purpose. Interviews repeatedly empha-

sized that failed experiments are debriefed openly and treated as learning opportunities. One product manager remarked that “we’re quite tolerant of failure as long as you iterate fast”. Company 3 culture encourages risk-taking by ensuring there is no stigma attached to a negative result, consistent with an agile mindset.

In Company 4, innovation is conducted more cautiously. The emphasis is on “controlled innovation”: the Innovation Center provides a framework so that ideas undergo feasibility review and pilot monitoring. Managers reinforce that “failures are lessons” and there is “no blame” for unsuccessful pilots. Notably, Company 4’s leaders publicly state that only about half of the projects are expected to succeed; failures are accepted if insights are captured. A Company 4 innovation leader described how the CEO even acknowledges and thanks teams after failed pilots, which signals psychological safety. Thus, while risk-taking is not as freewheeling as at Company 3, Company 4 is consciously trying to build tolerance by focusing on learning and providing debriefs instead of punishment.

Company 5 similarly balances innovation with caution. Its process requires new ideas to go through evaluation committees and controlled pilots. When initiatives fall short, teams analyze the outcomes, and “no one is blamed”. A branch manager recounted how a failed loyalty program was treated as a learning case and praised as an effort. Executives explicitly endorse experimentation: pilots have clear metrics, and if a project fails to meet them, it is simply concluded and documented. In short, Company 5 discourages reckless risk but rewards calculated risk by framing setbacks as strategic insights.

Company 3 and Company 1 exhibit the highest risk tolerance, openly accepting failure as part of the innovation process. Company 2 and Company 5 moderate risk-taking through formal stages and review panels, yet still emphasize learning from failure. Company 4, as the oldest institution, is the most controlled – it pilots ideas under strict oversight but also communicates that insights from failure are valued. This gradient of risk attitudes may reflect Hofstede’s cultural dimensions (e.g., high uncertainty avoidance in traditional banking) and Schein’s culture model: the banks’ underlying assumptions stress stability and compliance, whereas the fintech and younger insurers place more value on experimentation and learning.

4.4 Intrapreneurial Support

Beyond cultural attitudes and leadership behaviors, concrete organizational structures and resources, collectively referred to as intrapreneurial support, emerged as a critical factor in enabling or constraining employee-driven innovation. This theme encompasses formal programs, physical infrastructure,

training opportunities, and procedural frameworks that shape an institution's innovation capacity. In many cases, these supports serve as visible artifacts in Schein's (2010) model, signaling to employees that innovation is not only permitted but actively encouraged and institutionally facilitated.

Organizations such as Company 1, Company 3, and Company 5 were particularly noted for their systematic efforts to embed innovation within their internal processes. At Company 3, the integration of innovation into agile workflows and cross-functional teams was highlighted repeatedly. One developer commented, "We have dedicated squads for experimental features. If someone has an idea, it can be prototyped in a sprint with minimal red tape. Similarly, Company 5's KickBox program and internal innovation contests were repeatedly mentioned as impactful. A participant shared, "With KickBox, we get mentoring, budget, and time to explore an idea. It's structured to make innovation practical, not just aspirational."

In contrast, some institutions, particularly Company 4 and, to a lesser extent, Company 2, demonstrated limited or underdeveloped support structures. While specific digital departments within Company 4 were equipped with newer systems, most employees described innovative efforts as ad hoc and reliant on individual initiative. One mid-level manager remarked, "There's no formal space or time for innovation here. If you want to try something new, it's on your own time, without support". This disparity illustrates how innovation infrastructure, or the lack thereof, can significantly influence whether intrapreneurial ideas move beyond conception.

The availability of training and development opportunities also surfaced as an essential aspect of intrapreneurial support. Respondents at Company 5 and Company 1 reported access to workshops on design thinking, agile project management, and product development. One product manager noted, "They encourage us to upskill. I've done two Coursera courses with company funding. It helps me think creatively and implement ideas more effectively." This investment in employee competence directly supports the autonomy and mastery components of Self-Determination Theory (Deci and Ryan, 1985), creating an environment where employees feel both capable and confident in pursuing innovation.

Several participants also pointed out streamlining internal procedures as a form of support. Fast-track approvals for pilot projects, simplified access to prototyping tools, and internal innovation platforms (e.g., portals for idea submission and tracking) were critical enablers. A business analyst at Company 1 explained, "They've created an internal portal for innovation proposals. You submit an idea, and it's reviewed within two weeks by a cross-functional committee." These process innovations represent strategic efforts to lower structural barriers and signal institutional commitment to entrepreneurship.

Notably, intrapreneurial support also appeared to buffer against cultural inertia. In institutions where risk aversion and hierarchical norms persist, dedicated support systems offer a protected space where innovation is less constrained by traditional expectations. A fintech analyst at Company 5 noted, “Even though we’re a bank and things move slowly, the innovation hub gives us a sandbox to test new products. It feels like a startup within a bank.” This aligns with Hofstede’s (1980) framework, suggesting that formal mechanisms can help counterbalance high uncertainty avoidance and power distance by institutionalizing exceptions to the rule.

In summary, intrapreneurial support manifests through the deliberate creation of programs, tools, training, and procedural pathways that enable employees to act on their ideas. These supports, when well-integrated, function as both artifacts and reinforcers of cultural change, translating espoused values of innovation into practical action. As observed in the more advanced institutions in this study, such support structures do not replace leadership or motivation but act as essential scaffolding that sustains intrapreneurial behavior across levels and functions.

