

AN ASSESSMENT OF INTRAPRENEURSHIP IN THE NORTH- WEST UNIVERSITY, POTCHEFSTROOM CAMPUS

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ABSTRACT

The competitive landscape in which universities operate today is marked by intense competition. Intensifying global competition and rapid technological progress put further pressure on organisations to change. Due to this dynamic nature of the modern organisation, it is imperative that organisations remain receptive to new ideas, approaches and attitudes.

During the last few years, there has been a growing interest in the use of corporate entrepreneurship as a means for organisations to enhance the innovative abilities of their employees, and at the same time, increase corporate success through the creation of new corporate ventures.

Adaptability, flexibility, speed, aggressiveness and innovativeness are increasingly necessary. This can be achieved by entrepreneurial organisations, through corporate entrepreneurship.

The aim of this research was to assess the entrepreneurial climate on the Potchefstroom Campus of the North-West university. Based on the literature study, thirteen constructs measuring entrepreneurial climate was constructed in a questionnaire to measure the entrepreneurial climate on the Potchefstroom Campus of the NWU. Furthermore, a self-assessment of entrepreneurial characteristics by managers and middle managers as well as a superior assessment of entrepreneurial characteristics was done through a questionnaire

The study found that although all thirteen constructs measuring entrepreneurial climate are present, it is not yet at a desired level to enhance and promote corporate entrepreneurship. Practical recommendations are made to the management committee to improve the entrepreneurial climate on the Potchefstroom Campus of the NWU.

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CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

The global economy is creating profound and substantial changes for organisations and industries throughout the world. These changes make it necessary for organisations to constantly examine their purpose carefully. Organisations will need to devote a great deal of attention to selecting strategies in their pursuit of the levels of success that have a high probability of satisfying multiple stakeholders (Morris & Kuratko, 2002: 12).

The challenge for organisations today is how to create and manage an organisational environment where multiple innovations can occur on a sustained basis. Quality, service and lower costs alone are no longer sufficient to achieve a competitive advantage in the market. Adaptability, flexibility, speed, aggressiveness and innovations have become important factors today. Nayager and Van Vuuren (2005: 29) argue that these important factors can be achieved by entrepreneurial organisations. Due to the dynamic nature of the modern organisation, it is imperative that organisations remain receptive to new ideas, approaches and attitudes. Effective innovation is the primary source of lasting competitive advantage in the twenty first century and organisations will have no alternative but to become intrapreneurial or cease to exist (Morris & Kuratko, 2002: vii).

Researchers have suggested that the pursuit of corporate entrepreneurship requires established organisations to strike a fragile balance between engaging in activities that make use of existing knowledge, and at the same time challenging themselves to embark upon new adventures, seeking new knowledge and opportunities to rejuvenate themselves (Hannan & Freeman, 1989; Floyd & Woodridge, 1999).

Universities are no exception to the rule and cannot afford to become static organisations. South-Africa is just one of many countries that have witnessed significant transformations and reforms in their higher education systems, including the emergence of new types of institutions, changing patterns of financing and governance, the establishment of evaluation and accreditation mechanisms, curriculum reforms and technological innovations (Van Aardt Smit, 2002). The old conventional rules of business no longer apply and global competition, rapid technological progress, new markets and customer needs will force universities to become more entrepreneurial in order to survive and prosper.

Dr Sebege, Chairperson of the Council for the North-West University, comments in the Annual report 2007 that in the prevailing socio-economic climate of South-Africa, higher education institutions are being compelled to prove themselves as positive forces for development, growth and accountability (NWU Annual Report, 2007: 10).

1.2 PROBLEM STATEMENT

1.2.1 Background to the study

Entrepreneurship is not a choice; it is the only survival attitude (Pinchot, 2000: 75). The environments in which organisations operate are becoming more and more complex, uncertain, turbulent and volatile because of the globalisation of the world economy. Due to this dynamic nature of the modern organisation, it is imperative that organisations remain receptive to new ideas, approaches and attitudes. Effective innovation is the primary source of lasting competitive advantage in the twenty first century and organisations will have no alternative but to become intrapreneurial or cease to exist (Morris & Kuratko, 2002: vii). Nayager and Van Vuuren (2005: 29) argue that organisations will need to develop new and improved products and services, as well as better operating technology and methods that are more effective than the competitors, to ensure a competitive advantage.

Managements are challenged daily not only to manage the organisation, but also to change employee's value systems and work practices towards an entrepreneurial behaviour to achieve the competitive advantage needed. The focus of this study is to examine whether management of the North-West University accept this challenge and foster a climate for their staff to enhance corporate entrepreneurial skills and use corporate entrepreneurship as a strategic tool in order to sustain competitiveness and innovation.

The North-West University (NWU) officially came into being on 1 January 2004. Management of the newly formed North-West University (NWU) were faced with several new challenges that included:

- acceptance and creditability of the Institution in the market;
- acceptance of the merger process by staff and students;
- different cultures due to the different demographics of students and staff on the various campuses;
- proposed management structure and location of Institutional office;
- alignment of the content of courses offered;
- financial pressure on the newly formed Institution because of huge debt at former UNW and steady decline in real value terms in form of Government subsidy;
- negative perceptions of possible retrenchments due to duplication of departments and services, and
- fear of lowering of academic standards.

The major restructuring of the higher education environment in 2003-2004 had never before been experienced on such a large scale in South Africa and instantly changed the former Potchefstroom Campus environment. Staff and students were taken out of their comfort zones. Although the NWU was not the only university affected by the government's decision to merge Universities, it became evident that universities had to accept the fact of merging and make it work, or face the possibility to lose their reputations in the academic world. At the same time competition between local and

international Universities become fiercer. Clark (2000), as quoted by Van Aardt Smit (2002), mentions that the universities of the world have entered a time of disquieting turmoil of which no end is in sight. Pushed and pulled by ever increasing, interacting streams of demand, universities are pressurised to change their curricula, alter their faculties, modernise their plants and equipment – and to do so more rapidly than ever before.

1.2.2 The problem statement

It is against this background that a new kind of leadership is required - **entrepreneurial leadership**. Achievement over the long term depends on the ability of the organization to innovate, and to take the leadership role in the industry. According to Oosthuizen (2006: 1), entrepreneurial organizations reinvent themselves, and leap ahead of their competitors, and those who can sustain a culture of innovation and change, keep on developing and growing.

Management of the North-West University have to adapt and accept the challenge in order to foster a climate for their staff to enhance corporate entrepreneurial skills. Corporate entrepreneurship can act as a strategic tool to create flexibility, change, innovation and responsiveness in order to sustain a competitive advantage in the industry.

In the 2007 annual report, the Vice-Chancellor remarks that, since the merger in 2004, the NWU has made considerable progress in positioning itself as a “stable, vibrant and entrepreneurial university” (NWU Annual report, 2007: 40). To give further impetus to this strategic goal, a focus of management has been, *inter alia*, to ensure that this management philosophy and these practises are promoted and practised at all levels.

1.3 OBJECTIVES OF THE STUDY

The goal of the study is summarised in a primary objective and secondary objectives.

1.3.1 Primary objective

The primary objective of this study is to assess corporate entrepreneurship on the Potchefstroom campus of the North-West University and to make recommendations on how to foster corporate entrepreneurship in the university.

1.3.2 Secondary objectives

In order to address the primary objective, the following secondary objectives were identified:

- to define corporate entrepreneurship;
- to obtain insight into the dynamics of corporate entrepreneurship by means of a literature study;
- to obtain insight into the business environment of the North-West University;
- to assess the current entrepreneurial climate in the North-West University;
- to determine to what extent employees at the North-West University are inclined towards an entrepreneurial state of mind;
- to examine the relationship between the demographic variables and the constructs measuring entrepreneurial climate, and
- to suggest practical recommendations in order to foster corporate entrepreneurship in the North-West University.

1.4 SCOPE OF THE STUDY

1.4.1 Field of study

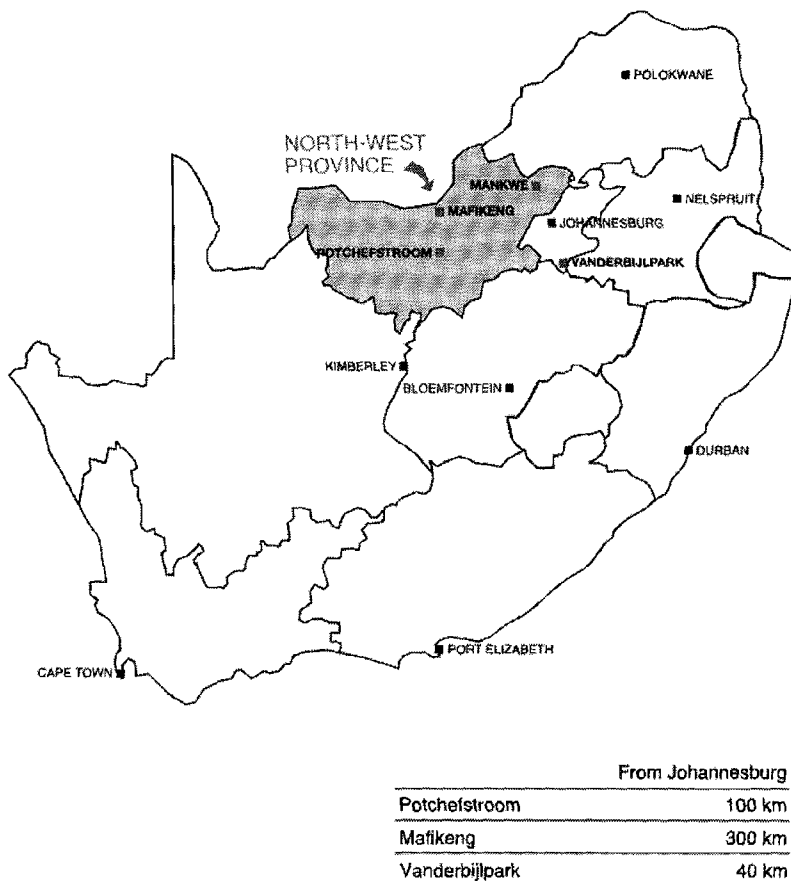
The field of this study falls within the subject discipline of entrepreneurship and more specifically corporate entrepreneurship. The perception of management and in particular middle management will be assessed.

1.4.2 Geographical demarcation

This study will be limited to the Republic of South Africa and more specifically the Potchefstroom Campus of the North-West University (NWU).

The North-West University consist of three campuses situated in Potchefstroom, Mafikeng and Vanderbijlpark. **Figure 1.1** shows the location of the three campuses of the North-West University in the Republic of South Africa.

Figure 1.1: The location of the three campuses of the NWU in South-Africa



Source: NWU Web-site

This study will only assess the perception of corporate entrepreneurship of management, and in particular middle management at the Potchefstroom Campus of the North-West University.

1.5 RESEARCH METHODOLOGY

The research conducted in the study consists of two stages, namely a comprehensive literature review to identify the items that could measure corporate entrepreneurship in the NWU, and secondly an empirical study to analyse the perceptions of management and middle managers on corporate entrepreneuring on the Potchefstroom Campus of the North-West University.

1.5.1 Literature study

In order to review the literature, published proceedings, scientific journals, dissertations, conference papers, textbooks and recognised internet articles were used.

The literature study considers points of view on entrepreneurship and corporate entrepreneurship and will be the primary source of information. The gathered information is described, interpreted and evaluated to address the purpose as well as the objectives on this study.

The literature study done on the concept of corporate entrepreneurship includes the following subjects:

- definition of entrepreneurship;
- definition of an entrepreneur;
- definition of corporate entrepreneurship;
- the dimensions of corporate entrepreneurship;
- types of corporate entrepreneurship;
- models of entrepreneurship;

- innovation, and
- establishing a climate for entrepreneurship in the organisation.

The literature study also considers the North-West University and includes the following:

- background and overview of the NWU;
- the strategic focus of the NWU;
- integration milestones, and
- causal factors to the study.

1.5.2 Empirical study

The aim of this study is to use the knowledge gained by the literature study to empirically assess the entrepreneurial climate on the Potchefstroom Campus of the NWU, and secondly measure the extent to which employees at the NWU are inclined towards an entrepreneurial mind. The primary data was collected using questionnaires.

1.5.2.1 Constructing the questionnaire

An existing questionnaire developed by Oosthuizen (2006) and adapted by Jordaan (2008) was used. The questionnaire was further adjusted for use in the North-West University.

The questionnaire consists of three parts, namely:

Part 1: Assessment of the entrepreneurial climate – For the purpose of assessing the current entrepreneurial climate in the organization. The questionnaire consists of 65 statements, assessing thirteen constructs for a climate conducive to corporate entrepreneurship and using a five-point Likert scale.

Part 2: Self and superior assessment of entrepreneurial characteristics – This part of the questionnaire assesses the perception of managers concerning entrepreneurial characteristics as well as their perception on the entrepreneurial characteristics of their superiors.

Part 3: Demographical Information - Respondents had to indicate their age group, gender, race, highest academic qualification and department in which they work.

1.5.2.2 Study population

The target population of this study was managers, and middle managers on the Potchefstroom Campus of the North-West University. The database of the study population was obtained from the Human Resource Department of the Institutional office in Potchefstroom. From the database 150 respondents were randomly selected.

1.5.2.3 Data collection

A self-complete questionnaire was the main tool used to collect the primary data. The questionnaires were sent via internal mail to each respondent. The questionnaire was also available in electronic format, should a respondent require it via e-mail. An e-mail was sent to respondents who did not respond within three weeks after the questionnaires had been sent out.

Each questionnaire was sent with a cover letter that guaranteed the confidentiality of the response, as well as a return envelope in order to make it as easy as possible for respondents to take part in the research and to return the questionnaire via internal mail. A total of 51 usable questionnaires were returned which were subjected to further statistical analysis.

1.5.2.4 Statistical analyses

The data collected were statistically analysed, using Statistica (Statsoft, 2008) and SPSS (SPSS, 2005). The reliability of the questionnaire was assessed by means of an exploratory factor analysis and by calculating Cronbach alpha coefficients.

1.6 LIMITATIONS OF THE STUDY

The study has attempted to make a contribution to the body of knowledge on corporate entrepreneurship on the Potchefstroom Campus of the NWU. The study is limited to managers and middle managers only on the Potchefstroom Campus of the North-West University and thus not representative of the North-West University.

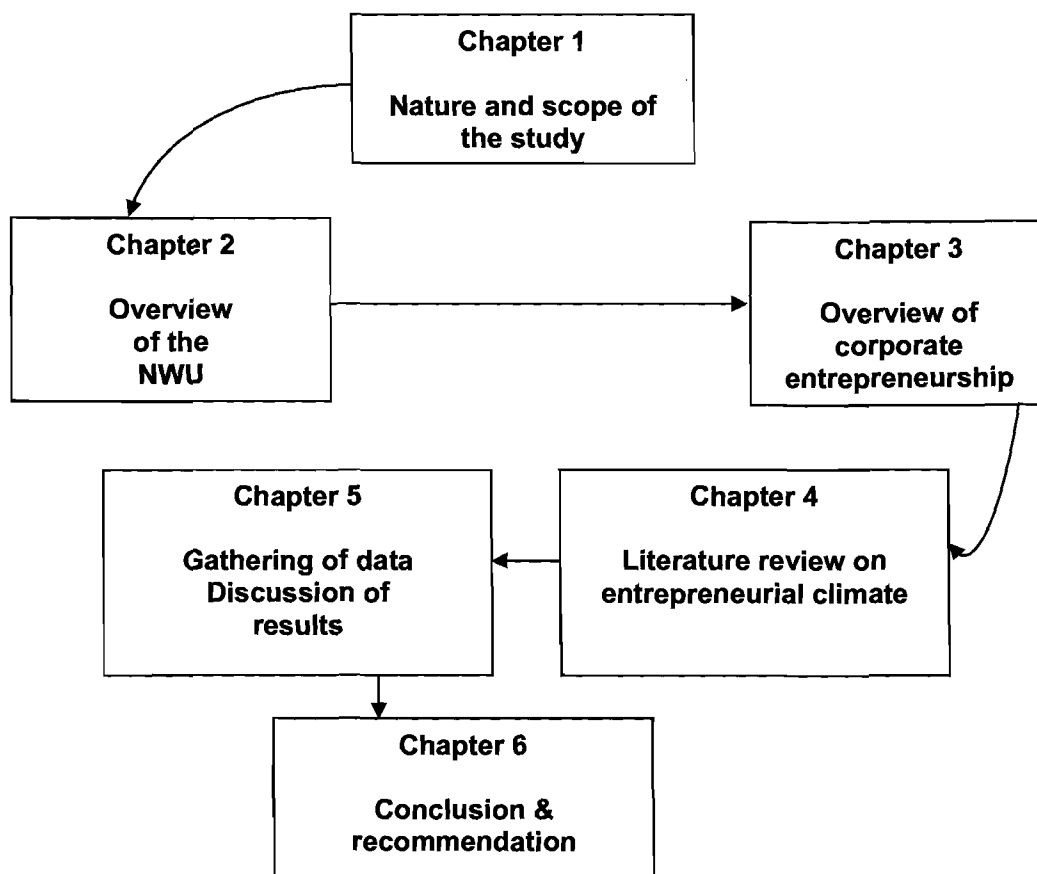
The study is further limited to the internal environment of the organisation and excludes external factors. Care should therefore be exercised in the interpretation and utilisation of the results, and the findings of the study cannot be generalised.

Due to a limited sample, no exploratory factor analysis to assess the validity of the questionnaire was done. It is recommended that more advanced statistical procedures for scale validation, such as exploratory factor analysis be utilised in further development of the questionnaire. Supplementary research on the use of this measuring instrument is also necessary to refine its norms.

1.7 LAYOUT OF THE STUDY

Figure 1.2 presents the structure of the study followed by a short summary of each chapter.

Figure 1.2: Structure of the study



A short summary of each chapter will now be discussed.

Chapter 2: Overview of the North-West University

Chapter 2 consists of a background profile of the North-West University with specific reference to the Potchefstroom Campus and will refer to the vision, mission and values statements for the NWU. This chapter further refers to the five strategic focus areas identified, namely transformation, teaching and learning, research and innovation, implementation of expertise and effective management and milestones reached since the merger in 2004. Furthermore the causal factors that led to this study will be discussed

Chapter 3: Literature review on corporate entrepreneurship

Chapter 3 consists of a literature review on corporate entrepreneurship with reference to the definitions of entrepreneurship and corporate entrepreneurship, the dimensions of corporate entrepreneurship, types of corporate entrepreneurship, models of entrepreneurship and innovation, and characteristics of a corporate entrepreneur.

Chapter 4: Literature review on entrepreneurial climate

Chapter 4 will continue with a literature study on entrepreneurial climate with reference to the definitions of organisational climate, obstacles in the process of creating an entrepreneurial climate and entrepreneurial leadership. A literature study on creating an entrepreneurial culture and organisational characteristics of an entrepreneurial organisation will conclude this chapter.

Chapter 5: Gathering of data and discussion of results

This chapter will discuss the process followed in gathering the data, the data processing and a discussion of the questionnaires results.

Chapter 6: Conclusion and recommendation

In chapter 6, conclusions on the empirical study will be reached and presents recommendations to management on how to create and foster a climate conducive to corporate entrepreneurship in the NWU. The chapter furthermore assesses whether the objective of the study has been achieved, and recommendations for further research are made.

CHAPTER 2

OVERVIEW OF THE NORTH-WEST UNIVERSITY (NWU)

2.1 INTRODUCTION

The North-West University (NWU) officially came into being on 1 January 2004 as part of the national government's broader plan to transform higher education, with the aim of using resources more effectively and addressing past imbalances. The transformation of the higher education landscape reduces 36 former Institutions of Higher Education to 21 merged Institutions.

The institutions that came together to create the NWU were the former University of the North-West (UNW in Mafikeng), the former Potchefstroom University for Christian Higher Education (PU for CHE), that include the Vanderbijl Park Campus, and the former Sebokeng Campus of the Vista University (in Vanderbijlpark).

The merger is a symbolical act of reconciliation that embodies the nation building objectives of government. Management and councils of both former universities accepted the challenge and decided to make a success of the merger. Management of the former three universities realized the reconciling role the new institution could play and that it had an obligation to the people of South Africa to create a new, truly South African university.

2.2 NWU PROFILE

The North-West University is a unitary, multi campus institution with campuses in two provinces, North-West province and Gauteng. The campuses are in Mafikeng, Potchefstroom and Vanderbijlpark. Figure 1.1 on page 6, Chapter 1 shows the location of the three campuses in the Republic of South Africa.

Each campus operates as separate business units with specific programs. The geographical spread of these three campuses, as well as various off-campus learning modes, makes learning accessible to a wide variety of prospective students. By embracing three languages, namely English, Afrikaans and Setswana, as the official media of communication, the North-West University is supporting a level of multilingualism believed to be unprecedented in South African higher education.

Each campus has its own campus rector supported by an Institutional Office situated in Potchefstroom and management led by the Vice-Chancellor. The Institutional Management Committee is the executive arm of the North-West University and responsible for implementing the strategies, plans, budgets, policies and rules approved by Council.

In 2008 the North-West University is an organisation with a work-force compliment of 5 210 employees and an estimated 44 750 students. The NWU embraces the unity of a country that has 11 official languages and is made up of various cultures, backgrounds and religious systems.

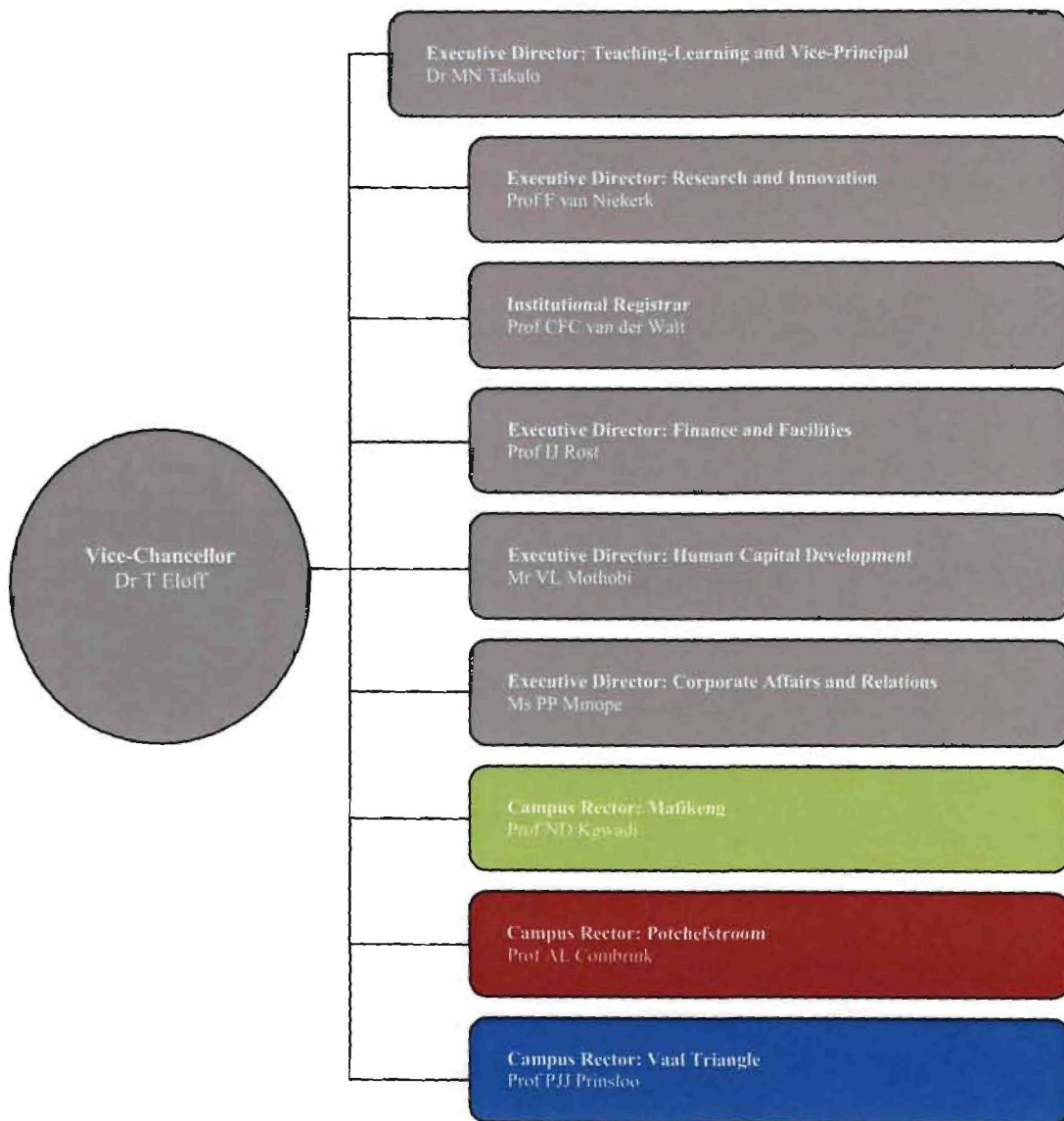
The University is fast developing a single institutional culture and ethos, with room for diversity in terms of campus personalities. Integrity, commitment, accountability and respect are the values that bind the North-West University together.

In June 2008, the NWU announced their new pay-off line ***“Innovation through diversity”***. The motto will help to send a consistent and clear message to the stakeholders and address any misperceptions about what the North-West University is about. This motto articulates the essence of the NWU’s strategic intent, expressing that they are harnessing diversity and allowing their students and staff to be who they want to be and in the process enrich their innovative spirit.

2.2.1 North-West University institutional management organisational structure

The NWU Institutional management structure is shown in figure 2.1.

Figure 2.1 North-West University institutional management structure



Source: NWU Annual Report (2007)

2.3 VISION, VALUES AND MISSION OF THE NWU

During the review of the Institutional Plan 2007-2009, the mission of the North-West University was reviewed and rewritten to be effective for the current North-West University. The Institutional Plan 2008-2010, which contains the following revised values, vision and mission for the NWU, was approved by the Council on 23 November 2007 (NWU Annual Report, 2007).

