

An assessment of the entrepreneurial orientation of a vehicle management and sales company

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ABSTRACT

The primary objective of this study was to investigate the entrepreneurial orientation of a vehicle management and sales company. This was done to help design recommendations to establish an entrepreneurial orientation in the company and enhance the personal traits of the company.

A vast journey into the body of knowledge about entrepreneurship emerged when the literature review of Chapter 2 resulted in the leaders in the field, internationally and local, gave shape and depth to the study.

The empirical study was conducted by distributing a questionnaire to a target population of 120 employees. A total of 41 questionnaires were received and was used to conduct a statistical analysis on. The reliability of the questionnaire was tested by calculating the Cronbach Alpha coefficients for all the variables of entrepreneurial orientation as well as the personal traits. The data was used to calculate the mean and standard deviations of the individual responses for all the variables. The analysis also included the relationship between different demographic information and the variables of the study to test for any significant differences in the means.

Conclusions were drawn from the data extracted from the questionnaires and recommendations were made based on the conclusions and the data on the relevant topics identified in the study.

An action plan that supports the data, conclusions and recommendations was designed to help the company enhance the entrepreneurial orientation as well as the companies' entrepreneurial behaviour.

The study concludes with measurements of the objectives as well as suggestions for further research on the topic.

Keywords: Entrepreneurship; business; manager; guidelines; success; personal traits, entrepreneurial orientation; entrepreneurial behaviour.

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TABLE OF CONTENTS

ABSTRACT	i
ACKNOWLEDGMENTS	iii
LIST OF FIGURES	viii
LIST OF TABLES	viii
LIST OF ABBREVIATIONS	ix

CHAPTER 1: NATURE AND SCOPE OF THE STUDY	1
1.1 INTRODUCTION	1
1.2 PROBLEM STATEMENT	2
1.3 RESEARCH OBJECTIVES	2
1.3.1 Primary objectives	2
1.3.2 Secondary objectives	3
1.4 SCOPE OF STUDY	4
1.4.1 Field of study	4
1.4.2 Business under investigation	4
1.5 Research Methodology	4
1.5.1 Literature study	4
1.5.2 Empirical research	5
1.5.2.1 Selection of questionnaire	5
1.5.2.2 Study population and sampling method	7
1.5.2.3 Data collection	7
1.5.2.4 Data analysis	8
1.5.3 Data analysis	8
1.6 LIMITATIONS	8
1.7 LAYOUT OF STUDY	9
CHAPTER 2: LITERATURE REVIEW ON ENTREPRENEURSHIP	12
2.1 INTRODUCTION	12
2.2. ENTREPRENEURSHIP	13

2.2.1	Defining entrepreneurship	13
2.2.2	Unique characteristics of entrepreneurs	14
2.3	ENTREPRENEURIAL ORIENTATION DEFINED	22
2.3.1	Autonomy	24
2.3.2	Innovativeness	25
2.3.3	Risk taking	28
2.3.4	Pro-activeness	29
2.3.5	Competitive aggressiveness	30
2.4	ESTABLISHING ENTREPRENEURSHIP	31
2.4.1	Barriers to entrepreneurship	31
2.5	A FRAMEWORK TO ESTABLISH ENTREPRENEURSHIP	34
2.5.1	Focused entrepreneurship	35
2.5.2	Organisation wide entrepreneurship	36
2.6	SUMMARY	39

CHAPTER 3: COMPANY OVERVIEW AND EMPIRICAL RESEARCH

		41
3.1	INTRODUCTION	41
3.2	EMPIRICAL RESEARCH	41
3.3	EMPIRICAL STUDY	44
3.4	DATA GATHERING PROCEDURE	45
3.4.1	Study population	46
3.4.2	Questionnaire used in study	46
3.4.3	Confidentiality	47
3.4.4	Statistical analysis of data	47
3.5	RESPONSES TO SURVEY	48
3.6	DEMOGRAPHICAL INFORMATION	48
3.6.1	Age group of respondents	49
3.6.2	Gender of respondents	49
3.6.3	Racial group of respondents	50
3.6.4	Post level of participants	51

3.6.5	Highest academic qualification	51
3.7	RELIABILITY OF STUDY	52
3.8	ASSESSMENT OF ENTREPRENEURIAL ORIENTATION	53
3.8.1	Assessment of individual variables of entrepreneurial orientation	54
3.8.1.1	Autonomy	54
3.8.1.2	Innovativeness	55
3.8.1.3	Risk taking	56
3.8.1.4	Pro-activeness	57
3.8.1.5	Competitive aggressiveness	58
3.8.2	Assessment of combined results	58
3.9	ASSESSMENT OF PERSONAL TRAITS	59
3.10	RELATIONSHIP BETWEEN SELECTED DEMOGRAPHICAL VARIABLES, ENTREPRENEURIAL ORIENTATION AND PERSONAL TRAITS	61
3.10.1	Relationship between gender, race, the variables measuring entrepreneurial orientation and personal traits	62
3.11	CORRELATION BETWEEN VARIABLES	64
3.12	SUMMARY	65
CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS		68
4.1	INTRODUCTION	68
4.2	CONCLUSIONS	68
4.2.1	Demographic information	69
4.2.2	Reliability of the questionnaire	70
4.2.3	Assessment of entrepreneurial orientation	70
4.2.3.1	Autonomy	70
4.2.3.2	Innovativeness	71
4.2.3.3	Risk taking	72
4.2.3.4	Pro-activeness	73
4.2.3.5	Competitive aggressiveness	73
4.2.3.6	Overall assessment of entrepreneurial orientation	74

4.2.4	Assessment of personal traits	74
4.2.5	Relationship between selected demographic variables, entrepreneurial orientation and personal traits	76
4.2.6	Correlation	77
4.3	RECOMMENDATIONS	77
4.4	ACTION PLAN	78
4.5	CRITICAL EVALUATION OF STUDY	82
4.5.1	Primary objectives	82
4.5.2	Secondary objectives	83
4.6	SUGGESTIONS FOR FURTHER RESEARCH	84
4.7	SUMMARY	85
	REFERENCE LIST	86
	ANNEXURE A – QUESTIONNAIRE	93
	ANNEXURE B: LETTER FROM LANGUAGE EDITOR	102

LIST OF FIGURES

Figure 1.1:	Graphical layout of the study	10
Figure 2.1:	Strategic integration of entrepreneurship throughout the business	24
Figure 2.2:	Innovativeness as applied to products and services	26
Figure 2.3:	Correlation between innovativeness and risk	28
Figure 3.1:	Mean results of personal traits	61

LIST OF TABLES

Table 2.1:	Innovativeness as applied to processes	27
Table 3.1:	Responses to survey	48
Table 3.2:	Age group of respondents	49
Table 3.3:	Frequency of gender	50
Table 3.4:	Race classification	50
Table 3.5:	Highest level of education of respondents	51
Table 3.6:	Cronbach alpha coefficients	52
Table 3.7:	Results of Autonomy	54
Table 3.8:	Results of Innovativeness	55
Table 3.9:	Results of risk taking	56
Table 3.10:	Results of pro-activeness	57
Table 3.11:	Results of competitive aggressiveness	58
Table 3.12:	Combined results of survey on entrepreneurial orientation	59
Table 3.13:	Results of personal traits assessment	60
Table 3.14:	Relationship between variables measuring personal traits, entrepreneurial orientation, gender and race of respondents	63
Table 3.15:	Correlation between personal traits and the variables of entrepreneurial orientation age and academic achievement	65

LIST OF ABBREVIATIONS

- EO: Entrepreneurial Orientation
HR: Human Resources
MS: Microsoft
SCS: Statistical Consultation Services
SPSS: Statistical Package for Social Science

CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

The recession of 2008 to 2009 changed the dynamics of four of the major world economies: United States of America, Japan, China and Germany (Eaton, Kortum, Neiman & Romalis, 2011:1). The rapid changing and altering of the global economy is creating a drastic need for organisations to change their business approach. Businesses will be required to be more pro-active and innovative (Moriano, Molero, Topa & Marhon, 2011:1) and change their business strategy to a more entrepreneurial strategy, in order to grow the organisation and allow the creation of new ventures (Mojica, Gebremedhin & Schaeffer, 2010:3).

According to Lumpkin and Dess (1996:139), there is a fundamental set of strategy-making process dimensions that underlie nearly all entrepreneurial processes in that it reflects the business processes, methods and styles that the businesses use to act entrepreneurially. In this regard, Miller (1983:770) provided the starting point and suggested that an entrepreneurial business is one that engages in product market innovation, undertakes somewhat risky ventures and is first to come up with proactive innovations. These three dimensions – innovativeness, risk taking and proactiveness – were supported by Covin and Slevin (1989:76), Zahra, Jennings and Kuratko (1999:50) and Morris *et al.* (2008:54).

Lumpkin and Dess (1996:139-140) added two other dimensions, competitive aggressiveness and autonomy and together these five dimensions permeate the strategy-making practices that businesses use to identify and launch business ventures (Dess & Lumpkin., 2005:147). It therefore represents a frame of mind and a perspective about entrepreneurship that are reflected in a business's on-going processes and business culture.

This chapter aims to explain the problem on which the study was designed. It also provides the objectives for the study and a summary of the research methodology used and describes some limitations of the study. The final segment of this chapter gives the overall layout of the study.

1.2 PROBLEM STATEMENT

The competitive nature of vehicle management and sales industry drives businesses to always seek new avenues to gain market share and beat out competitors. SMD is at the forefront of the industry. In order to stay ahead and compete in the vehicle management and sales industry the company must turn to a more entrepreneurial orientated structure. This study aims to help SMD create a more entrepreneurial nature by looking at their employee's personal traits and entrepreneurial orientation. This entrepreneurial design will allow the company to react quickly to any changes in the market. The agility gained from this design will help the company seize any new opportunities that may arise and thus keep ahead of competition. It is for this reason that this study will help SMD. Only by exceeding an organisation's competitors' ability to solve client needs and exceed expectations, and improving its financial performance as well as wealth creation for its shareholders, does a company create a competitive edge (Morrow, Sirmon, Hitt & Holcomb, 2007:271).

1.3 RESEARCH OBJECTIVES

Objectives of this study were divided into primary and secondary objectives.

1.3.1 Primary objectives

The primary objective of this study was to investigate the entrepreneurial orientation of a vehicle management and sales company, and to see how personal traits influence entrepreneurial orientation.

1.3.2 Secondary objectives

The secondary objectives are to:

- Define the concept of entrepreneurship.
- Obtain insight into entrepreneurial orientation in an organisation through the literature study.
- Derive a statistical analysis from questionnaire sent to the business in order to obtain the data necessary for the study.
- To determine what the most influential personal traits of entrepreneurial success are through a literature study.
- To show the specific influence of these personal traits on entrepreneurial orientation.
- To determine any other personal traits that can have an influence on business success
- To determine whether these traits can be developed or not.
- Suggest practical recommendations on identifying and developing entrepreneurial traits.
- Suggest practical recommendation to enhance the entrepreneurial behaviour and entrepreneurial orientation of the company.

1.4 SCOPE OF STUDY

1.4.1 Field of study

The field of this study falls within the subject discipline of entrepreneurship with specific focus on the entrepreneurial orientation of employees within a vehicle management and sales company.

1.4.2 Business under investigation

SMD is a large South African vehicle management and sales company. They provide a multitude of services and stand to provide an innovative partner to assist anyone in the collection, processing, storage and sale of vehicles. Be it for a private individual, or dealer, looking to buy or sell a vehicle. SMD has a nationwide network of auction and sales centres, and sells thousands of vehicles to the public every month.

1.5 RESEARCH METHODOLOGY

The research design was done in two stages. First, an in-depth literature review to clearly understand entrepreneurship, followed by an empirical study and analysis of the SMD organisation. This was done to gain insight into the entrepreneurial orientation of the company and the personal traits that influence it.

1.5.1 Literature review

In the literature review the concept of entrepreneurship was defined in general as well as the entrepreneurial orientation of an organisation. The personal traits of entrepreneurs and characteristics of entrepreneurs were also investigated, in order to determine possible entrepreneurs within the company structure.

Topics that were discussed in the literature study:

- Defining entrepreneurship.
- Personal traits of entrepreneurs.
- Defining entrepreneurial orientation.
- Variables of entrepreneurial orientation.
- Establishment of entrepreneurial behaviour.

The following sources were used to obtain an overview of the topics and to establish the literature study.

- Written publication.
- Internet articles.
- Magazines.
- Companies' publications.
- Organisational publications.
- Scientific journals.
- Entrepreneurial journals.

1.5.2 Empirical research

A questionnaire was compiled using information gathered from the literature study. The aim of the questionnaire was to determine the organisation's employees' entrepreneurial orientation as well as the specific entrepreneurial traits they may have or view as necessary.

1.5.2.1 Selection of questionnaires

An empirical study was done, based on research and articles done by Lotz and Van der Merwe (2013). They studied the correlation between entrepreneurial orientation, as independent variable and perceived business successes as dependent variable. This study incorporated these views but looked at personal traits as a dependent variable,

combining the views of Lotz and Van der Merwe (2013), on entrepreneurial orientation and personal traits.

The questionnaire consists of sections: Section A, which gathered demographic information; Section B assessed entrepreneurial orientation; and Section C defined personal traits that employees possess. Section D consists of a value added section where perceived personal traits for entrepreneurship can be added.

Section A: Demographic information

The demographic information of all the participants was captured. Age, gender, race as well as educational level, post level and work division or department were all measured.

Section B: Entrepreneurial orientation

This section consisted of 27 statements which aimed to determine the employees' entrepreneurial orientation within the organisation. The five dimensions of entrepreneurial orientation were addressed namely: Autonomy, Innovativeness, Risk-taking, Pro-activeness and Competitive aggressiveness. The statements were set out so that each participant can indicate to what extent they agree or disagree with the said statement, allowing a scoring system to be introduced on the five-point Likert scale. This scale works on a five to one point scale, 5 being strongly agree and 1 being strongly disagree.

Section C: Personal traits

This section comprised statements aimed at assessing current personal traits the participants attribute to their entrepreneurial orientation. The statements addressed two dimensions of personal traits namely: personal traits they see as important for entrepreneurial orientation as well as traits they possess. A section was also included to add any personal traits they may deem necessary. This section's statements were also measured on the Likert scale on a five to one basis.

Section D. Added personal traits

In this section the respondents were given the opportunity to list more personal traits they perceive as being important for entrepreneurship.

1.5.2.2 Study population and sampling method:

Random sampling was used in the selected population. The questionnaires were sent out to the different divisions of SMD. The business was chosen because each business unit was functional unit on its own and consisted of all levels of management: junior, middle and senior management were included.

1.5.2.3 Data Collection

Permission for study was obtained from all parties concerned and notification of questionnaires as well as permission for distribution was given well in advance. The Human Resources department helped distribute the questionnaires and helped with the retrieval of the information, all information and progress were communicated throughout the study.

The questionnaire was developed in English. SMD employs a large number of employees of which most are English. The questionnaire was available in two formats.

- Hard copy format that consisted of the entire questionnaire that was distributed by the Human Resource Department with an attached letter explaining the purpose of the study as well as the process of answering the questionnaire.
- Electronic format, in PDF or Microsoft (MS) Word format, that was emailed to the employees or distributed through an internal communication system for ease of access to personnel as well as quick response.

Prior to the distribution of the questionnaire to the sample population of the study the questionnaire was distributed to a test group consisting of 10 employees of Cikele electrical (Pty) Ltd. The functionality of the questionnaire in the different formats was tested. The questionnaire was also distributed to a non-related company to test cohesion of questions to different business sectors.

The questionnaire was distributed via email to the Human Resources Department as well as the CEO of the company. The Human Resource Department then re-distributed the questionnaire to their employees. Permission was obtained from the CEO and Human Resources Department to distribute questionnaires to all employees concerned.

1.5.2.4 Data analysis

The data was collected from the electronically as well as the hard copy formats. The data collected from questionnaires was exported into a MS Excel Spreadsheet. Demographic and questionnaire data was summarised, presented and discussed to obtain the insights for the study.

The Statistical Consultation Services of the North-West University at the Potchefstroom campus was used to further analyse the data.

1.6 LIMITATIONS OF THE STUDY

The aim of this study was to determine the entrepreneurial orientation of a business as well as to identify personal traits for entrepreneurial orientation in the marketing and sales industry of second hand vehicles. The study will help to determine practical recommendations on how to identify personal traits that will help improve the entrepreneurial behaviour in this business.