4.5 Employee Motivation

Employee motivation to innovate was driven by a mix of intrinsic and extrinsic factors. In Company 1, interviewees said they are primarily motivated by making an impact on customers. One executive noted that employees “take initiative because they care about solving customer problems and improving our services”. In addition to intrinsic drive, Company 1 uses tangible incentives, which are the KickBox intrapreneurship program that provides resources and potential funding for projects, while innovative achievements are recognized in performance reviews and rewarded with bonuses or promotions. Together, these factors (autonomy, mastery, and purpose) align well with Self-Determination Theory: autonomy in project choice and the competence gained from skill-building foster intrinsic motivation, supplemented by extrinsic rewards.

At Company 2, staff similarly cited customer service improvement as a motivator. A branch manager explained that helping clients efficiently “pushes me to speak up” with ideas. Formal rewards are more modest: managers verbally praise initiative and sometimes give small bonuses for creative suggestions. Employees’ ideas may be highlighted in meetings or newsletters (e.g., an “innovation highlight” section) to motivate continued participation. Training opportunities and project leadership roles serve as additional incentives for high-performing intrapreneurs. Overall, Company 2 blends intrinsic (client-focused, professional pride) with selective extrinsic incentives.

Company 3 places strong emphasis on passion and recognition. Staff described themselves as highly motivated by being on the cutting edge of fintech; one team member said “we reward

innovation through recognition and sometimes small bonuses,” and noted an “Innovation Star” award. However, the most powerful motivator appears to be intrinsic: employees relish solving interesting problems and being part of a creative, agile environment. Phrases like “people of all levels talk openly” and “we’re encouraged to experiment” indicate that autonomy and mastery are daily drivers. When projects succeed, leaders celebrate them publicly (e.g., announcing new features born of employee ideas), reinforcing relatedness and esteem needs. In short, Company 3 taps into all three of SDT’s basic needs: autonomy (flat structure and hack time), competence (skill development through projects), and relatedness (team collaboration and recognition).

In Company 4, motivation leans more on structured recognition. Managers routinely thank and publicly highlight innovative contributions. For instance, one Company 4 division head started a monthly internal newsletter feature to showcase employee ideas. Regional and branch managers also personally solicit ideas from staff, signaling respect and valuing their input. This direct interest – the CEO once visited a branch to ask for suggestions – serves as a motivating signal. Extrinsic incentives (bonuses, promotions) were mentioned less often at Company 4, but employees do appreciate the learning and career development they gain from innovation projects. In practice, Company 4’s strategy focuses on relatedness (leaders showing they care about employees’ ideas) and highlighting achievement (visibility for good ideas) to motivate staff. At Company 5, employees are also driven by problem-solving and recognition. A branch manager noted motivation comes from “solving customer problems and seeing their career grow”. The bank formalizes this by noting innovative contributions to performance appraisals and offering occasional bonuses for improvements. Moreover, involvement in strategic projects (like the Kickbox startup accelerator) signals to staff that their creative ideas can influence the bank’s direction, enhancing intrinsic motivation. Recognition comes through awards and Company-wide events: successful ideas at Company 5 are celebrated by leadership and often come with additional resources or training opportunities.

Across all companies, intrinsic motivators (autonomy, purpose, skill-building) were as important as extrinsic rewards. This finding echoes Self-Determination Theory: environments that satisfy autonomy (e.g., Company 3’s open idea channels) and competence (training, challenging projects) foster high motivation. Company 3 and Company 1 leaned more heavily on intrinsic factors, supplemented by visible recognition programs. Company 2 and the banks used more traditional rewards (praise, occasional bonuses, inclusion in reviews) but increasingly tied these to innovation as well. Importantly, in all cases, employees cited customer impact and professional growth, not just financial incentives, as key drivers. This pattern suggests that fulfilling psychological needs is critical for sustaining intrapreneurial drive, in line with both SDT and Antončič & Hisrich’s emphasis

on individual disposition and managerial support in fostering organizational entrepreneurship.

4.6 Barriers to Intrapreneurship

Employees identify several obstacles to innovation in each company. At Company 1, the primary barriers were regulatory constraints and workload pressures. Interviewees noted that strict insurance regulations create a natural risk aversion: staff “sometimes hesitate if they feel the approval process is too lengthy”. Additionally, the routine workload leaves limited slack: one executive suggested creating “innovation sprints” or protected time for ideas. In summary, even in a supportive culture, the need to comply with external rules and to meet day-to-day targets can hinder employees from taking initiative.

In Company 2, bureaucracy and formality are key barriers. The culture was described as “very structured”, and managers admitted that novel proposals often require many approvals. One interviewee explicitly recommended reducing “gatekeeping,” because currently, “anything novel often needs multiple approvals”. Employees felt comfortable suggesting minor improvements, but larger ideas (like new product discounts) may be deferred. Another barrier is employee conservatism: as a sales agent noted, big changes “might be put on hold” if they require significant change. Thus, Company 2’s hierarchical decision-making and compliance focus slow down intrapreneurship.

Company 3 faces different constraints. The main challenges cited were institutional and operational rather than cultural. Because it operates in banking, Company 3 must still meet strict security and compliance standards. Ideas that affect core transactions undergo “rigorous review,” which can slow innovation. Rapid growth also creates coordination issues: aligning teams and maintaining agility at scale is an ongoing “balancing act”. Internally, respondents mentioned that dedicating time to innovation can be hard; one suggested more regular hackathon-style time blocks. In short, Company 3’s barriers are mostly systemic: ensuring stability and integrating growth with the startup ethos.