2.3.1 Values

The University is driven by the values contained in the Constitution, especially human dignity, equality, freedom, integrity, tolerance, respect, commitment to excellence, scholarly engagement, academic freedom and justice and transparency (NWU Annual Report, 2007: 3)

2.3.2 Vision

The vision is the starting point for giving shape and direction to an organisation.

The vision of the NWU is:

- *To be a pre-eminent university in Africa, driven by the pursuit of knowledge and innovation* (NWU Annual Report, 2007: 3).

2.3.3 Mission

The NWU's mission is to become a balanced teaching, learning and research University and implement our expertise in an innovative way.

These will be achieved by the NWU as it lives its values, strives for sound management and pursues transformation, while being locally engaged, nationally relevant and internationally recognized.

The mission is made up of the following elements:

- Develop, educate and empower through quality teaching and learning, well rounded graduates who are able to think laterally and critically in their service to the country and its people.
- Develop and sustain high quality, relevant and focused research, supplying innovative solutions to challenges faced by the scholarly community, the country, the continent and the world.
- Expand the implementation of expertise, both commercially and community directed, for the benefit of the province, the country, the SADC region, the continent and ultimately the world.
- Be a value-driven University, striving to make a difference in the pursuit of our mission.
- Aspire to be recognized internationally as a well-managed and innovative University, with a client focus embedded in quality. The University seeks to achieve this by creating an enabling environment that will enhance and improve its core business while remaining financially viable.
- Transform continually in terms of positioning, academic profile, unity, equity and redress. In doing this, to contribute to the transformation of the South African Higher Education system in order to help meet the social, economic, development and environmental needs of the country (NWU Annual Report, 2007: 3).

2.4 THE STRATEGIC FOCUS OF THE NWU

In 2006 the North-West University submitted its first Institutional Plan, a roadmap for the next three years, positioning itself as a stable, vibrant and entrepreneurial university. This plan is reviewed on an annual basis and successes and failures are measured. In

2008 the plan was once again reviewed to form a three-year rolling plan, stretching to the end of 2010. The following five priorities were incorporated in the institutional plan.

2.4.1 Transformation

Since 2006 the main focus has been on finalising and implementing the Institutional Plan, aligning policies and processes, moving to an integrated system for human resources, finances and information technology and carrying out the equity plan.

2.4.2 Teaching and learning

The aim of the teaching and learning strategic priority is that the NWU has to position itself in the market as a new-generation university, capable of attracting high quality students and staff. North-West University enrolment and registration processes are implemented successfully and student numbers are increasing according to plan. Policies are put in place in order to promote alignment in academic programmes and quality management. A quality management system has been established with specific emphasis on the Higher Education Quality Committee (HEQC) Institutional audit in 2009. Preparations for the audit are being overseen by the Institutional Quality Directorate in the office of the Vice-Principal.

2.4.3 Research and innovation

Universities are often judged by the success of their research and innovation actions. Since 2006 a sound foundation has been laid to entrench the North-West University's reputation as a leader in research and innovation. Research output has increased significantly on all three campuses and the emphasis remains on achieving higher research outputs.

2.4.4 Implementation of expertise

The aim of the implementation of expertise priority is to establish a viable, sustainable framework for commercialisation and to continue to share its knowledge base with business, institutions, government and communities in the interest of contributing to the socio-economic development of the North-West Province, South-Africa and Africa as a whole.

According to the NWU Annual Report 2006 (2006: 38), turning ideas into revenue-generating applications and harnessing knowledge for community development, is a strength of the NWU.

2.4.5 Effective management

The aim of the effective management priority initially was the design and implementation of processes and systems like Oracle and other financial systems. Currently staff development and performance management systems receive priority attention. The NWU emphasises individual accountability rather than traditional university "management by committee"

2.5 KEY FIGURES AND STATISTICS OF THE NWU

The following tables refer to student enrolment figures, staff complement and employment categories for the North-West University.

2.5.1 Student enrolment

Table 2.1 provides a summary of student enrolment figures for the three campuses of the NWU as at the end of May 2008.

Table 2.1: Student enrolment 2008

Campus	Enrolment	Contact	Distance	FTT	Total for 2008	Total for 2007
Mafikeng	Undergraduate	5 874		631	6 505	7 891
	Masters	599			599	662
	Doctoral	89			89	149
	Mafikeng	6 562		631	7 193	8 702
Potchefstroom	Undergraduate	13 498	387	11 046	24 931	30 382
	Masters	1 543	11		1 554	1 773
	Doctoral	442	16		458	568
	Potchefstroom	15 483	414	11 046	26 943	32 723
Vaal Triangle	Undergraduate	2 896			2 896	3 022
	Masters	166			166	194
	Doctoral	82			82	109
	Vaal Triangle	3 144			3 144	3 325
NWU	Total	25 189	414	11 677	37 280	44 750

Source: NWU Annual Report (2007)

2.5.2 Staff complement of the NWU

As at the end of December 2007, the staff complement was as follows:

Table 2.2: Staff complement of the NWU

NWU employees	2006	2007
Permanent	2 635	2 779
Temporary	2 300	2 431
Total	4 935	5 210

Source: NWU Annual Report (2007)

2.5.2.1 Staff employment categories of the NWU

As at the end of December 2007, the employment categories for the NWU were as follows:

Table 2.3: Staff employment categories of the NWU

Category	2006	2007
Teaching/research professional	1 244	1 332
Executive/administrative/management professional	96	103
Specialised/support professional	768	780
Technical	267	268
Non-professional administration	1 941	2 152
Crafts/trades	35	39
Service	584	536
Total	4 935	5 210

Source: NWU Annual Report (2007)

2.5.3 Other key figures of the NWU

According to the Vice-Chancellor in his quarterly newsletter it is clear that the NWU's strategy to ensure stability in its core business whilst continuously transforming the institution in a planned and sustainable manner in accordance with the goals as outlined in the Institutional Plan is bearing fruit (Vice Chancellor's Newsletter, June 2008: 3).

Table 2.4 will highlight some of the other key academic and financial figures supporting the NWU's strategy and goals.

Table 2.4: Other key figures for the NWU

Key aspects	2004	2005	2006	2007
Under-graduate pass rate (contact and distance)	75.2%	78.8%	78.5%	79.5%
Graduation rate (number of degrees as % of total heads)	24%	20%	25.3%	25.3%
Total degrees and diplomas awarded	9 657	7 746	9 821	11 346
Master's degrees awarded	626	700	765	618
PhDs awarded	87	82	110	124
Article equivalents published (total)	275	327	361	375*
NRF-rated researchers	73	85	82	95
Total research output	798	865	1 074	1 060*
Total budget	R953 m	R1.080 m	R1,253 m	R1,420 m
% income from government	45.1%	43.2%	42.8%	39.8%
Self-generated income	R311 m	R371 m	R441 m	R578 m
Financial surplus/shortfall (recurrent items)	R25.8 m	R53.8 m	R62.6 m	R65.5 m
Infrastructure: macro maintenance	R20.9 m	R17.8 m	R32.1 m	R54.1 m
Capital expenditure on new buildings	R5.9 m	R29.3 m	R44.5 m	R46.8 m

Source: NWU Annual Report (2007)

2.6 INTEGRATION MILESTONES

The NWU has established itself in the marketplace as a vibrant, innovative and entrepreneurial university according to the Annual Report 2007 (2006: 40). The NWU has attracted record student enrolments since 2006 and healthy increases have been recorded for research output and student throughput rates, as well as for the NWU's ability to generate "third stream income". According to the NWU 2007 Annual Report (2007: 89), almost 31% of the university's R1. 435 6 million income in 2007 comes from other resources, including patents and innovation developed by the NWU, research and entrepreneurial income.

2.6.1 Transformation milestones

The following transformation milestones were reached during 2007:

- Sustainable progress was made in implementing employment equity. For example, of the 336 appointments made throughout the University during 2007, 38.1% were black South Africans while 53.3% were women.
- The new NWU logo and branding strategy were accepted and are being rolled out. The roll out process will be completed in 2009.
- The alignment of admission requirements on the various campuses is nearly completed and, from January 2008, the NWU has applied the same admission requirements across its three campuses in all but two faculties.
- All integrated governance structures prescribed by the NWU Statute, including the permanent Institutional Forum, were operating successfully, and most integrated policies, rules and procedures had been completed.

2.6.2 Teaching-learning milestones

The following teaching-learning milestones were reached during 2007:

- The enrolment plan was submitted to the Minister of Education.
- The continuous renewal of the Programme and Qualification Mix (PQM) gained momentum and a number of programmes were added during the year.
- Supplemental Instruction (SI) was successfully established on all campuses. A second institutional system aimed at improving the quality of teaching and learning was the introduction of the compulsory Institutional Course for New Lecturers (ICNL). The Institutional Teaching Excellence Award (ITEA) was also instrumental in improving the teaching capacity of lecturers.
- As part of the strategy to enhance the North-West University's international standing, the university explored collaborative partnerships with leading international universities like the London South Bank University.

2.6.3 Research and implementation of expertise milestones

The following research and implementation of expertise milestones were reached during 2007:

- The number of researchers who received ratings or re-ratings from the National Research Foundation (NRF) increased to 95.
- The NWU continued its innovation drive, inter alia in terms of its patenting activities, as is evident in the fact that there are, among others, six USA-registered patents, five pending USA patents and 33 RSA patents.
- A comprehensive framework for commercialisation was finalised. The essence of this is the establishment of a trust as a “holding instrument” for all commercial activities.
- A specific framework for community engagement as an essential part of the implementation of expertise was finalised.

2.6.4 Effective management milestones

The following effective management milestones were reached during 2007:

- The NWU was voted the best-governed university in the annual effective management and corporate governance competition of Pricewaterhouse Coopers.
- During 2007 the NWU again reached the Department of Education’s target that requires universities not to exceed 57.5% to 63% of first-stream income that is spent on personnel cost.
- For the purposes of talent management, the NWU identified the 10% top performers (excluding management) among staff on each campus and in the Institutional Office. These staff members, identified on the basis of consistent high performance, strategic importance and/or scarce skills, received a bonus and, where applicable, their remuneration was improved.

- A Graduate Career Centre was established at the end of 2007, and will be fully operational by the end of June 2008.
- On 27 November 2008 the NWU was announced the “ Most Innovative Higher Education Institution in South Africa”.

2.7 CAUSAL FACTORS TO THE STUDY

Universities are at a time of profound change in higher education, and also of profound opportunity (Coalson-Thomas, 2002). It is therefore essential for universities to identify and articulate their mission and vision statements. Coalson-Thomas (2002) concludes to say that if universities want to be of international calibre, you need to have people of international calibre as employees, people who are behind that ambition and who can realise it, and assist and advise on the realisation of it. Higher education today is a global environment and universities will have to decide whether they wish to position themselves globally, locally or nationally.

The causal factors to this study can be found in the vision and mission statement of the university. The vision of the NWU is to be a pre-eminent university in Africa, driven by the pursuit of knowledge and innovation, while the mission statement declares that the NWU wants to become a balanced teaching, learning and research university and implement its expertise in an innovative way.

Effective innovation is the primary source of lasting competitive advantage in the twenty first century and organisations will have no alternative but to become entrepreneurial or cease to exist (Morris & Kuratko, 2002: vii).

The study focuses on the importance of corporate entrepreneurship and to establish whether the NWU is able to foster a climate for its employees to enhance their entrepreneurial skills within the organisation. If the NWU wants to position itself as a “stable, vibrant and entrepreneurial university”, gaining recognition locally and world-wide, corporate entrepreneurship is a strategic tool that can be used to create flexibility,

change, innovation and responsiveness in order to sustain a competitive advantage in the industry.

2.8 SUMMARY

Despite the differing backgrounds of the three Institutions that merged in 2004, the transition to the unified NWU has been hailed as one of the most successful and stable mergers to date. The stability and success of the NWU as a merged university is highly appreciated in the higher education sector and beyond. This positive perception is based on the fact that we are reaching our targets as stipulated in the Institutional Plan (NWU Annual Report, 2007).

According to the Vice Chancellor of the NWU, Dr Theuns Eloff, the NWU has reached that point in organisational growth where new interventions are needed to create new upward growth. Dr Eloff concludes to say that in 2007, the NWU yet again made considerable progress in positioning itself as a “stable, vibrant and entrepreneurial university” (NWU Annual Report, 2007: 40). The overall strategic goal remains to become, by 2010, an effective and transformed balanced teaching-learning and research university. It is against this background that this study will assess corporate entrepreneurship in the Potchefstroom Campus of the North-West University and make recommendations to foster corporate entrepreneurship in the university.

CHAPTER 3

OVERVIEW OF CORPORATE ENTREPRENEURSHIP

Today's organisation must foster innovation or become "*candidates for extinction*" and the victory will go to organisations that "*maintain their flexibility, continually improve their quality, and beat their competition to the marketplace with a constant stream of innovative products and services*" Robbins (1997).

3.1 INTRODUCTION

Corporate entrepreneurship is a term used to describe entrepreneurial behaviour within organisations (Morris & Kuratko, 2002: 31). The pursuit of corporate entrepreneurship has arisen from a variety of pressing problems including, (1) increased global competition, (2) continual downsizing of organisations seeking greater efficiency, (3) dramatic changes, innovations and improvement in the marketplace, (4) perceived weaknesses in the traditional methods of corporate management, and (5) the exodus of innovative-minded employees who are disenchanted with bureaucratic organisations (Morris & Kuratko, 2002: 8).

During the last few years, there has been a growing interest in the use of corporate entrepreneurship as a means for corporations to enhance the innovative abilities of their employees and, at the same time, increase corporate success through the creation of new corporate ventures (Miller & Friesen; 1985, Pinchot; 1985, Kuratko & Montagno, 1989). Fink, Marr, Siebe and Kuhle (2005: 360) point out that to survive and grow in an era of continuous change organisations must identify upcoming opportunities and threats timeously and deal with them in their strategic planning. Corporate entrepreneurship activities provide an organisation with opportunities to connect with its strategic vision. According to Wickham (2001: 175), vision, mission and strategies are intertwined aspects of the entrepreneurial perspective, each of which represents a

different aspect of the world the entrepreneur seeks to create and the means with which he or she will create this world.

Kuratko and Hodgetts (2007: 54) conclude that corporate entrepreneurship is envisioned to be a process that can facilitate the efforts of organisations to innovate constantly and cope effectively with the competitive realities that organisations encounter when competing in international markets.

3.2 DEFINITIONS

But what exactly is corporate entrepreneurship? As yet there is no universally acceptable definition of corporate entrepreneurship, and according to Sadler (2000: 26), there is a significant debate surrounding the search for a definition of corporate entrepreneurship. This is supported by Hisrich and Peters (2002: 7), as quoted by Oosthuizen (2006), who conclude that in spite of all the interest in entrepreneurship, a concise universally accepted definition has not yet emerged. To derive at a definition of corporate entrepreneurship, we should first established and define the terms entrepreneurship and entrepreneur.

3.2.1 Entrepreneurship defined

The word “entrepreneurship” is derived from the French word “entreprendre” which is defined as a person who undertakes the risk of a new enterprise (Clarke, Louw & Myburgh, 1993). It furthermore means “to undertake something, to seek opportunities, to fulfil needs and wants by being innovative and starting businesses”.

The recognition of entrepreneurs date back to the eighteen century when Richard Cantillon use the term “entrepreneur” to refer to “an originator” (O’Neil, Terblanche & Keyter, 1997). According to Barringer and Bluedorn (1999: 422), the economist Joseph Schumpeter (1934) argued that the main agents of economic growth are the entrepreneurs who introduce new products, new methods of production and other

innovations that stimulate economic activity. Schumpeter described entrepreneurship as a process of “creative destruction” in which the entrepreneur continually displaces or destroys existing products or methods of production and replaces them with new ones.

Entrepreneurship is defined as the act of initiating, creating, building and expanding an enterprise or organisation, building an entrepreneurial team and gathering other resources to exploit an opportunity in the marketplace for long-term gain (Van Aardt & Van Aardt, 1997: 5).

Timmons and Spinelli (2007: 79) define entrepreneurship as a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced. Entrepreneurship culminates up in the creation, enhancement, realization and renewal of value, not just for the owner or entrepreneur but for all participants and stakeholders. Timmons and Spinelli (2007: 79) argue further that the heart of the process is the creation and/or recognition of opportunities, followed by the will and initiative to seize these opportunities. It requires a willingness to take risks - both personal and financial - in a calculated fashion in order to constantly shift the odds of success, balancing the risk with the potential reward.

According to Morris and Kuratko (2002: 22-24), entrepreneurship is the process of creating value by bringing together a unique package of resources in order to exploit an opportunity. This definition presents four important aspects, namely:

- entrepreneurship involves a process, is manageable, does not end and can be applied in any organisation;
- entrepreneurship creates value where there was none before;
- entrepreneurs combine resources like money, people, procedures, technologies, materials and distribution channels and any other resources in unique ways, and
- entrepreneurship is opportunity driven and involves pursuing an opportunity regardless of the resources currently controlled.

Sightler (2001: 20) defines entrepreneurship as the process through which individuals and teams create value by bringing together a unique collection of resources to take advantage of opportunities. This process can occur in any organisational context and results in a variety of possible outcomes, including new ventures, products, services, markets, and technologies.

Hisrich, Peters and Shepherd (2005: 520) continue to define entrepreneurship as the process of creating something new and valuable by creating the necessary time and effort, assuming the accompanying financial, psychological and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence. Coulter (2003: 6) describes entrepreneurship as the process whereby an individual or group of individuals use organised efforts to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources the entrepreneur currently has.

Kuratko and Hodgetts (2004: 30) describe entrepreneurship as a dynamic process of vision, change and creation that requires an application of consistent energy and passion towards the creation and implementation of new ideas and creative solutions. They conclude that entrepreneurs are individuals who recognize opportunities where others see chaos or confusion. From the above definitions of entrepreneurship it becomes evident that entrepreneurship is a dynamic, continuous, living process, driven by the entrepreneur.

The following three behavioural components are found in most of the definitions of entrepreneurship:

- the identification, evaluation and exploitation of an opportunity;
- the management of a new or transformed organisation so as to facilitate the production and consumption of new goods and services, and
- the creation of value through the successful exploitation of a new idea.

3.2.2 Defining entrepreneur

The term entrepreneur was first used by Cantillon in 1730. Cantillon mentions that engaging in business without any assurance of the profits that will be derived is a distinguishing feature of an entrepreneur. Jean Baptiste Say in the late 1700s describes an entrepreneur as someone who is called upon to estimate, with reasonable accuracy, the importance of a specific product, the probable amount of demand, and the means of production (Martin & Osberg, 2007).

According to Barringer and Bluedorn (1999: 422), the economist Joseph Schumpeter (1934) argues that entrepreneurs are innovators and the main agents of economic growth who introduce new products, new methods of production and other innovations that stimulate economic activity. Schumpeter further emphasises that this process of creative destruction of new things and failing of old things is the critical ingredient necessary for economic progress.

Hisrich and Peters (2002: 7) describe an entrepreneur as an individual who takes risks and starts something new while Kao (2005) defines an entrepreneur as a person who undertakes a process of creating wealth and adding value through incubating ideas, assembling resources and making things happen.

Timmons and Spinelli (2004) elaborate further on what entrepreneurs do. They view entrepreneurship as the ability to create and build a vision from practically nothing. The vision requires a willingness to take calculated risks, and then to do everything possible to reduce the chance of failure. Morris, Kuratko and Covin (2002) describe entrepreneurship as the process of creating value by bringing together a unique combination of resources to exploit an opportunity.

McGrath and Macmillan (2000: 3) outline the defining characteristics of entrepreneurs as follows:

- they passionately seek opportunities;
- they stay alert, looking to make profits from change and disruption;
- they pursue opportunities with enormous discipline;
- they do not merely spot opportunities but they also act on them;
- they only invest when the time is right;
- they pursue only the best opportunities, therefore do not chase after every opportunity;
- they tightly link their strategy to their choice of project;
- they focus on execution, especially adaptive execution, offering directions as real opportunities and the best way to exploit them evolves, and
- they engage the energies of everyone in their domains, creating and sustaining an internal and external network of relationships, instead of working alone.

We live in a time of global entrepreneurial revolution. Entrepreneurial thinking and acting is changing the way business is conducted at every level. It does not matter what industry or business you are in, whether you are based in Los Angeles, Johannesburg or Peking, entrepreneurship is redefining what you make, how you make it, where you sell it, and how you distribute it (Morris, Kuratko & Covin, 2002, 4). Organisations can either become victims of this entrepreneurial revolution or join the revolution.

3.2.3 Bringing the definitions of “entrepreneurship” and “entrepreneur” together

A universal definition for the terms of “entrepreneurship” and “entrepreneur” has not yet emerged, but research suggests that a single phenomenon with multiple components is referred to.

Morris and Kuratko (2002) describe entrepreneurship as the process of creating value by bringing together a unique combination of resources to exploit an opportunity. This

definition has four key elements that seem to incorporate all aspects of the entrepreneurial phenomenon, namely:

- entrepreneurship involves a process;
- entrepreneurs create value where there was none before;
- entrepreneurs put resources together in a unique way, and
- entrepreneurs are opportunity driven.

Morris and Kuratko (2002: 23) furthermore identify seven of the most prevalent perspectives on the nature of entrepreneurship as summarized in table 3.1

Table 3.1: Seven perspectives on the nature of entrepreneurship

PERSPECTIVE	DESCRIPTION OFF THE NATURE OF ENTREPRENEURSHIP
Creation of Wealth	Entrepreneurship involves assuming the risks associated with the facilitation of production in exchange for profit.
Creation of Enterprise	Entrepreneurship entails the founding of a new business venture where none existed before.
Creation of Innovation	Entrepreneurship is concerned with unique combinations of resources that make existing methods or products obsolete.
Creation of Change	Entrepreneurship involves creating change by adjusting, adapting and modifying one's personal repertoire, approaches, and skills to meet different opportunities available in the environment.
Creation of Employment	Entrepreneurship is concerned with employing, managing, and developing the factors of production, including the labour force.
Creation of Value	Entrepreneurship is a process of creating value for customers by exploiting untapped opportunities.
Creation of Growth	Entrepreneurship is defined as a strong and positive orientation towards growth in sales, income, assets and employment.

Source: Morris and Kuratko (2002: 23)

3.2.4 Corporate entrepreneurship defined

We have already seen that the fast rate of change over the past two decades, intensifying global competition and rapid technological progress has transformed the business environment, and Peter Drucker's old saying (Drucker, 1985) that change is the only constant thing in business, seems truer than ever before. Morris (Morris & Kuratko, 2002: vii) argues that a sustainable competitive advantage can only be achieved through continuous innovation and the creation of new ideas, whether these are related to the creation of new products and services, production, organisational processes or business models.

According to, for example Morris and Kuratko (2002), coping with the hyper competitive environment of today requires adaptability, flexibility, speed, aggressiveness and innovativeness, all of which boil down to one word: *entrepreneurship*. Oosthuizen (2006: 76) argues that for organisations to survive and succeed, management teams in large organisations need to act more like individual entrepreneurs. This is supported by Hamel's (2006) statement that the only competitive advantage an organisation can count on in an age of acceleration is the capacity to continually reinvent itself before a change in its circumstances forces it to adapt.

Entrepreneurial efforts and behaviours within the boundaries of an existing organisation are known as corporate entrepreneurship. Corporate entrepreneurship is known under many different labels, including internal corporate entrepreneurship, intrapreneurship, entrepreneurial management and strategic entrepreneurship. Damanpour (1991) notes that corporate innovation is a very broad concept. It furthermore includes the generation, development, and implementation of new ideas and behaviours. An innovation can be a new product or service, an administrative system, or a new plan or program pertaining to management. For this study we will use the concept of corporate entrepreneurship. Corporate entrepreneurship is more complex because it also challenges organisational strategy, structures and processes.

According to Pinchot (1985: vii), corporate entrepreneurship is entrepreneurship within an established business organisation. Sharma and Chrisman (1999: 11) and Geisler (1993: 53) define corporate entrepreneurship as the process whereby an individual or group of individuals in association with an established company creates a new organisation, or instigates renewal or innovation within the current organisation.

Antoncic and Hisrich (2003: 9) argue that corporate entrepreneurship refers to emergent behavioural intentions of a company that are related to departures from the customary. Burgelman (1983) proposes the following definition of corporate entrepreneurship. "Corporate entrepreneurship refers to the process whereby firms engage in diversification through internal development. Such diversification requires new resource combinations to extend the firm's activities in areas unrelated or marginally related to its current domain of competence and corresponding opportunity set".

Covin and Miles (1999: 50), furthermore define corporate entrepreneurship as the presence of innovation plus the presence of the objective of rejuvenating or purposefully redefining companies or markets to create and sustain competitive superiority.

Guth and Ginsburg (1990: 50) argue that the two primary aims of corporate entrepreneurship are the creation and pursuit of new venture opportunities (corporate venturing) and strategic renewal. By corporate venturing is meant intraprising or new business creating within existing organisations that may or may not result in strategic renewal, while the latter implies the creation of new wealth through new combinations of resources. Morris and Kuratko (2002: 31) define corporate entrepreneurship as "a term used to describe entrepreneurial behaviour inside established mid-sized and large organisations".

Thompson (2004: 245) argues that an intrapreneurial mindset enables the championing of new initiatives in established organisations to make some material difference by coming up with new valuable new ideas which are resourced and developed in an encouraging, enabling culture.

Epelle (2003: 1) considers the corporate entrepreneur to be the person who comes up with new ideas, who pushes for change, who develops creative responses in the organisation and takes full advantage of opportunities. Corporate entrepreneurs have the ability to see and evaluate business opportunities, to gather resources, to take advantage of these resources and initiate action to ensure success. Epelle (2003: 1) concludes that corporate entrepreneurs are process owners with the ability to evaluate value-optimising opportunities and to use resources to their advantage.

Dess, Lumpkin and McKee (1999) argue that corporate entrepreneurship consists of two types of phenomena and processes. These are (1) the birth of new businesses within existing organisations, whether through internal innovation or joint ventures (2) and the transformation of organisations through strategic renewal that is the creation of new wealth through new combinations of resources.

Morris and Kuratko (2002: 32) conclude that entrepreneurship is approached as an overall orientation within an organisation and defines corporate entrepreneurship as “a term used to describe entrepreneurial behaviour inside established mid-sized and large organisations”.