The target population was limited due to the number of employees of SMD and infers a limitation to the study. The business is also a small part of the marketing and sales

sector and limits the study. Responses obtained were another limitation to the study. A lack of responses might be due to the time constraints of employees. Improvement of responses as well as inclusion of more sectors will provide a more comprehensive study.

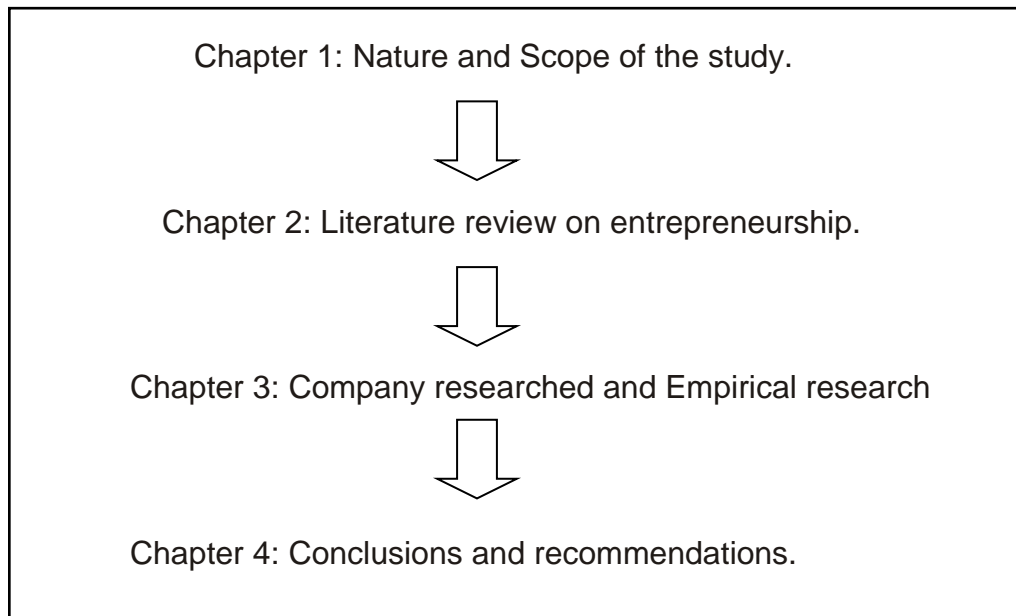
The dynamic field of entrepreneurship and the different aspects of the field are ever changing, with this the characteristics of entrepreneurs change (Lotz, 2009:13). Only a few variables of entrepreneurial orientation were analysed in this study as well as some personal traits identified. Further research can include more variables as well as venturing into unknown personal traits to fully understand the dynamic field of entrepreneurship. Research needs to be done, whether these personal traits can be developed and how. This study aims to help determine these traits and the various influences.

SMD can stand to gain a lot of advantage from the study in identifying their business's entrepreneurial orientation as well as establishing employees that might have personal traits that can help the company grow.

1.7 LAYOUT OF THE STUDY

Figure 1.1 shows a graphical layout of the study and designates each chapter.

Figure 1.1: Graphical layout of study



Chapter 1: Nature and scope of the study

Chapter one provided the background for the study. It gives a few concepts of entrepreneurship as introduction and goes on to explain the scope of the study and the design of the research. Primary and secondary objectives are discussed to help explain the reason of the study. It also gives a brief description of the company used for the study as well as the layout of the questionnaire.

Chapter 2: Literature review on entrepreneurship

The literature review is essentially about entrepreneurship and defining the concepts. Characteristics exhibited by entrepreneurs are discussed and thereafter entrepreneurial orientation and its variables are discussed. To conclude the literature study, barriers to entrepreneurship are discussed and recommendations on how to establish entrepreneurial behaviour in the company are also reviewed.

Chapter 3: Introduction to the company and Empirical research

A brief overview of the company under study, SMD is given. A Comprehensive research methodology follows in which all empirical data from the company is

compiled. The data was gathered through information received from respondents in the questionnaire that was distributed to the company. The data was analysed and the reliability of the questionnaire was tested after which the mean values of all variable were determined as well as the correlation between some of the variables.

Chapter 4: Conclusions and recommendations

Conclusions were drawn from all the literature, data analysis and findings of the study. All interesting aspects that were discovered by the study were highlighted. The chapter ends with practical recommendations for the company to help enhance its entrepreneurial environment. This was done through a strategic action plan that can be implemented. Finally, the study was critically evaluated and suggestions were made for further study.

CHAPTER 2

LITERATURE REVIEW ON ENTREPRENEURSHIP IN A COMPANY

2.1 INTRODUCTION

Promoting entrepreneurship in a company or corporate entrepreneurship is called intrapreneurship (Lotz, 2009:17-18). It leans on the essence of management but without the hierarchical structure of the corporate. It also helps encourage innovation by examining new opportunities, ways of implementation and exploitation, as well as commercialisation of new products and or services (McFadzean, O'Loughlin & Shaw, 2005:351). Ireland, Kuratko and Morris (2006:11) stated that corporate entrepreneurship is a reliance on a specific, directed entrepreneurship throughout the entire business that helps stimulate innovation, enabling all employees to add to the creative environment of the company. Innovation has become a major driver for sustainability of any business and has become a keystone for many businesses.

Entrepreneurship has been earmarked as a major force to help drive economic growth, social enhancement and creating jobs (Gurol & Atson, 2006:25-26). It is therefore important to create and allow corporate entrepreneurial behaviours and practices, to ensure the company's strategy can allow for innovation, to help establish a competitive advantage (Ireland *et al.*, 2006:10). Entrepreneurial orientation has been used for more than 30 years to help measure entrepreneurial behaviour in organisations and to help research in strategy (Slevin & Terjesen, 2011:973). The level of entrepreneurial orientation can vary from low to very high in some organisations, depending on the level of entrepreneurship (Covin & Slevin, 1998:218).

The literature review describes the term entrepreneurship, as corporate entrepreneurship is viewed as intrapreneurship within a company (Antoncic & Hisrich, 2004:520).

Corporate entrepreneurship is strongest in companies where management and the business culture allow innovation, risk taking as well as the ability to pursue new possibilities. The essence of this idea is entrepreneurial orientation (Dess & Lumpkin, 2005:147). Five variables of entrepreneurial orientation were discussed in order to comprehend entrepreneurial orientation within a company. The term entrepreneur was first defined and characteristics of entrepreneurs were identified. Finally, factors that enhance and also factors that lead to lowered entrepreneurial behaviour were discussed. The literature review was designed to provide an organisation with a platform to help identify entrepreneurs in an organisation and help enhance an entrepreneurial environment.

2.2 ENTREPRENEURSHIP

Entrepreneurship is a field on its own and can be identified as a process which entrepreneurial groups or individuals follow. The entrepreneurial concept is explained in the literature review. The understanding of this entrepreneurial concept can help an organisation to implement systems that can increase entrepreneurial behaviour within it.

2.2.1 Entrepreneurship defined

The word is derived from the French verb “entreprendre”, which means to “undertake” or “go between” (Hisrich, Peters & Shepherd, 2008:6). This term is in line with the earliest definition of Cantelon’s in 1734, which states an entrepreneur is self-employed, undertake risk and have an uncertain income (Lotz, 2009:18).

The field of entrepreneurship was launched in 1947, by Schumpeter, not only by associating entrepreneurs with innovation, but also demonstrating the importance of

entrepreneurs in economic growth (Venter, Urban & Rwigema, 2008:13). Since then there have been many definitions (as cited by Lotz, 2009:19-20):

- Stevenson and Jarillo (1990:23) define entrepreneurship as individuals, either on their own or inside organisations, pursuing an opportunity without resources that they presently control.
- Sigtler (2001:20) defines entrepreneurship as the process through which individuals or teams take advantage of an opportunity, by pooling resources and thereby creating value. This process is possible in any organisational structure and may result in a variety of possible outcomes. This statement is corroborated by Morris *et al.* (2008:10) who defines entrepreneurship as the process of exploiting an opportunity, through the creation of value, by the use of resources.
- Entrepreneurs have the ability to see opportunities as well as the ability to assure the correct steps that will enable success. Kirby (2003:11) is therefore of the opinion that it is the last factor that distinguishes an entrepreneur from an inventor. Entrepreneurs therefore have the ability to create success from nothing (Kirby, 2003:11). It is the work one puts in, to make an opportunity work rather than just describing one.
- Hisrich *et al.* (2008:8) define entrepreneurship as the process of creating something of value through the input of time and effort, assuming the financial, psychic and social risks involved and only receiving the reward of independence and personal satisfaction when completed.
- From a human orientation point of view, Timmons and Spinelli (2009:79) define entrepreneurship as a way of reasoning, acting and thinking, that allows a holistic approach on an opportunity, with balanced leadership.

Entrepreneurship thus encompasses, the realisation of an opportunity, creating value for that opportunity and the process of enhancing it. This process requires a willingness to take calculated risks and initiate processes to lower this risk through hard work. Resources must be marshalled and controlled to realise the opportunity through ingenious strategies (Timmons & Spinelli, 2009:79).

2.2.2 Unique characteristics of entrepreneurs

The unique characteristics identified of entrepreneurs are discussed in this chapter to help an organisation in identifying entrepreneurs within the organisation. To enable an organisation to create a corporate environment that can enhance entrepreneurial behaviour, they must be able to identify possible candidates (Ramachandran, Devarajan & Ray, 2006:90).

It is unlikely to find one person that will be an expert in all areas of business, thus the art of entrepreneurship as well as corporate entrepreneurship is to identify the right team of managers to help seize and drive any opportunity. An entrepreneur must be able to construct a management team that is able and which consists of all the skills needed (Timmons & Spinelli, 2009:315-316). Identifying entrepreneurs are all-important and personality traits that determine their spirit must be established.

According to Rauch and Frese (2007:355) personality traits are character traits that elicit a certain response and are exhibited across various situations and can act as predictors of entrepreneurial behaviour. These traits are psychological factors of the human capital in a business and entail the experience, skills and knowledge that is accumulated within a company (Marcati, Guido & Peluso, 2008:1579).

The following characteristics have been cited by many as some of the main factors but are in no means a complete list as new traits are developed and added all the time. The factors do form a basis on which to identify individuals with entrepreneurial traits (Lotz, 2009:22).

- **Commitment**

Commitment is viewed as one of the most important factors, since an entrepreneur must overcome many problems and disappointments (Kuratko & Hodgetts, 2001:99). Entrepreneurs, therefore, push through with sheer determination and an unwavering commitment, even when faced with insurmountable odds, to succeed

(Rwigema & Venter, 2004:60). Total commitment and the ability to live under constant pressure are key, as an opportunity will demand the utmost priority of an individual's time emotions and drive (Timmons & Spinelli, 2009:48).

- **Creativeness and innovation**

Innovation is one of the specific tools of an entrepreneur which is used to seize an opportunity through driving change (Zhao, 2005:28). This creative nature around change is the key factor for entrepreneurs' corporate entrepreneurship, the means by which they exploit change as an opportunity for a different business or services (Morris *et al.*, 2008:137). This creative thinking allows the vision and interest to look for new and different ways of achieving a goal (Rauch & Frese, 2007:358).

- **Energy**

The high stress situation and heavy workloads placed on entrepreneurs requires a great deal of energy (Kuratko & Hodgetts, 2001:104). Entrepreneurs hone their energy levels through careful monitoring of their diets, exercise and know when to take a break (Bolton & Thompson, 2003:63).

- **Low support needs**

Low support needs stem from the desire of independence. Independency, according to Burns (2008:25), is a fluid definition and may mean different things to different people, such as reaching your full potential or determining your own destiny. Entrepreneurs shun rigid bureaucratic systems, and with a fierce commitment to change things, add up to an independent personality that tries to accomplish things their own way (Kuratko & Hodgetts, 2004:122). They do, however, realise that it is rarely possible to build a successful business by their own so they also build a team around them (Timmons & Spinelli, 2009:51).

- **Risk management**

Entrepreneurial ventures often induce decisions to be made in uncertain situations, inducing risk as an integral part of every entrepreneurial venture (Rauch & Frese, 2007:359). Risk management is one of the key qualities of a successful entrepreneur (Lambing & Kuehl, 2007:19). Calculated risk is essential (Morris *et al.*, 2008:146). Risk must be managed and turned into positives (Timmons & Spinelli, 2009:52).

- **Perseverance**

Persistence to overcome the many hurdles and complications is the keystone to successful entrepreneurs (Bolton & Thompson, 2003:63). Many successful entrepreneurs will only succeed after they have failed numerous times (Lambing & Kuehl, 2007:19).

- **Ownership of responsibility**

Entrepreneurs accept full responsibility for the success or failure of a venture (Kuratko & Hodgetts, 2001:100). Bessant and Tidd (2007:258) also argue that the need to achieve is closely correlated to the ability to take responsibility. Entrepreneurs therefore believe that they determine their own success or failure, for their ventures, and not external factors (Timmons & Spinelli, 2009:53).

- **Problem-solving**

Problem solving ability is a very important skill for entrepreneurs as decisiveness is a major factor to leading a business (Venter *et al.*, 2008:56). Difficult work situations and poorly structured ventures will always be perceived as solvable by entrepreneurs (Raab, Stedham & Neuner, 2005:75). Furthermore, Burns (2008:28) is of the opinion that entrepreneurs see opportunity in instances where others only see difficulties. Timmons and Spinelli (2009:49) state that an entrepreneur's view of impossible is that it will just take the right amount of time to solve.

- **Serve as inspiration**

Entrepreneurs create heroes by sharing credit and handing over responsibility to others thus creating an inspiring atmosphere (Timmons & Spinelli, 2009:51). A business depends on the commitment and perseverance of all its stakeholders and partners (Rwigema & Venter, 2004:63) thus entrepreneurs inspire everyone in and around the business.

- **Courage**

Timmons and Spinelli (2009:49) identified at least three important aspects of courage. First, it implies moral strength and principles. The second is being a fearless experimenter and thirdly a lack of fear of failing.

- **Self-confidence and optimism**

Although entrepreneurs often face major obstacles, their belief in their ability seldom wavers. They believe that they have the ability to accomplish whatever they set out to do (Lambing & Kuehl, 2007:19). In this regard Burns (2008:30) remarks that entrepreneurs must have confidence in the future of their business. Entrepreneurs, according to Kuratko and Hodgetts (2001:111), therefore always maintain an optimistic view and so inspire others.

- **Management of ambiguity and uncertainty**

The ability to tolerate uncertainty as well as ambiguity and to overcome complex situations by endurance is the essence of entrepreneurial processes (Morris *et al.*, 2008:146). Entrepreneurs must be comfortable with uncertainty, unstructured situations and uncontrollable factors and live, with no guarantee of success (Lambing & Kuehl, 2007:20).

- **Opportunity recognition and exploitation**

Good opportunities are scarce and it is an ability of entrepreneurs to recognise these opportunities and capitalising on them. This ability is unique to entrepreneurs (Muzychenko, 2008:369). Entrepreneurs constantly think of new

ideas or think of ways to exploit opportunities and design structures to enable the opportunity to become a success (Timmons & Spinelli, 2009:51). According to Goel and Karri (2006:486), the totally focused pursuit of opportunities is a common characteristic of entrepreneurs.

- **Generosity**

Entrepreneurs are attributed to share credit and this is especially important within a corporate setting. Timmons and Spinelli (2009:51) state that entrepreneurial managers must have this attribute. Furthermore, entrepreneurs also enlarge the share of the proverbial pie ensuring a bigger piece for everyone instead of grasping a smaller pie which is just theirs (Bessant & Tidd, 2007:258).

- **Integrity and reliability**

Integrity and reliability is a cornerstone for entrepreneurs, because their words mean more in a long-term perspective (Rauch & Frese, 2007:359). High personal standards and integrity are keystone features to building personal and business relationships (Timmons & Spinelli, 2009:54).

- **Good judge of people**

Entrepreneurs must be a good judge of character. The ability to work with many different people with often very different opinions is of the utmost importance and they must know when to concede, persuade or how to act in many different situations (Timmons & Spinelli, 2009:51). Entrepreneurs therefore use networks of relationship and enable these relationships to work for them (Bessant & Tidd, 2007:41)

- **Patience**

According to Timmons and Spinelli (2009:50), entrepreneurs are leaders capable of driving a vision and manage a system for a long-term end goal. The patience to build a sustainable business and realising an ultimate dream must be integrated into the entrepreneur. The difference between patience and lack of urgency must

be communicated though as Lambing and Kuehl (2007:20) state that entrepreneurs often seem impatient as they understand time is passing quickly.