The banks’ barriers are even more pronounced. At Company 4, the entrenched banking culture limits creativity. Employees observed that “innovation is part of strategic priorities,” but day-to-day work is still governed by “doing things by the book”. Older systems and rigorous processes make it hard to implement new features quickly. One executive remarked that Company 4 is “not a free-for-all creative space like a startup,” and that formal channels are necessary to move ideas. Compliance and legacy technology thus slow down innovation. At Company 5, similar issues arise: it is the largest bank, so “scale and risk management” mean any change has big implications. A senior manager pointed out that lengthy approval and legacy IT systems “make

it harder to implement new features quickly”. Branch staff also lack time (“busy with customer needs”) to devote to creativity. These structural constraint regulations, hierarchical bureaucracy, and legacy infrastructure are consistent with high uncertainty avoidance and power distance cultural dimensions, as well as Schein’s idea that deep organizational assumptions (stability, compliance) can inhibit change.

In all firms, institutional factors limit intrapreneurship. Insurance and fintech companies, being younger, cite process inefficiencies and workload as hurdles, while the banks emphasize structural inertia. Notably, Company 3 and the banks both mention heavy compliance requirements as a break. Company 2 highlights internal bureaucracy as a barrier, whereas Company 1 focuses on resource/time constraints. Across contexts, employees sense a gap between rhetorical support for innovation and the everyday constraints of their jobs, reflecting the common criticism that innovation programs often collide with established culture (per Schein and Hofstede). These findings underscore the importance of addressing real obstacles (not just espoused values) to enable intrapreneurship.

5. Discussion

The empirical findings largely support existing theories of organizational culture and intrapreneurship, while adding nuance in the context of Azerbaijan’s financial sector. Schein’s cultural model (2010) posits that visible artifacts (structures, processes) and espoused values must align with underlying assumptions for culture to be effective. In our case, Company 1 and Company 3 prominently display innovation artifacts (idea portals, hackathons, awards) and articulate values of creativity, which indeed seem to translate into empowering assumptions about autonomy and learning. In contrast, Company 4 and Company 5 exhibit more artifacts of caution (committees, formal approval stages), reflecting deeper assumptions of risk aversion. Schein states that a company’s underlying assumptions lead to its espoused values, which determine the form of its artefacts (Schein’s Model, 2010) (Figure 2). Hofstede’s dimensions help explain this: banking organizations (with likely high uncertainty avoidance and power distance) naturally impose stringent controls, whereas the fintech startup (Company 3) has lower power distance and embraces uncertainty. Indeed, employees in the banks repeatedly mentioned hierarchical approvals and risk protocols as barriers. This aligns with Hofstede’s finding that in cultures with high uncertainty avoidance, failure is less tolerated and structured processes are preferred.

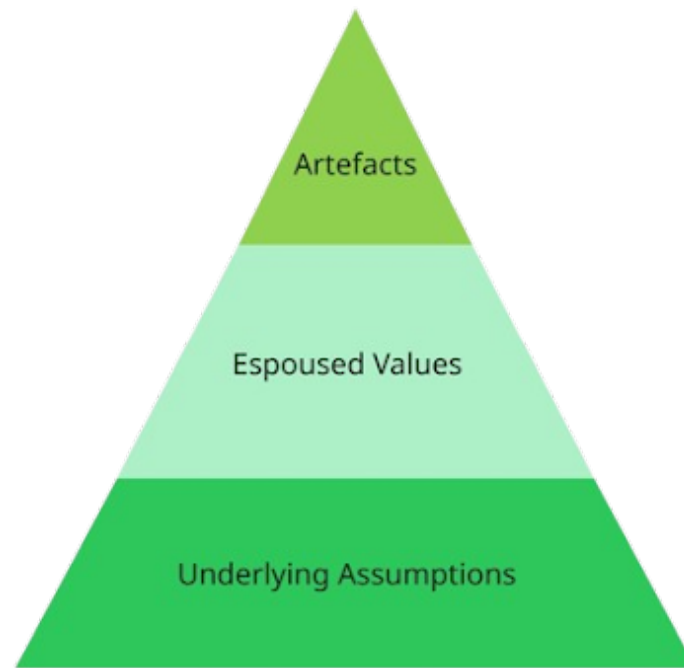


Figure 2.

Source: Created by authors based on Schein's Levels of Organisational Culture, Schein's Model, 2010

Antončič & Hisrich (2001) emphasize that corporate entrepreneurship requires both organizational support and individual initiative. Our data echo this: intrapreneurship flourishes where leaders provide resources and encouragement, but also where employees are intrinsically driven to act. For example, the Self-Determination Theory framework (Ryan & Deci, 1985) is reflected in respondents' accounts. Autonomy (Theme 1) was a clear need – Company 3 employees, for instance, relished autonomy and recommended even more hack days, and firms that better satisfied this need tended to report higher motivation. Competence was fostered via training and leadership involvement in projects. Relatedness appeared in team recognition and open communication channels. When these basic needs were met, employees reported feeling motivated to innovate (Theme 5). Conversely, when autonomy was constrained (e.g., needing multiple approvals at Company 2), creativity lagged.