Nieman, Hough and Niewenhuizen (2003: 348) conclude that in many ways corporate intrapreneurs are just like entrepreneurs, but due to the nature of their activities they need some special characteristics. These characteristics include patience and compromise to deal with the existing structures in a business, the ability to solve problems within the existing system, the courage to disagree, and the ability to develop support for their ideas.

Pinchot (2000: 54-56) distinguishes between start-up entrepreneurs and corporate entrepreneurs. This distinction is shown in table 3.2.

Table 3.2: A distinction in characteristics between start-up entrepreneurs and intrapreneurs (corporate entrepreneurs)

Characteristics of start-up entrepreneur	Characteristics of Corporate entrepreneurs
Takes the risk	Business assumes the risks, other than career-related risk
"Owns " the concept and the business	Business owns the concept, and typically the intellectual rights surrounding the concept.
Owns all or much of the business	Intrapreneur might have no equity in the business, or very small percentage
Potential rewards are theoretically unlimited	Clear limits are placed on the rewards
One misstep can mean failure	More room for errors: business can absorb failure
Vulnerable to outside influence	More insulated from outside influence
Independence (although the successful entrepreneur is usually backed by a strong team)	Interdependence of champion with many others: may also have to share credit with several people
Flexibility in changing course, experimenting, or trying new directions	Rules, procedure and bureaucracy hinder the intrapreneur's ability to manoeuvre
High speed of decision making	Longer approval cycles
Little security	Job security
No safety net	Dependable benefits package
Few people with whom to talk	Extensive network for bouncing around ideas
Limited scale and scope, at least initially	Potential for sizeable scale and scope is achieved fairly quickly
Severe resource limitations	Access to finances, research and development, production facilities for trial runs, an established sales force, an existing brand, existing distribution channels, existing databases and market research resources, and an established customer base.

Source: Pinchot (2000: 54-56)

3.3 DIMENSIONS OF CORPORATE ENTREPRENEURSHIP

According to Miller (1983: 770), and supported by Morris and Kuratko (2002: 39), corporate entrepreneurship focuses on three dimensions, namely, pro-activeness, innovation and risk taking. Although all three dimensions are important, this study will in particular look at innovativeness as it is seen as the key function in the entrepreneurial strategy process.

3.3.1 Pro-activeness

According to Morris and Kuratko (2002: 44), pro-activeness is concerned with implementation, with taking responsibility and doing whatever is necessary to bring an entrepreneurial concept to fruition. It usually involves considerable perseverance, adaptability, and a willingness to assume responsibility for failure.

Antoncic and Hisrich (2003: 18) describe pro-activeness as the organisations efforts to seize new opportunities - pioneering and initiative taking that is reflected in the orientations of top management. Dess and Lumkin (2005: 150), as quoted by Oosthuizen (2006), state that pro-activeness is especially effective in creating competitive advantages because it puts competitors in the position of having to respond to successful initiatives.

3.3.2 Innovation

Innovation is a dimension that characterizes an entrepreneurial organisation and results from a conscious, purposeful search for new opportunities. Innovation can take the form of new or improved services and can include technological innovations, product market innovativeness or innovations in marketing, advertising or promotion.

3.3.2.1 The innovation process

Innovation is the key function in the entrepreneurial strategy process. According to Drucker (1985), innovation is the specific function of entrepreneurship. It is the means by which the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth. Howell and Higgins (1990) describe innovation as the process by which entrepreneurs convert opportunities into marketable ideas. Kuratko and Hodgetts (2007: 75) argue that an organisations sustained effort in corporate entrepreneurship is contingent upon individual members continuing to undertake innovative activities.

The innovation process is not just a good idea: It is the product of extended thinking, research, experience and hard work. It must not remain an idea but the entrepreneur must have the desire to bring the good idea through the development stage. Kuratko and Hodgetts (2007: 155) argue that innovation is a combination of the vision to create a good idea and the perseverance and dedication to remain with the concept through implementation.

Much of the pressure to innovate today is due to external forces, including the emergence of new and improved technology, globalisation of world markets, the fragmentation of markets, government deregulation and social change (Morris *et al.*, 2002: 55). They argue further that internal pressures also exist, including pressure to cut costs and develop new capabilities. Morris *et al.* (2002: 55) conclude that one of the great internal challenges facing companies today, concerns the ability to attract and retain high-quality employees. Employees are attracted to organisations that are experimenting, trying new things and continually learning.

According to Pinchot and Pellmann (1999: 11), innovation is necessary to differentiate one's offerings, to find and fill unoccupied spaces in the market, and to keep up with the soaring productivity of competitors. Robbins (1997: 10) believes that today's successful organisation must foster innovation or become a candidate for extinction.

The ability to innovate more extensively and at a faster rate increasingly requires that more departments within the organisation become involved in the innovation process. Consequently this creates the need for greater innovation relevant resource commitments, including people, money, time, facilities, and equipment according to Morris *et al.* (2002: 56).

3.3.2.2 Types of innovation

Kuratko and Hodgetts (2007: 155) describe four basic types of innovation. These extend from the totally new to modifications of existing products or services. These are the four types:

- **Invention:** the creation of a new product, service or process already in existence.
- **Extension:** the expansion of a product, service, or process already in existence.
- **Duplication:** the replication of an already existing product, service or process. The duplication effort, however, is not simply copying but adding the entrepreneur's own creative touch to enhance or improve the concept in order to beat the competition.
- **Synthesis:** the combination of existing concepts and factors into a new formulation. This involves taking a number of ideas or items already invented and finding a way to put them together to form a new application.

3.3.2.3 Sources of innovation

Innovation is a tool by means of which entrepreneurs typically exploit change rather than create change. According to Howell and Higgins (1990), the internal and external areas in the organisation serve as innovation sources: The following can act as sources of innovation:

- unexpected occurrences – unanticipated or unplanned;
- incongruities, where a gap or difference exists between expectations and reality;
- process needs, a demand arises to answer a particular need;

- industry and market changes, caused by developments such as consumer attitudes, advancement in technology, industry growth;
- demographic changes, changes in age, education and geographic locations;
- perceptual changes, changes in people's interpretation of facts and concepts, and
- knowledge-based concepts, form the basis for the creation or development of something brand new.

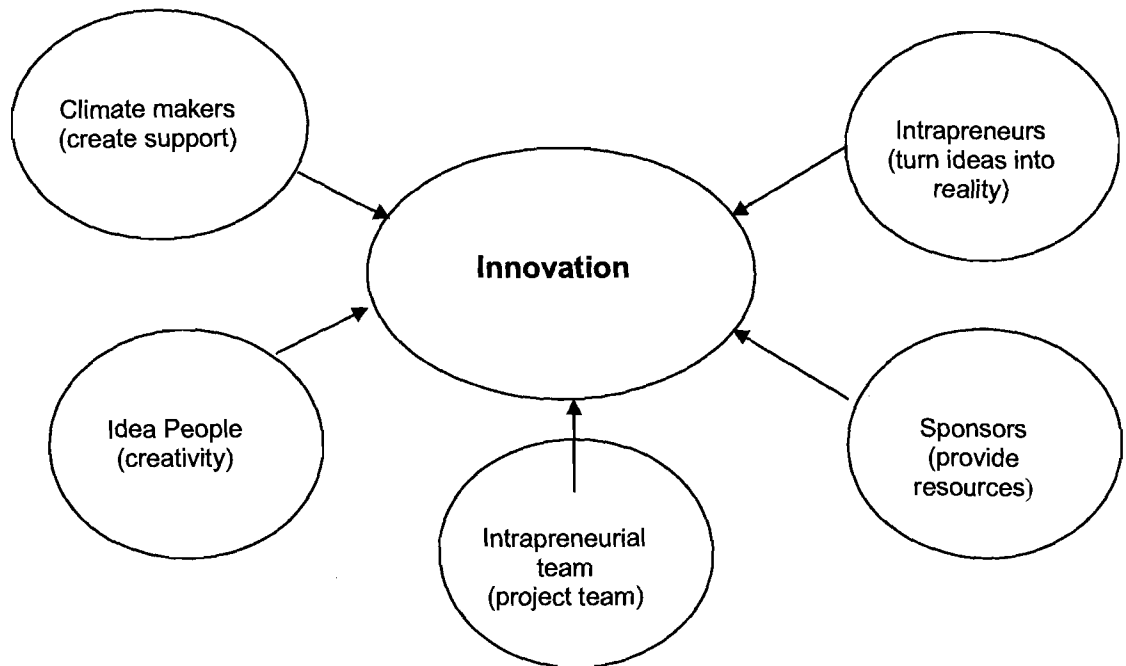
Pinchot and Pellman (1999: 87) identify the following crucial roles of innovation.

- **Idea people:** creative people within the organisation with good ideas which will capture the enthusiasm and commitment of a corporate entrepreneur;
- These **intrepreneurs** turn ideas into realities;
- **The intrapreneurial team:** the core group of the project responsible for the initial stages till commercialisation or implementation;
- **Sponsors:** create a vision and look for a strong intrapreneurial team to coach and provide resources, and
- **Climate makers:** work to create intrapreneurial freedom and effective sponsors within the organisation.

Pinchot and Pellman (1999) conclude that from the crucial roles of innovation, it is evident that innovation within an organisation depends to a large degree on entrepreneurial behaviour and that innovation can improve the levels of productivity for an organisation.

Figure 3.4 presents a schematic view of the crucial roles of innovation.

Figure 3.1: The crucial roles of innovation



Source: Pinchot and Pellman (1999: 15)

Synectics, a leading international firm specialising in innovation consulting, studied the innovation practices and performance of 150 major U.S.A. companies (Synectics, 1993). They concluded that a number of characteristics that were critical for sustained innovation. These characteristics included the following:

- having CEOs who are heavily involved in fostering innovation;
- defining innovation as critical to long-term organisational success;
- attaching great importance to the concept of managing change;
- having the words innovation and creativity in the mission statement;
- demonstrating an openness to outside ideas;
- having formal programs for idea generation and problem solving;

- placing strong emphasis on cross-functional communications, implementing programs to encourage employees to talk to customers;
- increasing levels of investment in research and development and a strong focus on product development;
- creating budgets allocated exclusively to innovation;
- providing rewards for individual creativity and innovation, and
- spending time in meetings that were highly productive.

One of the best known success stories of an organisation that foster innovation and a entrepreneurial climate is 3M. Management's commitment to entrepreneurialism is exemplified by a culture and value system which allows employees to spend 15% of their time on alternative projects. According to Pinchot (2000), 3M is not without bureaucracy, but its strong tradition of greater respect for innovators than for hierarchy, opens cracks for innovations to move through the system. Harnessing the entrepreneurial climate within the organisation is critical to 3M's success in managing innovation.

3.3.3 Risk-taking

Risk-taking involves a willingness to pursue opportunities that have a reasonable likelihood of producing losses or significant performance discrepancies, not uncontrollable risk but moderate and calculated (Morris & Kuratko, 2002: 41).

Dess and Lumpkin (2005) describe three types of risk that organisations face, *i.e.*:

- Business risk-taking involves venturing into the unknown without knowing the probability of success. This is risk associated with entering untested markets or committing to unproven technologies.
- Financial risk-taking requires that a company borrow heavily or commit a large portion of its resources in order to grow.

- Personal risk-taking refers to the risk that an executive assumes in taking a stand in favour of a strategic course of action.

3.4 TYPES OF CORPORATE ENTREPRENEURSHIP

Thornberry (2001: 526) breaks corporate entrepreneurship down even further, identifying four strategic types or categories, namely:

- Corporate venturing (new ventures);
- Intrapreneuring (mindset);
- Organisational transformation (corporate renewal), and
- Industry rule-breaking (industry change).

3.4.1 Corporate venturing

Corporate venturing can be described as the starting of business within a business, usually emanating from a core competency or process (Kuratko & Welsch, 2001: 348). Corporate venturing provides an alternative to traditional methods of growing a company.

The goals of corporate venturing can be to develop products or services to expand the core business, to enter new industries or markets, or to develop "breakthrough technologies" that could substantially change the industry.

Corporate venturing can be done in of four ways: by taking a passive, minority position in outside businesses (corporate venture capital), by taking an active interest in an outside company, by building a new business as a stand alone unit, or by building a new business inside the existing firm with a structure allowing for management independence.

Corporate venture requires management to:

- Establish strategic objectives and to create and screen new ideas identified.
- Develop the correct approach. Management should decide what method to use to pursue the new idea.
- Establish a team. Once the approach is selected, a team can be created with the necessary capabilities, resources, and sufficient independence to manage the program.
- Create processes to monitor progress and incorporate knowledge.

3.4.2 Intrapreneuring

Intrapreneuring as described by Pinchot (1985), is an attempt to take the mindset and behaviours that external entrepreneurs use to create and build business, and successfully incorporate them into an existing and usually large corporate setting. It is the sum of the learning, innovation, renewal and venturing activities of a business. This renewal involves revitalizing the business operations, focus and resource combination to enhance capability and shareholder value (Zahra & Covin, 1995).

According to Burns (2005: 12), intrapreneurship is concerned with individual employees and how they might be encouraged to act in an entrepreneurial way within the larger organisation. It looks at the system, structures and cultures that inhibit this activity and how these might be challenged.

3.4.3 Organisational transformation

Burns (2005: 12) argues that large organisations need to adapt to an ever-changing environment if they are to survive and to do so they consistently need to adapt their structures and culture so as to encourage entrepreneurial activity in individual employees. The entrepreneurial activity from individual employees is necessary to result in constant developing of new business opportunities. Individual behaviour is

fashioned by leadership, strategy, systems, structure and culture in the organisation (Burns, 2005: 12).

3.4.4 Industry rule breaking

Thornberry (2001: 529) describes industry rule-breaking as a type of transformation that focuses on changing the rules of competitive engagement. Oosthuizen (2006: 90) gives the example of Toyota that changed the rules of the game in the automobile industry by producing low cost automobiles with exceptionally high quality and thus forced other manufactures to follow suit.

Oosthuizen (2006: 91) concludes that corporate entrepreneurship is not about business as usual. It is about unusual businesses or unusual approaches to business.

3.4.5 Similarities in the four types of corporate entrepreneurship

Thornberry (2001: 529), as quoted by Oosthuizen (2006: 90), points out a number of common elements within corporate venturing, intrapreneuring, organisational transformation and industry rule bending with traditional start-up ventures. The three common elements cited most often in research include:

- The creation of something new, which did not exist before. It can be a new business within a business, a product, service or new delivery system or new value to the customer.
- These new things require additional resources and / or changes in the pattern of resource deployment within the organisation.
- Learning takes place in both the creation of new things and its implementation that results in the development of new organisational competencies and capabilities (Oosthuizen, 2006: 90)

A summary of types of corporate entrepreneurship as constructed by Oosthuizen (2006: 91) follows below.

Table 3. 3: Summary of types of corporate entrepreneurship

Type of entrepreneurship	Definition
Corporate Venturing	Involves starting a business within a business, usually emanating from a core competency or process.
Intrapreneuring	An attempt to install the mindset and behaviours that external entrepreneurs have with employees within organisations.
Organisational Transformation	Involves innovation, a new arrangement or combination of resources that result in the creation of sustainable economic value.
Industry rule-breaking	A focus on changing the rules of competitive engagement.

Source: Oosthuizen (2006: 91)

3.5 MODELS OF CORPORATE ENTREPRENEURSHIP

Various integrative frameworks or models have been developed to aid our understanding of entrepreneurship as an organisation-wide phenomenon. Together these frameworks or models can help to paint a picture of the kinds of factors that must come together for entrepreneurship to happen within the organisation.

The following three frameworks or models will be discussed:

- Fitting corporate entrepreneurship into strategic management (Guth & Ginsberg, 1990).
- Strategic integration of entrepreneurship throughout the organisation (Covin & Slavin, 1991).
- An interactive model of corporate entrepreneuring (Hornsby, Naffziger, Kuratko & Montagno, 1993).

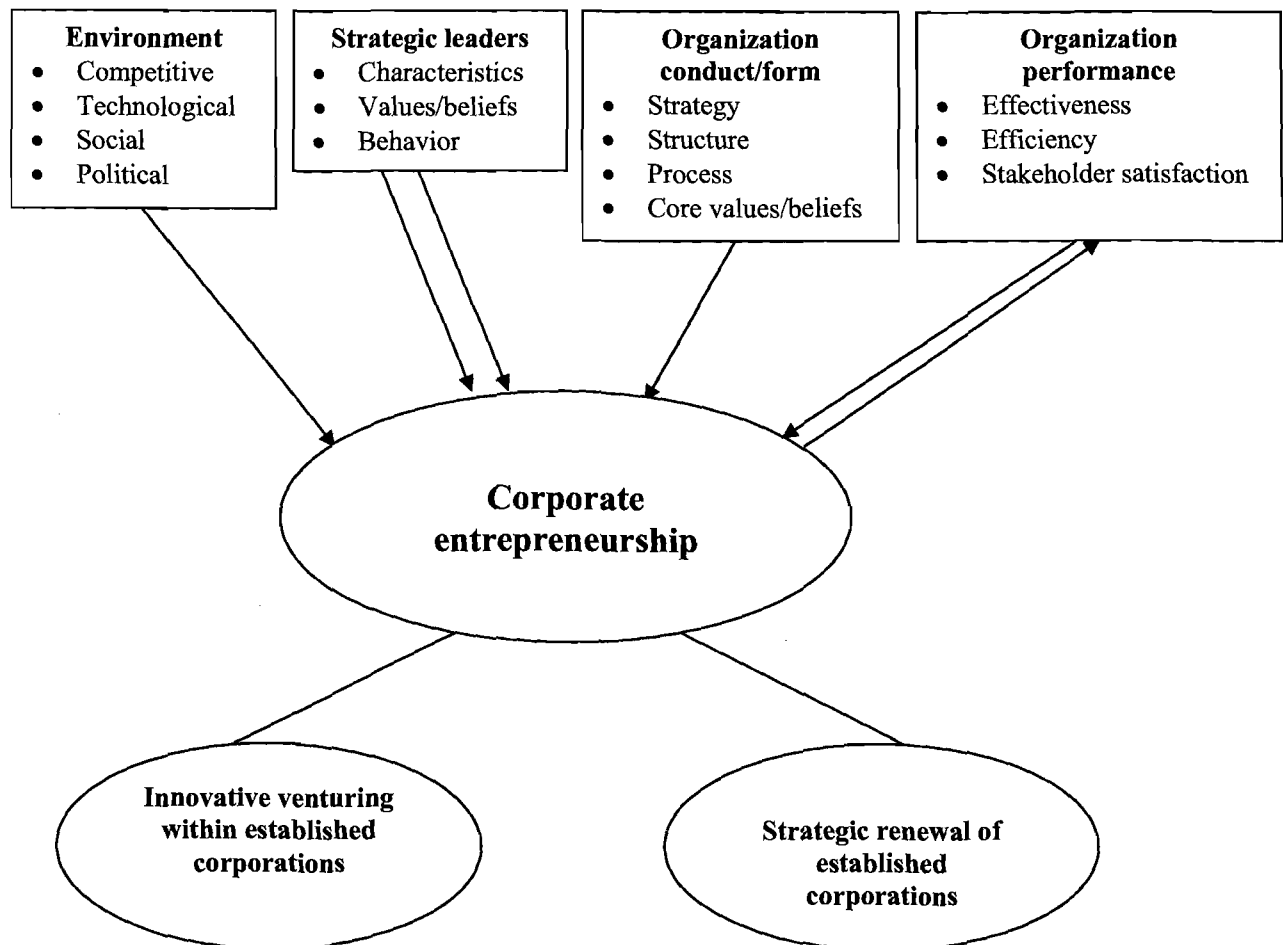
3.5.1 Fitting corporate entrepreneurship into strategic management

Guth and Ginsberg (1990) provide a framework for integrating corporate entrepreneurship into the strategic management of a company. They argue that the domain of corporate entrepreneurship encompasses two types of processes: internal innovation through the creation of new businesses within existing organisations, and strategic renewal that transforms organisations. The extent to which corporate entrepreneurship occurs is driven by factors that can be organised in four domains namely:

- external environment;
- strategic leadership;
- organisational conduct or form (including company strategies, structures, processes and cultures), and
- organisational performance.

Figure 3.2 presents Guth and Ginsberg model “fitting corporate entrepreneurship into strategic management” Each component represents an important element affecting the nature and outcomes of corporate entrepreneurship.

Figure 3.2: Fitting corporate entrepreneurship into strategic management



Source: Guth and Ginsberg (1990: 5-15)

3.5.1.1 External environment influences corporate entrepreneurship

Changes in industry competitive structures and the technology underlying them affect corporate entrepreneurship. Opportunities for new products and services stem from the development of new technologies or the commercialisation of technologies developed by others. Both opportunities and problems stem from the potential of the organisation and its competitors in an industry to find new combinations of resources that lead to competitive advantage (Guth & Ginsberg, 1990).

3.5.1.2 Strategic leaders influence corporate entrepreneurship

Entrepreneurial behaviour in organisations is critically dependent on the characteristics, values, beliefs and vision of their strategic leaders. The role of both individual managers and management teams in corporate entrepreneurship is critically important. The management style of top management affects the level of performance of new corporate ventures. The effectiveness of middle management's attempt at building coalitions among peers and higher-level managers in support of their entrepreneurial ideas affects the degree of success achieved in the implementation of these ideas (Guth & Ginsberg, 1990).

3.5.1.3 Organisational form / conduct influences corporate entrepreneurship

Bureaucratic structures and management processes are widely regarded as anathema to innovation and change within organisations (Guth & Ginsberg, 1990). Organisational conduct also includes factors like strategy, structure, processes and core values or beliefs.

3.5.1.4 Organisational performance influences corporate entrepreneurship

Innovation and radical change may be precipitated when organisations have excess resources that allow them to seize upon opportunities that arise or they might be induced by crises or severe external threats (Guth & Ginsberg, 1990). Organisational performance factors that might influence corporate entrepreneurship, includes effectiveness, efficiency and stakeholder satisfaction.

3.5.1.5 Corporate entrepreneurship influences performance

The short-run performance orientation of management teams has often been cited as a deterrent to innovation and change. According to Guth and Ginsberg (1990), it is clear that new ventures often take several years to turn into contributors to overall corporate

profit performance. Organisational re-creations may often have short-run negative performance consequences. Defining success and failure of corporate entrepreneurship is a major issue that still needs further research (Guth & Ginsberg, 1990).

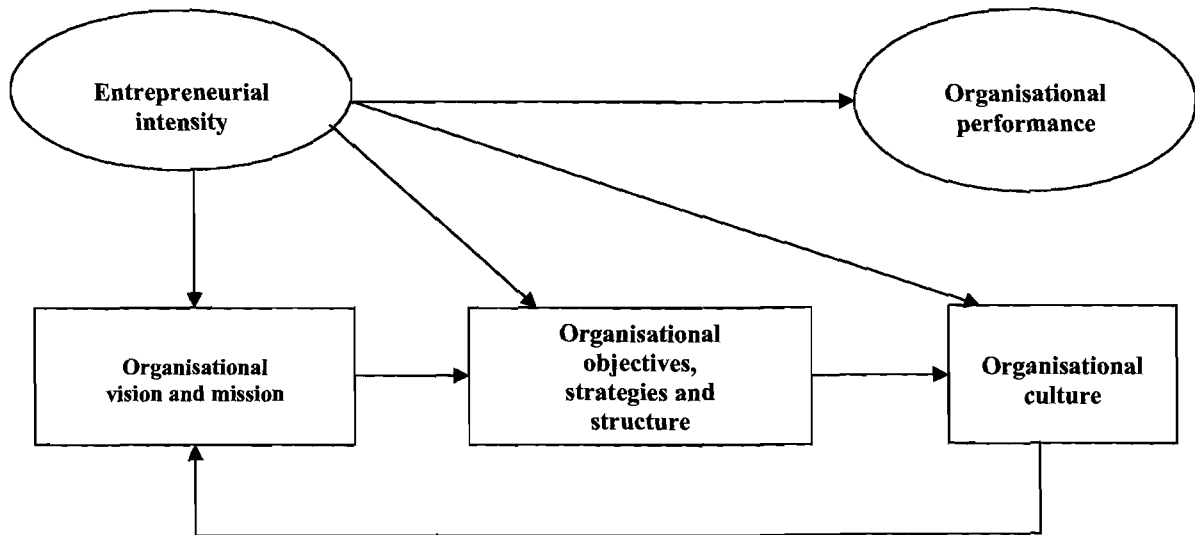
3.5.2 Strategic integration of entrepreneurship throughout the organisation

Corporate entrepreneurship combines the critical elements of entrepreneurship as defined with the strategic requirements and developments of organisations. Covin and Slavin (1991) present a framework of corporate entrepreneurship that approaches entrepreneurship as an overall orientation within an organisation. This framework is shown in figure 3.3.

The focus on this framework is the ongoing integration of entrepreneurship throughout the entire organisation. Entrepreneurship captures the essence of what an organisation is about and how it operates (Morris *et al.*, 2008: 49). This framework indicates that an organisation's entrepreneurial orientation has a direct and positive influence on its performance because it is interwoven with the vision and mission of the organisation, the strategies, objectives and overall organisational culture.

The individual blocks serve to illustrate the individual elements of creating an entrepreneurial orientation and to allow for managerial intervention at each level or stage. The major purpose of this integrative model is the revitalization of creativity, product and process innovation and ongoing managerial development and intervention. The entrepreneurial orientation has a direct influence on company performance because it is interlinked with the vision and mission of the firm, the strategic objectives, the structure of the organisation and the overall organisational culture. Organisational operations such as budgets, policies and procedures should allow for entrepreneurial interaction in order to have an effect on organisational performance. To foster corporate entrepreneurship, organisation leaders must begin to understand that innovative behaviour by employees should not be an accidental or serendipitous occurrence (Morris, Kuratko & Covin, 2002).