- **Ability to adapt to change**

Change is frequently viewed as something frightening and is avoided (Burns, 2008:179). In contrast to this, entrepreneurs view change as a motivating factor (Kirby 2003:179), they respond to change and use it as an opportunity (Lambing & Kuehl, 2007:20).

- **High level of emotional stability**

According to Venter *et al.* (2008:50) emotional intelligence is closely linked to emotional stability, this is the ability to manage one's own emotions as well as that of other people. A high level of emotional stability will be an advantage to an entrepreneur (Raab *et al.*, 2005:76). It thus stand to reason that people with a high emotional stability is self-assured and not easily disheartened.

- **Self-awareness**

Entrepreneurs must have the ability to establish their own strengths and weaknesses as well as that of their surroundings and that of the people in their environment (Lotz, 2009:28). Entrepreneurs know what they can and cannot do (Timmons & Spinelli, 2009:54).

- **Learn from mistakes.**

Entrepreneurs seldom make the same mistake twice and this factor helps them become successful (Morris *et al.*, 2008:151). Entrepreneurs thrive by working on their own and objectively deal with their failures (Lotz, 2009:28). Using feedback and learning from it, is central to entrepreneurs and helps respond to the unexpected (Timmons & Spinelli, 2009:53).

- **Able to conceptualise and sweat the details**

Entrepreneurs have the ability to construct and design a platform where other people are not able to do so under the same conditions (Timmons & Spinelli, 2009:53). Entrepreneurs often have a holistic view of the situation where others only see parts of it (Lambing & Kuehl, 2007:21).

- **Self-starter (internal locus of control)**

According to Rauch and Frese (2007:359), internal locus of control is related to entrepreneurship; this stems from the fact that entrepreneurs believe their own actions determine the ultimate outcome of a venture. Lambing and Kuehl (2007:19) are of similar opinion and argue that a person who believes that external factors like the economy, luck or fate influence them, is not likely to succeed as entrepreneur. Support is also generated by Raab *et al.* (2005:74) which states that entrepreneurs are more internally controlled. Internal locus of control is also a characteristic of high achievement, the ability to take responsibility and have self-confidence (Deakins & Freel, 2003:14).

- **Limited need for status and power**

Kirby (2003:112) states that successful entrepreneurs are result driven. This is supported by Morris *et al.* (2008:158) who state that entrepreneurs thrive on a sense of accomplishment rather than a need for power.

- **Restlessness with status quo**

Entrepreneurs are likely to challenge the status quo and conventional way of operating (Ko & Butler, 2007:370). One of the reasons is that they are dissatisfied with the status quo and are endless initiators (Timmons & Spinelli, 2009:53).

- **Drive to achieve and grow**

Motivation that arises from achievement is intrinsic and gives rise to a preference for more interesting and challenging tasks (Lotz, 2009:30). The task itself is thus the motivation rather than the financial successes implicated with it (Raab *et al.*,

2005:73). According to Lotz (2009:30), two primary insights have been derived from recent research. Firstly, people that start businesses are more performance orientated than the average person. Secondly, entrepreneurs that are more motivated by achievement tend to be more successful (Raab *et al.*, 2005:74).

- **Tolerance for failure**

Setbacks and disappointments are an integrated part of entrepreneurial behaviour as there are many hurdles and obstacles to overcome (Lotz, 2009:30). Entrepreneurs have to be realistic and expect difficulties (Kuratko & Hodgetts, 2001:102). Lambing and Kuehl (2007:19) is of the opinion that successful entrepreneurs only have learning experiences but never failures. Failures only give rise to better understanding of each player in that failure is thus a learning curve to avoid similar situations in the future (Timmons & Spinelli, 2009:53).

- **Open-mindedness (lateral thinker)**

Effective entrepreneurs are said to continuously rethink current business operations and structures as well as strategy (Lotz, 2009:31). According to Hisrich *et al.* (2008:33), entrepreneurs attempt to conceptualise opportunities by changing goals and questioning the norm and always take the changing environment into account. Kirby (2003:114) is of the opinion that entrepreneurs use a more intuitive approach that entrusts a holistic thinking model, allowing lateral rather than sequential problem solving.

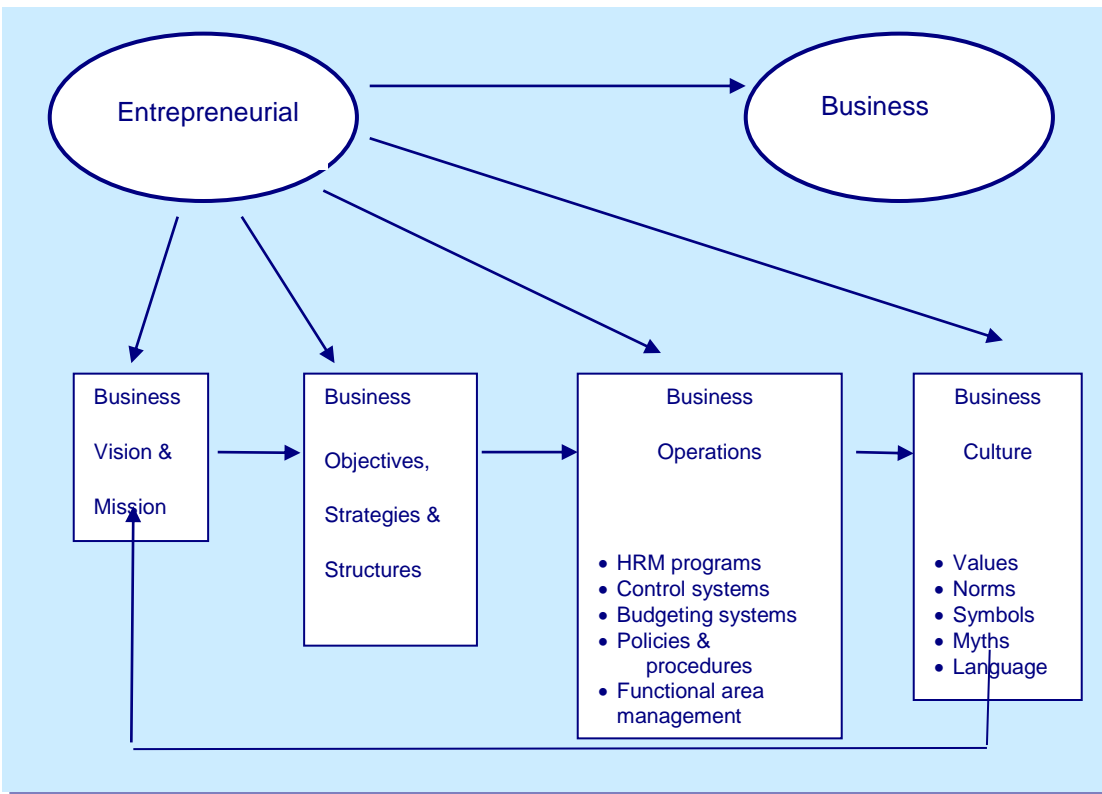
From these characteristics we can draw two conclusions about entrepreneurs (Lotz, 2009:31). Firstly, they are not only born but can be developed over time and characteristics come from experience. Secondly, we see that characteristics of an entrepreneur are very fluid and may consist of various traits. This is also corroborated by Morris *et al.* (2008:147). It is evident that entrepreneurs vary dramatically, notwithstanding the fact, the ability to recognise these characteristics are still very important to a business (Lotz, 2009:31). Lotz (2009:31) furthers that recognising these traits can help individuals as well as managers, develop a person and empower them.

2.3 ENTREPRENEURIAL ORIENTATION DEFINED

The tendency in literature was to use only three variables of entrepreneurial orientation namely: innovativeness, pro-activeness and risk taking as supported by Cools and Van den Broeck's definition (2008:27), namely : "Entrepreneurial orientation (EO) refers to the top management's strategy in relation to innovativeness, pro-activeness and risk-taking". Pierce, Fritz and Davis (2010:219) included two other variables in their definition "An entrepreneurial orientation (EO) is conceptualised as a set of distinct but related behaviours that have the qualities of innovativeness, pro-activeness, competitive aggressiveness, risk taking and autonomy". This statement is also corroborated by Lumpkin and Dess (1996:139) who also included the five variables.

According to Lotz (2009:46) these five variables define the strategy-making initiatives businesses use to identify and start-up its ventures. He goes on by saying these initiatives are reflected by the businesses culture and processes. Morris *et al.* (2008:50) presents a framework (figure 2.1) that envisions the overall orientation of a company with entrepreneurship in mind. This framework sets out to revitalise the development of a company through personal creativity, product and process innovation and continuous managerial development. This frameworks' design stipulates that this entrepreneurial orientation has a positive effect on the business as it encompasses every sector of the business (Lotz, 2009:46).

Figure 2.1: Strategic integration of entrepreneurship throughout the business



Source: Morris *et al.* (2008:50)

The five dimensions of an entrepreneurial orientation, autonomy, innovativeness, risk-taking, pro-activeness and competitive aggressiveness will be discussed in more detail.

2.3.1 Autonomy

Autonomy refers to the actions of an individual or a group that can recognise an opportunity and successfully complete it (Lassen, Gertsen & Riis, 2006:361; Lumpkin & Dess, 1996:140). They go on by stating that autonomy can be used by an organisation to leverage current strengths to improve the business processes.

Both a “top-down” and “bottom-up” approach are used by businesses to encourage autonomy. Autonomy instituted from management down, issuing support systems and incentives is indicative of its appreciation of the system. Initiatives that drive bottom-up

encouragement need special incentives and business structure to encourage it (Lumpkin, Cogliser & Schneider, 2009:49). Mumford, Scott, Gaddis and Stange, (2002:724) state that businesses must grant autonomy and the habit must be encouraged. Structural changes like a change of hierarchies, flattening it or delegation of authority might not be enough (Lotz, 2009:47).

Finally, Dess and Lumpkin (2005:150) are of the opinion that autonomy has to be monitored and measured continuously. There has to exist a balance between allowing autonomous behaviour and having the structures in place, to discontinue unfruitful activities. These activities should be endeavoured to gain a competitive advantage.

2.3.2 Innovativeness

According to McFadzean *et al.* (2005:353), innovation mirrors a company's tendency to allow experimentation and creative processes that can spur on ideas that may result in new products, services, or even processes. Lumpkin and Dess (1996:141) proposed that innovation is one of the major factors that have to be encouraged by entrepreneurial businesses and could lead to success. It can therefore be argued that, although other processes and factors may be present, the lack of innovation can lead to zero business-level entrepreneurship (Gürbüz & Aykol, 2009:323).

There is evidence of several forms of business innovation (Zhao, 2005:27), this gives rise to a series of possible product or service innovation (see Figure 2.2) as well as process innovation (see table 2.1).

Figure 2.2: Innovativeness as applied to products and services



Source: Morris *et al.* (2008:55)

According to Lotz (2009:49), Figure 2.2 addresses the following questions.

- Does the concept address a need not previously addressed?
- Does it change the way one goes about addressing a need?
- Is it a dramatic improvement over conventional solutions?
- Does it represent a minor modification or improvement to an existing product?
- Is it just the geographic transfer of a proven product?

Innovation is thus any change in product or service portfolio that a business introduces to the market (Schilling, 2005:38).

Table 2.1: Innovativeness as applied to processes

Degree of innovation	Type of process
Major new process	Administrative system Service delivery system
Minor new process	Production methods Financing methods
Significant revision of existing process	Marketing or sales approaches Procurement techniques
Modest improvement to existing process	Compensation methods Supply chain management techniques Distribution methods Employee training programs Pricing approaches Information management systems Customer support programs Logistical approaches Hiring methods

Source: Morris *et al.* (2008:56)

As indicated in Table 2.1, processes innovation speaks to accomplishing competency in the latest production methods and technologies to help develop new manufacturing processes (Lumpkin & Dess, 1996:143). Process innovation, in this matter can then relate to the discovery of advanced ways to enhance a task or idea. Competitive advantage is gained by many businesses, through innovation (Bessant, 2003:5).

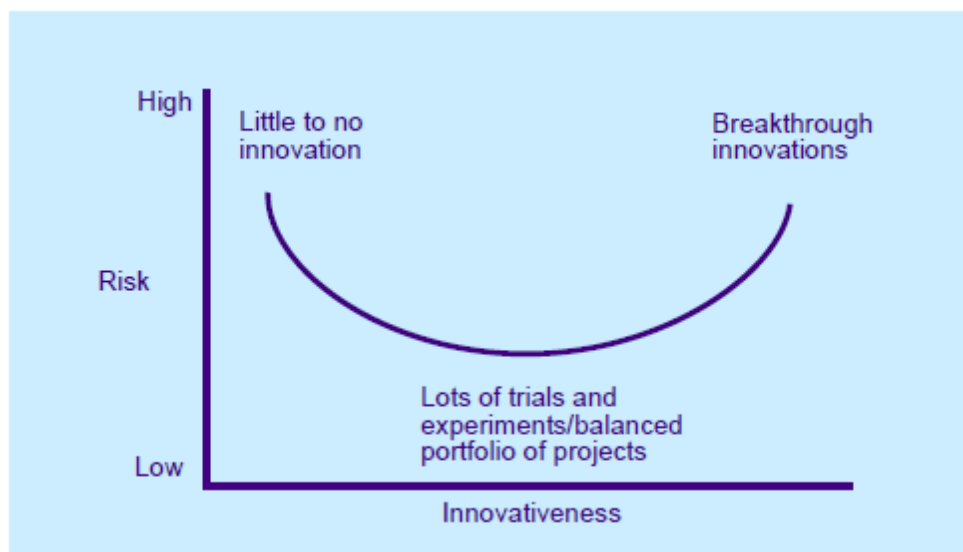
Innovation has become a requirement to engage today's changing environment, with fluctuating customer needs, product services and technology, the competitive edge of businesses are very dynamic (Kropp, Lindsay & Shoham, 2008:104).

2.3.3 Risk-taking

Risk is part of any business as seen in the literature review. Dewett (2004:258) defines the term as the uncertainty of a decision, whether it will be significant or disappointing when the idea is realised. Higher risk does not stand in line with higher entrepreneurial activity but a case of mediating the risk through structured systems and processes (Morris *et al.*, 2008:620). Risks are thus, clearly defined and managed as entrepreneurial organisations, not high risk takers per se (Lambing & Kuehl, 2007:190). They would rather minimise and manage the risk (Timmons & Spinelli, 2009:52) and the viewpoint should be that they are opportunity focussed but risk aware (McBeth & Rimac, 2004:18)

The complex correlation between risk and innovation, as described by Morris *et al.* (2008:62), is another aspect concerning risk-taking. This correlation speaks to the fact that doing more innovative things will take more risk, but it can be seen in Fig 2.3 that this is system is more complex (Lotz 2009:51).

Figure 2.3: Correlation between innovativeness and risk



Source: Morris *et al.* (2008:63)

From figure 2.3 we can see the relationship between risk and innovativeness is curvilinear. Burns (2008:291) notes that no innovation stands as little risk in the short term but may lead to more risk in longer events. Levels of experience and awareness of risk taking also lead to lower risk (Morris *et al.*, 2008:62). The opposite of this is the high risk involved when a company wants to redefine an industry, even though innovation, they will also be faced with high risk (Morris *et al.*, 2008:63). The management of risk is therefore key (Lotz, 2009:64) and is done between these two points as stated above.

In conclusion, risk-taking or risk has always been an intricate part of capturing profits from new ideas or ventures by using resources to seize an opportunity (Nieuwenhuizen, 2003:9). Furthermore, the fast changing entrepreneurial environment due to factors such as globalisation, deregulation, technological and social change and change in information technology are forcing businesses to manage this risk and change, which drives a central theme for entrepreneurship (Shane *et al.*, 2003:264). The future success of a business will lean on its ability to exploit its entrepreneurial ability to manage the fast changing environment and risk involved (McGrath & MacMillan, 2000:xiv).

2.3.4 Pro-activeness

Pro-activeness, according to Madsen (2007:187), is the anticipation posture for future wants and needs in the marketplace. Morris *et al.* (2008:66) describe pro-activeness as the opposite of re-activeness and infers the design of new services and products to help improve the business.