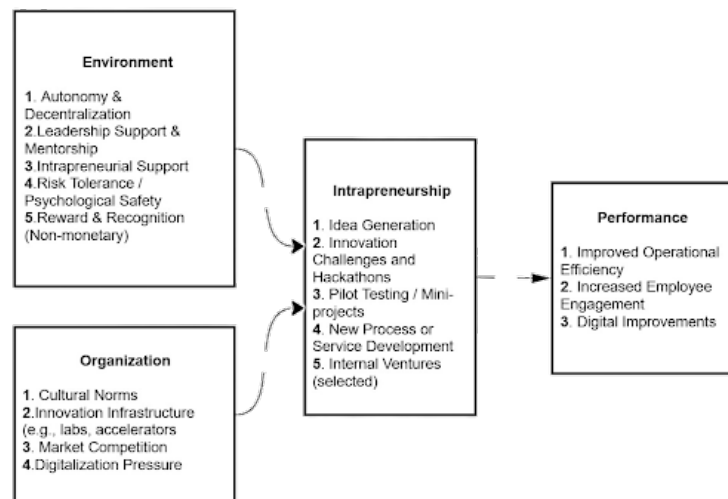


Figure 3.

Source: Created by the authors, The Intrapreneurship Model and Its Direct Effects, adapted from Antoncic and Hisrich (2001).

In addition to the thematic analysis, the interview data was interpreted using Wolcott's (2007) Four Models of Corporate Entrepreneurship (Figure 4), a foundational framework in entrepreneurial research. This approach broadened the understanding of how innovation is organized, supported, and governed within organizations. By mapping the participating institutions into the categories of Enabler, Advocate, Producer, and Opportunist, the study provides deeper insights into how organizational design and leadership orientation influence intrapreneurial behavior.

One of the most compelling examples of the "Enabler" model emerged in Company 1. Here, innovation is not confined to a single unit or department, but emerges across the organization. Employees are actively encouraged to dedicate time to innovative thinking, formally structured as "one morning a week", and are supported by small but flexible budgets and tools such as the KickBox innovation program. This is further strengthened by the support of senior executives, whose visible commitment creates a sense of legitimacy and momentum. The enabler model thrives in environments where innovation is democratized and nurtured across multiple teams rather than driven from the top down.

In contrast, Company 3 exemplifies the "Producer" model. Innovation in this organization is highly centralized, with clearly defined goals and structures. Senior leadership, including the CEO and executive board, is directly involved in the direction of innovation strategy. The company hosts regular hackathons, tracks innovation through formal metrics, and has instituted reward systems to recognize intrapreneurial initiatives. Resources are concentrated in a dedicated innovation hub, akin to a startup embedded within the larger organization, which coordinates efforts across departments. This producer model emphasizes formal control and strategic coherence, making it well-suited to

companies aiming for scaled, repeatable innovation outcomes.

Company 5 reflects a different reality, one more in line with the "Opportunist" model. Here, there is no consistent or overarching strategy for innovation. Although individual teams may receive praise and occasional resources for their creative efforts, much of intrapreneurial activity depends on personal initiative or isolated group projects. Innovation is recognized and even celebrated by leadership, but in the absence of formal processes or a cohesive framework, progress is fragmented and often unsustainable. This model highlights how innovation can still occur, even flourish, in pockets, though without long-term strategic backing.

Meanwhile, Companies 2 and 4 align most closely with the "Advocate" model. In both cases, senior leaders actively promote a culture of innovation and serve as vocal supporters of intrapreneurial behavior. However, these cultural endorsements are not always matched by structural facilitation. Innovation efforts are often slowed down by entrenched bureaucracy, outdated systems, and fragmented resource allocation. Execution tends to fall on the shoulders of individual business units, which must independently secure resources and navigate formal approval processes. The advocate model, while rich in symbolic support, often leaves a gap between aspiration and operational capacity.

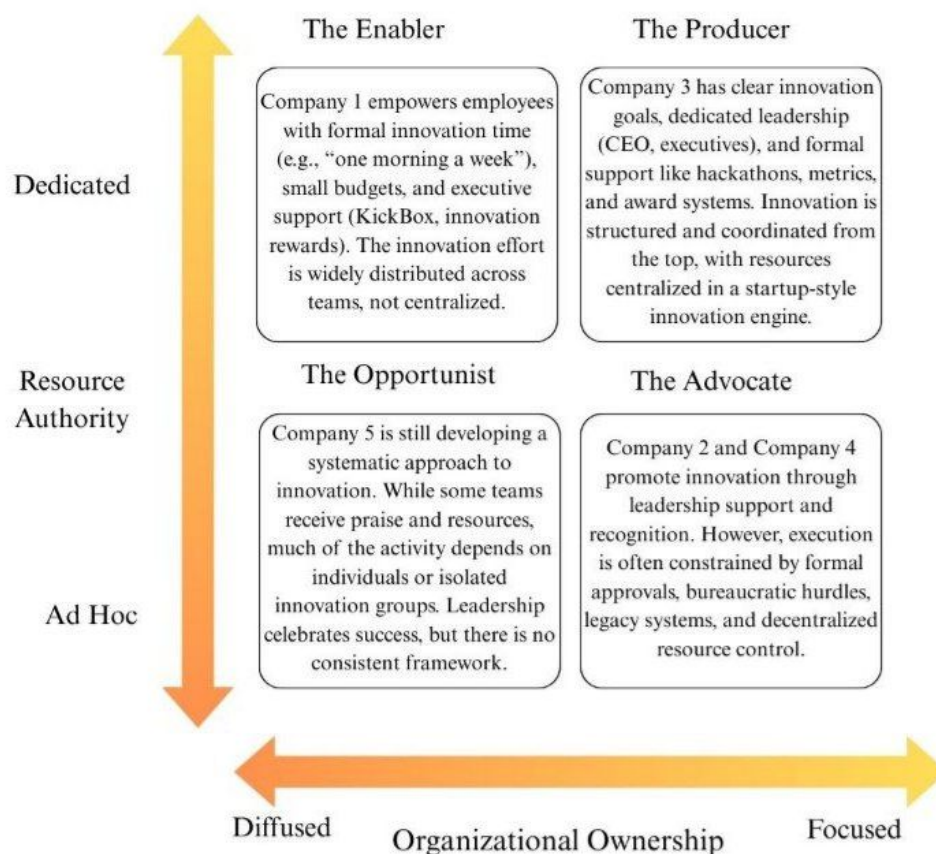


Figure 4.