Figure 3.3: Strategic integration of entrepreneurship throughout the organisation



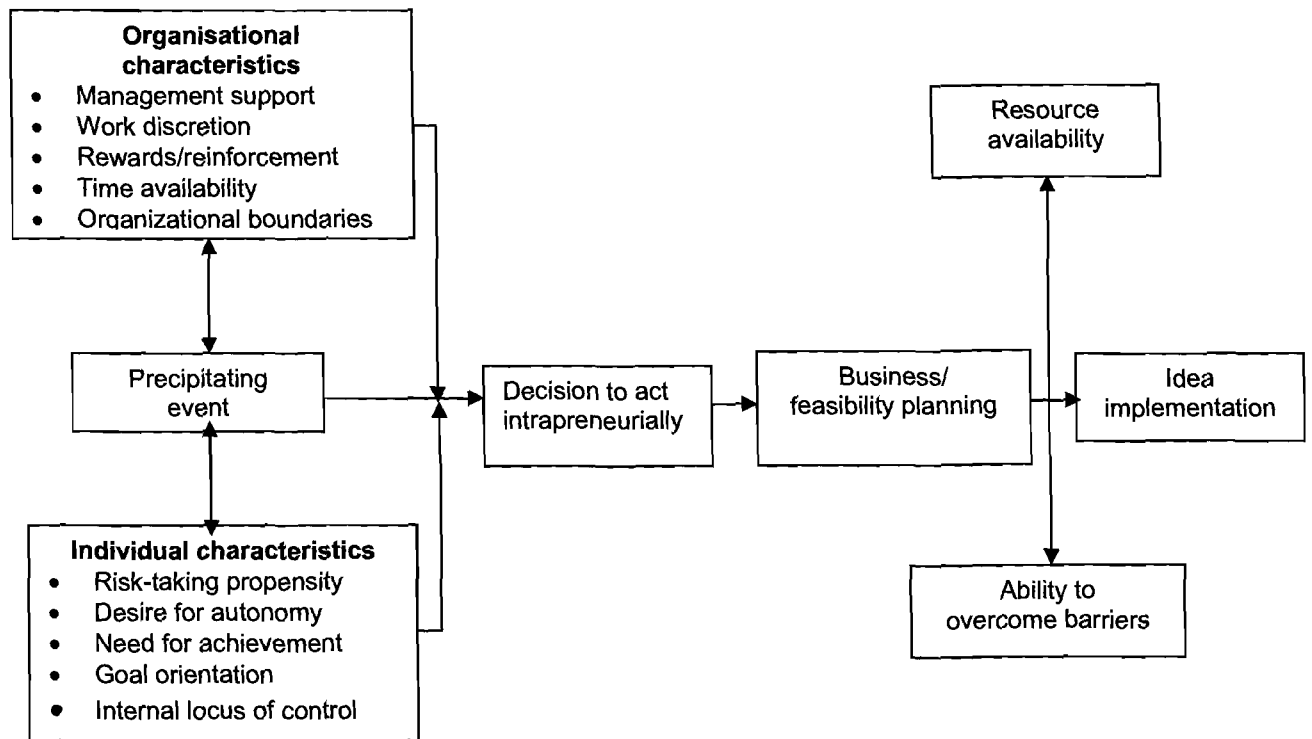
Source: Covin and Slavin (1991: 7-26)

This model can guide management in their effort to create a work environment that is supportive of the entrepreneurial spirit of their employees.

3.5.3 Interactive framework of corporate entrepreneurship

The third framework that will be discussed in more detail can be found in the work of Hornsby *et al.* (1993). This framework focuses on the interaction of organisational factors and individual characteristics that leads to entrepreneurial behaviour. This framework provide organisations with guidelines to direct or redirect resources toward establishing effective entrepreneurial strategies. Figure 3.3 shows the interactive model framework of corporate entrepreneurship.

Figure 3.4: An Interactive model of corporate entrepreneuring



Source: Hornsby, Naffziger, Kuratko and Montagno (1993: 29-37)

3.5.3.1 Organisational and individual characteristics that foster corporate entrepreneurship

In the literature a wide variety of corporate entrepreneurship factors can be found of which a few are consistent throughout all literature in the field. Each of these factors identified by Hornsby *et al.* (1993) is an aspect of the organisation over which management has some control and each will be discussed in more detail. This framework focuses on the interaction of organisational factors and individual characteristics that are ignited by a event such as a merger change in management or new technology – that leads to successful intrapreneurial behaviour. This framework

can help organisations with guidelines to direct or redirect resources toward establishing effective entrepreneurial strategies.

3.5.3.2 Organizational characteristics

Effective management of corporate entrepreneurship within organisations involves managing a culture which includes all staff as self-perceived corporate entrepreneurs, applauding failures as well as successes and the mechanisms to aid innovative direction and process. Policies must be established to develop a corporate entrepreneurial spirit driven by managerial vision directed towards opportunities rather than threats (Sadler, 2000: 30-31). Corporate entrepreneurship can only be fostered within an organisational context conducive to innovation.

Russel (2001: 71-72) mentions eight dimensions of such culture that may effect the corporate entrepreneurship process, namely:

- value for innovation as a practice and as source of competitive advantage;
- norms encouraging creativity among organisational members;
- norms encouraging the search for innovation opportunities from external resources;
- norms that facilitate resource support for innovative ventures;
- norms that support information-sharing between individuals and groups regardless of organisational position;
- norms that promote tolerance for failure when ideas or projects are not successful;
- norms that encourage the open-minded consideration of new ideas and projects, and
- norms that support the implementation of corporate entrepreneurial activities regardless of the individuals or group's involvement in the development of a new venture.

According to the framework of corporate entrepreneuring found in the work of Hornsby *et al.* (1993), the following organizational characteristics lead to successful corporate entrepreneurship, namely:

- management support;
- work discretion;
- rewards / reinforcement;
- time availability, and
- organisational boundaries.

Individually and in combination, these factors are believed to be important antecedents of corporate entrepreneurship efforts, because they affect the internal environment, which determines interest in and support of entrepreneurial initiatives within an established organisation (Hornsby *et al.*, 1993). The greater the degree to which middle management perceives the existence of the above-mentioned factors, the higher the probability of the manager's decision to behave intrapreneurially.

The organisational characteristics will be discussed in more detail in Chapter 4.

3.5.3.3 Individual characteristics

Employees must not only be creative, they must be able to think and act as entrepreneurs and take ownership of the creative idea, and assume responsibility for its implementation. Individual characteristics can have a significant influence in promoting entrepreneurship. Entrepreneurs perceive desirability for their internal venturing, including structures, a reward system and support mechanisms that reinforce their activity. The dedicated employee, who champions a concept, persists in overcoming internal and external obstacles, accepts responsibility for failure and in effect risks his job on the outcome of a venture, is the single most important ingredient for entrepreneurship (Morris *et al.*, 2002: 167).

3.6 CHARACTERISTICS OF A CORPORATE ENTREPRENEUR

Ferreira (2002: 40) identifies a corporate entrepreneur as a person who is achievement-orientated, result driven and needs to continually increase his own performance standards. Entrepreneurs are determined, take decisive decisions and see projects through because they are committed and dedicated to their tasks.

A corporate entrepreneur, according to Hisrich and Peters (2002: 51), is someone who understands the environment, is visionary and flexible, creates management options and encourages open discussion. Epelle (2003) states further that corporate entrepreneurs are able to mobilise those resources needed to get the work done and they have the ability to influence the behaviour of the group and to change in a changing environment. Since corporate entrepreneurs are creative, they have the ability to match business unit goals with corporate goals, and seek organisational effectiveness above personal goals.

According to Pinchot and Pellman (1999: 90), a corporate entrepreneur is resourceful, committed and can adapt a plan until it succeeds. Ross and Unwalla (1986) quoted by Van Aardt and Van Aardt (1997: 7), argues that a successful entrepreneur finds a way to encourage the entrepreneurial spirit and release the innovative potential of his or her workforce. Ross and Unwalla (1986) continue by stating that corporate entrepreneurs are able to convince management of their dreams and ideas and serve themselves, the client and their employers. Turner (2002: 23) argues that a corporate entrepreneur is responsible for creating an organisation that encourages all people to learn, develop and apply these qualities by acting in an entrepreneurial way.

Corporate entrepreneurs are risk takers who make new things happen by introducing new products, new processes and services that lead to organisational growth and profit.

According to the interactive model of corporate entrepreneuring that can be found in the work of Hornsby *et al.* (1993) the following individual characteristics must be present to lead to corporate entrepreneurship in the organisation:

- risk-taking propensity;
- desire for autonomy;
- need for achievement;
- goal orientation, and
- internal locus of control.

The interaction of organisational factors and individual characteristics is ignited by a precipitating event that leads to successful corporate entrepreneurship. The precipitating event can be a change in company management, a merger, development of new technology or some other event that acts as the impetus for the interaction between individual characteristics and organisational factors (Morris & Kuratko, 2002: 33). A work environment that does not allow a degree of autonomy, penalizes risk taking and discourages individual action is not one in which employees are likely to discover and develop their entrepreneurial potential.

Each characteristic will now be discussed in more detail.

3.6.1 Risk-taking propensity

Risk can be considered as a major element in the entrepreneurial process and one of the dimensions of corporate entrepreneurship. With the growth and complexification of organisations, there is continually a need for organisational renewal, innovation and constructive risk taking in the pursuit of new opportunities. Risk taking involves a willingness to pursue opportunities that have a reasonable likelihood of producing losses or significant performance discrepancies. It does not mean uncontrollable risks, but risks that are moderate and calculated (Morris & Kuratko, 2002: 41). Morris and Kuratko (2002) argue further that entrepreneurship does not entail reckless decision making but

involves a realistic awareness of risks involved and the attempt to manage these risks. These risks are reflected in the various resource allocation decisions made by an individual or organisation and can thus be viewed as both an individual-level feature as well as an organisation-level concept.

The Oxford English dictionary defines an entrepreneur as “a person who attempts to profit by risk and initiative”. This definition emphasises that entrepreneurs exercise a high degree of risk. Knight (1997) defines risk as a firm’s willingness to assume the various risks associated with new venture creation even when the payoff is uncertain. According to Morris and Kuratko (2002: 26), most successful entrepreneurs work hard through planning and preparation to mitigate or minimize the risk involved. Few entrepreneurs like risk and they seek to manage risk in order to control their destiny more efficiently. Robinson (2002) describes an entrepreneur as a person who creates something of value and assumes the risk of building a business around it.

When fostering an entrepreneurial climate, organisations need to minimize the fear of failure through the general recognition that often many attempts are needed before success is achieved. The concept of learning from failure as opposed to expecting punishment for it is promoted. When this type of environment exists, people become willing to accept the challenge of change and innovation (Kuratko & Welsch, 2004: 54).

3.6.2 Desire for autonomy

Entrepreneurs have a high need for autonomy or independence. This is most often seen as the need to be considered as “your own boss”. Independence might mean different things to different people such as controlling your own destiny or just being in a position where you can fulfil your potential.

Morris *et al.* (2002) argue that entrepreneurs are self-motivated, self-reliant and prefer a degree of autonomy when accomplishing a task. The perception that they have room to manoeuvre if their own destiny is being affected is highly valued, and it is generally

agreed that entrepreneurs are tenacious and demonstrate significant perseverance. Morris in Morris and Kuratko (2002) suggests that entrepreneurs are versatile, persuasive, well-organized, extremely hard-working, and competitive.

3.6.3 Need for achievement

One of the strong driving forces of the successful entrepreneur is the need for achievement. Achievement means different things to different individuals depending on the personality of the entrepreneur. For some it mean making money, others needs to control people or departments while for others public recognition signifies achievement. According to Morris *et al.* (2002: 145), the available evidence identifies entrepreneurs as being more motivated by achievement than by power, money, status, acceptance, or other motivators. They are driven by the task, the challenge; the opportunity, to accomplish what others have said could not, would not, or should not be done.

When faced with failure or setback, corporate entrepreneurs do not admit they are beaten, they view failure as a temporary setback, to be learnt from and dealt with. They view themselves as responsible for their own destiny and do not blame their failures on others but instead focus on learning how they might have done better. By objectively dealing with their own mistakes and failures, corporate entrepreneurs learn to avoid making the same mistakes again (Morris *et al.*, 2002: 151).

The need for achievement must be acknowledged by management and an achievement-orientated culture needs to be created. Clear goals need to be set and achievement encouraged, publicly acknowledged and rewarded (Burns, 2005: 22). The greater the extent to which employees perceive that their corporate entrepreneurial expectations are met or exceeded by the outcome resulting from entrepreneurial behaviour, the stronger the motivation to engage in future intrapreneurial behaviour (Kamffer, 2004: 86).

3.6.4 Goal orientation

Growth minded entrepreneurs are more focused on the nature and extent of their opportunity rather than resources, structure or strategy. They start with the opportunity and let their understanding of it guide these other important issues. Effective entrepreneurs set goals consistent with their interest, values and talents. These goals are generally challenging but attainable. Their belief in the “reality” of their goals is a primary factor in their fulfilment of these. Having goals and a clear set of direction also helps these entrepreneurs to define priorities and provides them with a measure of how well they are performing (Good, 2003: 10).

Baum (1995) states that the ability of entrepreneurs to established clear goals for themselves and for their staff is one of the attributed differences between high-growth orientated organisations and low-growth orientated organisations.

According to Oosthuizen (2006), entrepreneurs are motivated to excel. They are self starters who appear to others to be internally driven by a strong desire to compete, to excel against self-imposed standards, and to pursue and attain challenging goals. Morris *et al.* (2002: 151) continue to say that corporate entrepreneurs move quickly to get things done. They are goal orientated and willing to do whatever it takes to achieve their objectives. They argue further that a corporate entrepreneur is a combination of thinker, doer, planner and worker. Corporate entrepreneurs often expect the impossible from themselves and consider no setback too great to make their venture successful. They are self-determined pursuers of a vision who do not hesitate to go beyond the call of duty in achieving their goals.

It is also important that clear goals are defined by management so as to provide personal motivation for employees to work toward specific outcomes in organisations.

3.6.5 Internal locus of control

Within the field of psychology, locus of control is considered to be an important aspect of personality. Locus of control is the perceived source of control over our behaviour. Entrepreneurs with internal locus of control believe they control their own destiny. They tend to be convinced that their own skill, ability and efforts determine the bulk of their life experiences. Entrepreneurs with an internal locus of control act as a change agent and fundamentally believe that they can change their workplace, their markets, and their industries. In contrast, people with external locus of control believe that their lives are determined mainly by sources outside themselves, fate, chance, luck or other people that are powerful (Gershaw, 1989).

A locus of control orientation is a belief about whether the outcomes of our actions are contingent to what we do (internal control orientation) or on events outside our personal control (external control orientation) (Zimbardo, 1985). An internal locus of control can also be referred to as “self-agency”, “personal control” and self determination which are seen as important elements within corporate entrepreneurship. The internal orientation of successful entrepreneur’s usually needs to be matched by competence, self-efficacy and opportunity so that the entrepreneur is able to successfully experience the sense of personal control and responsibility. This is supported by Hisrich and Peters (2002: 66) who state that the more successful entrepreneurs exhibit a tendency towards higher locus of control than the general populace and are most likely to manage people with external locus of control. The attribute of internal locus of control is consistent with a high-achievement motivational drive, the desire to take personal responsibility, and self-confidence (Timmons & Spinelli, 2004: 14).

Burns (2005: 23) argues that if individual members of the organisation are entrepreneurial they need to be managed with a “light touch” because they believe they can control their own destiny. It is thus likely that there will be a high degree of delegation.

3.6.6 Other characteristics associated with entrepreneurs

Management must take note that entrepreneurs will differ markedly on these characteristics. Recognizing the key characteristics helps management and employees to know what to focus on in order to develop a given individual's entrepreneurial potential.

Kao (2005) mentions the following characteristics identified with successful entrepreneurs:

- total commitment, determination and perseverance;
- the drive to achieve and grow;
- opportunity and goal orientated;
- taking initiative and personal responsibility;
- persistent problem solving;
- realism and a sense of humour;
- seeking and using feedback;
- low need for status and power, and
- integrity and reliability.

3.6.7 Implications for entrepreneurial management

Within the culture of the entrepreneurial organisation, entrepreneurship is primarily a frame of mind, a set of beliefs and a way of thinking and approaching life (Burns, 2005: 33). Burns argues further that the two most important characteristics of the entrepreneur that any organisation must ensure are replicated, are the ability to spot opportunities and innovate.

3.6.8 The decision to act intrapreneurially

The decision to act intrapreneurially occurs as a result of interactions among organisational characteristics, individual characteristics, and some kind of precipitating event. The precipitating event provides the impetus to behave intrapreneurially when other conditions are conducive to such behaviour (Hornsby *et al.*, 1993). Zahra (1991) identifies a number of influencing factors in corporate entrepreneurship that could be viewed as types of precipitating events. These events include environmental factors such as hostility (threats to a firm's mission through rivalry), dynamism (instability of a firm's market because of changes), and heterogeneity (developments in the market that create new demands for a firm's products).

According to Kuratko and Hodgetts (2007: 74), these influencing factors include some type of environmental or organisational change that precipitates or ignites the interaction of organisational and individual characteristics to cause intrapreneurial events. Examples of such events could include the development of new procedures, a change in organisation management, a merger or acquisition, a competitor's move to increase market share, the development of new technologies, a cost reduction, a change in consumer demand or economic changes.

3.6.9 Feasibility planning

The next major element after the decision to act intrapreneurially is to develop an effective feasibility plan, and eventually a complete business plan. The entire plan will encompass all phases of the start-up research needed to clarify the operations of the new internal venture.

Kuratko and Hodgetts (2007: 224) argue that a comprehensive feasibility planning should be done and includes a breakdown of the factors involved.

These factors include:

- **Technical factors** – Feasibility analysis of product or service;
- **Market factors** – Determination of market opportunities and risks;
- **Financial factors** – Analysis of financial feasibility and resources;
- **Organisational factors** – analysis of organisational capabilities and personnel requirements, and
- **Competitive factors** – Analysis of the competition.

An accurate business plan is essential in this process. Morris and Kuratko (2002: 275) state that planning is the management key to reduce uncertainty and the risks associated with change and a proper business plan is an indispensable management tool to address this process. According to Morris and Kuratko (2002: 278), as quoted by Oosthuizen (2006: 278), an effective business plan should:

- describe every aspect of a particular concept including the underlying economic model;
- specify the nature of the opportunity and how to capitalise upon;
- include a marketing plan;
- clarify and outline financial needs;
- identify potential obstacles and alternative solutions;
- establish milestones for continuous and timely evaluations, and
- serve as communication tool for assessment purposes.

The implementation of the business plan and the ultimate success of the intrapreneurial idea are determined by the following factors:

- can the organisation provide the much needed resources, and;
- does the entrepreneur have the ability to overcome organisational and individual barriers that may prohibit the new venture or project?

3.6.10 Determine the resources needed

Resources comprise the capital available or needed for the new venture or project, people that need to be employed, and physical assets such as equipment, machinery, buildings or new technology. Intangible assets such as trademarks and patents may also require attention and capital outlay (Nieman *et al.*, 2003).

The process starts with determining resources available in the organisation, and deciding which other resources and capital will be necessary. Resources cannot be determined without a detailed cash flow projection which is an integral part of the business plan (Nieman *et al.*, 2003).

3.6.11 Ability to overcome barriers

One of the biggest obstacles to corporate entrepreneurship is the unintentional adverse impact of a particular management style that can be so destructive that the individual within the organisation will tend to avoid corporate entrepreneurial behaviour. Kuratko and Hodgetts (2007: 56) argue that to gain support and foster excitement for new-venture development, managers must remove the perceived obstacles and seek alternative management actions. Obstacles in the process of creating an entrepreneurial climate will be discussed in more detail in chapter 4.

3.6.12 Idea implementation

The implementation of an intrapreneurial idea is the result of the interaction of all the factors previously described including organisational and individual characteristics of an entrepreneur, developing a feasibility analysis, acquiring the resources necessary for the new venture, and overcoming any existing organisational barriers. Only now is the entrepreneur in a position to implement the idea and initiate the innovation (Timmons, 1999).

3.7 SUMMARY

During the last few years, there has been a growing interest in the use of corporate entrepreneurship as a means for organisations to enhance the innovative abilities of their employees and at the same time to increase corporate success through the creation of new corporate ventures. Today's organisations operate in a more complex, uncertain, turbulent and volatile environment because of the globalisation of the world economy. Effective innovation is the primary source of lasting competitive advantage. Competitive advantage is the factor that is going to distinguish successful organisations in future. Entrepreneurial organisations reinvent themselves and will leap ahead of their competitors if they can sustain a culture of innovation and change to keep them developing and growing. Corporate entrepreneurship is a strategic tool to be used to create flexibility, change, innovation and responsiveness in order to sustain a competitive advantage in the industry.

The managerial implication for organisations that want to become more entrepreneurial is that they should create organisational conditions conducive to the development of corporate entrepreneurship.

In this chapter the following was discussed, i.e.: definitions of an entrepreneur, entrepreneurship and corporate entrepreneurship, dimensions of corporate entrepreneurship, types of corporate entrepreneurship, models of corporate entrepreneurship and characteristics of an corporate entrepreneur.

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The following chapter will look at a literature study to provide a framework for understanding the critical elements required to establish a climate for entrepreneurship within the organisation.

CHAPTER 4

LITERATURE REVIEW ON ENTREPRENEURIAL CLIMATE

Today's businesses, especially the large ones, simply will not survive in this period of rapid change and innovation unless they acquire entrepreneurial competence (Drucker, 1985).

4.1 INTRODUCTION

Timmons and Spinelli (2007: 540) argue that the organisational culture and climate of a new venture or an existing organisation are critical in how well the organisation will deal with growth. According to Oosthuizen (2006: 121), a number of studies on performance in large business organisations that used the concept of organisational climate, led to two general conclusions: (1) the climate of an organisation can have significant impact on performance, and (2) climate is created both by the expectations people bring to the organisation and the practices and attitudes of key managers.

The entrepreneurial process begins with an individual and is kept alive by individuals. It is the dedicated employee who champions a concept, persists in overcoming internal and external obstacles, accepts responsibility for failure and risks his job on the outcome of a venture that is the single most important ingredient for entrepreneurship to occur.

Burns (2005: 83) argues that the organisational culture is the cement binding the organisation together. He concludes that the essence of the organisational culture and climate is the values and beliefs shared by people in the organisation.

4.2 ORGANISATIONAL CULTURE DEFINED

Cornwall and Pellman (1990) define culture as an organisation's basic beliefs and assumptions about what the company is about, how its members behave, and how it defines itself in relation to its external environment.

Nieman *et al.* (2003: 81) define organisational culture as the beliefs, norms and values that an organisation upholds and lives or operates by. Nieman *et al.* (2003) conclude that larger organisations tend not to be keen to change the way they do things in order to meet or surpass the challenges that the market environment may throw at them. Their unwillingness to change puts them in a position of not being able to pursue new opportunities.

According to Kemelgor (2002), corporate culture is often seen as the shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes and norms that knit a group of people together. Morris *et al.* (2002: 250) continue to define culture as an organisation's basic beliefs and assumptions about what the company is about, how its members should behave, and how it defines itself in relation to its external environment.

Russel (2001: 71-72) states that the organisational culture plays a very important and fundamental role in shaping and motivating corporate entrepreneurial activity. According to Burns (2005), culture changes over time and can also be shaped and influenced over time. At the core of any culture are the values that it holds.

Kuratko and Welsch (2001) conclude that there are ways in which corporate culture can be managed to support entrepreneurship. This includes promoting entrepreneurial behaviour, allowing freedom and autonomy, encouragement from top management and avoidance of bureaucratic barriers. The achievement of this is dependant on strategic leadership, visible in their characteristics, personal values and behaviour.

4.2.1 Organisational climate defined

Morris *et al.* (2002: 167) refer to work environment as the surroundings in which employees find themselves when they come to the job each day. It is defined by the set of conditions under which employees must operate as they attempt to accomplish organisation tasks and personal goals. Employees develop perceptions about the environment based on experience and interactions over time. Included among these perceptions are the extent to which the work environment expects or permits employees to demonstrate individual initiative, experiment with new things, persevere in the face of rejection, use resources that have not been formally allocated to them, and other related entrepreneurial behaviours.

The organisational climate depends much on the perception of the employees of how things are done in the organisation. Oosthuizen (2006: 125) argues that what the employee perceives as a behaviour pattern on the part of management's attitude to corporate entrepreneurship could be a reflection of how management exercises corporate entrepreneurship.

Oosthuizen (2006) cites Timmons and Spinelli (2000: 541) who argue that organisational climate can be described along six basic dimensions:

- **Clarity:** The degree of organisational clarity in terms of being well organised, concise and efficient in the way that tasks, procedures, and assignments are made and accomplished.
- **Standards:** The degree to which management expects and puts pressure on employees for high standards and excellent performance.
- **Commitment:** The extent to which employees feel committed to the goals and objective of the organisation.
- **Responsibility:** The extent to which employees of the organisation feel individually responsible for accomplishing their goals without being constantly monitored.

- **Recognition:** The extent to which employees feel they are recognised and rewarded (non-monetarily) for a job well done, and not only punished for mistakes or errors.
- **Esprit de corps:** The extent to which employees feel a sense of cohesion and team spirit, of working well together.

4.3 OBSTACLES IN THE PROCESS OF CREATING AN ENTREPRENEURIAL CLIMATE

Most of the infrastructure within organisations has been put in place for reasons other than to accommodate entrepreneurship. Organisations tend to develop in ways that enable them to efficiently manage the present. This means they are not organised in ways that allow them to create the future. As a result, entrepreneurship usually clashes with the mainstream operations of the organisation (Morris *et al.*, 2002: 277).

In managements aim to transform from the traditional organisation to the entrepreneurial organisation, it is important to note the main differences between a traditional and an entrepreneurial organisation.

Bureaucratic organisations are known for stringent structures because they were created as a highly rational alternative for organisational chaos and inconsistency. Rules and regulations were designed to achieve organisational consistency and efficiency. The rules and regulations within the bureaucratic organisation are biased on the past and based on precedent and legislation (Serfontein: 2006: 87).

Bureaucratic organisations are also known for stringent corporate governance that is focussed on conformance and control. As more procedures, systems and documentation requirements are added, managers are increasingly encouraged to micro manage every process (Serfontein, 2006: 88).

Morris *et al.* (2002) quoted by Serfontein (2006) argue that there is a potential that all the control measures will limit employee initiative and constrain ongoing entrepreneurial

behaviour within the organisation. Instead the control systems should become a vehicle for managing uncertainty, promoting risk, tolerance, encouraging focused experimentation and empowering employees.