First-mover advantages are gained by pro-activeness when new opportunities are seized and the ideas are implemented by taking responsibility for the idea and making it work (Wiklund & Sheperd, 2005:82). David (2007:200) describes the advantages of being a first mover as having the ability to secure access to rare resources first and to gain knowledge and determine key factors that can lead to defendable market share. First movers are not always successful. Feasibility study and careful analysis of the

environment and market is needed to help introduce a proactive strategy that may lead to a company's competitive advantage (Lumpkin & Dess, 2005:151).

The statement of a pro-active business was summarised by Gürbüz and Aykol (2009:323) as a business that is a leader rather than a follower. These businesses will have the foresight to seize the new opportunity even if they were not the first to move on it. A study by Raugh *et al.* (2009) as well as Casillas and Moreno (2010) found that pro-activeness has a positive effect on a business's performance

2.3.5 Competitive aggressiveness

The dimension of competitive aggressiveness in entrepreneurial orientation refers the willingness of a company to directly challenge its competitors (Lumpkin & Dess, 1996:148). This helps to improve marketplace position (Chang, Lin, Chang & Chen, 2007:1000). According to Lotz (2009:53) competitive aggressiveness in the entrepreneurial orientation contexts speaks to a reaction or response to a competitive trend or demand that already exist in the market.

Completely aggressive businesses go head to head with their competitors, directly entering markets the other competitor has identified (Lee & Sukoco, 2007:550). A business can also be reactive, an example being, a price lowering strategy in response to a challenge from a competitor. Furthermore, a willingness to act unconventionally rather than following strict traditional competitive practices, also speaks to a company's competitive aggressiveness. According to Lumpkin and Dess (2001:434) this includes, challenging industry leaders by using unconventional methods and tactics, to exploit a competitor's weaknesses by analysing all their traits and thus being able to focus on a value added strategy (Lumpkin & Dess, 2001:434).

The difference between pro-activeness and competitive aggressiveness were clearly defined by Lumpkin and Dess (1996:147). They state that the difference lies in the actions of a company where pro-activeness speaks to a company's response to a new

idea or opportunity, whereas competitive aggressiveness speaks to a company's response to its competitors.

In conclusion, these five dimensions collectively describe a company's entrepreneurial orientation in a business. They flow throughout the structure and decision-making styles of a business and can often improve a business' entrepreneurial spirit (Dess & Lumpkin, 2005:147).

2.4 ESTABLISHING ENTREPRENEURSHIP

In the previous section we defined the definition of entrepreneurship as well as the different dimensions at which it can occur, within a business. This segment speaks to the implementation of entrepreneurial behaviour in a business. The development of practical recommendations on how to implement entrepreneurial behaviour was one of the secondary functions of this study.

There are certain factors that influence or block the establishment of entrepreneurship within a company and these factors must first be defined and discussed. In the following segment barriers to entrepreneurship will be discussed.

2.4.1 Barriers to entrepreneurship

Entrepreneurial development and implementation can be hindered by traditional management structures and may discourage employees to act in an entrepreneurial way. Examples of these barriers as discussed by Burns (2008:175-177) are listed below.

- **Focus on efficiency or the return on investment:** The need exist to enter new markets before a competitor does. An entrepreneurial business should focus its resources on developing new products and services to help penetrate these new

markets. A lot of matured businesses can greatly benefit from efficiency improvements.

- **Planning and control:** Goals have to be set up and a vision for the future created. Managing an uncertain future is of utmost importance and a company can learn so much from the changing environments. Interim goals have to be set up and aligned with future vision, assessing everything after each goal is reached.
- **Standard rules, regulations and procedures:** Innovation tends to be hindered by strict rules and regulatory practices, and this can lead to missed opportunities. An entrepreneurial culture has to be established in order for the company to attain a flexible fast reacting mechanism that will challenge the rules. Organisational rules should only apply to advantageous situations for the company.
- **Risk management:** Risk is a part of every entrepreneurial organisation. Thus, risk cannot be avoided if opportunities are to be sought out. Calculated risk should be taken and risk should constantly be assessed and managed.
- **Use past experience:** The changing environment of an entrepreneurial company must be taken into consideration for future decisions and not necessarily the past. Small steps and headway should be made to test assumptions on the future.
- **Conformation management:** Innovation is lost through conformation to the norm and current systems. Innovators and experimenters should be accommodated and encouraged to create more, through reward systems.

The systematic approach to the barriers of entrepreneurship by Morris (1998:97-98) and Morris *et al.* (2008:279-284) translated into six groups. The examples of the barriers that were identified are: Systems, structures, strategic direction, policies and procedure, people and culture and are discussed below.

- **Systems:** Evaluation and reward systems that are implemented incorrectly as well as excessive and rigid control systems can be problematic. Inflexible budgeting and to a formal structure for future planning should be avoided. Inadequate cost analysis and allocations can be detrimental.

- **Structures:** An overly narrow structure of control and too many levels of hierarchy can lead to a barrier for innovation. Responsibility without control, however, should also be avoided. Accountability must be adhered to and there must be proper communication lines in place.
- **Strategic direction:** A formal strategy must be in place to help enhance entrepreneurship. There must vision from top management and directed throughout the company. Innovation must be set as a goal and commitment from all management and stakeholders must be gained.
- **Policies and procedures:** Approval procedures that are too long can lead to loss of opportunity. Documentary requirements for action must not be to excessive, unrealistic performance criteria and the reliance on traditional methods can lead to a barrier of entrepreneurship.
- **People:** People are generally afraid of change (Kinicky & Williams, 2003:318), thus corporate entrepreneurship have to take this into account. People need to be developed and a mind shift initiated to allow corporate entrepreneurship initiatives.
- **Culture:** The culture of a business defines how it does things (Bessant & Tidd, 2007:54). The culture thus reflects the values and beliefs of the employees. This culture must be aligned to allow a corporate entrepreneurship culture, through enabling workplace behaviour that is shaped by the corporate culture (Zhao, 2005:29).

The barriers identified by Morris (1998:97-101) and Morris *et al.* (2008:279-284) are a broader application of the aspects identified by Burns (2008:175). These aspects can be used to address the design of corporate entrepreneurship.

2.5 A FRAMEWORK AND STRATEGY TO ESTABLISH ENTREPRENEURSHIP

There is empirical evidence that new products, processes or services created by a company that is willing to take risk and allow innovation is increased by entrepreneurial behaviour. The link between a company's entrepreneurial orientation and its financial results can clearly be seen (Ramachandran *et al.*, 2006:87). The challenge, however, is to create this entrepreneurial structure, culture and future vision for the company to enable entrepreneurial behaviour into the business (Burns, 2998:65).

New opportunities are always ventures that started from an entrepreneurial standpoint, but after the business grows and becomes more structured the entrepreneurial orientation decreases and with this the ability to act on new opportunities (Ramachandran *et al.*, 2006:87). Entrepreneurial orientation can only be kept if certain actions are taken to keep the entrepreneurial environment and enhance innovation (Jacobs & Kruger, 2001:1). An overall innovative environment with structures and policies to enhance it should be created and help support the entrepreneurial culture.

All employees should have the same attitude and purpose (Kuratko & Hodgetts, 2004:63) with a culture that accepts entrepreneurial change and processes. Two approaches to enhance this factor were identified by Ramachandran *et al.* (2006) namely: "focused entrepreneurship" and "organisational wide entrepreneurship". These two approaches are in line with that of Cooper, Alvarez, Carrera, Mesquita and Vassolo (2006). Cooper *et al.* (2006:88) suggested two approaches. Firstly, that a separate department be established that encourages entrepreneurship which is in line with the "focused entrepreneurship approach of Ramachandran *et al.* (2006). Secondly, one that aligns with Ramcahandran *et al.* (2006). "organisation-wide entrepreneurship" approach is that the entire organisation be challenged to create a culture that is more flexible, innovative and risk accepting and can even allow failure.

These two approaches: "Focused entrepreneurship" and "Organisation-wide entrepreneurship" are discussed in the next segments.

2.5.1 Focused entrepreneurship

The focused entrepreneurship approach can be designed and structured without disturbing the normal organisational structure (Ramachandran *et al.*, 2006:88). This approach is normally initiated by more mature companies, where new opportunities such as new products, services or ventures are investigated. Entrepreneurship should be one of the fundamental approaches of such a corporate strategy (Ireland, Covin & Kuratko, 2009:21).

Individuals can be identified that show certain personality traits as discussed in the literature review as well as entrepreneurial behaviour such as: innovation, pro-activeness, autonomy or leadership (Ramachandran *et al.*, 2006:88). This statement is corroborated by Kuratko and Hodgetts (2004:68), whom stated that innovative people need to be assisted in order to reach their full potential. Entrepreneurship can thus be injected into a situation, by appointing an individual with said traits to help drive a new venture or idea. Incentives for individual in programs like this should match their potential efforts (Ramachandran *et al.*, 2006:88).

During this process some individuals might have built their entrepreneurial skills, while others have not. Certain aspects of the organisation can be changed to allow a more entrepreneurial environment, as have been discussed, which can form the basis of an organisation-wide change. The focused entrepreneurship approach has a lower risk, as it is easier to implement than an organisational-wide approach, but this approach also has some limitations (Ramachandran *et al.*, 2006:88), and will be discussed below.

In this approach an entrepreneur should be appointed to help drive the initiative. In this case a good manager might be appointed, but might not possess the skills to help drive the initiative. Ramachandran *et al.* (2006:88) give an example of where an individual might be able to draw up a good business plan, but the execution or idea might be poor.

An external entrepreneur with all the necessary skills might be appointed, but these individuals might not have the patience or knowhow to deal with the cultural or structural processes within a structured organisation. The input of an external entrepreneur is often lost, because these individuals often have ventures of their own and are already successful (Ramachandran *et al.*, 2006:88).

The status quo for controlling a system is to set objectives, assist and motivate people in achieving these objectives all the while monitoring the systems and execute control based on measurements. The nature of entrepreneurs does not always accept this approach as well as the steep financial incentives given to individuals can give rise to problems in implementing this approach. Negative feelings can halter the implementation of entrepreneurial initiatives and create barriers between entrepreneurial activities and the usual organisational business (Ramachandran *et al.*, 2006:89).

2.5.2 Organisation-wide entrepreneurship

The organisation-wide entrepreneurship approach requires the commitment and acceptance of the entire organisation. This initiative can have a variety of outcomes from small improvements in certain processes or steps to total diversification into an unrelated venture. The system must allow the entrepreneurial team's skills development, both managerial and entrepreneurial and is important to exploit new ventures (Iacobucci & Rosa, 2010:370). Organisation-wide entrepreneurship is normally implemented in a new organisation, before structure and hierarchical structure obscure it, but this does not mean that a mature organisation will not be able to implement this structure (Ramachandran *et al.*, 2006:89).

One of the key elements to help create an entrepreneurial environment is an organisation's culture. The corporate culture should allow the exploration of new opportunities but should not be enforced and rather a self-selection environment should be created. Thus, willing candidates should be identified but not forced to participate in

any activity they do not wish to. Ramachandran *et al.* (2006:90) also state that the high level of uncertainty arising from entrepreneurial activities should be governed by a certain amount of trust in the individual or entrepreneurial team. Communication lines, that will allow quick processing of information as well as providing correct information back to teams, can help minimise uncertainty within this structure (Ramachandran *et al.*, 2009:90).

Identification of ineffectiveness and inefficiencies, within the system, should be one of the main focuses of the entrepreneurial structure and it should be directed at solving these issues within the system. The entire value chain of the organisation can be overviewed by these activities and should not be bound to certain divisions. One of the greatest difficulties of an organisational-wide entrepreneurship approach is to allow even the lowest level of employment, partnership with this structure. Management must trust in everyone's judgment and assessment on the activities they are entrusted to investigate (Ramachandran *et al.*, 2006:91).

Four broad sets of practices were identified by McGrath and McMillan (2000) to help identify and exploit opportunities: 1) Correct allocation resources, talent and attention can help create the atmosphere for innovation. 2) New opportunities must be identified and correct management of all resources must be done until the full potential of the opportunity can be exploited. 3) The participation and involvement of top management, in this process, is crucial. Opportunities must be effectively analysed and the top management must be actively involved in the whole processes, matching the strongest features of the company to each project, thereby increasing their chances of success. 4) The management of a possible failure must be done in such a way that it will not hamper future initiatives for entrepreneurial activities. If a failure has occurred, all the lessons learned from the processes must correctly be discussed, thus help build the organisation and use the learning curve to apply new systems in different business units (Ramachandran *et al.*, 2006:91).

There are evident advantages of an entrepreneurial organisation. It can create competitive advantages for an organisation as well as help exploit new markets, but there is also risk involved. Risk should always be managed by creating mechanisms that can control risk and irresponsible behaviour, but employees should be encouraged to act and think unconventionally. Iacobucci and Rosa (2010:371) suggested the creation of a separate legal entity that might lower the risk for the company. Organisational risk can be contained, as well as the insurance of a high entrepreneurial atmosphere for the company. This can be done by implementing control structures that would not decline the initiative, but rather just manage the process (Ramachandran *et al.*, 2006:91). Creating a learning based strategy where the knowledge attained in the process of innovation can be retained, enhanced and help develop capabilities of others can be used (Lynn & Akgun, 1998). The focus of this process is to help retain the knowledge through articulating, sharing and transferring thereof, to enhance the human capital within the company. The correct communication about the project to all participants can prevent irresponsible actions. The knowledge obtained from each project must be kept either form a small or larger project, to allow the analysis of the quality of the processes that were followed. A certain percentage of success should be obtained if the correct processes are followed (Ramachandran *et al.*, 2006:91).

The effect of employee involvement as well as the effect senior management tutoring has on the development of entrepreneurial behaviour, was described by Iacobucci and Rose (2010:371). Management that truly believe that entrepreneurial behaviour will create an advantage for their organisation, pursue an entrepreneurial strategy that gains competitive advantage through innovation. This is done by:

- 1) The creation of a culture and structures that will allow entrepreneurial behaviour and the creation of new initiative. Challenges as well as new opportunities can be pursued through innovative means.
- 2) Innovative initiatives are ensured, by creating an entrepreneurial vision that must be communicated to the entire business.
- 3) Resources must be properly allocated to new ventures even throughout uncertain phases of the development.

Top management's role is to create clear goals that are accepted by all. Information must be communicated to everyone involved and this must stimulate the exchange of all information and help solve arising problems in the process. The creation of human capital and encouragement of confrontations as well as the creation of a belief and trust structure in all stakeholders is also part of the role of top management. A more comprehensive study done by Lotz (2009) speaks to the specific design and strategy to enable corporate entrepreneurship.

2.6 SUMMARY

The field of entrepreneurship is very broad and thus cannot be fully captured in one study. Certain aspects of the field were explored to gain insight into entrepreneurship and its application in a corporate structure. In this chapter the literature review covered entrepreneurship, the personal traits of entrepreneurs as well as the five variables of entrepreneurial orientation. The last part of the study looked at the barriers of corporate entrepreneurship as well ways to help implement corporate entrepreneurship.

The term entrepreneurship was defined by relaying highlights from various authors on the aspect of entrepreneurship. The characteristics of an entrepreneur as mentioned by a number of authors and cited by Lotz (2009) were used to ascertain a better understanding of the concept. The personal traits attained can be used to identify possible leaders in corporate entrepreneurship.

Entrepreneurial orientation was also investigated as well as the variables thereof. In this study we used five variable of EO. There is, however, more than one opinion on the subject, such as that of Miller (1983:770) that identified three dimensions of orientation namely: innovation, pro-activeness and risk-taking as the main variables of entrepreneurial orientation. Dress and Lumpkin (2005:17), however, added two more dimensions namely: autonomy and competitive aggressiveness. This leads to the five

variable used in this study namely: *Autonomy, Pro-activeness, Risk-taking, Innovation and Competitive aggressiveness.*

To conclude the literature review, factors that influence barriers to entrepreneurship were discussed. A secondary function of this study was also to help an organisation develop an entrepreneurial environment and factors influencing entrepreneurial behaviour were discussed. Lastly, recommendations on how to enhance entrepreneurial behaviour were highlighted.

In the following chapter the industry and business under analysis will be described in more detail. This will help gain more insight into the business as well as the industry's inner workings.