Source: Created by authors based on Wolcott's (2009) four intrapreneurship models: A typology of intrapreneurship.

In sum, the results largely validate theoretical expectations: environments that grant autonomy, support from leaders, and channels for resource access (themes 1–4) foster motivated and active intrapreneurs, whereas excessive formalism and risk aversion (theme 6) hamper them. The interplay between intrinsic motivation and extrinsic incentives (theme 5) aligns with Self-Determination Theory and with Antončič & Hisrich's view of entrepreneurial orientation. Notably, some findings challenge simple assumptions. For example, while Hofstede might predict uniformly low autonomy in a post-Soviet culture, the target companies (Azerbaijani-owned) display surprisingly low power distance in practice (managers solicit grassroots ideas). This suggests that national culture can be reshaped by corporate values and ownership. Overall, our study expands on existing models by illustrating how a mix of cultural factors at different levels (national, organizational, personal) combine in a transitional economy to influence intrapreneurship.

6. Conclusion

Ultimately, this study demonstrates that organizational culture is pivotal in shaping intrapreneurship within Azerbaijani financial institutions. Organizations with open, supportive cultures that encourage risk-taking, autonomy, and communication tend to foster greater innovation. By contrast, traditional hierarchical cultures constrain employees' willingness to pursue new ideas, even when formal innovation programs exist. These findings suggest that cultivating an environment of trust, flexibility, and open communication is essential for unlocking employees' intrapreneurial potential.

Case evidence from this research underscores these patterns. For example, a structured KickBox intrapreneurship program provided a formal pathway for employees to submit ideas and receive mentorship, funding, and pilot support. Developed in partnership with academic institutions and corporate stakeholders, the program generated multiple innovations, including a digital underwriting assessment tool, a fintech accelerator, a mobile account-opening feature, and an Open Banking API portal. Other organizations employed innovation challenges, hackathons, and open idea portals to engage staff. These initiatives yielded solutions like online self-service platforms, peer-to-peer payment systems, and AI-powered budgeting tools.

In many cases, ideas emerged from informal discussions and were quickly implemented due to agile leadership support. Together, these cases illustrate how employee-driven concepts can translate into impactful customer-facing solutions when backed by structured frameworks and leadership commitment. The analysis highlights that formal structures alone are insufficient for sustained intrapreneurship without deeper cultural and leadership support. Senior management in these institutions allocated resources and streamlined processes while framing successes and setbacks as learning experiences. Cross-functional collaboration – particularly among IT, operations, and compliance teams – proved essential for transforming nascent ideas into viable, scalable solutions.

An entrepreneurial mindset embedded in the corporate culture and reinforced by active leadership is crucial to sustaining intrapreneurial efforts. For practitioners in Azerbaijani financial institutions, these findings suggest actionable steps. Organizations should institutionalize intrapreneurship through formal innovation programs or idea incubators with dedicated funding and internal sponsors to guide projects from ideation to implementation. Concurrently, companies must cultivate autonomy and psychological safety by reducing bureaucratic barriers and empowering employees to make decisions. A fail-friendly approach, in which experimentation is encouraged and failures are viewed as learning opportunities, will further reinforce these initiatives.

Additionally, streamlining approval processes and encouraging cross-functional collaboration can accelerate the development of innovative solutions. Future research could build on this work by examining intrapreneurship in other emerging-market contexts or conducting longitudinal analyses of innovation program outcomes. Comparative studies across organizational cultures or financial sectors (such as traditional banks versus fintech startups) may reveal how contextual factors influence intrapreneurial dynamics. Expanding the participant pool to include frontline employees, human resources personnel, and external partners could provide a more comprehensive perspective. Employing mixed methods or investigating the impact of digital transformation on innovation in regulated environments are also promising avenues for further inquiry.

Overall, the findings underscore that fostering intrapreneurship in emerging economies like Azerbaijan demands more than formal programs; it requires aligning cultural norms and leadership practices with innovation objectives. Integrating formal innovation frameworks with an entrepreneurial corporate culture and committed leadership can transform risk-averse financial institutions into dynamic hubs of creativity. These lessons have broader implications for innovation in emerging-market settings, where aligning cultural and structural factors within organizations is essential for catalyzing internal innovation and supporting wider economic development.

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Appendices

Appendix 1: Interview Guide **Thesis Title:** The Impact of Organizational Culture on Intrapreneurship in Azerbaijani Financial Institutions

Interviewers: Ulvi Guliyev & Almaz Rafiyeva

University: University of Tartu, MA Innovation and Technology Management

Date: _____

Interviewee Role: _____

1. Interview Introduction Hello, and thank you for agreeing to participate in this interview. The interview will take approximately 30–45 minutes. Your participation is voluntary, and you can skip any question or stop the interview at any time. With your permission, I would like to record the interview to ensure accuracy in the analysis. Your responses will be treated with complete confidentiality.

Do you have any questions before we begin?

2. Consent Script Before we begin, I'd like to confirm the following with you:

1. I understand the purpose of the research.
2. I voluntarily agree to participate in this interview.
3. I agree to have this interview audio-recorded (if applicable).
4. I understand that my responses will be anonymized and used for academic purposes only.