According to Serfontein (2006: 79), Ross and Unwalla (1986) draw the following differences, shown in table 4.1, between the entrepreneurial and traditional, bureaucratic organisations.

Table 4.1: Differences between entrepreneurial and bureaucratic organisations

Entrepreneurial Organisations	Bureaucratic Organisations
Take risks	Avoid risks
Stay innovative	Do routine work
Focus on results	Focus on activities
Focus on teamwork	Focus on structures
Do technical work	Do administrative work
Stay flexible	Have tight controls
See the organisation as a system	Practice parochialism and "richemanship"
See change as good	Prefer the status quo
Tolerate and learn from mistakes	Avoid and punish mistakes
Believe managers are motivated by creating something out of nothing	Believe that managers are motivated by upward movement in an established structure

Source: Serfontein (2006: 79)

Sathe (2003: 85) cites the following obstacles in creating an entrepreneurial climate:

- inappropriate rewards system, excessive red tape and lack of co-operation across divisions and levels;
- lack of freedom;
- lack of organisational support, or perceived apathy towards accomplishments;
- poor project management;
- inappropriate evaluation feedback;
- insufficient resources;
- too great workloads with high frequency of fire fighting;
- overemphasis on the status quo, unwillingness to change or take risks, and
- competition.

Morris and Kuratko (2002) classifies barriers to corporate entrepreneurship in six groups based on literature on corporate innovation and entrepreneurship, surveys of medium-sized and large companies and in-depth assessments of several Fortune 500 companies.

The six groups are:

- **Systems:** Inappropriate evaluation and reward systems, inflexible budgeting systems, overly rigid and formal planning systems and arbitrary cost allocation systems. If systems are too strong they can act as disincentive for entrepreneurship.
- **Structures:** Too many hierarchical levels, top down management, overly narrow span of control, responsibility without authority, restricted communications and lack of accountability.
- **Strategic direction:** No formal strategy for entrepreneurship, no vision from the top, no entrepreneurial role models at the top, no innovation goals, lack of senior management commitment. Visionary leaders with a commitment to making the entire organisation entrepreneurial are then essential.

- **Policies and procedures:** Long, complex approval procedures, excessive documentation requirements, unrealistic performance criteria and over-reliance on established rules of thumb. Small entrepreneurial organisations rarely have sophisticated policies and procedures that give them more flexibility, but these are needed as the organisation grows. The entrepreneurial organisation needs to build some flexibility and leeway into its procedures so that innovation is encouraged.
- **People:** Fear of failure, resistance to change, parochial bias, complacency, protection of own sphere of activity, short term orientation, inappropriate skills and talents. Changing people – their attitudes and the way they do things – is the biggest challenge facing management. There is a natural tendency to resist change and preserve the status quo.
- **Culture:** Ill defined values, lack of consensus over priorities, lack of congruence, values that are in conflict with those of an entrepreneurial culture. Culture is the cement that binds the entrepreneurial organisation together. Culture comes from the top but rests on a set of commonly held values and beliefs.

Burns (2005: 147) concludes that you can either ignore barriers, or you can work around them, or remove them. An entrepreneurial organisation is one that embraces change. Unlocking barriers to change can be particularly difficult when it comes down to dealing with individuals, and this comes down to the interpersonal skills of its leader.

4.4 ENTREPRENEURIAL LEADERSHIP

Changing a traditionally bureaucratic structured organisation into an entrepreneurial organisation requires a particular style of leadership. Gupta, Macmillan and Surie (2004: 242) argue that in the increasingly turbulent and competitive environment businesses face nowadays, a type of “entrepreneurial leader” is required who differs from the behavioural forms of leaders.

4.4.1 Entrepreneurial leadership defined

Oosthuizen (2006: 108) drawing from past research (McGrath & MacMillan, 2000; Kuratko & Hornsby, 1998) defines entrepreneurial leadership as leadership that creates visionary scenarios that are used to assemble and mobilise a "supporting cast" of participants who become committed by the vision to the discovery and exploitation of the creation of strategic value.

Oosthuizen (2006: 109) concludes that this definition emphasises the challenge of mobilising the resources and gaining the commitment for value creation that the entrepreneurial leader faces. This involves creating a vision and establishing a cast of supporters capable of enacting that vision. Oosthuizen (2006) cites Gupta *et al.* (2004: 242) who argue that the two challenges of forging a vision and building a cast of committed supporters are interdependent since the former is useless without the latter.

Cohen (2004: 16) identifies two groups of entrepreneurial leaders with two distinct roles in the organisation:

- Top management: Their key role is setting the organisation's vision, and creating space, systems, procedures and a culture that frees employees at all levels of the organisation to take responsible initiative that can achieve the vision.
- The second kind of entrepreneurial leader is the employee, at any level of the organisation who pursues new opportunities, processes, products or markets.

It is not the most important function of the entrepreneurial leader to identify and find new opportunities but rather to create a climate within the organisation and to encourage employees at all levels to apply their entrepreneurial skills to create wealth within the organisation that eventually translates to stakeholder wealth (Cohen, 2004).

Turner (2002: 20) argues that in most organisations “leaders” are actually managers operating under a leadership title. Turner (2002: 24) in Table 4.2 compares what he refers to as an “entrepreneurial leader (e-leader) and “manager leader (m leader)”.

Table 4.2: Entrepreneurial leader and manager leader comparison

E-Leader	M-Leader
Encourage their people to go beyond the momentary	Knock the pioneering spirit out of people
Give confidence to act on initiative	Give little or no responsibility
Foster entrepreneurship through example	Are not role models for entrepreneurship
Don't allow structure to hinder creativity	Allow slow decision to extinguish creativity
Perceive entrepreneurs to be purposeful initiators	Perceive entrepreneurs to be rash risk-takers
Give innovation priority over operational efficiency	Allow operational efficiency to have priority over innovation
Forgive rather than insist on permission	Dominate with blame more than stimulate with praise
Are interested in everyone's entrepreneurial development	Are more interested in their own entrepreneurial development
Communicate by listening attentively	Communicate only when they want something
Embrace change all the time	Do not like change because they are already too busy

Source: (Turner: 2002: 24)

Burns (2005: 83) concludes that entrepreneurial leaders need to develop a style of management that creates an entrepreneurial culture that motivates individuals to achieve. They need to build an effective management team to be able to operate in a turbulent environment and unblock barriers to change, dealing with the inevitable conflict that this might cause.

4.5 CREATING THE ENTREPRENEURIAL CULTURE IN THE ORGANISATION

Morris *et al.* (2002: 250) argue that entrepreneurship is not only affected by the culture in the organisation in truly entrepreneurial organisations it is a core element of the culture.

According to Kuratko and Hodgetts (2007: 68), possibly the most critical step in creating an entrepreneurial culture is to invest heavily in entrepreneurial activities that allow new ideas to flourish in an innovative environment. In addition to establishing entrepreneurial ways and nurturing intrapreneurs, management need to develop an environment that will help innovative-minded people reach their full potential in the organisation. Employee perception of an innovative environment is critical for stressing the importance of management's commitment, not only to the organisation but also to creating a culture of innovation in the organisation.

Timmons and Spinelli (2007: 540) argue that the organisational culture and climate, either of a new venture or of an existing organisation, are critical in how well the organisation will deal with growth in the future.

Oosthuizen (2006) cites Kangis, Gordon and Williams (2000: 532) that made a distinction between climate and culture. Climate is much more in the foreground of the perception of organisational members, whereas culture is more in the background and defined by beliefs and values. Climate is, of course affected by culture, and people's perceptions define both, but at different levels. Burns (2005) identifies the two most important factors of an organisations culture, viz values and vision.

According to Burns (2005), values are the core beliefs upon which the organisation is founded. Values set expectations regarding how the organisation operates and treats people. Organisations with strong values tend to recruit staff that are able to identify with these values of the organisations.

Burns (2005) continues that values are important because they create a constant framework within which to operate in a turbulent, changing environment. Shared values form a bond that binds the organisation together, aligning and motivating people. Values develop a high-trust culture that cements long-term relationships.

Values need to be articulated and taught by leaders by “walking the talk”. Values are not negotiable and need to be reinforced through recognition and reward. Burns (2005) concludes that values need to be embedded in the system and procedures of the organisation, so that everybody can see clearly that the organisation means what it says.

Burns (2005) defines a vision as a shared mental image of a desired future state, i.e. an ideal of what the organisation can become. It must be a realistic, credible and attractive future and one that engages and energises people. The vision is formally communicated through the vision and mission statement and will encompass the values upheld by the organisation.

Serfontein (2006) cites Kuratko *et al.* (1993) who propose a number of steps to be followed when creating an entrepreneurial organisation.

The steps are:

- **Step 1:** Assess current strategies for entrepreneurial activity.
- **Step 2:** Assess the current organisational situation.
- **Step 3:** Determine whether there is an understanding of the innovation the organisation wants to achieve.
- **Step 4:** Identify specific objectives for corporate entrepreneuring strategies and the programmes needed to achieve them.
- **Step 5:** Make sure that the current system, structures and practises do not present insurmountable roadblocks to the flexibility and fast action needed for innovation.
- **Step 6:** Provide the incentives and tools for entrepreneurial projects.

- **Step 7:** Seek synergies across business areas.
- **Step 8:** Orientate managers so that they understand entrepreneurial thinking by employees.
- **Step 9:** Introduce and entrench an entrepreneurial climate.
- **Step 10:** Control and evaluate corporate entrepreneurship.
- **Step 11:** Encourage, not mandate, entrepreneurial activity through rewards and recognition.
- **Step 12:** Provide proper exposure of the human resources through selected rotation.
- **Step 13:** Entrench the principle that management must sustain commitment to entrepreneurial projects long enough for momentum to occur.
- **Step 14:** Introduce a people value (not analysis), and reinforce the concept of relying on people as the major managerial requirement if corporate entrepreneurship is to prosper.

Kuratko and Hodgetts (2007: 59-60) propose the following key questions organisations can ask to assess the entrepreneurial process in the organisation:

- Does your organisation encourage self-appointed intrapreneurs?
- Does your organisation provide ways for intrapreneurs to stay with the organisation?
- Are people in your organisation permitted to do the job in their own way, or are they constantly stopping to explain their actions and ask for permission?
- Has your organisation evolved quick and informal ways to access the resources to try new ideas?
- Has your organisation developed ways to manage small and experimental products and businesses?
- Are your organisation systems set up to encourage risk taking and to tolerate mistakes?
- Can your organisation decide to try something and stick with the experiment long enough to see if it will work, even when that may take years and several false starts?
- Are people in the organisation more concerned with new ideas or with defending their turf?

- How easy is it to form functionally complete, autonomous teams in your corporate environment?
- Do intrapreneurs in your organisation face monopolies, or are they free to use the resources of other divisions and outside vendors if they choose?

Kuratko and Hodgetts (2007: 60-61) conclude that developing a corporate entrepreneurial culture provides a number of advantages. The advantages include an atmosphere that leads to the development of new products and services that help the organisation expand and grow. A second advantage is that it creates a workforce that can help the organisation to maintain its competitive posture, and thirdly it promotes a climate conducive to high achievers and helps the organisation to motivate and keep its best people.

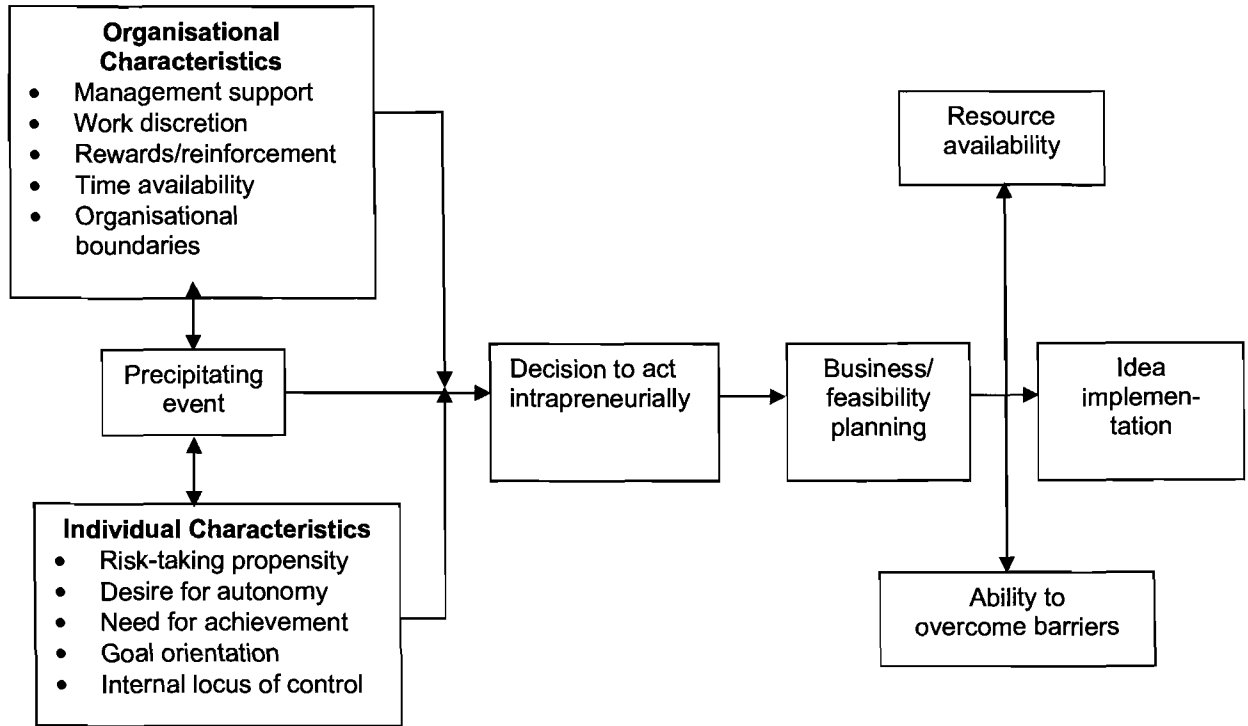
4.6 ORGANISATIONAL CHARACTERISTICS

Hornsby *et al.* (1993) in the interactive model of corporate entrepreneurship framework describes the following organisational characteristics to be present to successfully foster corporate entrepreneurship in the organisation:

- management support;
- work discretion;
- rewards / reinforcement;
- time availability, and
- organisational boundaries.

This framework can help organisations with guidelines to direct or redirect resources toward establishing effective entrepreneurial strategies. Figure 4.1 shows the interactive model framework of corporate entrepreneuring.

Figure 4.1: An Interactive model of Corporate Entrepreneuring



Source: Hornsby *et al.* (1993: 29-37)

A short description of each characteristic will now be presented.

4.6.1 Management support

Management support in creating an entrepreneurial climate can be described as the willingness of management to facilitate and promote entrepreneurial activity in the organisation. This includes the championing of innovative ideas and providing the resources required to take entrepreneurial actions. Management support has been measured by receptivity to employees ideas, promoting innovative ideas, management encouragement, financial support, awarding ideas, and unconditional support (Kuratko *et al.*, 1993).

Management support is a critical characteristic in fostering an entrepreneurial climate in the organisation and will be discussed in more detail in paragraph 4.7.

4.6.2 Work discretion

Work discretion can be defined as the freedom to act or judge on one's own or the power of making free choices unconstrained by external agencies. The Business Dictionary.com defines work discretion as the right to act according to one's judgement or conscience in certain circumstances but within given limits and under the guidance of customary principles.

For organisations who wish to foster an entrepreneurial climate, employees need to have some work discretion or autonomy to the extent that they are able to make decisions about performing their own work in the way they believe is most effective. Kuratko *et al.* (2005: 703) emphasise the importance of top management's commitment to provide decision-making latitude and freedom from excessive oversight, and to delegate authority and responsibility. Organisations should avoid criticizing employees who make mistakes when innovating. Bureaucratic norms, which reject the exercise of discretion, can prevent innovative thoughts and actions most needed in an entrepreneurial organisation.

Discretion is not a free hand to make any decisions and must be checked. The mechanism for decision making must be explicit and continually reinforced. The idea is to ensure that decisions are good ones, taken swiftly and based on real information and credible assumptions (Cox, 2000). The exercise of discretion presumes both the need for and the capacity to exercise judgement. The exercise of discretion involves four elements or activities: experiencing, thinking, judging and acting. Work discretion in practice must therefore accommodate accountability and morality (Fesler & Ketti, 1991).

4.6.3 Rewards

Kuratko and Welsch (2004: 42) argue that the organisation must have a reward system in place where recognition is given to individuals who attempt to capitalize on innovative opportunities. The reward system may consist of bonuses, awards and salary advances. Promotions should be tied directly to employees innovative attempts. It is further supported by Kuratko and Hodgetts (2007: 70) who argue that rewards and reinforcement enhance the motivation of individuals to engage in innovative behaviour.

Rewards are another important characteristic in fostering an entrepreneurial climate that will be discussed in more detail in paragraph 4.7.6.

4.6.4 Time availability

Resources (which include time) and their availability are another element recognized in many writings. According to Oosthuizen (2006: 137), making time available is about creating space for stimulating ideas to bubble up from individuals. This implies that individuals who are required to be innovative and those who are innovative should not be bogged down by routine work and tied down by bureaucracy. Kuratko and Welsch (2001: 350) continue by stating that an organisation seeking to establish an entrepreneurial strategy is to encourage innovation among employees as the key element in its strategy.

4.6.5 Organisational boundaries

Organisational flexible boundaries are one of the parameters that determine the degree of corporate entrepreneurship success. This means the existence of a supportive organisational structure that supports entrepreneurial activity within the organisation. Organisational structure refers to the formal configuration between individuals and groups with respect to the allocation of tasks, responsibilities and authority within the organisation (Greenberg & Baron, 1997: 505). McBeth and Rimac (2004: 20) reason

that the organisational structure is the underlying framework that determines how quickly and to what extent the organisation will be able to change. The organisational structure must provide the necessary administrative mechanisms by which ideas are evaluated, chosen and implemented (Hornsby *et al.*, 1993). The organisational structure must make it possible for employees to focus on specific projects or jobs.

There has been a move towards teamwork with greater emphasis being placed on interpersonal skills. Individuals who can effectively work in a team are highly valued and focus is placed on employees with problem-solving abilities, who can employ lateral thinking, are innovative, proactive and take calculated, entrepreneurial risks. Sathe (2003) recommends collaboration and pooling of competencies in cross-functional business units, so that competencies in technology, product development, marketing, sales and other functions will be available for new business ventures. This view is also shared by Hisrich and Peters (2002: 47) who concur that instead of a hierarchical structure, an intrapreneurial climate has a flat organisational structure with networking, teamwork, sponsors and mentors abounding.

Kuratko and Hodgetts (2007: 70) conclude that organisational boundaries, real and imagined, prevent people from looking at problems outside their jobs.

4.7 CONSTRUCTS OF ENTREPRENEURIAL CLIMATE

Oosthuizen (2006) when examining literature pertaining to the characteristics that foster an entrepreneurial climate, found thirteen themes that seem to dominate prior research. The thirteen themes are the following:

- entrepreneurial leadership;
- management support;
- sponsors;
- tolerance for risks;
- innovation and creativity;

- appropriate rewards;
- vision and strategic intent;
- discretionary time and work;
- empowered teams, multi disciplined teamwork and diversity;
- resource availability;
- continuous learning;
- strong customer orientation and flat organisational structure, and
- flat organisational structure with open communication and a strong sense of belonging.

Each factor will now be discussed.

4.7.1 Entrepreneurial leadership

Cohen (2004: 16) describes visionary or entrepreneurial leadership as the ability to setting the organisation's vision, and then to create space, systems, procedures, and culture that are able to free employees at all levels within the organisation to take responsible initiative and mobilise other people in the organisation who share the responsibility.

Entrepreneurial leaders need to define a clear vision for the organisation with which employees within the organisation can identify. According to Turner (2002: 25), entrepreneurial leadership is about encouraging others within the organisation to develop their pioneering spirit by leading from the front, going beyond the immediate, and ensuring that structures are not restricted.

Burns (2005: 13) describes entrepreneurial management (the ability to lead and manage the entrepreneurial organisation) as encouraging, seeking for opportunity and innovation in a systematic manner throughout the organisation, questioning the established order and seeking ways to improve and create competitive advantage. It is about learning

new ways to manage organisations involving relationships and culture rather than discipline and control.

Nieman *et al.* (2003: 354) argue that entrepreneurial leadership is quite different from management. Entrepreneurial leaders create a new order by selecting from apparently unrelated potential parts to fit the pieces into a new pattern.

Pinchot (2000: 176) describes the following components of entrepreneurial leaders:

- **Freedom, democracy, and trade-offs.** Instead of letting people gain control of their work by consensus, intrapreneurs do so by allowing them freedom in their own areas.
- **Making others feel good.** The job of an intrapreneurial leader is to make the team members feel good about their own contributions.
- **No need for power.** Intrapreneurs are driven by a need to achieve their objectives, not by a desire to hold powers over others.
- **Avoiding conflict.** Conflict among team members is avoided by focusing on the project and its effect on the customer, and not on personalities.
- **Sharing the visionary task.** One of the most powerful incentives for getting the enthusiastic cooperation of others is allowing them the freedom to help to create the new vision. They will thus strive to make it work, whatever the decision is.

4.7.2 Management support

Corporate entrepreneurship rests upon an organisation's ability to learn through both exploration of new knowledge and exploitation of existing knowledge (McGrath, 2001). It is therefore important that organisational support is seen as an important antecedent of corporate entrepreneurship. Developing an appropriate corporate entrepreneurship climate requires firm commitment from top management over a period of time and is not a quick fix to a new problem. Top management has to identify the organisations strengths and weaknesses in order to decide on new strategies for taking the

organisation further. One such strategy, corporate entrepreneurship is very likely to improve organisational performance, usually in terms of growth and profitability (Antoncic & Hisrich, 2001). Management support, the extent to which management structures itself encourage employees to believe that innovation is part of the role set for every employee in the organisation.

Kuratko *et al.* (1990) points out that the basic idea of management support is to encourage employees to believe that innovation is embedded in the role of all employees. Zahra and Covin (1995) suggest that internal organisational factors play a major role in encouraging corporate entrepreneurship. Entrepreneurial actions are the conduit through which corporate entrepreneurship is practised in established organisations.

Kemelgor (2002) argues that encouraging innovative and risk-taking behaviour by employees in an environment of flexibility and adaptability, is the hallmark of a corporate entrepreneurship culture. An organisation can only become entrepreneurial if the leaders in the organisation are successful in creating a culture where employees can, and are allowed to be entrepreneurial.

Management support in creating an entrepreneurial climate can be described as the willingness of management to facilitate and promote entrepreneurial activity in the organisation (Kuratko & Hornsby, 2001). This includes the championing of innovative ideas and providing the resources people require to take entrepreneurial actions. Management support has been measured by receptivity to employee's ideas, promoting innovative ideas, management encouragement, financial support, awarding ideas and unconditional support (Kuratko *et al.*, 1993).

Zahra (2005: 8) argues that it is critical important that senior management promote corporate entrepreneurship efforts, even those that emanate informally. Senior executives articulate the need for corporate entrepreneurship, provided the context with which these activities might flourish, and define the strategic relevance of its

contributions. Zahra (2005: 8) states further that senior managers select, evaluate and compensate middle managers who, for the most part, are often the champions of corporate entrepreneurship initiatives.

Middle level managers have a key role to play as corporate entrepreneurs. It is their responsibility to identify and exploit opportunities, within the entrepreneurial framework, provided that the framework and culture is supported by top management

According to Sathe (2003, 21), management culture can be defined as the beliefs which corporate executives and middle management share. Sathe (2003: 21) argues further that financial incentives are not needed to promote corporate entrepreneurship if the right management culture prevails. Sathe (2003: 21) concludes that new business creation is encouraged where business units have clear accountability for results and dedicated cross funding resources. This desired state can only be reached with top management support.

Burns (2005: 34) concludes to comment that management need to:

- have a strong vision for the organisation;
- communicate effectively;
- supply the necessary training;
- have the autonomy to delegate, and
- have a positive attitude to encourage self-confidence and self-efficacy.

Management support can be considered as the most critical factor in fostering an entrepreneurial climate in the organisation. Management support and commitment should be strong enough to set an example and guide employees towards a climate conducive to corporate entrepreneurship.

4.7.3 Sponsors

As with management support, sponsorship from top management is required to allow employees the qualities of having the confidence and passion to develop an opportunity (Turner, 2002: 49). Christensen (2005) argues that employees view a supportive management as one that does not work against new initiatives from employees but acts as a sponsor for intrapreneurs, which basically means giving them access to resources. That means that the fact that organisations and management make resources available, it is possible for employees to explore new opportunities.

Morris and Kuratko (2002: 93) argue that sponsors are corporate managers at higher levels within the organisation, willing to protect intrapreneurs by building environments of safety around them. Sponsors aid the intrapreneur in gaining access to resources and information, and have a sincere belief in the intrapreneur's vision. They also assist in keeping the entrepreneurial projects "under the radar screen" where it has less visibility and is not likely to become a target for elimination. Morris and Kuratko (2002: 93) further state that sponsors protect intrapreneurs if something goes wrong or corporate rules are violated.

Pinchot and Pellman (1999: 3) define a sponsor as someone that coaches, protects and marshals resources for the team. Pinchot and Pellman (1999: 66) argue further that within organisations that are successful in managing innovation, sponsors speed up projects by creating a protective bubble around intrapreneurial teams to let them focus on getting the job done.

4.7.4 Tolerance for risks, mistakes and failure

Encouraging innovative and risk-taking behaviour by employees in an environment of flexibility and adaptability is the hallmark of a corporate entrepreneurship culture (Kemelgor 2002). Kuratko and Hodgetts (2007: 59) argue that failures must not be punished. Real learning takes place when failed projects are examined closely for what

can be learned by individuals. In addition individuals must feel free to experiment without fear of punishment.

According to Morris and Kuratko (2002; 41), risk-taking involves a willingness to pursue opportunities that have a reasonable likelihood of producing losses or significant performance discrepancies. They argue further that entrepreneurship does not entail reckless decision making, but involves a realistic awareness of the risks involved, financially, technical, market and personal, and an attempt to manage these risks. One of the steps to encourage entrepreneurial conduct in an organisation is to communicate clearly that reasonable failure will not be punished.