CHAPTER 3

COMPANY INTRODUCTION AND EMPIRICAL RESEARCH

3.1 INTRODUCTION

The company that served as the case study in the empirical analysis is a salvage vehicle and asset management company called SMD Pty (Ltd); SMD has been the leader in salvage vehicle management in South Africa since 2002, and expanded their business to include the management of bank repossessed vehicles and also fleet vehicles. The competitive strategic edge of SMD is combining a superior knowledge of the industry and the expected standards around the management of salvage, technologically advanced management systems, highly trained and professional staff, and a solid track record in automotive asset recovery management. In addition, SMD is able to provide tailor-made services for even the most demanding requirements of customers.

The team at SMD comprises skilled professionals that are dedicated to achieving the highest possible net return for their clients through rapid turnaround times and reduced operational costs. Powerful dynamic systems and processes, and an in-depth knowledge of current industry needs, helped them pioneer automotive asset recovery management in South Africa.

3.2 SMD ACTIVITIES

Asset management

SMD provides a full spectrum of flexible asset management services including the assets.

Vehicle types

Current asset management of all accident damaged, stolen and recovered and repossessed vehicles including the following:

- Light passenger vehicles;
- Imported vehicles;
- Commercial vehicles including trucks and busses;
- Earthmoving equipment;
- Agricultural equipment;
- Motorbikes and quad bikes; and
- Caravans and boats.

Towing and upliftment

In-house nationwide towing with comprehensive cover on all vehicles in transit is an important part of the business.

Storage

An extensive network of secure warehousing facilities, with undercover, open and warehoused storage options on a national footprint. SMD facilities are currently operating at 60% capacity, in these bond facilities, with ample space for new contracts. Vehicles are given unique identification numbers for managed control, regulated by a barcode system.

Centralised departments

Centralised departments for administration (including dealer stocking) and finance ensure up to date information on vehicles in bond and timeous payments of salvage returns.

Systems

An internet-based solution has been built into their asset management system for round-the-clock access to equip our suppliers with the necessary tools to manage their assets.

All SMD systems focus on reducing risk through a Wide Area Network, and in-house programming for maximum flexibility.

Sales

SMD has been very successful in establishing a strong national buyer database through its countrywide sales footprint, together with the application of two different sales models, that is, direct/daily sales and public auctions. The auction team consists of highly experienced and efficient FICA trained staff, as well as multiple trained auctioneers with extensive knowledge of the industry.

Services and expertise

SMD provides a full spectrum of salvage management services to the finance and insurance industries relating to the realisation of vehicles that are acquired through the settlement of claims, including:

- Transportation of all salvage vehicles;
- Nationwide storage facilities in all major cities;
- All-inclusive salvage insurance;
- Advanced electronic salvage management system;
- Automated upliftment confirmation of all vehicles that are stocked in;
- Detailed 24-hour access to an online vehicle inventory;
- Up to date statistics on the various aspects of salvage management;
- Release fees, turnaround times and salvage efficiencies;
- Facilitation of the transfer of title documents
- Equipped vehicle assessing facilities;
- Dedicated warehouse service centre; and
- Nationwide sales network including:
 - Highly experienced and efficient auctioneering team; and
 - 16 sales showrooms nationwide.

3.3 EMPIRICAL STUDY

The primary objective of this study was to investigate entrepreneurial orientation of a vehicle management and sales company.

The empirical study was conducted by means of a questionnaire that was to be self-completed by employees of SMD and all the business divisions within the company. The questionnaires were sent to the HR department in an electronic format via e-mail, and it was distributed from there. The questionnaire consisted of a demographic section, an entrepreneurial orientation section and a section that ascertained personal traits for entrepreneurs as designed by Lotz (2009). An example of the questionnaire is presented in Annexure A.

The completed questionnaires were analysed through an add-in statistical version of Microsoft (MS) Excel called PHStat 2. The mean values (\bar{x}), standard deviations (s) and the Cronbach Alpha coefficients were calculated through the statistical package Statistical Package for Social Science (SPSS). A correlation analysis between entrepreneurial orientation and personal traits as well as the relationship between the demographical data and the different sections of the measuring instrument were determined by the Statistical Consultation Services of the North-West University, Potchefstroom Campus.

This chapter sets out to provide insight in the methods and procedures used to determine the results for the study population. This insight is in regards to the sampling method, size of sample population, questionnaire compilation, gathering of the data and finally giving a discussion on the obtained results.

The validity of the questionnaires was tested with the Cronbach Alpha coefficients. The data of the questionnaire were analysed through the mean values (\bar{x}) and standard deviations (s) of all statements and responses.

The statistical significance of the responses of the demographic, entrepreneurial orientation and personal trait segments was tested. Lastly a multiple regression analysis was performed to determine the relationship between entrepreneurial orientation and personal traits.

3.4 DATA GATHERING PROCEDURE

Prior to the study, permission was obtained from management to allow the study to happen within the SMD structure. This study was explained to the executive management of SMD as well as the possible value of the study. Permission was granted and the questionnaire was authorised for distribution to all the divisions of the company. The disclosing the results were also approved by company management. The HR department was also informed of the process and were asked to help distribute the questionnaires.

The questionnaire was made available in two formats: an electronic copy that could be emailed in MS Word format as well as a hard copy format that could be filled in by hand. The questionnaire was only made available in English as most employees spoke only English. The questionnaires were electronically distributed with a cover page explaining the purpose of the study as well as the process of answering the different segments.

The survey was completed by selecting the appropriate option for each of the selected statements. Section A captured the demographic data of participants. Data from Section B and C was captured by gathering the opinion of each of the respondents through statements that were rated based on a five-point Likert Scale. The completed questionnaires were gathered either in electronic version or on hardcopy from the HR department and returned on a predetermined date.

Informal interviews were also conducted with the CEO, Mr Jan Van Wyk. This was done to discuss the nature of the current business and to discuss the overall study. Entrepreneurship in general as well as the progress of the study and the potential value

was discussed. The outcome of the interviews was not formally used in this study although it did add value to understanding the results better.

3.4.1 Study population

SMD, the company as a whole, was the target population of this study. This covered all the different divisions within the company. The employees of the company were not divided into different groups as the objective of the study was to cover all personal as a whole. The total population consisted of 253 employees of which only 50% had access to a computer. The larger part of the employees work on locations around the country, and are mainly site workers, who do not have access to computers and who do not have direct influence on the business itself. The target population was thus effectively halved and consisted of 120 employees approximately.

3.4.2 Questionnaire used in study

The measuring instrument was developed by combining the measurements of entrepreneurial orientation and personal traits developed by Lotz (2009). The instrument consisted of 4 sections namely: Section A, which captured the demographic information of the study population; Section B, which measured the entrepreneurial orientation of the population and Section C, which measured the personal traits of the study population. Section D was added to allow participants to give comments on new or extra personal traits they feel can be attributed to entrepreneurial personal traits.

Section A: Demographic information

This section captured the demographic information of the study population. Factors like age, gender, race, post level, highest level of education were included.

Section B: Entrepreneurial orientation

This section consisted of 27 statements. These statements were aimed to determine the entrepreneurial orientation of the study population. The statements were designed to

address the different factors that drive entrepreneurial orientation namely: Autonomy, Innovativeness, Risk-taking, Pro-activeness and Competitive aggressiveness. Each one of the statements was designed so that participants could agree or disagree with the statement. The instrument allowed for each statement to be measured on a 5-point Likert scale, which varied from 1 (that indicated that a respondent strongly disagrees with the statement) to 5 (that indicated that a respondent strongly agrees with the statement).

Section C: Personal traits

This section consisted of 27 statements that were designed to measure if respondents see the statement as a definite weakness (1) or a definite strength (5) on the 5-point Likert scale.

Section D: Value added section

This section was added only as a value added option where respondents could add comments of personal traits they feel could also be added to the list of entrepreneurial personal traits.

3.4.3 Confidentiality

All participants were ensured confidentiality as all the questionnaires were anonymously posted. This information was relayed to the entire study population. All information that was collected individually was handled anonymously and will not be disclosed.

3.4.4 Statistical analysis of data

The data generated through the questionnaires were exported to a MS Excel format. This data set was added either manually from the hardcopies or by direct export from electronic or email copies.

Completed questionnaires were analysed with PHSstat2 which is an add-in version for MS Excel. The mean values (\bar{x}) and standard deviations (s) were determined as well as the Cronbach Alpha coefficients using SPSS V20 (SPSS, 2010). The relationship between gender, entrepreneurial orientation and personal traits were analysed. A correlation analysis was done between entrepreneurial orientation and personal traits with the assistance from the Statistical Consultation Services (SCS) of the North-West University, Potchefstroom campus.

3.5 RESPONSES TO THE SURVEY

The total responses to the questionnaires are listed below.

Table 3.1: Responses to survey

Response type	Frequency	Percentage
Number of employees	120	100%
Number of questionnaires received	41	34.16%

A quantitative research model was used. This was done by means of questionnaires that were distributed to the employees of SMD. A total number of 41 responses were received giving a response rate of 34.16%.

3.6 DEMOGRAPHIC INFORMATION FROM RESPONDENTS

Section A captured the demographical information of the study population, where respondents had to indicate their age group, gender, race, job level, highest level of academic qualification as well as work division.

The frequency and percentages of the demographical information's distribution will be discussed in the following sections.

3.6.1 Age group of participants

The participants were requested to indicate their age group. Groups were divided into: 29 years and younger, 30-39 years, 40-49 years, 50-59 years and older than 60. Table 3.2 indicates the frequency and percentages of the age group.

Table 3.2: Age group of respondents

Age group	Frequency	Percentage
≤29	16	39%
30-39	17	41.46%
40-49	5	12.2%
50-59	2	4.7%
60+	1	2.4%
Total	41	100%

Age distribution of respondents varies up to the 60+ age group as there was only one respondent in that age group. The majority of respondents were in the age group of 30-39 with 17 respondents that represents 41.46% of all responses. Second highest was in the age group of ≤29 with a 39% response rate and third highest percentage was in the age group of 40-49 with 12.2%. Comparatively, 50-59 only had a response rate of 4.7%.

3.6.2 Gender of participants

Genders of all the participants were also captured. Table 3.3 shows the frequency distribution of the results for gender.

Table 3.3: Frequency of gender

Gender	Frequency	Percentage
Male	22	53.7%
Female	19	46.3%
Total	41	100%

The majority of respondents were male with 22 replies that represent 53.7% of the responses. 19 women representing 46.3% of responses are represented in the total of 41 responses.

3.6.3 Racial group distribution of participants

All respondents were requested to indicate their racial group. Table 3.4 shows the frequency distribution for race.

Table 3.4: Race classification

Race	Frequency	Percentage
Black	6	14.63%
White	31	75.61%
Indian	3	7.33%
Colored	1	2.44%
Total	41	100%

The largest amount of respondents was of the white racial group with a total of 31 replies, from all the replies with a percentage of 75.61%. There were 6 responses from the black group and 7.33% of responses in the Indian group. There was only 1 response in the coloured group.

3.6.4 Post level of participants

Respondents were requested to indicate their post level. Not all post levels were indicated and this section was deemed irrelevant to the study.

3.6.5 Highest academic qualification

The highest level of academic qualification obtained for each of the respondents was also captured. This was indicated by selecting one of the following categories: Grade 12, Certificate or Diploma, Degree and finally post graduate degree. Table 3.5 shows the frequency distribution of the study population for highest academic qualification obtained.

Table 3.5: Highest level of education of respondents

Level of education	Frequency	Percentage
Lower than Grade 12	2	4.9%
Grade 12	12	29.3%
Certificate	8	19.5%
Diploma	4	9.8%
Degree	11	26.8%
Post Graduate degree	4	9.8%
Total	41	100%

The largest number of respondents was in the grade 12 group. The group represented 29.3% of the study population. The second highest group was with a 26.8% representation was that of the respondents that had a degree. Only 4.9% of the study population had an academic level of lower than Grade 12.

3.7 RELIABILITY OF STUDY

The reliability of the study was tested by measuring the internal consistency between the variables of Sections B and C in the measuring instrument. The reliability of an item with specific variance of a one dimensional test can be measured using the Cronbach Alpha coefficient (Cortina, 1993:103). Results of reliability can vary from 0, for no reliability, to 1, for maximum reliability (Kent, 2007:142). This is then corroborated by Struwig and Stead (2004:133), which states that a larger value means a higher internal consistency, and this gives a more reliable result. A good reliability will should give a Cronbach Alpha coefficient of equal to or greater than 0.7 (Nunnally & Bernstein, 1994:265).

The Cronbach alpha coefficients of the variables between entrepreneurial orientation and personal traits of entrepreneurs are presented in the table below.

Table: 3.6: Cronbach alpha coefficients

Variable	Cronbach alpha coefficient
Entrepreneurial orientation	
Autonomy	0.810
Innovativeness	0.936
Risk-Taking	0.863
Pro-activeness	0.826
Competitive aggressiveness	0.809
Personal Traits /Attributes	0.968

All of the Cronbach alpha coefficients were higher than 0.8 which is higher than the recommended Cronbach coefficient of 0.7 by Nunnally and Bernstein (1994:265). The highest Cronbach coefficient was for the personal traits or attributes and the lowest Cronbach Alpha coefficient was for the trait Competitive aggressiveness.

3.8 ASSESSMENT OF ENTREPRENEURIAL ORIENTATION

The results relating to the EO of the study will be discussed in this section.

The entrepreneurial orientation segment of the questionnaire namely Section B, consisted of 27 statements measuring the variables of EO. These variables are: Autonomy, Innovativeness, Risk-taking, Pro-activeness and Competitive Aggressiveness.

The 27 statements were measured using a five-point Likert scale to help assess the EO. Each statement could be marked to what extent the respondent strongly agrees (5) or to where the respondent strongly disagrees (1) with the statement.

The mean (\bar{x}) values for all the variables were captured for all participants. This means value will indicate to which extent the population agrees or disagrees with each one of the statements. A higher mean value indicates that more participants agreed with the statements and a lower mean value indicates that fewer participants agreed with the statement.

The spread of the responses across the sample population was also indicated by calculating the standard deviation (s) for the variables. The standard deviation is smaller when a large portion of the sample population has the same perspective of a statement.

The results per variable will be discussed in the following sections. Firstly, the individual statements of each of the variables will be discussed starting with Autonomy and ending the section with the combined results.

3.8.1 Assessment of individual variables that measured Entrepreneurial orientation

Each one of the variables of EO was measured by statements on the questionnaire. The mean and standard deviations of each of the statements will be presented. Results are shown from highest mean value to smallest. A number of participants completed the questionnaire and all statements and questions were completed. No questionnaire had to be rejected and the sample size for all statistical analyses was 41.

3.8.1.1 Autonomy

The variable Autonomy was measured with statements numbers B1-B5. The results for these statements as per mean and standard deviation are listed below.

Table 3.7: Results of Autonomy

	Statement	\bar{x}	s
B1	I am allowed enough autonomy in my job without continuous supervision	3.83	0.863
B2	I am allowed to be creative and try different methods in my job	3.73	1.001
B3	Our employees are allowed to make decisions without going through elaborate approval systems	3.20	0.954
B4	Employees are encouraged to manage their own work and have flexibility to resolve problems	3.68	0.917
B5	My day-to-day work does not imply me doing the same work methods or steps every day	3.60	0.928

The average mean value for the variable Autonomy is 3.597 with a standard deviation of 0.715. This indicated that most respondents perceived that the company gives them some level of autonomy in their work environment. Statement B1 (\bar{x} =3.83) reported the highest mean value for this variable. B3 (\bar{x} 3.20) is the lowest score for the variable but

does not have any significant mean. The largest standard deviation is seen for statement B2 (s=1.001) were respondents may have had a larger range of responses.

3.8.1.2 Innovativeness

Innovativeness was measured with statements B6-B14. The responses to these statements are summarised in the table below.

Table 3.8: Results of Innovativeness

Statement		\bar{x}	s
B6	The business regularly introduces new products/systems or services.	3.88	0.842
B7	New and innovative systems/products/services are very important to our business.	4.10	0.735
B8	The number of products/services has increased in the last two years.	3.85	0.792
B9	New opportunities are continuously being sought out and pursued.	3.76	0.799
B10	There have been dramatic changes in our systems/services/products over the last couple of years.	3.80	0.872
B11	New ideas generated are pursued successfully.	3.88	0.714
B12	Continuous improvements on systems/services or products is of high importance in our business	4.00	0.775
B13	Our business believes that innovation will drive our future prospects.	3.98	0.851
B14	The business seek to maximise each opportunity without constraints to normal structures or models.	3.78	0.852

All responses showed an agreement that the company is innovatively orientated. The results show that the employees feel that the company is continuously looking for

improvement on products, services and processes. This can be seen by the high mean score of B12 ($\bar{x} = 4.00$) and low standard deviation ($s = 0.775$). The close correlation of all the mean scores, as seen above, indicates that the employees agree that the company is geared for Innovativeness.