Participant verbal (or written) confirmation: _____

Date: _____

3. Background Questions

- Could you briefly describe your role in the company and how long you've been working here?
- How would you describe your organization's overall mission or values?

4. Organizational Culture

- How would you describe the organizational culture at your company?
- What are the most important shared values or norms within your organization?
- Are there any informal ways people share ideas or collaborate?

5. Innovation & Intrapreneurship Support

- Can you describe when you or someone else tried to introduce a new idea? What happened?
- How does the company respond to new initiatives or employee suggestions?

- How would you describe your company's attitude toward experimentation and failure?

6. Leadership and Practices

- What leadership behaviors or actions do you think support innovation or employee-driven ideas?
- How do employees and leadership communicate regarding new ideas or projects?
- (For managers) How do you identify and support employees with intrapreneurial potential?

7. Challenges and Constraints

- Are there any aspects of culture or work environment that discourage people from taking initiative?
- What challenges do employees face when launching or promoting new ideas?
- Do you think any processes, attitudes, or structures hinder intrapreneurship?

8. Motivation and Recognition

- What motivates employees to take the initiative or think creatively in your organization?
- Do any incentives, recognition systems, or rewards support intrapreneurial behavior?

9. Recommendations

- In your opinion, what could your organization do to better support intrapreneurship?
- What would it be if you could change one thing in the company's culture to promote innovation?

10. Wrap-Up

- Is there anything else you'd like to add that we haven't covered?
- Would you be open to a follow-up conversation if necessary?

Notes: _____

Appendix 2: Table theme analysis Company 1:

Theme	Description	Quote From Transcript
Autonomy	Empowered teams lead initiatives and collaborate across departments within a compliance framework.	“We try to give employees autonomy to test small ideas when we can.”
Leadership Support	Active leadership involvement in innovation workshops, mentorship, and recognition programs.	“Senior management organized a half-day innovation workshop where everyone could work on new concepts.”
Risk Tolerance	A “fail fast, learn fast” approach is supported, with safeguards to experiment within regulatory bounds.	“I participated in testing a mobile claims app feature that didn’t work well. I was never blamed for trying.”
Intrapreneurial Support	Tools like KickBox, mentoring, and fast implementation empower employees to act on their ideas.	“I recently supported a junior analyst who had an idea. I helped arrange a mentor to develop that concept.”
Barriers to Intrapreneurship	Bureaucracy, legacy systems, and workload limit innovation speed and feedback cycles.	“There’s sometimes a natural risk aversion because of regulatory requirements.”
Employee Motivation	Impact, recognition, and growth are stronger motivators than just financial rewards.	“People here are motivated by solving real problems and growing professionally.”

Company 2:

Theme	Description	Quote From Transcript
Autonomy	The company shows a moderate but restricted level of autonomy, with efforts underway to reduce bureaucratic barriers.	“If mid-level managers had the authority to greenlight small pilots themselves, it would speed things up.”
Leadership Support	Managers encourage creative thinking, offer regular feedback, and recognize ideas through praise and occasional bonuses.	“We also celebrate successful initiatives: if someone’s idea is implemented, we acknowledge it publicly.”
Risk Tolerance	Failures, especially in pilot projects, are seen as learning opportunities rather than reasons for blame.	“When mistakes happen, it’s expected to report them, and we discuss how to avoid them next time.”
Intrapreneurial Support	Employees who show initiative and creativity are mentored and given opportunities to lead projects or join cross-functional teams.	“I encourage my department heads to free up time for creative thinking and to recognize team members who step outside their usual roles.”
Barriers to Intrapreneurship	Strict compliance rules and fear of breaking regulations discourage risk-taking.	“We have strict compliance and regulatory requirements; that is intrinsic to insurance. These factors sometimes discourage people from trying something out of the ordinary.”
Employee Motivation	Employee motivation is driven by career development and the satisfaction of making meaningful contributions to customer service.	“Team members are motivated by professional pride and meeting targets. Many like seeing how a small change can make the job easier or help customers.”

Company 3:

Theme	Description	Quote From Transcript
Autonomy	Employees enjoy high autonomy, encouraged to take ownership and make decisions quickly in a flat, trust-based structure.	“We have a flat structure – anyone can bring ideas directly to me or the leadership team.”
Leadership Support	Leaders are accessible and hands-on, providing direction, resources, and recognition to support innovation.	“Mentorship is key: experienced leaders mentor these budding intrapreneurs to help shape their ideas into viable projects.”
Risk Tolerance	Mistakes are treated as learning opportunities; experimentation is supported and blame-free.	“There’s a culture of ‘let’s find out why’ rather than ‘whose fault.’”
Intrapreneurial Support	Proactive employees are identified, mentored, and given space to develop and lead new initiatives.	“We give them small side projects or mentorship... We also invite them to our monthly innovation leadership roundtable.”
Barriers to Intrapreneurship	Regulatory checks, security needs, and time constraints can slow innovation, though efforts are made to ease these.	“Some features need more checks and can’t be done on the fly. Also, scaling is a big focus for us now.”
Employee Motivation	Motivation is driven by meaningful work, autonomy, career growth, and recognition through awards and incentives.	“I’m motivated by solving problems and learning. When I see a way to improve the app, I feel excited to share it.”