Businesses do not naturally seek failure, but to continually innovative and grow will require a degree of tolerance, as opposed to punishment for failure (Morris & Kuratko, 2002: 10). Organisations must allow employees to take risks and show tolerance for failure when it occurs (Kuratko *et al.*, 2005).

4.7.5 Innovation and creativity

Innovation and the importance of encouraging innovation in fostering an entrepreneurial climate was discussed in detail in paragraph 3.3.2. in chapter 3.

Innovation is the key function in the entrepreneurial strategy process. According to Drucker (1985), innovation is the specific function of entrepreneurship. It is the means by which the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth. Nieman *et al.* (2003: 350-351) argue that creativity deals with getting an idea, while innovation relates to implementing the idea. Entrepreneurship requires innovation.

No business will have creative employees if a conducive climate is not established and nurtured.

According to Nieman *et al.* (2003: 350-351), the following are characteristics of a creative climate in an organisation:

- a trusting management that does not over-control personnel;
- open channels of communication among all employees in the organisation;
- considerable contact and communication with outsiders;
- a large variety of personality types among the employees in the organisation;
- willingness to accept change;
- experimentation with new ideas in the organisation;
- no fear of negative consequences of making a mistake;
- selection and promotion of employees on the basis of merit;
- use of techniques that encourage ideas, including suggestion systems and brainstorming, and
- financial, managerial, human and time resources to accomplish goals.

4.7.6 Appropriate rewards

Kuratko and Welsch (2004: 42) argue that the organisation must have a reward system in place where recognition is given to individuals who attempt to capitalize on innovative opportunities. It is further supported by Kuratko and Hodgetts (2007: 70) who argue that rewards and reinforcement enhance the motivation of individuals to engage in innovative behaviour.

Organisations must be characterised by providing rewards contingent to performance. Providing rewards refers to the benefit or gain the employee receives in return for his work or work efforts. Entrepreneurial behaviour can be encouraged by an effective reward system that must consider clear goals, feedback, individual influence and rewards based on results (Kuratko *et al.*, 1990; Hornsby *et al.*, 2002) or it could be related to the performance of the team.

Designing a reward system that reflects the behaviour the company wishes to encourage is therefore crucial and the effective use of awards requires a clear strategy. Morris and Kuratko (2002: 246) state that it is vital that management clearly establish and communicate the consistency in who gets awards, why and when, and making the ideas of innovative people known to others in the organisational hierarchy.

According to Sathe (2003), people are motivated by different things. Some entrepreneurs might seek rewards such as pride and financial gains, whereas intrapreneurs value other incentives which are not always clear (Morris & Kuratko, 2002: 245).

A rewards / incentive programme is an important part of the strategic growth plan which mirrors the organisation's mission and culture, reinforces the organisation's values and motivate employees.

4.7.7 Vision and strategic intent

Kuratko and Hodgetts (2007: 63) argue that the first step in planning a corporate entrepreneurship strategy is sharing the vision of innovation that the corporate leaders wish to achieve.

Burns (2005: 85) defines vision as a shared mental image of a desired future state – an ideal of what the organisation can become. The vision must be a realistic, credible and attractive future and one that engages and energises people. It is not sufficient simply to have a vision, that vision must be communicated and acts as motivation. The vision of an organisation will encompass the values upheld by the organisation. Burns (2005) considers vision to be a key element of both entrepreneurship and leadership.

According to Kuratko and Welsch (2004: 14), John Browne, CEO of British Petroleum, argues that, as a description of who the firm is and what makes it distinctive, purpose indicates what an organisation intends exists to achieve and what it is willing and not

willing in order to achieve it. Brown further believes a clear vision or purpose allows an organisation to focus its learning efforts in order to increase its competitive advantages. Visions that facilitate development of this type of focus make sense to all organisational employees, and stretch employee's imaginations but are still within the bounds of possibility, are understood easily, and create a cultural glue that allows units to share knowledge sets (Kuratko & Welsch, 2004: 14).

Research by Collins and Porras (1996) shows that a vision that is shared throughout the organisation fosters commitment rather than compliance and creates a sense of commonality that permeates the whole organisation. It inspires the imaginations of employees and provides a focus that allows individuals to contribute in ways that make the most of their expertise and talents. Kuratko and Welsh (2004: 355) argue that corporate entrepreneurship results from the creative talents of people in the organisation, and so the people need to know and understand the vision.

According to Pinchot and Pellman (1999: 117), employees are more effectively empowered if they are given a clear vision of the future and of where the organisation is trying to go. They (Pinchot & Pellman 1999) continue that it is not enough that leaders know where the organisation should be going. For the vision to be effective, the people of the organisation must be moved by the vision and understand what they can do to make it realise.

4.7.8 Discretionary time and work

Resources (which include time) and their availability are another element recognized by many scholars. Employees must perceive the availability of resources for innovative activities (Sathe, 1989).

Husted and Michailova (2002) argue that corporate venture firms need to stimulate the flow of ideas by participating actively in the process of developing and shaping new ideas. This can only be achieved if resources and time are made available to

employees. Husted and Michailova (2002) continue that corporate entrepreneurial organisations must work systematically with their venture base from where new ideas for ventures emerge. The venture base is defined as the web of internal and external sources of opportunity-creating activities that can foster new ideas based on the knowledge production of employees.

According to Oosthuizen (2006: 137), making time available is about creating space for stimulating ideas to bubble up from individuals. This implies that individuals who are required to be innovative and those who are innovative should not be bogged down by routine work and tied down by bureaucracy. Kuratko and Welsch (2001: 350) continue by stating that an organisation seeking to establish an entrepreneurial strategy is to encourage innovation among employees as the key element in its strategy.

Morris and Kuratko (2002: 104) argue that creativity is the soul of entrepreneurship, and define creativity as the application of a person's mental ability and curiosity to discover something new. It is the act of relating previously unrelated things, thus the capacity to develop new ideas, concepts and processes. Employees must be allowed the freedom to make decisions about their work processes. This is supported by Mathisen, Einarsen, Jorstad and Bronnick (2004: 383) who state that management must allow employees freedom and autonomy regarding the choice of tasks and how they are performed.

Kuratko and Hodgetts (2007: 70) conclude that the fostering of new and innovative ideas requires that individuals have time to incubate these ideas. Organisations must moderate the workload of people, avoid putting time constraints on all aspects of a person's job, and allow people to work with others on long-term problem solving.

4.7.9 Empowered teams, multi-disciplined teamwork and diversity

Burns (2005: 119) argues that a constant theme coming through both the entrepreneurship literature and the learning organisation literature is the need to

empower and motivate employees to do “the right thing” without having to be ordered to do so.

Morris and Kuratko (2002) cite people and empowerment focus as one of the most important elements of an entrepreneurial culture in the organisation. In his studies Schein (1994) lists some of the features of a learning culture and compares them to culture that inhibits learning. These features include focusing on people rather than systems and to empower people and make them believe they can change things.

Kuratko and Welsch (2004) argue that empowerment is not a program; it is a culture change and adds value to an organisation. Empowerment for employees means to “own” their jobs. Morris and Kuratko (2002: 224) define empowerment as authority that is delegated. The employee has a degree of discretion and some level of autonomy. The employee is accountable for a decision or action and the corresponding outcome. Kuratko and Hodgetts (2007: 58) state that individual responsibility must be emphasized in the organisation. Confidence, trust and accountability are key factors in the success of any innovative program.

According to Burns (2005), corporate entrepreneurship embraces change, encouraging it to the point where it is seen to be the norm and individuals continuously question the status quo. In the change process staff must be empowered to make the necessary changes themselves.

Oosthuizen (2006) cites Pinchot and Pellman, (1999) who argue that entrepreneurial organisations create cross-disciplinary teams to improve innovation, and they empower them to make decisions. The success of teams stem from the open discussion that is a natural element of teams and their ability to look at the same issues from different perspectives.

Serfontein (2006), states that corporate entrepreneurship involves teams within the organisation, led by intrapreneurs or corporate champions, who promote entrepreneurial

behaviour inside large organisations. These teams proactively engage in risky projects that seek to create new, innovative, administrative procedures, products and services that facilitate organisational renewal and growth.

Kuratko and Hodgetts (2007: 71) define collective entrepreneurship as follows: In collective entrepreneurship, individual skills are integrated into a group: this collective capacity to innovate becomes something greater than the sum of its parts. Over time, as group member's work through various problems and approaches, they learn about one another's abilities. They can help one another to perform better, what each can contribute to a particular project and how they can best take advantage of one another's experience. When an organisation focuses on collective entrepreneurship, venture teams offer the organisation the opportunity to use the talents of individuals but with a sense of teamwork.

4.7.10 Resource availability and accessibility

Resources comprise capital or finance, people who need to be employed, and physical assets such as equipment, machinery and buildings. Antoncic and Hisrich (2003) identify organisational support in terms of resource availability as an important driver of entrepreneurial activities in an established organisation.

Hisrich and Peters (2002) argue that resources in the organisation need to be available and easily accessible for entrepreneurs to explore and develop new ideas. Russel (2000) concludes that in a climate conducive to entrepreneurial activity, managers have more autonomy and control over resources, enabling them to initiate a greater number of innovations that eventually result in a larger number of innovations.

4.7.11 Continuous learning and cross-functional learning

Continuous learning in organisations is a crucial element in today's complex, rapidly changing environment. According to Cummings and Worley (2005), they can be a

source of strategic renewal, and they can enable organisations to acquire and apply knowledge more quickly and effectively than competitors, thus enabling a sustained competitive advantage.

Transformational change requires considerable innovation and learning. Organisational members must learn how to enact the new behaviours required implementing new strategic directions. The continuous learning process is directed by a vision of a future organisation and by the values and norms needed to support it. Continuous learning occurs at all levels of the organisation, from senior executives to lower-level employees (Cummings & Worley, 2005: 482).

Burns (2005) defines a learning organisation as one that facilitates the learning of all its members and continuously transforms itself, adapting, changing, developing and transforming themselves in response to the needs, wishes and aspirations of people. Burns (2005) concludes that the learning organisation is more flexible, adaptable and better equipped to thrive in a turbulent environment – the very environment that entrepreneurs and entrepreneurial organisations inhabit.

According to Burns (2005), a learning organisation;

- encourages systematic problem solving;
- encourages experimentation and new approaches;
- learns from past experience and history;
- learns from best practises and outside experience, and
- is skilled at transferring knowledge in the organisation.

Kuratko and Hodgetts (2007: 57) argue that within an innovative environment, learning and investigation of ideas cut across traditional functional lines in the organisation. Truly entrepreneurial organisations, therefore, are in fact learning organisations.

4.7.12 Strong customer orientation

The primary goal of an organisation should be customer satisfaction. Customer satisfaction is a key success factor for any organisation because it fits in with so many other success factors. Customer satisfaction is a behaviour over which people have reasonable control and is linked to good human relations. Defining customer expectations and designing team functions in the organisation to meet those expectations command much of the management team's attention. The organisation must value this orientation as the primary path to financial performance (Cummings & Worley, 2005: 281).

Pinchot and Pellman (1999) argue that focusing on how to better serve customers, drive organisations towards productive innovation. Pinchot and Pellman (1999) conclude that a focus on customers redirects people's attention from pleasing management and defending turf to collaborating on ways to get customers what they need at a price and quality that will gain their business.

A key aspect of the success of 3M, probably the most successful innovative company, is the fact that they strive to stay close to their customers. Researchers, marketers and managers visit with customers and routinely invite them to help brainstorm new product ideas.

By meeting client's expectations, entrepreneurs ensure client satisfaction. Satisfied clients will use the products and services of the organisation or enterprise's again and will recommend the business to prospective new clients. Gaining new clients is critical for sustained growth.

4.7.13 Flat organisational structure with open communication and strong sense of belonging

The structure of an organisation is a primary ingredient essential to corporate entrepreneurial success. Kuratko and Hodgetts (2007: 56) argue that a small flat organisational structure and small project teams have proved to be factors in successful innovative organisations. Kuratko and Hodgetts (2007: 63) conclude that current systems and structures and practices may present roadblocks to the flexibility and fast action needed for innovation in organisation. They propose that unnecessary bureaucracy must be reduced and that communication across departments and functions must be encouraged.

According to Serfontein (2006), structures which support entrepreneurial behaviour should amongst other things, enable:

- the creation of new organisational forms, either separate from or subsets of other forms;
- a reduction of authoritarianism (relinquishing control to experts instead of basing it on seniority);
- a release of energy towards creativity shaping the organisation, while taking calculated risks;
- flexibility, whereby bureaucracy is minimized and adhocracy is maximized;
- teamwork and participative management styles, and
- celebration for the process, more than the end results.

Serfontein (2006) continues to identify three specific guidelines to be considered, particularly when designing structures to foster entrepreneurship. These three guidelines are:

- avoid too much structure;
- maintain a sense of smallness, and

- establish separate structures.

According to Burns (2005: 125), structure creates order in an organisation. The most appropriate structure depends on the nature of the organisation, the strategies it is employing, the tasks to be undertaken, environmental conditions and the size of the organisation. Burns (2005) concludes that entrepreneurial organisations need a flatter structure which results in better communication, greater delegation of authority and faster decision making. The larger the number of people in the unit or organisation the more it requires structures that involve hierarchies and these tend to rely on power to make decisions, and the power tends to be slow and inflexible.

Burns (2005) then poses the question how the best of both worlds could be achieved: the benefits in terms of resources of large scale and the benefits of entrepreneurship of small scale. Burns (2005) argues that the answer lies with smaller sub-structures which form part of a larger whole. Within any structure there needs to be a hierarchy of some sort that gives managers the confidence that they have the authority to manage. To encourage entrepreneurship levels or layers of management need to be kept to a minimum to ensure flexibility and responsiveness.

4.8 SUMMARY

Effective innovation is the primary source of a lasting competitive advantage in the twenty first century and organisations will have no alternative but to become entrepreneurial or cease to exist (Morris & Kuratko, 2002). Organisational culture and climate in a new venture or an existing organisation is critical in how well the organisation will deal with growth. Organisational culture plays a very important and fundamental role in shaping and motivating corporate entrepreneurial activity within the organisation. Entrepreneurial organisations are those organisations who successfully reinvent themselves, leap ahead of their competitors and sustain a culture of innovation and change in order to keep them developing and growing.

The most critical step in creating an entrepreneurial culture is to invest heavily in entrepreneurial activities that allow new ideas to flourish in an innovative environment. In addition to establishing entrepreneurial ways and nurturing intrapreneurs, management need to develop an environment that will help innovative-minded people reach their full potential in the organisation.

This type of organisation requires a new kind of leadership, ***entrepreneurial leadership***. The transformation from the traditional to an entrepreneurial organisation is characterised by change, and management must act as change-agent in steering the organisation to become an entrepreneurial organisation. The most important function of the entrepreneurial leader is to create a climate within the organisation which encourages employees at all levels to apply their entrepreneurial skills in order to create wealth within the organisation that translates to stakeholder wealth.

In this chapter thirteen constructs conducive to an entrepreneurial climate were identified and discussed. The thirteen constructs were:

- Visionary Leadership / Entrepreneurial Leadership.
- Management Support.
- Sponsors.
- Tolerance for Risks, Mistakes and Failures.
- Innovation and Creativity – new ideas encouraged.
- Appropriate Rewards and Reinforcement.
- Vision and Strategic Intent.
- Discretionary Time and Work.
- Empowered Teams and Multi-disciplined Teamwork and Diversity.
- Resource Availability and Accessibility.
- Continuous Learning and Cross-functional Learning.
- Strong Customer Orientation.
- Flat Organisation Structure with Open Communication and strong Sense of Belonging.

According to Oosthuizen (2006), sustained entrepreneurial behaviour is strongly related to the perception of the existence of the thirteen organisational characteristics as described above. These thirteen organisational characteristics were used to assess the current entrepreneurial climate on the Potchefstroom Campus of the NWU. The next chapter will look at the findings of the empirical study, and the conclusions provide a useful “snapshot” of the current entrepreneurial climate on the Potchefstroom Campus of the NWU.

CHAPTER 5

GATHERING OF DATA AND DISCUSSION OF RESULTS

5.1 INTRODUCTION

The old conventional rules of business no longer apply and global competition, rapid technological progress, new markets and customer needs will force Universities to become more entrepreneurial in order to survive and prosper.

Management of the North-West University have to adapt and accept the challenge to foster a climate for their staff to enhance corporate entrepreneurial skills and use corporate entrepreneurship as a strategic tool to create flexibility, change, innovation and responsiveness in order to sustain a competitive advantage in the industry.

The primary objective of this study was to assess the current corporate entrepreneurship climate on the Potchefstroom Campus of the North-West University and to make recommendations to the management committee of the Potchefstroom Campus of the NWU to foster a climate conducive to corporate entrepreneurship in the university.

This chapter provides insight into ways and methods that were employed in gathering the information for the empirical research of this study. The sample and demographic frame are discussed, as well as the sampling method and size. Furthermore the method of data collection and questionnaires is described. The chapter will further look at the data processing, analysis and evaluation of results.

5.2 GATHERING OF DATA

The process followed to gather the data will be discussed in this section.

5.2.1 Study population

The target population of this study was managers and middle managers on the Potchefstroom Campus of the North-West University NWU. The database of the study population was obtained from the Human Resource Department of the Institutional office in Potchefstroom. The database consists of 230 names. From the database 150 respondents were randomly selected.

5.2.2 Questionnaire used in this study

In order to confirm and further enhance and substantiate the literature review findings discussed up to now and to assess corporate entrepreneurship on the Potchefstroom Campus of the NWU a questionnaire was used. The self-complete questionnaire was developed by Oosthuizen (2006) and adjusted by Jordaan (2008). The questionnaire was further adapted for used on the NWU.

The questionnaire consists of three parts, namely:

Part 1: Assessment of the entrepreneurial climate – For the purpose of assessing the current entrepreneurial climate in the organization. The questionnaire consists of 65 statements, measuring thirteen constructs for a climate conducive to corporate entrepreneurship based on a five-point Likert scale.

Part 2: Self and superior assessment of entrepreneurial characteristics – This part of the questionnaire assess the perception of managers concerning the entrepreneurial characteristics and their perception on the entrepreneurial characteristics of their superiors.

Part 3: Demographical Information – Respondents had to indicate their age group, gender, race, highest academic qualification and department in which they work.

5.2.3 Sample design

Another critical consideration in determining a study's methodology is the selection of a sample. *There are two types of sampling, namely probability and non-probability sampling.*

5.2.3.1 Probability sampling

Oosthuizen (2006) sites Babbie (1998) who defines probability sampling as the selection of a random sample from a list, containing the names of all the members in the population to be studied. In probability sampling, the sample is selected in such a way that each unit within the population or universe has a known chance of being selected.

Struwig and Stead (2004) identify the following probability sampling techniques:

- **Random probability sampling:** Sampling procedure that assures that each element in the population has an equal chance of being selected.
- **Stratified sampling:** The sample is designed so that a predetermined number of items are chosen from each stratum or section.
- **Cluster sampling:** The items in the universe are divided in groups and then any number of these groups is selected at random.

5.2.3.2 Non-probability sampling

In non-probability sampling the sample is selected in such a way that the chance of being selected of each unit within the population or universe is unknown.

Struwig and Stead (2004) identify the following non-probability sampling techniques:

- **Judgement sampling:** Specialists in the subject of the survey choose what they believe to be the best sample for the particular study. Respondent selection thus depends on the researcher judgement.
- **Quota sampling:** Universe items (respondents) may also be selected according to their characteristics (e.g. age, income, gender).
- **Convenience sampling:** Chosen purely on the basis of availability. Respondents are selected because they are accessible and articulate.

5.2.4 Sampling method used in the study

For the purpose of this study a probability sampling method was used. The specific method used was a combination of a quota and random probability sample. In random sampling the researcher assures that each element in the population has an equal chance of being selected.

From the population database obtained from the Human Resource department that consist of 230 names, 150 respondents were randomly selected. The database was divided in academic staff and staff from the support services. Seventy five respondents were selected from academic staff and seventy five respondents from support services.

5.3 DATA PROCESSING

The data collected were statistically analysed, using Statistica (Statsoft, 2008) and SPSS (SPSS, 2005). The reliability or internal consistency of the questionnaire was assessed by calculating Cronbach alpha coefficients. Thereafter, the relationships between gender classification, age classification and classification by department were explored by means of paired tests.

5.4 RESULTS OF DEMOGRAPHICAL INFORMATION

Part 3 of the survey questionnaire consisted of demographical information where respondents had to indicate their age group, gender, race, highest academic qualification and functional department they work in.

5.4.1 Gender of respondents

The results of the gender of the participating respondents are presented in table 5.1.

Table 5.1: Respondents by gender

Gender	Total	Percentage
Male	31	59.62%
Female	21	40.38%
Total	52	100%

From the 52 respondents that participate in the study, 31 (59.62%) are male and 21 (40.38%) female.

5.4.2 Age group classification of respondents

The results of the age group classification of the participating respondents are presented in table 5.2.

Table 5.2: Age group classification of respondents

Age group	Total	Percentage
<29	4	7.69%
30-39	7	13.46%
40-49	13	25.01%
50-59	21	40.38%
60+	7	13.46%
Total	52	100%

The majority of the participating respondents fall in the age group 40 to 49 years (25.01%) and 50 to 59 years (40.38%). These two age groups categories amount to 65% of the total respondents.

5.4.3 Race group of respondents

Table 5.3 presents the race group of the participating respondents.

Table 5.3: Race group classification of respondents

Race group	Total	Percentage
Black	1	1.92%
White	50	96.16%
Coloured	1	1.92%
Total	52	100%

From the total number of respondents, 50 (96.6%) were from the white race group.

5.4.4 Highest academic qualification of respondents

Table 5.4 presents the highest academic qualification of the participating respondents.

Table 5.4: Highest qualification of respondents

Qualification	Total	Percentage
Certificate	4	7.69%
Diploma	3	5.77%
Degree	9	17.31%
Post graduate degree	33	63.46%
Unknown	3	5.77%
Total	52	100%

From the total number of respondents, 42 held a degree or higher qualification. The majority of the respondents (63.46%) have a post-graduate qualification.

5.4.5 Management level classification of respondents

Table 5.5 presents the management level of the participating respondents.

Table 5.5: Management level classification of respondents

Level	Total	Percentage
A Top	2	3.85%
A Middle	9	17.30%
A Lower	5	9.62%
O Top	8	15.38%
O Middle	12	23.08%
O Lower	12	23.08%
Unknown	4	7.69%
Total	52	100%

The majority of respondents, (61.54%) were on O level and (30.77%) on A level. A level refers to academic staff while O level represents staff from support services. A total number of four (7.69%) respondents did not indicate their management level.

5.4.6 Department classification of respondents

Table 5.6 presents the departments that the participating managers work in.

Table 5.6: Departments managers work in

Department	Total	Percentage
Academic	16	30.77%
Support	33	63.46%
Unknown	3	5.77%
Total	52	100%

The majority of the participating respondents (63.46%) were from the support services while respondents from academic departments represent 30.77% of the total respondents.

5.5 ENTREPRENEURIAL CHARACTERISTICS INFORMATION

Part 2 of the questionnaire used in this study served the following purpose:

- For respondents to evaluate the relative strength or weakness of his or her entrepreneurial characteristics / competencies.
- For respondents to evaluate the relative strength or weakness of his or her superior's entrepreneurial characteristics / competencies.

5.5.1 Self assessment of entrepreneurial characteristics

Respondents had to evaluate the strength of their entrepreneurial characteristics indicating the number that best represents how well each of the characteristics applies based on a Likert scale from 1 to 5, where 1 indicates the competency is weak and 5 shows the competency is strong.

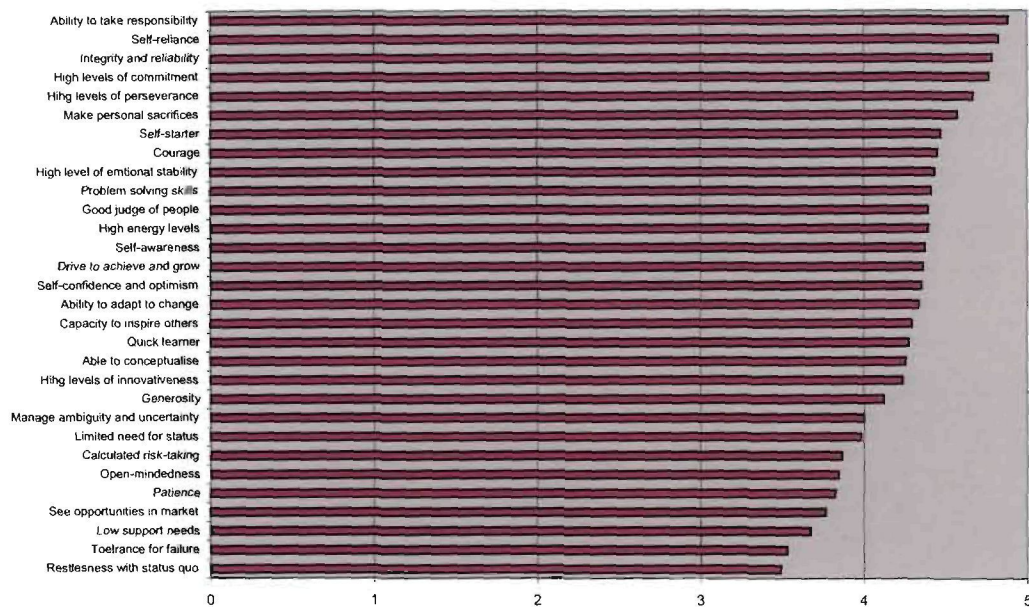
The results of the self assessments of the entrepreneurial characteristics are presented in table 5.7

Table 5.7: Self assessments of entrepreneurial characteristics findings

Number	Characteristic	n	\bar{x}	s
B1/01	High levels of commitment	51	4.765	0.473
B1/02	High levels of creativity and innovativeness	51	4.235	0.586
B1/03	High energy levels	51	4.392	0.568
B1/04	Low support needs	49	3.673	0.826
B1/05	Calculated risk-taking	51	3.863	0.722
B1/06	High levels of perseverance	51	4.667	0.516
B1/07	Ability to take responsibility	51	4.882	0.325
B1/08	Problem solving skills	51	4.412	0.606
B1/09	Capacity to inspire others	51	4.294	0.540
B1/10	Self-reliance	51	4.824	0.385
B1/11	Courage	51	4.451	0.610
B1/12	Self-confidence and optimism	51	4.353	0.688
B1/13	Ability to manage ambiguity and uncertainty	51	4.000	0.693
B1/14	Ability to see opportunities in the marketplace	51	3.765	0.839
B1/15	Generosity	50	4.120	0.895
B1/16	Integrity and reliability	51	4.784	0.415
B1/17	Good judge of people	51	4.392	0.568
B1/18	Patience	51	3.824	1.108
B1/19	Ability to adapt to change	51	4.333	0.589
B1/20	High level of emotional stability	51	4.431	0.608
B1/21	Self-awareness	51	4.373	0.692
B1/22	Quick learner	51	4.275	0.635
B1/23	Able to conceptualise	51	4.255	0.595
B1/24	Willingness to make personal sacrifice	51	4.569	0.575
B1/25	Self-starter (internal locus of control)	51	4.471	0.731
B1/26	Limited need for status and power	51	3.980	0.883
B1/27	Restlessness with status quo	51	3.490	1.007
B1/28	Drive to achieve and grow	50	4.360	0.663
B1/29	Tolerance for failure	51	3.529	0.987
B1/30	Open- mindedness (lateral thinker)	51	3.843	0.903

The results of the self-assessment of entrepreneurial characteristics ranked from the highest to lowest mean score are depicted in figure 5.1.