The Average Mean Value of Innovativeness was $\bar{x} = 3.89$ and the Standard Deviation was $s = 0.645$

3.8.1.3 Risk-taking

The table below summarises the responses to the variable risk-taking.

Table 3.9: Results of risk-taking

	Statement	\bar{x}	s
B15	The business is geared to handle ambiguous situations and can maximise the exploitation of new opportunities	3.68	0.739
B16	Our business is not risk-averse	3.50	0.862
B17	The business objectives are achieved by acting in a bold wide-ranging manner	3.45	0.860
B18	Employees are often encouraged to take calculated risk when engaging new ideas	3.50	0.980
B19	"Risk-taker "- is seen as a positive statement in our business	3.59	0.880

The collective average measured by the five statements from B15-B19, which measured the variable risk-taking, collectively obtained a mean of 3.509 and a standard deviation of $s = 0.705$. The statement with the highest mean and therefore most agreed upon is statement B15 ($\bar{x} = 3.68$, $s = 0.739$) which means that most employees believe that the company is able to handle ambiguous situations and can exploit new opportunities to the maximum ability. The close correlation with all the other statements

as seen in the Table 3.8 shows that the company is not risk-averse and that they have a level of risk-taking ability within the company.

3.8.1.4 Pro-activeness

The responses to the variable pro-activeness were measured by statements B20-B23. The mean values and standard deviations are listed in Table 3.10.

Table 3.10: Results of pro-activeness

Statement		\bar{x}	s
B20	Our business is often the first mover with new products/services or processes	3.77	0.667
B21	Our business initiates actions that competitors then respond to	3.73	0.784
B22	Our business continuously seeks out new opportunities/services/products or processes	3.85	0.7
B23	Market trends and consumer needs are always identified	3.83	0.712

The employees agree with the variable pro-activeness with a mean value of 3.80 and standard deviation of 0.59. All the statements have a degree of agreement as seen in the mean values of Table 3.10 where all the values are higher than 3.0. The employees agree that the company is ahead of the market and usually set the market standard and that the company is usually first in the market to introduce new products, services or processes.

3.8.1.5 Competitive aggressiveness

The variable competitive aggressiveness was measured by statements B24-B27 and the mean value and standard deviation to these responses are listed in Table 3.11.

Table 3.11: Results of competitive aggressiveness

	Statement	\bar{x}	s
B24	Our business is very competitively aggressive	3.78	0.733
B25	Our business does not allow competition to gain market share	3.65	0.736
B26	Our business also knows when it is overly aggressive in instances where we might erode our own market share by damaging our reputation	3.73	0.640
B27	Our business normally takes a strong stand against competition	3.88	0.563

The employees agree on average that the company is competitively aggressive with a mean value of 3.7563 and a standard deviation of 0.536. Statement B27 gave the highest mean value as seen in Table 3.11 which indicates that the company takes a strong stand against competition with mean value of 3.88 and a standard deviation of 0.563.

All the other statements are closely correlated as seen in Table 3.11 with closely lying mean and standard deviation values.

3.8.2 Assessment of the combined results

All the individual statements of all the independent variables of entrepreneurial orientation were discussed in the previous sections. The overall view of entrepreneurial

orientation was generated by combining the different variables' results as represented in Table 3.12 below.

Table 3.12: Combined results of survey on entrepreneurial orientation

Variable	Respondents	\bar{x}	s
Autonomy	41	3.598	0.714
Innovativeness	41	3.891	0.654
Competitive aggressiveness	41	3.756	0.535
Pro-activeness	41	3.80	0.586
Risk- taking	41	3.50	0.705
Total	41	3.74	0.564

The average mean value of the responses towards entrepreneurial orientation was 3.74 and the standard deviation is 0.564 which shows that there is an overall positive perception that the company is entrepreneurial orientated. There is however still space for improvement as the maximum level is still 5.

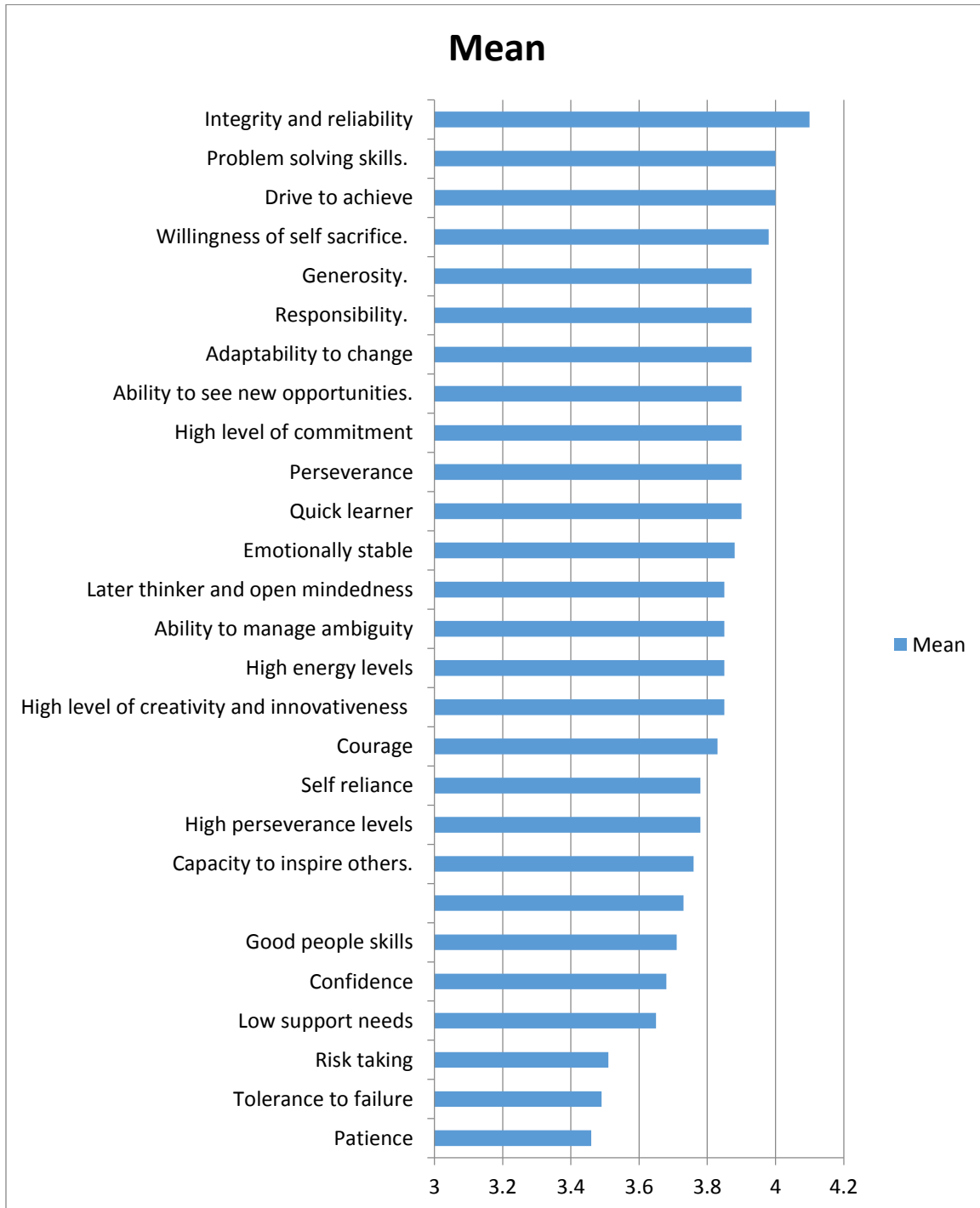
3.9 ASSESSMENT OF PERSONAL TRAITS OR ATTRIBUTES

In section C respondents were ask to identify if they perceive themselves to have personal traits that gravitate towards being an entrepreneur. This evaluation was done on a 1-5 Likert scale 1 strongly disagreeing with the statement and 5 strongly agreeing with the statement. The average mean value of all personal traits was 3.82. The mean values and standard deviations of all the statements are summarised in table 3.13 below.

Table 3.13: Results of personal traits assessment

Characteristic		x	s
C1	High level of commitment	3.90	0.831
C2	High level of creativity and innovativeness	3.85	0.727
C3	High energy levels	3.85	0.760
C4	Low support needs	3.65	0.864
C5	Risk-taking	3.51	0.870
C6	High perseverance levels	3.78	0.909
C7	Responsibility	3.93	0.959
C8	Problem solving skills	4.00	0.894
C9	Capacity to inspire others	3.76	0.916
C10	Self-reliance	3.78	0.791
C11	Confidence	3.68	1.059
C12	Courage	3.83	0.892
C13	Ability to manage ambiguity	3.85	0.834
C14	Ability to see new opportunities	3.90	0.970
C15	Generosity	3.93	0.905
C16	Integrity and reliability	4.10	0.768
C17	Good people skills	3.71	0.901
C18	Patience	3.46	0.897
C19	Adaptability to change	3.93	0.848
C20	Emotionally stable	3.88	0.748
C21	Good self-awareness (Strength and weaknesses)	3.73	0.807
C22	Quick learner	3.90	0.860
C23	Willingness of self-sacrifice	3.98	0.821
C24	Drive to achieve	4.00	0.866
C25	Tolerance to failure	3.49	0.952
C26	Perseverance	3.90	0.970
C27	Later thinker and open mindedness	3.85	0.792

Figure 3.1: Mean results of personal traits



The personal traits were sorted in Figure 3.1 on the basis of highest to lowest mean value. These values all fall in the 3.5 - 4 range indicating that these characteristics are moderate strengths.

The top five mean values obtained are: **Integrity and reliability** with a mean value of 4.1, **Problem solving skills** ($x = 4.0$), **Drive to achieve** ($x = 4.0$), **Willingness of self-sacrifice** ($x = 3.98$), **Generosity** ($x = 3.93$). These mean values are all above 3.5 and shows that they are leaning towards the trait but that there is still room for improvement in these traits. The lower means of the 3 - 3.5 range are of concern. These values indicate that these characteristics are leaning towards a weakness and will need to be improved in order to enable entrepreneurial behaviour.

3.10 RELATIONSHIP BETWEEN SELECTED DEMOGRAPHIC VARIABLES ENTREPRENEURIAL ORIENTATION AND PERSONAL TRAITS

The statistical significance (p-values) and effect size (d-values) were tested by using an independent t-test. This test was done between the opinions of selected demographic variables as well as the different variables measuring entrepreneurial orientation and personal traits. For the purpose of this study a simple conservative approach was used where the t-test does not assume equal variances (Elliott & Woodward, 2007:59).

According to Ellis and Steyn (2003:51) a small p-value, smaller than 0.05, indicates a statistical significance. One disadvantage of the p-value is that larger samples sizes will have lower p-values, but this does not mean a higher statistical significance (Ellis & Steyn, 2003:51). The effect size (d value) was also included to overcome this problem.

The d - value can range from 0 - 1 and for the purpose of this study Cohen's guidelines, which states that a d-value of 0.2 has a small effect, 0.5 a medium effect and a d - value of 0.8 a large effect, will be used. Effects that are medium can be visible and large effects where d - value is more than 0.8 will be significant (Ellis & Steyn, 2003:51-53)

In this study the relationship between gender, race, the five variables of entrepreneurial orientation and personal traits were measured.

3.10.1 Relationship between gender, race, the variables measuring entrepreneurial orientation and personal traits.

The race profile of respondents was divided into two categories due to the number of responses, the two categories being white and other. The 'other' segment of the race responses included that of black, coloured, Indian and other. In total there were 31 white and 10 other responses from all respondents that participated in the study.

In total there were 22 male respondents and 19 female respondents that participated in the study. Table 3.13 indicated the relationship between personal traits, the five variable of entrepreneurial orientation, and the demographic variables gender and race. The mean values (\bar{x}) and standard deviations of the variables were calculated separately for each variable to indicate any significant difference in responses due to gender or race. These relationships were tested with the t-test (p -value) and the effect sizes (d -value) were calculated to determine the statistical significance of the data.

Table 3.14 Relationship between variables measuring personal traits, entrepreneurial orientation, gender and race of respondents

Variable	Male		Female		Comparison	
	\bar{x}	s	\bar{x}	s	p	d
Autonomy	3.57	0.744	3.64	0.696	0.698	0.12
Innovativeness	3.78	0.613	4.02	0.694	0.262	0.34
Risk-taking	3.41	0.570	3.62	0.847	0.373	0.25
Pro-activeness	3.78	0.480	3.82	0.706	0.843	0.06
Competitive agg.	3.71	0.450	3.81	0.633	0.618	0.14
Personal traits	3.78	0.630	3.87	0.647	0.673	0.13

	White		Other		Comparison	
	x	s	x	s	p	d
Autonomy	3.70	0.513	3.27	1.110	0.260	0.39
Innovativeness	4.01	0.523	3.51	0.881	0.115	0.57
Risk-taking	3.60	0.610	3.22	0.906	0.235	0.42
Pro-activeness	3.86	0.556	3.60	0.658	0.274	0.40
Competitive agg.	3.79	0.455	3.65	0.747	0.583	0.19
Personal traits	3.89	0.497	3.60	0.937	0.376	0.31

Comparing the p - values of the demographic variables of gender and race as well as the variables for entrepreneurial orientation and personal traits there are no p - values smaller than 0.05. Therefore it is safe to assume that, according to the data, no statistical significance related to the demographical data of the respondents.

The d - values indicate a small effect when larger than 0.2 and a medium effect when $d = 0.5$. In this instance a small effect can be seen between measurements of gender in regards to the variables **Innovativeness** ($d = 0.34$) and **Risk-taking** ($d = 0.25$). It seems that females are experiencing a more innovative environment in the workplace with a mean of 4.02 than males with a mean of 3.78. The opinions regarding **Risk-taking** seem to be the same with higher mean values for females than that of their male counterparts.

When taking the d - values for race into consideration there are also no p - values under 0.05 but the variables of **Autonomy** $d = 0.39$, **Risk-taking** $d = 0.42$, **Pro-activeness** 0.4 and **Personal traits** all show a higher than 0.2 d - value meaning that they have a small to medium effect. **Innovativeness** $d = 0.57$ shows a value higher than 0.5 meaning that it has a medium effect on the statistical significance of that variable between races. **Innovativeness** also shows a major difference between white with a mean value 4.01 and other with a mean value of 3.51 which indicates that whites feel more innovative within the company than others.

3.11 CORRELATIONS BETWEEN VARIABLES

A correlation analysis was done on the variables to determine if there is any correlation between the variables of entrepreneurial orientation and that of personal traits. This correlation was measured taking age and academic achievement into consideration.

A t-test was done to test for significance and a correlation co-efficient was determined on all variables. According to Ellis and Steyn (2003:53), a correlation coefficient of 0.1 indicates a small correlation, 0.3 a medium correlation and 0.5 indicates a large correlation between variables. This large correlation indicates an influence on the variable (Ellis & Steyn, 2003:53).

Table 3.15: Correlation between personal traits and the variables of entrepreneurial orientation age and academic achievement

Variable	p	Correlation coefficient
Age	0.018	0.269
Academic level	0.089	-0.369
Entrepreneurial orientation	0.001	0.516

As seen in Table 3.15 there is a high correlation between personal traits and entrepreneurial orientation. The correlation coefficient of 0.516 indicates the high correlation. This is also corroborated by the small p value of 0.001 which indicates the statistical significance of the correlation. Having the personal traits of an entrepreneur has a large correlation with the entrepreneurial orientation of the company and can therefore be argued that these personal traits are a necessity to enable the entrepreneurial orientation of the company.

Age also has a small correlation with personal traits as seen in Table 3.15 with a correlation co-efficient of 0.269. It is thus deducible that with the younger respondents believe themselves to have more personal traits than their older counterparts.

3.12 SUMMARY

An empirical study was conducted by the use of a questionnaire to ascertain empirical data on company called SMD. The study was set out to investigate the five variables of entrepreneurial orientation as well as to ascertain if the employees possess the personal traits of an entrepreneur and the influence of these traits on the company. The questionnaire use consisted of four sections, Section A gathered demographical data, Section B assessed the entrepreneurial orientation of the company Section C measured the personal traits of the employees and Section D was set out as a value added section for comments.