Company 4:

Theme	Description	Quote From Transcript
Autonomy	Employees can share ideas, but limited time and daily duties restrict innovation. There are growing calls for dedicated innovation time and more structured cross-team collaboration.	“Right now, most employees’ time is focused on existing duties. If we could formally allocate time for innovation. . . that would normalize idea development.”
Leadership Support	Leaders actively promote innovation by setting strategic priorities, removing barriers, and recognizing contributions—reinforcing that ideas are valued across all levels.	“Our board includes innovation in their KPIs. Leaders also participate personally: executives come to demo days at the Innovation Center.”
Risk Tolerance	Failures, especially in pilot projects, are seen as expected and necessary. Teams reflect on outcomes to learn and improve without fear of blame.	“We offered a new home loan package that didn’t attract customers. . . management analyzed customer feedback to see what went wrong.”
Intrapreneurial Support	Support includes hackathons, accelerator programs, and informal rewards. High-potential employees may receive mentorship or leadership roles, especially within innovation units.	“The Innovation Center runs hackathons, idea challenges, and an internal accelerator program.”
Barriers to Intrapreneurship	Bureaucracy, compliance, time pressure, and a traditional mindset can slow innovation, particularly outside specialized teams.	“A challenge is the banking mindset. Many people here. . . are used to traditional processes. Changing that mindset can be slow.”
Employee Motivation	Employees are driven by recognition, learning opportunities, and meaningful impact. Rewards blend public praise, bonuses, and new project roles.	“Seeing an idea I suggested improve the process is very satisfying.”

Company 5:

Theme	Description	Quote From Transcript
Autonomy	Corporate teams use structured platforms and funding tools, while frontline staff rely on team meetings and supportive managers. Autonomy varies by role, but a shared culture of initiative is growing.	“Managers at all levels are asked to identify one improvement idea per quarter, making innovation part of job expectations.”
Leadership Support	Leaders at all levels promote innovation—executives set agendas and fund projects, while branch managers encourage idea-sharing and give responsive feedback.	“Management is open if the idea is practical... they explain why it might not work, but still appreciate the initiative.”
Risk Tolerance	A safe environment for experimentation is emerging. Pilots and post-mortems support learning from failure, though risk acceptance is stronger in innovation units.	“If a project doesn’t meet [success metrics], we conclude it and learn from it... The team was commended for quick iteration despite the setback.”
Intrapreneurial Support	Formal and informal systems identify and nurture intrapreneurs through training, mentoring, and project leadership—varying in structure between corporate and branch levels.	“We have a talent development program that flags those who actively contribute to innovation projects... Mentors are assigned.”
Barriers to Intrapreneurship	Legacy systems, regulations, and time constraints slow innovation, especially for frontline staff. Hierarchies and workloads limit space for creative work despite structural support.	“Regulatory compliance... and older systems... branch staff are often busy... leaving limited time to think about innovation.”
Employee Motivation	Motivators include recognition, impact on customers, career growth, and peer acknowledgment. Both practical contributions and visibility within the bank drive engagement.	“Helping customers more efficiently is a big motivator... it’s about feeling valued.”

Appendix 3. Interviewees by management level and role

Management level	Example Roles	Number of interviewees
Top Management	CEO, EVP, Senior Executive, Director, SVP, Head of Corporate Development	7
Middle Management	Product Managers, Heads of Innovation, Innovation Managers, Branch Manager	8
First-line Management	Claims Specialist, Insurance Agent, Software Engineer, Teller	5

Appendix 4: Six-step thematic analysis framework.