Figure 5.1: Self-assessment for entrepreneurial characteristics ranked in order of highest to lowest mean value



The top characteristics respondents perceived that they have strong competencies in, are the **Ability to take responsibility** ($\bar{x} = 4.882$), **Self reliance** ($\bar{x} = 4.824$), **Integrity and reliability** ($\bar{x} = 4.784$), **High levels of commitment** ($\bar{x} = 4.765$) and **High levels of perseverance** ($\bar{x} = 4.667$).

The following low scoring characteristics indicating that the competency is regarded as relative weak by the respondents and could pose some concern for manifestation of entrepreneurial behaviour in the organisation. These characteristics are **Patience** ($\bar{x} = 3.824$), **Ability to see opportunities in the market** ($\bar{x} = 3.765$), **Low support needs** ($\bar{x} = 3.673$), **Tolerance for failure** ($\bar{x} = 3.529$) and **Restlessness with status quo** ($\bar{x} = 3.490$).

The standard deviations across all 30 characteristics are fairly high, ranging from 0.473 to 1.108.

5.5.2 Superior assessment of entrepreneurial characteristics

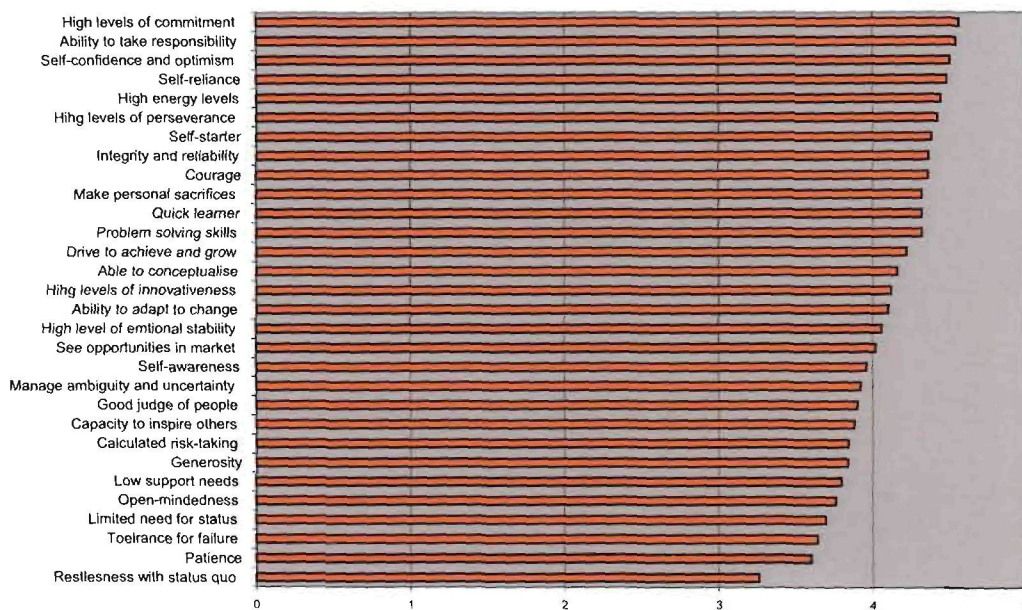
Respondents have to evaluate the strength of their superior's entrepreneurial characteristics by indicating the number that best represents how well each of the characteristics applies to their superiors based on a Likert scale ranging from 1 to 5, where 1 shows the competency is weak and 5 shows the competency is strong.

Table 5.8 Superior assessment of entrepreneurial characteristics findings

Number	Characteristic	n	\bar{x}	s
B2/01	High levels of commitment	50	4.560	0.837
B2/02	High levels of creativity and innovativeness	50	4.120	0.940
B2/03	High energy levels	50	4.440	0.733
B2/04	Low support needs	49	3.796	1.172
B2/05	Calculated risk-taking	50	3.840	0.866
B2/06	High levels of perseverance	50	4.420	0.835
B2/07	Ability to take responsibility	50	4.540	0.762
B2/08	Problem solving skills	50	4.320	0.844
B2/09	Capacity to inspire others	50	3.880	1.081
B2/10	Self-reliance	50	4.480	0.886
B2/11	Courage	50	4.360	1.005
B2/12	Self-confidence and optimism	50	4.500	0.707
B2/13	Ability to manage ambiguity and uncertainty	50	3.920	1.140
B2/14	Ability to see opportunities in the marketplace	50	4.020	1.000
B2/15	Generosity	49	3.837	1.106
B2/16	Integrity and reliability	50	4.360	0.964
B2/17	Good judge of people	50	3.900	1.182
B2/18	Patience	50	3.600	1.178
B2/19	Ability to adapt to change	50	4.100	0.909
B2/20	High level of emotional stability	50	4.060	1.038
B2/21	Self-awareness	50	3.960	0.989
B2/22	Quick learner	50	4.320	0.844
B2/23	Able to conceptualise	50	4.160	0.866
B2/24	Willingness to make personal sacrifice	50	4.320	1.019
B2/25	Self-starter (internal locus of control)	50	4.380	0.780
B2/26	Limited need for status and power	49	3.694	1.294
B2/27	Restlessness with status quo	50	3.260	1.139
B2/28	Drive to achieve and grow	50	4.220	0.932
B2/29	Tolerance for failure	50	3.640	1.005
B2/30	Open-mindedness (lateral thinker)	50	3.760	1.222

The results of the superior-assessment of the entrepreneurial characteristics ranked from the highest to lowest mean score are presented in figure 5.2.

Figure 5.2: Superior-assessment for entrepreneurial characteristics ranked in order of highest to lowest mean score



The top entrepreneurial characteristics as perceived by managers and middle managers for their superiors are **High levels of commitment** ($\bar{x} = 4.560$), the **Ability to take responsibility** ($\bar{x} = 4.540$), **Self-confidence and optimism** ($\bar{x} = 4.500$), **Self-reliance** ($\bar{x} = 4.480$) and **High energy levels** ($\bar{x} = 4.440$).

The following low scoring entrepreneurial characteristics as perceived by managers and middle managers of their superiors pose some concern for manifestation of entrepreneurial behaviour in the organisation and deserve further explanation. These characteristics are **Open-mindedness** ($\bar{x} = 3.760$), **Limited need for status** ($\bar{x} = 3.694$), **Tolerance for failure** ($\bar{x} = 3.640$), **Patience** ($\bar{x} = 3.600$) and **Restlessness with status quo** ($\bar{x} = 3.260$).

The standard deviation across all 30 characteristics is fairly high, ranging from 0.707 to 1.294.

5.5.3 Comparison between self-and superior assessment

In order to determine how managers and middle managers perceptions of their relative entrepreneurial characteristics strengths compare to those of their superiors, the mean score are compared by means of a dependent or paired t- test (p values) and effect sizes (d values) in terms of the entrepreneurial characteristics measured.

The comparison between the self and superior assessment is presented in table 5.9 with the number of respondents (n), mean (\bar{x}), standard deviation (s), statistical significant (p-values) and practical significant (d- values) difference between the means.

Table 5.9: Comparison between self-and superior assessment

Characteristic		Self assessment			Superior assessment			Comparison	
		n	\bar{x}	s	n	\bar{x}	s	p	d
B1/01	High levels of commitment	51	4.765	0.473	50	4.560	0.837	0.125	0.22
B1/02	High levels of creativity and innovativeness	51	4.235	0.586	50	4.120	0.940	0.547	0.09
B1/03	High energy levels	51	4.392	0.568	50	4.440	0.733	0.644	0.07
B1/04	Low support needs	49	3.673	0.826	49	3.796	1.172	0.437	0.11
B1/05	Calculated risk-taking	51	3.863	0.722	50	3.840	0.866	0.883	0.02
B1/06	High levels of perseverance	51	4.667	0.516	50	4.420	0.835	0.052	0.28
B1/07	Ability to take responsibility	51	4.882	0.325	50	4.540	0.762	0.005	0.41
B1/08	Problem solving skills	51	4.412	0.606	50	4.320	0.844	0.462	0.10
B1/09	Capacity to inspire others	51	4.294	0.540	50	3.880	1.081	0.015	0.36
B1/10	Self-reliance	51	4.824	0.385	50	4.480	0.886	0.014	0.36
B1/11	Courage	51	4.451	0.610	50	4.360	1.005	0.547	0.09
B1/12	Self-confidence and optimism	51	4.353	0.688	50	4.500	0.707	0.267	0.16
B1/13	Ability to manage ambiguity and uncertainty	51	4.000	0.693	50	3.920	1.140	0.553	0.08
B1/14	Ability to see opportunities in the marketplace	51	3.765	0.839	50	4.020	1.000	0.224	0.17
B1/15	Generosity	50	4.120	0.895	49	3.837	1.106	0.021	0.34
B1/16	Integrity and reliability	51	4.784	0.415	50	4.360	0.964	0.002	0.46
B1/17	Good judge of people	51	4.392	0.568	50	3.900	1.182	0.007	0.40
B1/18	Patience	51	3.824	1.108	50	3.600	1.178	0.292	0.15
B1/19	Ability to adapt to change	51	4.333	0.589	50	4.100	0.909	0.117	0.23
B1/20	High level of emotional stability	51	4.431	0.608	50	4.060	1.038	0.013	0.36
B1/21	Self-awareness	51	4.373	0.692	50	3.960	0.989	0.004	0.42
B1/22	Quick learner	51	4.275	0.635	50	4.320	0.844	0.789	0.04
B1/23	Able to conceptualise	51	4.255	0.595	50	4.160	0.866	0.440	0.11
B1/24	Willingness to make personal sacrifice	51	4.569	0.575	50	4.320	1.019	0.108	0.23
B1/25	Self-starter (internal locus of control)	51	4.471	0.731	50	4.380	0.780	0.521	0.09
B1/26	Limited need for status and power	51	3.980	0.883	49	3.694	1.294	0.155	0.21
B1/27	Restlessness with status quo	51	3.490	1.007	50	3.260	1.139	0.159	0.20
B1/28	Drive to achieve and grow	50	4.360	0.663	50	4.220	0.932	0.315	0.15
B1/29	Tolerance for failure	51	3.529	0.987	50	3.640	1.005	0.605	0.07
B1/30	Open-mindedness (lateral thinker)	51	3.843	0.903	50	3.760	1.222	0.588	0.08

With regard to the following characteristics, statistical significant difference (p-value <0.05) between the self and superior assessment were calculated for the mean. The

following characteristics have a statistical significance difference ($p < 0.05$). The characteristics are, **Ability to take responsibility** (p-value = 0.005), **Capacity to inspire others** (p-value = 0.015), **Self-reliance** (p-value = 0.014), **Generosity** (p-value = 0.021), **Integrity and reliability** (p-value = 0.002), **Good judge of people** (p-value = 0.007), **High level of emotional stability** (p-value = 0.013) and **Self-awareness** (p-value = 0.004).

The effect size (d values) is independent of sample size and is a measure of practical significance (Ellis & Steyn, 2003: 51). Effect sizes (d) will be interpreted, according to Cohen's guidelines as follows: small effect (d-value = 0.2), medium effect (d-value = 0.5) and large effect (d-value = 0.8). Results with medium effects can be regarded as visible effects and with $d \geq 0.8$ as practical significant, since it is the result of a difference having a large effect (Field, 2005: 32; Ellis & Steyn, 2003: 51-53).

The following characteristics have medium effects: **Ability to take responsibility** (d = 0.41), **Integrity and reliability** (d-value = 0.46), **Good judge of people** (d-value = 0.40), and **Self-awareness** (d-value = 0.42).

5.6 RELIABILITY OF ENTREPRENEURIAL CLIMATE QUESTIONNAIRE

In order to assess the internal consistency between the items of the measuring questionnaire, Cronbach alpha coefficients were calculated. The Cronbach alpha coefficient is based on the average correlation of variables within a test (SAS Institute 2005: 295). The greater the Cronbach alpha coefficient is, the more reliable the scale. Nunnally and Bernstein (1994: 265) suggest that for acceptable reliability the Cronbach alpha coefficient should be greater than 0.7. Table 5.10 indicates the reliability and internal consistency of the Cronbach alpha coefficients.

Table 5.10: Reliability of the constructs measuring entrepreneurial climate

	Construct	Cronbach alpha
1	Entrepreneurial leadership	0.817
2	Management support	0.768
3	Sponsors (champion)	0.741
4	Tolerance for risk, mistakes and failure	0.685
5	Innovation and creativity / New idea encouraged	0.658
6	Appropriate awards and reinforcement	0.851
7	Vision and strategic intent	0.783
8	Discretionary time and work	0.667
9	Empowered teams / Multi-disciplined teamwork and diversity	0.705
10	Resource availability and accessibility	0.852
11	Continuous and cross-functional learning	0.669
12	Strong customer orientation	0.671
13	Flat organisation structure with open communication and strong sense of belonging	0.785

The results in table 5.10 shown that five constructs obtained Cronbach alpha coefficient calculated below the customary cut-off value of 0.70 as suggested for internal consistency (Nunnally & Bernstein 1994: 265). These five constructs are **Tolerance for risks, mistakes and failure** (0.685), **Innovation and creativity** (0.658), **Discretionary time and work** (0.667), **Continuous and cross-functional learning** (0.669) and **Strong customer relation** (0.671).

The items or statements used to tests these five constructs need to be further investigate to improve the internal consistency.

5.7 ENTREPRENEURIAL CLIMATE SURVEY RESULTS

From the literature reviewed, Oosthuizen (2006) identified thirteen constructs for a climate conducive to corporate entrepreneurship. Using the Likert scale five items for each dimension were randomised and put to respondents, resulting in a total of sixty-five items. In respect of each item, based on a five point Likert scale, respondents have to indicate their degree of agreement (1) or disagreement (5) with the statements content.

Thus a higher number representing disagreement with the statement suggests that the statement is perceived to be untrue. Likewise a low number representing agreement with the statement suggests that the statement is perceived to be true.

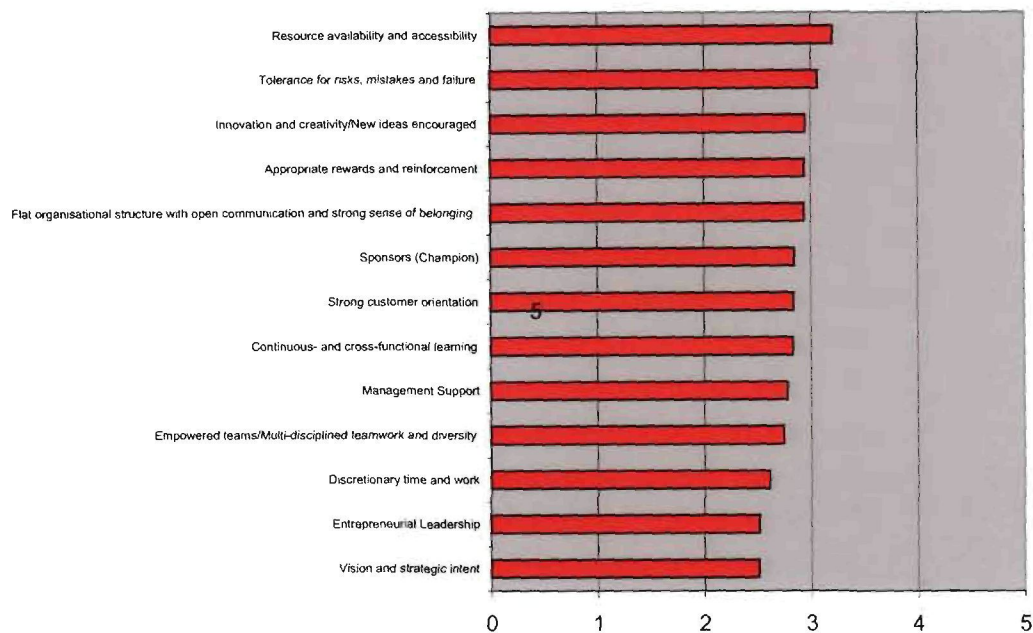
The findings of the survey are shown in table 5.11 below.

Table 5.11: Entrepreneurial climate survey results

	Construct	n	\bar{x}	s
1	Entrepreneurial leadership	52	2.514	0.827
2	Management support	52	2.777	0.730
3	Sponsors (champion)	52	2.845	0.749
4	Tolerance for risk, mistakes and failure	52	3.065	0.729
5	Innovation and creativity / New idea encouraged	52	2.952	0.647
6	Appropriate awards and reinforcement	52	2.939	0.955
7	Vision and strategic intent	52	2.508	0.860
8	Discretionary time and work	52	2.608	0.715
9	Empowered teams / Multi-disciplined teamwork and diversity	52	2.742	0.623
10	Resource availability and accessibility	52	3.204	0.812
11	Continuous and cross-functional learning	52	2.831	0.718
12	Strong customer orientation	52	2.838	0.716
13	Flat organisation structure with open communication and strong sense of belonging	52	2.938	0.859

The results of the survey are graphically depicted in a clustered bar chart in figure 5.3 that compare the values across the constructs ranked from the highest to lowest mean score.

Figure 5.3: Entrepreneurial climate analysis (Clustered bar chart ranked from highest to lowest mean score)



The constructs, **Vision and strategic intent** ($\bar{x} = 2.508$), **Entrepreneurial leadership** ($\bar{x} = 2.514$) and **Discretionary time and work** ($\bar{x} = 2.608$) has the lowest average score. This indicates a relatively strong agreement with the statement. The following five statements, *i.e.* **Empowered teams/ multi disciplined teamwork and diversity** ($\bar{x} = 2.742$), **Management support** ($\bar{x} = 2.777$), **Continuous and cross functional learning** ($\bar{x} = 2.831$), **Strong customer orientation** ($\bar{x} = 2.838$) and **Sponsors** ($\bar{x} = 2.845$) obtained relatively average scores. The constructs, **Flat organisational structure with open communication and strong sense of belonging** ($\bar{x} = 2.938$), **Appropriate rewards and reinforcement** ($\bar{x} = 2.939$), **Innovation and creativity** ($\bar{x} = 2.952$), **Tolerance for risks mistakes and failure** ($\bar{x} = 3.065$) and **Resource availability and accessibility** ($\bar{x} = 3.204$) obtained high scores indicating a relative strong disagreement with the respective constructs. The standard deviation across all thirteen constructs is fairly high, ranging from 0.97 to 1.24.

5.8 RELATIONSHIP BETWEEN DEMOGRAPHICAL VARIABLES AND ENTREPRENEURIAL CLIMATE CONSTRUCTS

Statistical significance tests have the tendency to yield small p-values (indication of significance) as the size of the data set increases. The effect size, however, is independent of sample size and is a measure of practical significance (Ellis & Steyn 2003: 51). In this study, independent t-test (p-value) and effect sizes (d-values) were calculated between the mean values to examine the relationship between the extracted factors, that is, age group of respondents, gender classification of respondents and department classification of respondents. In practice that means that this analysis aim to determine if there is a significant difference between the evaluation based on the mean score for instance male and female respondents with regard to a specific construct.

For the purpose of this study, the demographical data are classified according to the following categories:

- Age: younger as 50 years old; 50:years and older
- Gender: Male; female, and
- Department: Academic and support services.

As mention in paragraph 5.5.3, effect sizes (d) are interpreted, according to Cohen's guidelines, as follows: small effect (d-values = 0.2), medium effect (d-values = 0.5) and large effect (d-values = 0.8). Results with medium effects can be regarded as visible effects and with $d \geq 0.8$ as practically significant, since it is the result of a difference having a large effect (Field, 2005: 32; Ellis & Steyn, 2003: 51-53; Thompson, 2001: 80-93)

Table 5.12 indicates the relationship between the thirteen constructs measuring entrepreneurial climate and the demographic variable gender, with mean (\bar{x}), standard deviation (s), t-test (p) and effect sizes (d)

Table 5.12: Relationship between the construct measuring entrepreneurial climate and the demographic variable gender

	Gender							
	Male			Female			Comparison	
Construct	n	\bar{x}	s	n	\bar{x}	s	p	d
Leadership	31	2.4887	.13748	21	2.5524	.92931	0.796	0.07
Support	31	2.7419	.76975	21	2.8286	.68204	0.672	0.11
Sponsor	31	2.7855	.78307	21	2.9333	.70522	0.482	0.19
Tolerance	31	3.0774	.73517	21	3.0476	.73731	0.887	0.04
New ideas	31	2.9000	.65269	21	3.0286	.71354	0.513	0.18
Rewards	31	2.8274	.17333	21	3.1048	.93727	0.307	0.29
Vision	31	2.3742	.79623	21	2.7048	.93085	0.191	0.36
Timework	31	2.5032	.68677	21	2.7619	.74463	0.212	0.35
Teams	31	2.6258	.57211	21	2.9143	.66805	0.114	0.43
Resources	31	3.1419	.78688	21	3.2952	.85935	0.518	0.18
Learning	31	2.7032	.63639	21	3.0190	.80226	0.140	0.39
Customer	31	2.7935	.75804	21	2.9048	.66218	0.578	0.15
Structure	31	2.8710	.87262	21	3.0381	.84999	0.495	0.19

The demographical variable gender (male or female) classification did not have a statistical (p -value < 0.05) significant on the thirteen constructs measuring entrepreneurial climate.

The results furthermore indicate that the demographical variable gender (male or female) classification of respondents have a small to medium effect on the constructs used to measure entrepreneurial climate. The d value varies between a low 0.04 to a high 0.43. The variables, **Vision and strategic intent** (d -value = 0.36), **Discretionary time and work** (d -value = 0.35), **Continuous and cross-functional learning** (d -value = 0.39) and **Empowered teams** (d -value = 0.43) have a medium effect. None of the

variables gender classification had a practical significant effect on any of the thirteen constructs measuring entrepreneurial climate.

Table 5.13 shows the relationship between the thirteen constructs measuring entrepreneurial climate and the demographic variable age, with mean (\bar{x}), standard deviation (s), t-test (p-value) and effect sizes (d-value).

Table 5.13: Relationship between the constructs measuring entrepreneurial climate and the demographic variable age

	Age group							
	<50			≥50			Comparison	
Construct	n	\bar{x}	s	n	\bar{x}	s	p	d
Leadership	24	2.3883	.87857	28	2.6268	.77895	0.299	0.28
Support	24	2.7083	.77343	28	2.8357	.69932	0.539	0.16
Sponsor	24	2.7000	.88857	28	2.9696	.59369	0.214	0.30
Tolerance	24	2.9333	.84579	28	3.1786	.60542	0.243	0.29
New ideas	24	2.8000	.73426	28	3.0821	.60065	0.141	0.38
Rewards	24	2.9667	.99506	28	2.9161	.93621	0.852	0.05
Vision	24	2.3750	.91616	28	2.6214	.80800	0.313	0.27
Timework	24	2.5750	.75829	28	2.6357	.68865	0.765	0.08
Teams	24	2.6083	.68138	28	2.8571	.55473	0.160	0.37
Resources	24	3.1917	.96815	28	3.2143	.66873	0.924	0.02
Learning	24	2.8083	.81823	28	2.8500	.63392	0.840	0.05
Customer	24	2.6833	.79546	28	2.9714	.62471	0.158	0.36
Structure	24	2.9250	.87638	28	2.9500	.86002	0.918	0.03

The demographical variable age group classification did not have a statistical (p-value < 0.05) significant on the thirteen constructs measuring entrepreneurial climate.

The results furthermore indicate that the demographical variables age group classification of respondents have a small to medium effect on the constructs used to measure entrepreneurial climate. The d-value varies between a low 0.03 to a high 0.38. The variables, **Innovation and creativity / New idea encouraged** (d-value = 0.38), **Empowered teams** (d-value = 0.37) and **Strong customer orientation** (d-value = 0.36) have a medium effect. None of the variables had a practical significant effect on any of the thirteen constructs measuring entrepreneurial climate. Table 5.14 shows the relationship between the thirteen constructs measuring entrepreneurial climate and the demographic variable departments, with mean (\bar{x}), standard deviation (s), t-test (p-values) and effect sizes (d-values).

Table 5.14: Relationship between the constructs measuring entrepreneurial climate and the demographic variable department

	Department							
	Academic			Support			Comparison	
Construct	n	\bar{x}	s	n	\bar{x}	s	p	d
Leadership	16	2.8250	.78951	33	2.3439	.82460	0.058	0.58
Support	16	2.8625	.55483	33	2.7394	.82232	0.540	0.15
Sponsor	16	2.9875	.63862	33	2.7621	.80845	0.296	0.28
Tolerance	16	3.1750	.53104	33	2.9758	.80274	0.307	0.25
New ideas	16	3.0688	.52245	33	2.8606	.72540	0.259	0.29
Rewards	16	2.8531	.81312	33	2.9697	1.02118	0.669	0.11
Vision	16	2.7250	.63193	33	2.4424	.96922	0.228	0.29
Timework	16	2.6000	.71554	33	2.600	.75333	1.000	0.00
Teams	16	2.8750	.57446	33	2.7152	.65389	0.389	0.24
Resources	16	3.3625	.90397	33	3.1273	.80128	0.384	0.26
Learning	16	2.8125	.78134	33	2.8667	.71356	0.817	0.07
Customer	16	2.7875	.40967	33	2.8061	.82080	0.916	0.02
Structure	16	2.8625	.76147	33	2.9091	.90566	0.852	0.05

The variable department classification did not have a statistical (p -value < 0.05) significant on the thirteen constructs measuring entrepreneurial climate.