The target population for this study was the employees of SMD. The entire population consisted of 250 employees of which only 120 had access to computers, due to their location and business influence they were excluded, thus the sample population was said to be 120. The questionnaire was distributed in electronic format to the company and was made available in electronic MS word as well hard copy format.

Demographic information of the respondents were analysed in terms of age groups ($\leq 29=16$; $30-39=17$; $40-49=5$; $50-59=2$; $60+=1$), gender (22 males and 19 females) race (white=63; black=6; Indian=3; coloured=1). Post level was neglected in the study. Highest academic qualifications showed that most employees had Grade 12 and up, indicating that most employees are educated. Only 4.6% of employees had an academic level lower than Grade 12.

The reliability of the responses was tested using the Cronbach alpha coefficient. All responses were deemed reliable with coefficients exceeding the required 0.70.

The mean values and standard deviation of all statements were calculated and presented. The combined results of the different variables of entrepreneurial orientation and personal traits were also discussed. The average mean for entrepreneurial orientation was 3.74. The individual variables of entrepreneurial orientation sorted from

highest mean to lowest mean value was **Innovativeness** with a mean value of 3.89 and a standard deviation of 0.65, **Pro-activeness** ($x = 3.80$ and $s = 5.86$), **Competitive aggressiveness** ($x = 3.76$ and $s = 0.54$), **Autonomy** ($x = 3.60$ and $s = 0.71$), **Risk-taking** ($x = 3.51$ and $s = 0.705$).

The average mean value for **Personal traits** was $x = 3.82$ and standard deviation $s = 0.63$

Little no small practical statistical significance was gained from the demographical data of race and gender. They will thus have little influence on the interpretation of the data. Correlation coefficients were calculated to determine the significance of the effect, if any.

In the next chapter conclusions will be drawn on the findings from Chapter 3. Recommendations will be made on how to help improve the entrepreneurial orientation within a company looking at the personal traits of the employees.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

The purpose of the chapter is to discuss conclusions and recommendations derived from the study. This chapter will discuss the implications of personal traits on entrepreneurial orientation and on a company like SMD. The conclusion will be drawn from the empirical part of the study as presented in the previous chapter. Practical recommendations will be given on how to improve the entrepreneurial orientation of a company as well as how to scout for talent and how to integrate individuals with entrepreneurial personal traits.

This chapter will set out to create a strategy for SMD and will consist of a number of main sections. The first section focuses on conclusions, drawn from the empirical study; the second section focuses on recommendations based on the finding of the study. A section was added to help clarify the implementation of the strategy to improve the business. The final section of this chapter concludes the study with evaluating the objectives of the study and end with recommendations for future studies.

4.2 CONCLUSIONS

The conclusions are drawn from the finding on the data in Chapter 3. The first conclusions to be discussed are from the demographic data; there after the reliability of the questionnaire will be discussed by an assessment of the Cronbach Alpha coefficients. The different variables of entrepreneurial orientation and personal traits implications will be assessed by analysing the combined results and the correlation between the variables of gender, race, entrepreneurial orientation and personal traits.

4.2.1 Demographic information

Demographic information regarding age, gender, race, and highest level of academic qualification were obtained. Information regarding post level and position were neglected due to the lack of responses. From the demographic information gathered the following conclusions were drawn:

- The response rate to the questionnaires was very low. With a total of 120 employees that had access to computers only 41 responded to the questionnaire. This can be due to a lack of willingness to comply or due to time constraints.
- The age group within the company seemed to be more of a younger age as most responses were from 29-39 which consisted of more than 80% of all the responses. This statistic shows that most of the employees of the company are young of age and still have a long possible company lifespan.
- Responses gathered from gender were fairly equal showing a fairly equal distribution of gender quality in the work environment.
- More than 75% of responses were from the white race which indicates an unequal distribution of race within the company. This is a factor that can be corrected in order to enhance the company's cultural diversification *
- 95% of respondents had an academic qualification of Grade 12 and up. This statistical data point shows that most employees are educated and that they have the ability to learn.

Only extraordinary value was seen in the racial distribution of respondents. As most responses resulted from the white worker segment, the study shows a lack of cultural diversification. A factor that can be detrimental in a culturally diverse country like South Africa, where a culturally diverse workforce can help generate more ideas in more segments as well as culturally apt responses to new opportunities.

4.2.2 Reliability of the questionnaire

The reliability of the questionnaire was tested by measuring the Cronbach alpha coefficients. All variables obtained a higher coefficient than 0.7. The results obtained from the Cronbach alpha coefficients suggest that the questionnaire used to gather the data and conduct the study in a company like SMD was reliable. This conclusion can be drawn with Cronbach coefficient values of higher than 0.7 and all values of the test scored above 0.8. There are more reliability testing that can be done should future researchers make use of the questionnaire.

4.2.3 Assessment of entrepreneurial orientation

The second part of the questionnaire Section B measured entrepreneurial orientation in a company like SMD. This section comprised 27 statements that were presented to respondents to measure the different variables of entrepreneurial orientation. Data was gathered on a 5-point Likert scale, with 1 indicating that a respondent strongly disagrees with a statement and 5 that a respondent strongly agrees with the statement. It can therefore be concluded that a response indicating a 3 on the Likert scale can be seen as a neutral response, a score lower than 3 will indicate some sort of disagreement with the statement and responses higher than 3 will indicate an agreement with the statement.

Conclusions on each of the variables of entrepreneurial orientation were drawn thereafter the combined results of the variables will be used.

4.2.3.1 Autonomy

The variable **Autonomy** obtained a mean value of 3.598 and had a standard deviation of 0.714. It was the 4th highest mean value which indicates that most individuals do not feel a sense of Autonomy in their workplace. This lower mean value is corroborated in statement B3 low mean value of 3.2 which indicates that employees feel the procedural

approval systems in the company constrain their autonomy even though they feel they have enough **Autonomy** within their workspace without continuous supervision as seen with statement B1 with a higher mean value of 3.8. It can therefore be concluded that the approval procedures in the organisation must be changed in order to align with a more entrepreneurial orientated system to allow for more **Autonomy**. The rest of the statements all scored a fairly high mean close to statements B1 so in order to improve **Autonomy** in the workplace the justifications and approval procedures have to be changed.

The mean values between male and females show that gender does not have a major influence on **Autonomy** within the workplace. There is, however, a larger mean difference between white and other races. With a mean score of 3.7 for white and 3.27 for other it shows a slight difference in the racial view of **Autonomy** in the workplace.

4.2.3.2 Innovativeness

Innovativeness had a mean value of 3.891 and a standard deviation of 0.654 which was the highest mean value of all the variables. The lower standard deviation also showed an agreement between all respondents.

Statements B7 ($x = 4.10$); B12 ($x = 4.00$) and B13 ($x = 3.98$) all have values close to 4 which indicates an agreement that **Innovativeness** is very important to the company and that continuous upgrading of systems, services and products are a necessity for the future of the organisation. Statement B14 scored the lowest mean value of 3.78 indicating that the procedures used to pursue new opportunities can be looked at to further improve **Innovativeness** in the company.

Lotz (2009:284) measured different levels of management in an agri-business in South Africa. This study recommended a formal process to improve and manage Innovativeness and that a successful innovative management programme will help manage the development of an idea to an executable project.

The large difference of mean values between male and female responses towards Innovativeness should also be mentioned. The female mean value for Innovativeness scored 4.02 and 3.78 for males. There is also a significant difference between the mean values of white respondents 4.01 and a mean value of 3.51 for other respondents. These differences should be taken into consideration and will be discussed in the combined results segment.

4.2.3.3 The variable of Risk-taking

The variable **Risk-taking** obtained the lowest mean value of all the variables at 3.50 and a standard deviation of 0.705. This shows that the company is not totally in favour of taking risk. This is corroborated by the low mean values of B16 at 3.50 which states that business might be a bit too risk averse and B17 with a mean value of 3.45 which states that the business objectives are obtained by taking bold pro-risk manner, this lower mean value indicates that the business do not take many risks.

The higher standard deviations seen in this variable as seen in statements B17 ($s = 0.860$); B18 ($s = 0.980$); and B19 ($s = 0.880$) show that not all the respondents agree and that the range of responses might be misaligned. This might be due to the fact that management might have a different view on risk-taking and that the employees do not feel comfortable with risk even though the organisation might be willing to take risk.

Females tend to be more pro-risk with a higher risk-taking mean value of 3.62 than that of their male counterparts with a mean value of 3.41. The female respondents lean more toward an agreement with risk-taking. The same trend can be seen between the mean values of white and other races, whereas the white respondents tend to be more pro risk-taking than their other racial counterparts.

Dewett (2004:258) stated that there is risk involved in any new venture. This is in line with the statement of Morris *et al.* (2008:62) which states that some level of risk need to

be taken in order to pursue new opportunities. Morris *et al.* (2008:62) continue by saying that some opportunities might be lost if the organisation is not willing to take some risk.

Risk-taking scored low in comparison to the other variables and improvements can be made by ensuring employees and enabling them to take some risk. The risk profile of the company must be thoroughly explained to all employees.

4.2.3.4 Pro-activeness

The variable **Pro-activeness** had a mean value of 3.80 and a standard deviation of 0.586. This is the second highest ranked mean score and the low standard deviation value supports that most of the employees feel the same about the level of **Pro-activeness** in the company. This corresponds to the innovative nature of the company and is supported by the statement B 22 with the highest mean value for the **Pro-activeness** variable of 3.85 which shows that the company is always looking for new opportunities to help better themselves and their position as well as statement B23 with a mean value of 3.83 which shows an agreement that the company is always looking at the market and trends for new opportunities.

This high mean value is indicative of the first-mover advantage that SMD has in the market.

4.2.3.5 Competitive aggressiveness

Competitive aggressiveness scored an average mean value of 3.756 and a standard deviation of 0.535 and obtained the middle value for entrepreneurial orientation. The mean values of all the statements varied from 3.65 - 3.88; all these values indicate an agreement with the statements of the variable.

The company is seen to take a very strong stance against competitors which is seen with the high mean value of statement B27 of 3.88.

There seem to be little difference between the mean values of gender and race for the variable **Competitive aggressiveness**.

4.2.3.6 Overall assessment of entrepreneurial orientation

The average mean value of entrepreneurial orientation was 3.72 which show a positive sense of entrepreneurial orientation in the company. There are no negative variables that do not agree with entrepreneurial orientation within the company. Some of the variables measuring entrepreneurial orientation did score closer to neutral with **Risk-Taking** and **Autonomy** being the lowest. Considering the mean values there is some sense of entrepreneurial orientation in the company but as the Likert scale works up to a level of 5 there is still much room for improvement. A clear strategy that can help improve entrepreneurial orientation in the organisation ought to be implemented.

The highest rating variable of entrepreneurial orientation according to mean scores was **Innovativeness** with a mean value of 3.891, second was **Pro-activeness** with a mean score of 3.8, followed by Competitive aggressiveness with a mean score of 3.756 and **Autonomy** with a mean value of 3.6. The lowest mean value of 3.50 was obtained for the variable **Risk-taking**.

Considering that most of these values are in the range of 3.5 - 4 there is still much room to improve the overall entrepreneurial orientation in the company. Specific variables that need to be attended to first are **Risk-taking** and **Autonomy** as they achieved the lowest mean values of all variables.

4.2.4 Assessment of personal traits

Section C of the questionnaire measure personal traits in SMD. Twenty-seven statements each that comprise a specific entrepreneurial trait were given to respondents in order to ascertain their personal traits. These statements were measured on a 5-point Likert point scale.

All respondents were in agreement that they possess the personal traits and none was seen as a severe weaknesses based purely on the mean values obtained, as there were none lower than 3. Respondents rate themselves high on characteristics such as **High levels of commitment, integrity and reliability, ability to take responsibility** which were all close to 4. **Integrity and reliability** scored the highest mean value of 4.10; this is very important, according to Timmons and Spinelli (2009:54). The high scores of **Problem solving** skills with a mean value of 4.0, coincides with the company's **Innovative** nature and aligns with the high mean score achieved for **Innovativeness**. The same can be seen with the high score of **Drive to achieve** which aligns with the high level of **Pro-activeness** of the company.

There are some traits that scored low. The respondents rated themselves low on the trait of **Patience** with a mean value score of 3.46. Patience is a skill that comes with time and this might be due to the young age of the respondents.

Risk-taking had a mean value score of 3.5. This can be seen in the low entrepreneurial orientation variable of **Risk-taking** as well. This low score needs to be addressed in order to enhance both the employees' personal skills as well the company's overall entrepreneurial orientation. The low score of **Tolerance of failure** with a mean value of 3.49 is also of concern as entrepreneurs must be able to fail and learn from their mistakes; this also speaks to the risk-averse nature of the company. According to Loewe and Dominiquini (2006:28) these traits are often the most common barriers to entrepreneurship and that companies imply these factors to be intolerable. This should be an area the company needs to address.

The risk-averse nature of the company must be addressed if it wants to enhance its entrepreneurial orientation as well as overall entrepreneurial structure. An entrepreneurial behavioural climate will allow the utilisation of the creative energies in the **Pro- Active** and **Innovative** variables more effectively (Lotz, 2009:268).

4.2.5 Relationship between selected demographic variables of gender and race, entrepreneurial orientation and personal traits of the organisation

In this study the relationship between the demographic variables of gender and race were measured against the variables of entrepreneurial orientation and personal traits.

A small effect was seen between the measurements between males and females for Innovativeness ($d = 0.34$) and Risk-taking ($d = 0.25$). Females indicated that they act more innovatively with a higher mean value for **Innovativeness**, as well as the fact that they are not as risk-averse as males with a higher mean value for **Risk-taking**. It is also interesting to see that females say they possess slightly more of the personal traits of an entrepreneur, than their male counterparts. The role of females in establishing an entrepreneurial environment as well as its enhancement in an organisation cannot be ignored.

The comparison between the racial groups also delivered interesting results and shows that the white racial group believe them to more Innovative, **Autonomous** and **Pro-active** than the other racial groups combined. The medium effect seen in **Innovativeness** as well as the large mean value difference between racial groups can also receive attention in group segmentation to help design entrepreneurial groups.

4.2.6 Correlation

There is a definite correlation between personal traits and the entrepreneurial orientation of the company as seen from the high correlation coefficient. This correlation can be a platform for further study.

4.3 RECOMMENDATIONS

The information gathered from the empirical study as well as the conclusions drawn from the data indicate that there is some level of entrepreneurial orientation in the

company and that the employees do exhibit the personal traits needed for an entrepreneur to some extent. The data, however, indicates that there is enough room for improvement on both of these fronts within the organisation. The competitive nature of today's business environment drives the need for entrepreneurial behaviour to help drive a business and help secure its future pursuit and exploitation of new opportunities (Ireland & Webb, 2007:59).

The enhancement of entrepreneurial orientation will thus be beneficial for the company as well as the development of their employees. From the conclusions drawn in the previous sections the following aspects should be highlighted:

- Innovativeness and Pro-activeness achieved the highest mean value score and is therefore evidence that some form of these variables exists in the company. These variables can be used as basis to improve these further in the organisation and therefore further enhance the entrepreneurial orientation of the company.
- The variable risk-taking ranked the lowest in the company. This is also seen in the risk-averse nature of the employees in regards to their personal traits. This barrier to entrepreneurship must be overcome to enhance the entrepreneurial orientation of the company. New opportunities that can be very beneficial to the company might be lost if the company and its employees are too risk-averse. The company's risk-appetite must be discussed with all employees, as well as the implementation of management systems. This will help manage and control risk in all aspects when pursuing new opportunities.
- The company must become more Autonomous specifically, the procedural approval processes that employees have to follow to pursue new projects must be streamlined and made easier.
- The inclusion of females to enhance Innovativeness as well as Risk-taking variables of entrepreneurial orientation must be looked at when designing work groups or in the employment of new candidates.
- According to the data the Innovativeness Risk-taking and Pro-activeness can be improved by the inclusion of members of the white racial group when designing

work groups. These groups will also help with the transfer of skills. The skew representation of data can also be due to the lack of other racial groups' responses and can be a subject for further study.