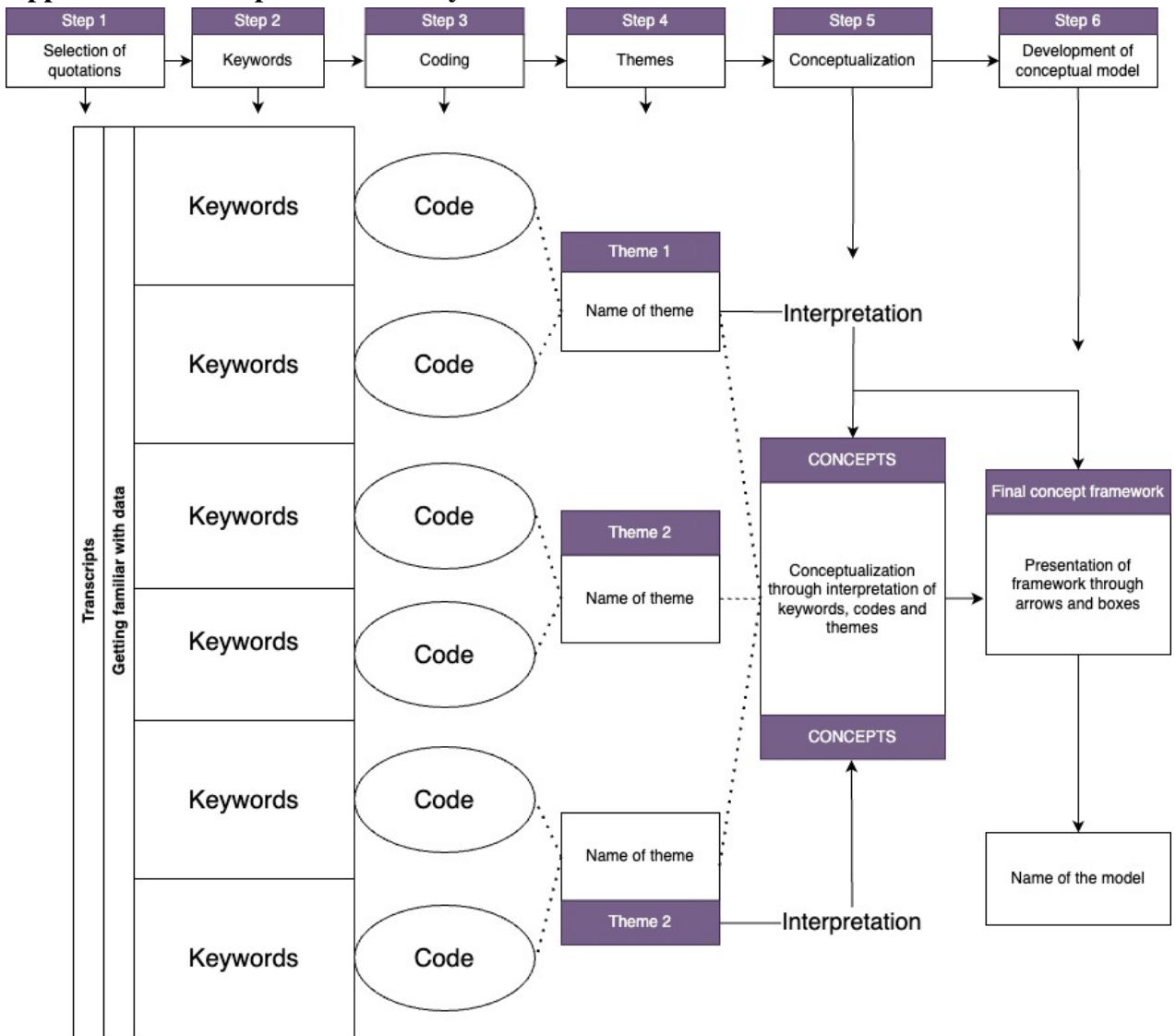


Figure 5.

Created by the authors based on Braun and Clarke's (2006) six-step thematic analysis framework.

Resümee

Käesolev uurimus käsitleb organisatsioonikultuuri rolli ettevõtliku käitumise kujundamisel Aserbaidžaani finantsasutustes. Ettevõtlikkus – ettevõtlike algatuste soodustamine juba olemasolevates organisatsioonides – on muutunud kriitiliseks võimekuseks ettevõtetele, kes otsivad innovatsiooni, kohanemisvõimet ja pikaajalist konkurentsieelist. Kuid jäikade hierarhia, regulatiivsete piirangute ja traditsiooniliste juhtimisstruktuuridega kontekstides, nagu Aserbaidžaani finantssektoris, on ettevõtlikkuse rakendamine keeruline väljakutse. Uuring põhineb kvalitatiivsel juhtumiuuringu meetodil ning tugineb poolstruktureeritud intervjuudele, mis viidi läbi juhtide, innovatsioonijuhtide ja tehnilise personali seas viies Aserbaidžaani finantsasutuses. Teematilist analüüsi kasutati selleks, et uurida, kuidas kultuurilised väärtused, juhtimisstiilid, organisatsioonilised struktuurid ja töötajate motivatsioon omavahel põimuvad ning soodustavad või takistavad ettevõtlikku tegevust. Teoreetiline raamistik ühendab Scheini organisatsioonikultuuri mudelit, Hofstede kultuuridimensioone, Antoncici ja Hisrichi ettevõtlikkuse mudelit ning transformatsioonilise juhtimise ja enesemääramise teooriaid. Tulemused näitavad, et organisatsioonikultuur mängib otsustavat rolli innovatsiooni soodustamisel või piiramisel. Institutsioonid, mis toetavad psühholoogilist turvalisust, julgustavad autonoomiat ja toetavad kaalutletud riskide võtmist, saavutavad ettevõtlike tulemusi märkimisväärselt sagedamini. Vastupidiselt võitlevad jäigad hierarhilised otsustusprotsessid, riskikartlikkus ja bürokraatlik inerts innovatsiooni elluviimisega, vaatamata ametlikele programmidele ja strateegilistele eesmärkidele. Kultuurilised tegurid nagu võimu kaugus ja ebakindluse vältimine, mida selgitab Hofstede raamistik, aitavad mõista neid organisatsioonilisi käitumismustreid Aserbaidžaani kontekstis. Analüüs toob esile kuus põhiteemat: autonoomia, juhtide tugi, riskitaluvus, ettevõtlikkuse tugimehhanismid, töötajate motivatsioon ja struktuursed takistused. Uuring kaardistab osalevad asutused Wolcotti nelja ettevõtlusmudeli (Enabler, Producer, Advocate, Opportunist) järgi, et mõista, kuidas innovatsiooni toetatakse struktuurselt. Innovatsiooniosakonnad ja juhtide kaasatus korreleerusid tugevalt Producer ja Enabler mudelitega, mis osutusid kõige tõhusamaks sisemiste uuenduste genereerimisel ja suurendamisel. Järeldus rõhutab, et ettevõtlikkus nõuab rohkem kui formaalseid protsesse või eraldiseisvaid projekte. See õitseb siis, kui sisemised süsteemid, juhtimise käitumine ja kultuurilised väärtused on kooskõlas ning toetavad katsetamist, koostööd ja pidevat õppimist. Soovitused finantsasutustele hõlmavad innovatsiooniprogrammide institutsionaliseerimist, bürokraatlike takistuste vähendamist, valdkondadevahelise koostöö soodustamist ning kultuuri arendamist, mis võtab ebaõnnestumised õppimisallikana vastu. Kokkuvõttes annab uurimus nii teoreetilisi kui praktilisi teadmisi selle kohta, kuidas Aserbaidžaani laadsete üleminekumajandustega finantsasutused saavad kultuurimuutuste ja juhtimispraktikate abil avada ettevõtlikku potentsiaali ning edendada jätkusuutlikku innovatsiooni.

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20/05/2024