The results indicate that the variables department classification of respondents have a small effect on the constructs used to measure entrepreneurial climate. The d value varies between a low 0.00 to a high 0.58. The variable, leadership (d -value = 0.58) have a medium effect. None of the variables gender classification had a practical significant effect on any of the thirteen constructs measuring entrepreneurial climate.

5.9 SUMMARY

The empirical study consists of a survey questionnaire that attempted to assess the corporate entrepreneurial climate on the Potchefstroom Campus of the NWU, based on thirteen constructs measuring an entrepreneurial climate.

The study furthermore assesses entrepreneurial characteristics of the respondents as well as their perception of the entrepreneurial characteristics of their superiors.

In terms of the entrepreneurial climate on the Potchefstroom Campus of the NWU, the conclusion is made that the overall entrepreneurial climate is not optimally conducive for entrepreneurial behaviour. Although all the constructs measured are evidently present, it is not yet at a desired level to enhance corporate entrepreneurship.

From the self- and superior-assessment of entrepreneurial characteristics, it is viewed that managers and middle managers and their superiors in general have the ability to behave entrepreneurially.

Characteristics of the self-assessment of entrepreneurial characteristics that need to be developed are patience, ability to see opportunities in the market, low support needs, tolerance for failure and restlessness with status quo.

Characteristics of the superior assessment of entrepreneurial characteristics that need to be developed are open-mindedness, limited need for status, tolerance for failure, patience and restlessness with status quo.

In the next chapter conclusive remarks are made based on the empirical study and recommendations made on how to foster corporate entrepreneurship on the Potchefstroom Campus of the NWU.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

“Leadership has nothing to do with position, title, status or power. Leadership is a choice to make a difference, to do what others are not willing to do. It has to do with unlocking the potential in others.” Fiorina (2006)

6.1 INTRODUCTION

Organisations today, in order to survive in dynamic environments, need to employ corporate entrepreneurship. From the literature study, it was evident that two important variables are necessary for corporate entrepreneurial success. These two variables are the exhibition of entrepreneurial behaviours by organisational members and organisational structures that support such behaviours. Establishing corporate entrepreneurship is a strategic decision and not something that happens overnight. Oosthuizen (2006) cites Timmons and Spinelli (2004) who argue that leadership that instils a vision of greatness and an owner’s mentality across the organisation is where it all begins.

This chapter discuss the implications of the findings of the research as presented in the previous chapter.

6.2 CONCLUSIONS

From the results of the survey questionnaire the following conclusions were made.

6.2.1 Conclusions on demographical information

From the results of the survey questionnaire, the following conclusions about demographical information were made:

- The number of male respondents (59.62%) is representative of the majority of employees at the NWU.
- The majority of respondents fall in the category 40 years and older (78.85%). The NWU needs younger employees that are more inclined to entrepreneurial behaviour.
- The majority of respondents (96.16%) are from the white race group that is representative of the current employment equity ratio on the Potchefstroom campus of the NWU.
- The majority of respondents (94.23%) hold a tertiary qualification and 63.46% holds a post graduate qualification.
- The majority of respondents (61.54%) were from the support staff and is representative of the staff ratio between academic and support staff.

6.2.2 Conclusion on entrepreneurial characteristics

From the self- and superior assessment pertaining entrepreneurial characteristics/competencies the following conclusions are made:

- In general managers and middle managers on the Potchefstroom Campus of the NWU have the potential to behave in an entrepreneurial way.

Managers and middle managers ranked themselves considerable higher than their superiors with regard to the following entrepreneurship characteristics: **High levels of commitment, High levels of creativity and innovativeness, High levels of perseverance, Ability to take responsibility, Capacity to inspire others, Self-reliance, Generosity, Integrity and reliability, Good judge of people, Patience,**

Ability to adapt to change, High level of emotional stability, Self-awareness and Willingness to make personal sacrifice.

The characteristics that managers and middle managers perceived themselves considerable lower than that of their superiors are: **Ability to see opportunities in the market place, Low support needs and Tolerance for failure.**

The single characteristic that scores the lowest in both assessments is **Restlessness with status quo.**

6.2.2.1 Self assessment of entrepreneurial characteristics

Characteristics that pose some concern for entrepreneurial behaviour to manifest in the organisation as identified by the self assessment of entrepreneurial characteristics are.

Patience: Successful entrepreneurs need to show patience. It is not every new idea that will be successful and entrepreneurs might even experience setbacks and failure. The successful entrepreneur need to stay creative and innovative, work around the red tape and lack of co-operation and support till management can no longer ignore it (Oosthuizen, 2006).

The ability to see opportunities in the market place: The ability to see new opportunities in the market is the key function in the innovation process. Innovation is the process by which entrepreneurs convert opportunities into marketable ideas. These opportunities do not suddenly appear, but rather result from an entrepreneur's alertness to possibilities. The organisations sustained effort in corporate entrepreneurship is contingent upon individual members continuing to see new opportunities and create value. The opportunity or "window of opportunity" refers to the time period available for creating a new venture (Nieman *et al.*, 2003). Because of the limited time period it become important that entrepreneurs are able to see the opportunity and act upon it before the window of opportunity close.

Oosthuizen (2006) cites Morris and Kuratko (2002) who proposed the concept of the opportunity horizon, which represents the outer limit on management's vision regarding opportunities open to the organisation. Oosthuizen (2006) argues that for many organisations, the opportunity horizon is quite constrained. Managers are unable to escape the past and future possibilities are little more than extension of what the organisation is doing now and where it has been historically.

Tolerance for failure: In the entrepreneurial organisation, mistakes and failures are tolerated and learned from. Encouraging innovative and risk-taking behaviour in an environment of flexibility and adaptability is the hallmark of a corporate entrepreneurship culture (Kemelgor, 2002). Employees need to know this and should not be punished for mistakes or failures. Management needs to make sure that current systems, structures and practises do not present insurmountable roadblocks, but rather encourage risk taking and tolerate mistakes. To avoid and punish mistakes is a characteristic of a bureaucratic organisation.

Restlessness with status quo: The low level of restlessness with the status quo means employees are satisfied with the status quo and might resist change. It might also mean that there is a general feeling of apathy towards corporate entrepreneurship. Organisations need to adapt to new market trends to sustain a competitive advantage in the industry and corporate entrepreneurship can act as a strategic tool to maintain that competitive advantage.

The above-mentioned characteristics have the potential to limit employee initiative and constrain ongoing entrepreneurial behaviour within the organisation.

6.2.2.2 Superior assessment of entrepreneurial characteristics

Characteristics of superiors as perceived by managers and middle managers that pose some concern for entrepreneurial behaviour to manifest in the organisation are:

Open-mindedness: Entrepreneurial leaders need to be “out of the box” thinkers. Constantly innovation and new ideas are essential in fostering a climate conducive to entrepreneurship in the organisation. Innovation is a key function in the entrepreneurial strategy process (Drucker, 1985). Innovation require “out of the box” thinkers and managers should not discourage employees who proof to be innovators that can think out of the box.

Tolerance for failure: Bureaucratic organisations avoid and punish mistakes while the entrepreneurial organisation tolerate and learn from mistakes. If the perception of management is that they don't tolerate mistakes, employees will rather accept the status quo than create new products or processes that might bear risk.

Patience: New ventures or business processes took time to be developed and tested. Setbacks and failures might occur and management should shown patience and not kill the initiative taken. Superiors should be aware of this characteristic and allow employees time to incubate and develop new ideas and not to discourage new ideas or initiative too soon.

Restlessness with the status quo: The perception of managers and middle managers about their superiors regarding the characteristic restlessness with the status quo score the lowest of the thirteen constructs measuring entrepreneurial climate. The low level of restlessness of superiors as perceived by managers and middle managers means their superiors are satisfied with the status quo and might resist change. It might also mean that there is a general feeling of apathy towards corporate entrepreneurship. Organisations need to adapt to new market trends to sustain a competitive advantage in the industry and corporate entrepreneurship can act as strategic tool to maintain that competitive advantage.

6.2.3 Reliability of entrepreneurial climate questionnaire

Following the results of the survey, five constructs measuring entrepreneurial climate obtained Cronbach alpha coefficient calculated below the customary cut-off value of 0.70 as suggested for internal consistency. These five constructs are **Tolerance for risks, mistakes and failure, Innovation and creativity, Discretionary time and work, Continuous and cross-functional learning and Strong customer relation**. The items or statements used to test these five constructs need to investigate further to improve the internal consistency of the questionnaire.

6.3 CONCLUSIONS ON ENTREPRENEURIAL CLIMATE

From the climate questionnaire that assessed the thirteen constructs conducive for entrepreneurial activity and behaviour, the following conclusions are made:

- The overall climate on the Potchefstroom Campus of the NWU is not optimally conducive for entrepreneurial behaviour.
- Although all thirteen constructs measured are present, it is not at a desired level to enhance and promote corporate entrepreneurship.

6.3.1 Conclusions derived from each construct

The following conclusions based on the findings of the thirteen entrepreneurial climatic imperatives required for an entrepreneurial climate were derived at:

Entrepreneurial leadership: Burns (2005: 13) describes entrepreneurial leadership as the ability to lead and manage the entrepreneurial organisation, encouraging opportunity and innovation to create a competitive advantage.

From the results of the survey it is evident that respondents felt that management on the Potchefstroom Campus of the NWU do show entrepreneurial leadership.

Entrepreneurial leadership must be able to lead employees to think reason and act in an innovative ways. Management must proactively seek to maximise value from opportunity and existing models, and remove structures or resources that are a constraint in creating an entrepreneurial climate.

Management support: Management support in creating an entrepreneurial climate can be described as the willingness of management to facilitate and promote entrepreneurial activity in the organisation (Kuratko & Hornsby, 2001). Developing an appropriate corporate entrepreneurship climate requires a firm commitment from top management and can be considered as one of the most important steps in creating an entrepreneurial climate.

From the results of the survey it was found that management does not strong enough encourage the developing of new ideas or processes and are not always aware of new ideas and suggestions. The effect of a lack of management support is that it does not encourage employees to think innovative (Kemelgor, 2002).

Sponsors: A sponsor is someone in the organisation that coaches, protects and marshals resources for the team (Pinchot & Pellman, 1999). Turner (2002) argues that sponsorship from top management is required to allow employees the qualities of having the confidence and passion to develop an opportunity.

At the Potchefstroom Campus of the NWU, there is a lack of managers who have the necessary skills, power, commitment and courage to act as sponsors of entrepreneurial activities.

Tolerance for risks, mistakes and failure: Encouraging innovative and risk-taking behaviour by employees in an environment of flexibility and adaptability are the hallmarks of a corporate entrepreneurship culture (Kemelgor, 2002).

The results of the study found that there is a low tolerance for risks, mistakes and failure at the Potchefstroom Campus of the NWU. Projects involving risk and unpredictability are not highly valued. Encouraging innovative and calculated risk-taking behaviour is an important element in creating an entrepreneurial climate.

Innovation and creativity / New ideas encouraged: Kuratko and Hodgetts (2007) argue that an organisations sustained effort in corporate entrepreneurship is contingent upon individual members continuing to undertake innovative activities. Innovation is a key function in the entrepreneurial process.

Innovative new ideas are not a regular occurrence on the Potchefstroom Campus of the NWU. Employees are not actively inspired and encouraged to think “out of the box”. The fact that risk-taking behaviour is not encouraged will undermine innovation and creativity.

Appropriate rewards and reinforcement: Kuratko and Welsch (2004) argue that organisations need to have a rewards system in place where recognition is given to individuals who attempt to capitalize on innovative opportunities. It is further supported by Kuratko and Hodgetts (2007) who argue that rewards and reinforcement enhance the motivation of individuals to engage in innovative behaviour.

From the results of the study it was found that individuals with successful innovative new ideas do not receive sufficient additional rewards and recognition for their efforts on the Potchefstroom Campus of the NWU.

Vision and strategic intent: The vision of an organisation encompasses the values upheld by the organisation and is a key element of both entrepreneurship and leadership (Burns, 2005).

The organisations vision is relatively clear to the staff on the Potchefstroom Campus of the NWU and they can identify with the values of the organisation. However it is not clear whether the vision inspire them to be creative and innovative.

Discretionary time and work: Organisations need to make resources and time available to employees to actively participate in the process of developing and shaping new ideas (Oosthuizen, 2006). Kuratko and Hodgetts (2007) argue that the fostering of new and innovative ideas requires that individuals given time to incubate these ideas.

From the results of the survey it was found that employees on the Potchefstroom campus of the NWU, are given some opportunity for independence, freedom and autonomy on deciding how to do their work.

Empowered teams / Multi disciplined teamwork and diversity: The entrepreneurial organisation creates cross-disciplinary teams to improve innovation, and empower them to make decisions (Pinchot & Pellman, 1999).

Cross-functional teams are not utilised effectively enough on the Potchefstroom Campus of the NWU.

Resource availability and accessibility: Organisational support in terms of resource availability is an important driver of entrepreneurial activities in an established organisation (Antoncic & Hisrich, 2003).

From the results of the study it was found that employees feel that resources are not readily available and accessible in pursuit of new ideas and opportunities and financial support are limited and not easily approved.

Continuous and cross-functional learning: A learning organisation facilitates learning for its entire staff and continually transforms itself (Burns, 2005).

The NWU do provide ample opportunities for learning and growth and encourage their staff to stay abreast of developments in their study fields but sharing of knowledge across functions is limited.

Strong customer orientation: Customer satisfaction is a key success factor for any organisation and should be the primary goal of any organisation. Customer satisfaction is a behaviour over which people have reasonable control and is linked to good human relations (Cummings & Worley, 2005).

Universities customers are the students, the parents paying tuition fee, the industry and the society in which they operate. It is doubtful whether the university product and service innovation are driven by strong customer orientation and whether sufficient resources are spent in determining needs and satisfaction.

Flat organisational structure with open communication and strong sense of believing: Entrepreneurial organisations need a flatter structure which results in better communication, greater delegation of authority and faster decision making (Burns, 2005).

The current structure of the Potchefstroom Campus of the NWU is not people centred, team-based and dominates by informal networks with a strong support for employee's desire for independence necessary for staff to act more entrepreneurially.

6.4 RECOMMENDATIONS

From the conclusions made on the thirteen constructs measuring entrepreneurial climate, it was evident that the overall entrepreneurial climate on the Potchefstroom Campus of the NWU is not optimally conducive for entrepreneurial behaviour.

Furthermore, from the literature study it was evident that to create and foster an entrepreneurial climate in any organisation top management support and commitment is vital. Prof Annette Combrinck, Rector of the Potchefstroom Campus of the NWU is on record, saying that one of her main targets as rector is to create a work-fulfilment environment for staff to flourish in.

Becoming an entrepreneurial university requires a fundamental culture change throughout the whole organisation, and not just isolated, short term, or cosmetic adjustments.

Thus, the question that arises next is “What are the steps that management on the Potchefstroom Campus of the NWU can take to enhance its probability of entrepreneurial success?”

Promoting corporate entrepreneurship might need a new leadership style. Leadership is about being brave. It is about making decisions and taking action, not being reckless, it needs to be calculated and considered and have a basis with some substance (Bridle, 2006).

6.4.1 Assess management internal climate imperatives

For management acceptance of the challenge creating an entrepreneurial climate, management self need to know where they are by answering the following questions as proposed by Oosthuizen (2006). The thirteen constructs used to measure

entrepreneurial climate can be used by management to gauge the extent of their own current attitude to these thirteen climatic imperatives.

- **Entrepreneurial leadership:** Are we sharing the organisation's vision and creating the space, systems and procedures and cultures to free others – at all levels of the organisation – to take responsible initiative that can achieve the vision?
- **Management support:** Are we facilitating and promoting entrepreneurial activity in the organisation, supporting innovative ideas, providing necessary resources or expertise, and institutionalizing the entrepreneurial activity within the organisation's system and processes?
- **Sponsors:** Do we have sponsors who champion, coach, protect and marshal resources for intrapreneurial endeavours?
- **Tolerance for risks, mistakes and failures:** Are we willing to take risks and show a tolerance for failure when it occurs, allowing experimentation and encouragement of trial and error?
- **Innovation and creativity:** Do we encourage innovation among employees and creating space for stimulating ideas to bubble up from individuals?
- **Appropriate rewards and reinforcement:** Do we appropriately rewarded intrapreneurs for all the energy, effort and risk taking expended in the creation of new processes or systems?
- **Vision and strategic intent:** Are we articulating an inspiring future that guides decisions, inspire commitment and motivate action? Are our employees moved by the vision and do they understand what they must do to bring it in realisation?
- **Discretionary time and work:** Do our employees have discretion to the extent that they are able to make decisions about performing their own work in the way they believe is most effective, and do we allow people freedom to use some of their own time to explore new ideas without having to ask for permission?
- **Empowered teams:** Are our teams cross-disciplinary and diverse to improve innovation, and are they empowered to make decisions?

- **Resource availability and accessibility:** Do we provide support in terms of resource availability and make it easy accessible for intrapreneurs to explore and develop new ideas to include?
- **Continuous and cross-functional learning:** Do we encourage employees to constantly improve and develop themselves to identify opportunities and solve problems through collaboration and a knowledge-sharing?
- **Strong customer orientation:** Do we invest time, energy and imagination in listening to and understanding customers, and do we instil customer orientation with our employees so that they understand customer needs and satisfaction are the priority of our organisation?
- **Flat organisational structure with open communication and strong sense of belonging:** Do we have a decentralised, flexible structure that can react quickly to the changing environment and facilitates organisational community where people take care of each other and help each other? (Oosthuizen, 2006).

All thirteen of these constructs need to be present in an organisation to create a climate of entrepreneurship. Only if management agree that all thirteen constructs are necessary and that they do support these views, and took a conscious decision to embrace corporate entrepreneurship, recommendations to further enhance entrepreneurial climate on the Potchefstroom Campus can be made.

6.4.2 Create entrepreneurial awareness

The vision of the NWU is “to be a pre-eminent university in Africa, driven by the pursuit of knowledge and innovation”. From the results of the study measuring entrepreneurial climate, it was found that the organisations vision is known to staff on the Potchefstroom Campus of the NWU and they can identify with the values of the organisation. However it is not clear whether the vision inspire them to be creative and innovative.

Management need to embark on a communication campaign explaining the vision and the importance of the vision in the light of creating a competitive advantage in the Higher

Education market. During this communication campaign, the concept of corporate entrepreneurship must be introduced throughout the organisation. The importance of innovativeness in an entrepreneurial climate must be emphasized and staff invited to come forward with innovative ideas. This communication campaign can further be accomplished through seminars and other internal communication methods for example the daily NWU news-flash and internal publications like "Eish".

6.4.3 Training

The significance and value of training and self-development has long been recognised. Training is an activity that can be used to change people's behaviour. The assessment of management and their own perception of the current corporate entrepreneurial status in the organisation should form the basis of training and development programmes to be designed (Oosthuizen, 2006).

A positive step is the announcement of the newly formed Leadership Academy from the beginning in 2009. This is the result of a process since January 2008, which included a workshop with senior management, identification of selected leadership and management competencies, and the design of a customized development program for managers and potential managers. The aim of the Leadership Academy is to provide an in-house program for the structured and continuous development of leading managers' competencies and potential. The base premise is that leadership is the shared responsibility of a set of persons in the University (the "leadership community") who needs to exercise that leadership in a collective and aligned manner for the University to be successful and sustainable.

There are three target groups identified and they will involve managers at different levels as follows: All IM-members (including campus rectors), vice-rectors, chief directors, campus registrars, deans and directors. Participation in the programs of the Leadership Academy is not optional. Dr Theuns Eloff, Vice Chancellor of the NWU conclude that they are very excited about the Leadership Academy and furthers: "It is the first of its

kind at a university in South Africa, and I am confident that the programs will contribute to the goals of organisational effectiveness and quality of work life”.

Although the content of the training is not yet known, it is important that it include the goals of corporate entrepreneurship and assist managers to help creating an entrepreneurial climate in the NWU to achieve the vision.

In this regard staff and lecturers of the Potchefstroom Business School can assist in training and workshops. The Business School is known for its practical business solutions approach to change managers and unlock their potential to enable them to create value and make a difference within their organisation.

It is furthermore important that training do not stop at the above-mentioned levels of staff but carry through to lower levels of staff as well. It is all about unlocking of potential and it might be necessary for management to experience pressure from lower levels of staff and took notice of new innovative ideas.

6.4.4 Support structure

Corporate entrepreneurship requires a strong support structure. In this regard, the innovation office and quality control office, established for the HEQC audit at Institutional head office can play a major role in offering support and act as mentors for new projects or processes. This support is vital since intrapreneurship is usually a secondary activity in the organisation and does not immediately affect the bottom line. It can then be easily overlooked and may receive little funding and support.

Although the University do have a Innovation office it concentrate on larger projects and aim to:

- attract industry and government research funding;
- establish an international reputation for research excellence;

- establish linkages with other universities, industry and government;
- generation of financial returns from commercialisation;
- growth of knowledge-based industries through research and its commercialisation, and
- generation of national wealth, through new products, services and employment.

The Innovation office role is further to enhance the culture of innovation through;

- organise innovation competitions;
- establish innovation forums / discussion groups among students and researchers, and
- personal interaction with researchers.

Management must urge the Innovation office to be more visible to enhance the culture of innovation under employees. Innovation competitions and innovation forums or discussion groups must also be held for support staff to stimulate new innovative ideas or processes.

6.4.5 Rewards

If intrapreneurship secure a firm commitment from top management, rewards is an element that must be adequately addressed. Kuratko and Welsch (2004: 42) argue that the organisation must have a reward system in place where recognition is given to individuals who attempt to capitalize on innovative opportunities. It is further supported by Kuratko and Hodgetts (2007: 70) who argue that rewards and reinforcement enhance the motivation of individuals to engage in innovative behaviour.

Management need to request the Human Resource department to develop a reward system tying rewards to the performance of the intrapreneurs or the intrapreneurial unit. The aim of a reward system is to reward performance, providing challenges, increasing

responsibilities, and making the ideas of innovative people known to others in the organisational hierarchy (Kuratko & Hodgetts, 2007).

The reward system should be clear, easy to understand and consistent in the rewarding of performance.

6.5 ACHIEVEMENT OF THE STUDY'S OBJECTIVE

The main objective of this study was to assess the corporate entrepreneurship climate on the Potchefstroom Campus of the NWU and to make recommendations on how to foster corporate entrepreneurship in the university.

In order to address the primary objective, the following secondary objectives were identified.

- to define corporate entrepreneurship;
- to obtain insight into the dynamics of corporate entrepreneurship by means of a literature study;
- to obtain insight into the business environment of the North-West University;
- to assess the current entrepreneurial climate in the North-West University;
- to determine to what extent employees at the North-West University are inclined towards an entrepreneurial state of mind;
- to examine the relationship between the demographic variables and the constructs measuring entrepreneurial climate, and
- to suggest practical recommendations in order to foster corporate entrepreneurship in the North-West University.

The first objective, to define corporate entrepreneurship, was achieved by defining corporate entrepreneurship in section 3.2.4 in chapter 3 of this study.

The second secondary objective, to obtain insight into the dynamics of corporate entrepreneurship by means of a literature study, was achieved by means of the literature study as presented in chapters 3 and 4.

The third objective, to obtain insight into the business environment of the North-West University was achieved in chapter 2 of this study.

The fourth objective, to assess the current entrepreneurial climate in the North-West University, was achieved by means of the empirical research followed by a presentation thereof in chapter five.

The following objectives, to determine to what extent employees at the North-West University are inclined towards an entrepreneurial state of mind and to examine the relationship between the demographic variables and the constructs measuring entrepreneurial climate was achieved by means of empirical research and statistical and practical significance tests and was presented in chapter 5 of this study.

The last secondary objective, to suggest practical recommendations in order to foster corporate entrepreneurship on the Potchefstroom Campus of the NWU was achieved by presenting recommendations in Section 6.4 of this study.

The conclusion can be made that all of the secondary objectives were achieved. Based on the realising of the secondary objectives, as well as the recommendation put forward in Section 6.4, it can be concluded that the primary objective of this study was achieved.

6.6 SUGGESTIONS FOR FUTURE RESEARCH

The focus of this study was on fostering a climate conducive to corporate entrepreneurship on the Potchefstroom Campus in the NWU. The first recommendation is that the items measuring the following constructs of entrepreneurial climate be further research to improve the internal consistency of the questionnaire. The constructs is

Tolerance for risks, mistakes and failures, Innovation and creativity, Discretionary time and work, Continuous and cross-functional learning and strong customer relation.

The second recommendation for future research is to assess corporate entrepreneurship on all three campuses of the NWU and to make further recommendations to Institutional management to foster an entrepreneurial climate in the NWU.

6.7 SUMMARY

The challenge for South African universities is sustainable corporate entrepreneurship-making entrepreneurship happen on an ongoing basis throughout the organisation. Sustainable corporate entrepreneurship requires an entrepreneurial climate. In this study thirteen constructs measuring entrepreneurial climate were proposed.

In order to translate these thirteen constructs in a climate conducive to corporate entrepreneurship requires a conscious decision by the organisation's leadership to embrace corporate entrepreneurship.

A number of steps are recommended to top management for consideration to enhance corporate entrepreneurship on the Potchefstroom Campus of the NWU. The steps are:

- assess management internal climate imperatives;
- create entrepreneurial awareness;
- training;
- support structures, and
- rewards.

It remains the task of management to unlock the potential of people. In addition to establishing entrepreneurial ways and nurturing intrapreneurs, management need to develop an environment that will help innovative-minded people reach their full potential. Corporate entrepreneurship is a source of competitive advantage in the twenty first century and organisations will have no alternative but to become intrapreneurial or cease to exist (Morris & Kuratko, 2002).

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