- The correlation between personal traits and entrepreneurial orientation is significant. The more personal traits the individual possess the more entrepreneurially orientated they are inclined to be. The development of personal traits that can enhance the entrepreneurial behaviour of individuals will be of utmost importance for the company to help enhance the entrepreneurial orientation.

A strategy must be developed to help enhance the personal traits of the employees as well as the entrepreneurial orientation of the company. The strategy must help enhance entrepreneurial behaviour in the company.

- A Risk-taking culture must be installed within the company and a proper management system must be implemented to help employees.
- Approval procedures are a limiting factor to entrepreneurial orientation and must be redesigned.
- Inclusion of more females in all work groups can help enhance entrepreneurial orientation as well as the inclusion of whites in all work groups in the short term.

4.4 ACTION PLAN

The researcher can propose an action plan to SMD that addresses the aspects derived from this study. This plan consists of entrepreneurial design for the company to help improve their entrepreneurial strategy and help identify talent as well as monitor the entrepreneurial process of the company.

Aspects derived from this study

The results of the study was summarised in the previous sections of this chapter. The recommendation made on the basis of this study should receive special attention. The purpose of the study should be described to all the personnel of the company; this will

give a clear indication as to the restructuring of some protocols or structural changes that may happen.

Three aspects derived from the study are crucial to the enhancement of the entrepreneurial behaviour of the company and should be addressed. 1) The risk-averse nature of the company. The negative connotation that some employees have with the term risk-taker must be addressed. New opportunities will always entail some degree of risk and if the employees are risk-averse, it might hamper the project. 2) The approval and justification procedures that employees must adhere to stand as a barrier to entrepreneurial behaviour and must be addressed. 3) The diversification of work groups to include females as well as the inequality of racial representation must be addressed. According to the study more people of the white group must be introduced to the work groups. The lack of blacks filling out questionnaires can, however, be due to the lack of responses from other racial groups, but should by all means receive management's attention.

Entrepreneurial strategy

Morris (1998) stated that an entrepreneurial strategy is an integral part of the entrepreneurial orientation of a company. A strategy has to be designed that will drive entrepreneurial behaviour within a company. The commitment of top management to this entrepreneurial strategy should be evident. The strategy should align across the entire business, as an organisational wide strategy will allow the company to gain optimally from this strategy. If all areas of the company can function entrepreneurially, new opportunities will be seized and the company will have optimised their business drivers. The business subunits created should function as a collective team that will allow the flow of information and also skills throughout the company. Aspects that the company's strategy should address are as follow:

- A budget must be drawn up for the entrepreneurial strategy. This strategy forms part of the company and should thus form part of the organisation's budget. Entrepreneurial actions will have financial implications as new ideas will need research as well as capital to pursue these ideas. Transfer of skills and training

to develop employees will also need to be budgeted for. This part of the budget should focus on development of the entrepreneurial orientation of the company.

- Freedom must be given to employees to allow them to act and behave in an entrepreneurial fashion. Employees must be able to function innovatively as individuals and as groups over and above their normal day-to-day work. Management must allow this function and trust in the system must be given as seen in the study by Ramachandran *et al.* (2006:91). This structure will generate an inherent risk if the employees are not aligned with the goals of the company, and must thus be managed and supervised to a certain extent. The freedom granted should be clearly defined. This freedom should also filter down in the procedural processes to pursue opportunities and their normal work function to enhance Autonomy within the company.
- The company must clearly define its willingness to take risk. The degree of risk that the company is willing to take must be determined and revised continuously. This appetite for risk will vary as market trends change and available funds fluctuate. Managing this risk will depend on the ability of employees and the clear communication of the risk profile of the company. The competitive aggressiveness of the overall company will also have an influence on the risk profile of the company and the stance against competitors must be clear.
- Management must be trained on the topic of risk and so all employees to clearly define it. Everyone must be able to identify, reduce and manage their risk profile. The transfer of knowledge through work groups with enough gender diversification as well as racial representation will be of the utmost importance.

This strategy should be done with the full support of management (McGrath & McMillan, 2000). The strategy must be clearly defined for all levels of management. New opportunities and valuable opportunities must be identified and acted on. Strong leadership is needed to drive this initiative as employees must be inspired to address specific opportunistic issues and not forced into it.

Talent identification

The entrepreneurial culture of a company is driven by the individuals who adhere to this principle and form part of the entrepreneurial team and culture of the company. Identification of individuals, that can help form part of this team, is of the utmost importance. The characteristics identified in this study as mentioned in section 2.2.2 of this document can form a guideline to help management identify individuals that will help in the overall entrepreneurial strategy of the company. The characteristic traits used in the questionnaire should be added to the standard evaluation form of new employees. This addition can help evaluate the entrepreneurial characteristics of new employees as part of their employment process. Management can also evaluate current employees and see if they exhibit these traits and add them in, as part of their standard job description. This analysis of the entrepreneurial characteristics of employees can thus be used to allocate the correct individuals for a certain task; this will add to the company's human resource structure. An improved resource structure can allow for the allocation of the correct traits to a specific situation as well as help provide the right leadership structure and training platforms when there is a shortage.

Monitoring of the entrepreneurial process

The 'organisation wide entrepreneurship' approach identified by Ramachandran *et al.* (2006) in section 2.6.2 can be used to obtain this action plan. This action plan allows employees to function more autonomously in identifying and pursuing new opportunities. This action, as interpreted from the data, is needed to enhance the entrepreneurial orientation of the company. Entrepreneurial process can be implemented to help manage the risk that arises with the autonomous function of employees without damaging the entrepreneurial spirit of the company. These entrepreneurial processes should establish the exact process that is followed when pursuing an opportunity and should not be focused on the result of the venture. This process should be published and freely available to all employees. Training sessions to help engage this process must also be established to align the autonomous nature of the employees with the management structure.

A public forum can be used to help support the entrepreneurial process. Individuals can have an open platform to make suggestions or to gather information from. Once an idea is published, inputs can be gathered on the subject and an entrepreneurial team can be formed to help execute the venture. Strong leadership will be needed from management to help form a strong basis for the process. Continuous updates and feedback can be used to monitor the process and organisation knowledge can be built up through this system of sharing information. This process can help manage and reduce risk as everyone will be aware of the steps taken throughout the process and also gives a platform for immediate credit for all participants, creating a reward system.

The model for the process should be dynamic and fluid; this will allow complete adaptation as the business develops.

4.5 CRITICAL EVALUATION OF THE STUDY

The extent to which the objectives were met can be used to determine the success of the study. The objectives were divided into primary and secondary objectives as listed in section 1.3.

4.5.1 Primary objectives

The primary objective of this study was to investigate entrepreneurial orientation and the traits that will allow this orientation to be established in an organisation like SMD. Practical recommendations to establish these traits and enhance entrepreneurial behaviour in an organisation were formulated.

The primary objective of the study was achieved by achieving the secondary objectives of the study.

4.5.2 Secondary objectives

- Define the concept of entrepreneurship.
- Obtain insight into entrepreneurial orientation in an organisation through the literature study.
- To determine what the most influential personal traits of entrepreneurial success are through a literature study.
- To show the specific influence of these personal traits on entrepreneurial orientation.
- To determine any other personal traits that can have an influence on business success
- To determine whether these traits can be developed or not.
- Suggest practical recommendations on identifying and developing entrepreneurial traits.
- Suggest practical recommendation to enhance the entrepreneurial behaviour and entrepreneurial orientation of the company.

The first three secondary objectives were obtained by the literature review presented in Chapter 2.

The fourth objective, to determine the influence of entrepreneurial personal traits on entrepreneurial orientation was obtained by the interpretation of the data captured by the questionnaire. The results and analysis of the questionnaire is presented in Chapter 4.

The fifth objective was obtained through the literature review. The value added segment of the questionnaire to gather any other personal traits was not filled in by any of the respondents. There were, however, many more personal traits identified in the literature that can become a subject for further study.

The sixth objective was to determine if these traits can be developed or not. As seen from the questionnaire many employees possess many different personal traits and drawing from the conclusions and recommendation these traits can be transferred and added to the organisational capital of the company.

The seventh and eighth objectives were achieved in the recommendations and action plan as discussed in Chapter 4.

4.6 SUGGESTIONS FOR FURTHER RESEARCH

The questionnaire used was partially designed by Lotz (2009). The questionnaire used by Lotz was to assess entrepreneurial orientation and perceived business success in an agri-business. This questionnaire was only distributed to a section of the business that had access to computers and is not a true representation of the entire company. The results obtained from this study also represent a perception of the study population. It is for this reason that care must be taken when using the data to make conclusions and recommendations. The findings of this study should not be generalised to any business but can be used as a basis. There may also be a negative influence on results due to the low response rate.

The results of this study may be used to provide a baseline for the company under investigation. As this is the first study done on the company SMD there is no correlations to be drawn from other study data. More diverse respondents will need to participate in future research to get a more accurate data pool.

An interesting topic for further investigation could be the influence work groups and study groups have on entrepreneurial orientation. These groups can help develop and improve entrepreneurial orientation in a company. Extra personal traits can be investigated and its specific influence on entrepreneurial orientation can be tested.

Subsequently, a study can be done of the 'before' and 'after' implementation of the entrepreneurial orientation strategy to see its specific influence.

4.7 SUMMARY

The data presented in the previous chapters drew conclusions after rigorous analysis. The conclusions followed the same structure as Chapter 4, starting with demographic data, followed by the presentation of the reliability of the study. After the steps discussed above, conclusions of the variables of 'entrepreneurial orientation' and 'personal traits' were presented. Lastly, the relationship between the demographic information from gender and race, entrepreneurial orientation and personal traits were used.

There was a high reliability seen in the Cronbach Alpha coefficients for the questionnaire. All variables tested a coefficient of higher than 0.7.

Entrepreneurial orientation and personal traits were discussed in depth and conclusions were drawn from each of the variables. The relationship between the demographic data, entrepreneurial orientation and personal traits were also analysed and the information gathered on these relationships were used to draw conclusions.

The conclusions from the data led to the formulation of recommendations. These recommendations were made on the basis of the highlights drawn from the conclusions. A practical implementation action plan was suggested on how to achieve the recommendation made should the company wish to enhance their entrepreneurial orientation and entrepreneurial behaviour.

Finally, the study was successfully concluded by critically evaluating the primary and secondary objectives of the study. Suggestions were made for future research on the selected research topic of this study.

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ANNEXURE A: QUESTIONNAIRES

The questionnaire used in this study was developed and distributed in two different formats: Hardcopy format, in English, as well as an Electronic English version.

The hardcopy format is represented in Annexure A.

Entrepreneurial questionnaire

Dear Respondent:

The following questionnaire is set out to aid in the study to investigate:

Entrepreneurship - this survey is conducted to determine the entrepreneurial orientation of a company as well as to determine personal traits exhibited by employees that lends to the entrepreneurial behaviour of the company.

This study was done in partial completion of my MBA studies at the North-West University in Potchefstroom. The results of the studies will be published after the completion of the study.

This form is filled in anonymously and information supplied via this questionnaire will be standardised and kept confidential. The results of this survey are purely for academics purposes and will in no way affect anyone's working environment.

This questionnaire is divided into four sections.

Section A : is to provide geographical and demographical data.

Section B: is statements that are designed to evaluate the entrepreneurial orientation of the company.

Section C : consists of statements designed to evaluate personal traits .

Section D: consists of an added value section of future possible entrepreneurial traits to be examined.

This completed questionnaires can be returned via the internal portal or per email to:
JS Spies: johan.spies@yahoo.com.

Your honest opinion and response regarding all the various statements will be values.

I would like to thank you for your assistance in conducting the study and filling out the questionnaires.

Regards

Johan Spies

General Instructions.

All questions or statements can be answered by marking the relevant block with an X
Where a space is given to state your post please fill in with either pen or via MS Word.
Please answer every statement and question to ensure the validity and reliability of the study.

Section A: Demographical Information.

This information is required for statistical analysis on the different employees of the business.

Your information will be treated confidentially. Please mark applicable block with an X

Indicate your age group.	≤29	30-39	40-49	50-59	60+
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Indicate your gender	Male	Female
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Indicate your race	Black	White	Coloured	Indian	Other
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Indicate your post level

Indicate your highest academic qualification.

Lower than grade 12

Grade 12

Certificate

Diploma (Technical College or Technicon)

Degree

Post Graduate degree

Indicate your division.

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Comments:.....

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Section B: Entrepreneurial orientation.

This section consists of 27 statements designed to test the entrepreneurial orientation of a company. Please indicate to what extent you agree with the statement. The statements are in order from 1. Strongly disagree to 5. Strongly agree.

Statement .		Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
		1	2	3	4	5
B1	I am allowed enough autonomy in my job without continuous supervision.					
B2	I am allowed to be creative and try different methods in my job.					
B3	Our employees are allowed to make decisions without going through elaborate approval systems.					
B4	Employees are encouraged to manage their own work and have flexibility to resolve problems.					
B5	My day to day work does not imply me doing the same work methods or steps everyday.					
B6	The business regularly introduces new products/systems or services.					
B7	New and innovative systems/products/services are very important to our business.					
B8	The number of products/services has increased in the last two years.					
B9	New opportunities are continuously being sought out and pursued.					
B10	There has been dramatic changes in our systems/services/products over the last couple of years.					
B11	New ideas generated are pursued successfully.					
B12	Continuous improvements on systems/services or products is of high importance in our business					
B13	Our business believes that innovation will drive our future prospects.					
B14	The business seek to maximise each opportunity without constraints to normal structures or models.					

Statement .		Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
B15	The business is geared to handle ambiguous situations and can maximise the exploitation of new opportunities.					
B16	Our business is not risk adverse					
B17	The business objectives are achieved by acting in a bold wide-ranging manner					
B18	Employees are often encouraged to take calculated risk when engaging new ideas.					
B19	"Risk-taker "- is seen as a positive statement in our business					
B20	Our business is often the first mover with new products/services or processes					
B21	Our business initiates actions that competitors then respond to					
B22	Our business continuously seeks out new opportunities/services/products or processes					
B23	Market trends and consumer needs are always indentified.					
B24	Our business is very competitively aggressive.					
B25	Our business does not allow competition to gain market share					
B26	Our business also knows when it is overly aggressive in instances where we might erode our own market share by damaging our reputation.					
B27	Our business normally takes a strong stand against competition.					
	Comments.					

Section C: Core attributes of entrepreneurs.

Successful entrepreneurs all have certain key traits that they share and which help them in their business success. Section C is aimed to determine if employees at the company exhibit some of these traits. Please mark the applicable block with an X.

This section consist of statements that can be graded as either a 1.definite weakness to 5. A definite strength.

Characteristic	Grade				
	Definite weakness	Moderate weakness	Not strength or weakness	Moderate strength	Definite strength
	1	2	3	4	5
C1 High level of commitment					
C2 High level of creativity and innovativeness					
C3 High energy levels					
C4 Low support needs					
C5 Risk taking					
C6 High perseverance levels					
C7 Responsibility.					
C8 Problem solving skills.					
C9 Capacity to inspire others.					
C10 Self reliance					
C11 Confidence					
C12 Courage					
C13 Ability to manage ambiguity					
C14 Ability to see new opportunities.					
C15 Generosity.					

Characteristic	Grade				
	Definite weakness	Moderate weakness	Not strength or weakness	Moderate strength	Definite strength
	1	2	3	4	5
C16	Integrity and reliability				
C17	Good people skills				
C18	Patience				
C19	Adaptability to change				
C20	Emotionally stable				
C21	Good self awareness(Strength and weaknesses)				
C22	Quick learner				
C23	Willingness of self sacrifice.				
C24	Drive to achieve				
C25	Tolerance to failure				
C26	Perseverance				
C27	Later thinker and open mindedness				

Section D.

Section D is set out as a value added section for comments on any other personal traits you might deem as necessary for an entrepreneur. Please give any suggestions in the comment section below.

Comments:

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THANK YOU FOR YOUR PARTICIPATION

APPENDIX B: LETTER FROM LANGUAGE EDITOR

November 14, 2014



TO WHOM IT MAY CONCERN

Re: Letter of confirmation of language editing

The dissertation "An assessment of the entrepreneurial orientation of a vehicle management and sales company" by Johan Stefan Spies (23917199) was language, technically and typographically edited. The sources and referencing technique applied was checked to comply with the specific Harvard technique as per North-West University prescriptions. Final corrections as suggested remain the responsibility of the student.

Antoinette Bisschoff

Officially approved language editor of the NWU since 1998
Member of SA Translators Institute (no. 100181)