

**AN ASSESSMENT OF CORPORATE
ENTREPRENEURSHIP IN THE LIFE INSURANCE
SECTOR**

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ABSTRACT

This study aims to examine corporate entrepreneurship within the insurance industry, with specific reference to Old Mutual Retail Affluent within South Africa. An overview of Old Mutual South Africa is given with specific focus on history and operating environment of the organisation. The factors that emphasises the need for corporate entrepreneurship within the insurance industry is the growing demand for solutions that break the cycle of annual insurance renewals, the emergence of new exposures, and the approach taken by organisations to analyse risk on a more comprehensive basis. In general the fast changing operating environment and the fact that Old Mutual operates in an extremely regulated environment highlights the importance and need for corporate entrepreneurial strategies.

In the turbulent and dynamic economic environment of the twenty first century, as well as the constant changes within large and established organisations like Old Mutual, makes it imperative for these organisations to establish and maintain a competitive advantage. Literature has proved that large and established organisations can only do this by being entrepreneurial in all spheres of the organisation. The middle manager is the catalyst that must evoke entrepreneurial behaviour as well as to foster an entrepreneurial climate in the organisation.

A comprehensive literature study was conducted, which was followed by an empirical study. By means of self-assessment perceptions of middle managers were tested in relation to entrepreneurial characteristics. Based on the findings of the empirical study and the insight gained during the literature study, recommendations were made on the fostering of entrepreneurship within large organisations. An analysis is made of perceptions regarding the presence of constructs of a climate of corporate entrepreneurship as well as constructs indicating the success of the organisation. Furthermore, the effect of demographical variables on recorded perceptions is interpreted.

Several recommendations are made in order to improve the entrepreneurial climate within Old Mutual Retail Affluent as it will contribute to the creation of increased organisational commitment and the future economic performance of the organisation.

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CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

Wolcott and Lippitz (2007:75), define corporate entrepreneurship as the process by which teams within an established company conceive, foster, launch and manage a new business that is distinct from the parent company, but leverages the parent's assets, market position, capabilities or other resources. It differs from corporate venture capital which predominantly pursues financial investments in external companies. Although it often involves external partners and capabilities (including acquisitions), it engages significant resources of the established company, and internal teams typically manage projects. It's also different from spinouts, which are generally constructed as stand-alone enterprises that do not require continuous leveraging of current business activities to realize their potential.

Corporate entrepreneurship, however, is a risky proposition according to Gravin and Levesque (2006:2). New ventures set up by existing organisations face innumerable barriers and research shows that most of them fail. Emerging businesses seldom mesh smoothly with well-established systems, processes, and cultures.

Yet success requires a blend of old and new organisational traits, a subtle mix of characteristics achieved through what is being called balancing acts. Unless organisations keep those opposing forces in equilibrium, emerging businesses will flounder (Gravin et al., 2006: 2).

Ferreira (2002: 12) states in his article on corporate entrepreneurship that it is an evolving area of research. The identification of the various dimensions or factors of corporate entrepreneurship is a broad area to consider. The principal objective of this study is to extend the theory of entrepreneurship by conducting a climate survey on corporate entrepreneurship within Old Mutual Retail Affluent in South Africa.

Ultimately, according to Freeman and Engel (2007:118), the entrepreneurial and corporate models of innovation combine. By focusing on the vector of the innovation rather than the legal enterprise, they are of the opinion that bringing new innovations to market often involves a partnership to which entrepreneurial ventures and mature corporations each contribute. Both partnerships ultimately benefit from this, as well as their key stakeholders, founders, investors, employees, and customers. This is not simply a result of opportunistic transactions, but often an explicit implementation of business strategy, supported and encouraged by the institutionalized elements of the entrepreneurial and corporate models of innovation.

According to Freeman *et al.* (2007:95), an important caveat is that with a good deal of luck and effort, entrepreneurial ventures evolve into sustainable, growing, profitable businesses (e.g. organisations such as the Old Mutual Group). Their success can be measured most obviously by looking at its the age and size, as selling products or services and managing more people require organisational structure and business processes to provide internal control and external accountability. As the start-up grows, matures, and develops, its innovation process slows. As a result, it falls victim to the very problems that generated its initial advantage. Success leads to innovative friction and no winner is ever secure.

1.2 PROBLEM STATEMENT

Scotsman John Fairbairn founded The Mutual Life Assurance Society of the Cape of Good Hope in 1845, which has since then developed and evolved into a leading long-term savings, protection and investment group powering a portfolio of highly trusted brands. Old Mutual is now a FTSE100 listed company and operates in 35 different countries worldwide.

Corporate entrepreneurship encompasses a set of activities, attitudes and actions that are believed to help companies regain some of the spark, innovation, speed and risk-taking that they once had, but which have slowly eroded under the weight of size, bureaucracy, complex processes and hierarchy.

Thornberry, who holds a doctorate in Organizational Psychology and author of *Lead like an Entrepreneur* (2006), is of the opinion that companies are seeking ways of reinventing or revitalising their entrepreneurial roots. Much has been written about corporate entrepreneurship over the last ten years, but very little is understood regarding its implementation within large organisational settings (Thornberry, 2001:529).

This study aims to get a more holistic perspective on the practical implementation of corporate entrepreneurship by studying the ways Old Mutual South Africa encourages their employees and business partners to continue evolving in a challenging industry, whilst maintaining their competitive advantage over their opposition.

1.3 RESEARCH OBJECTIVES

The research objectives are divided into primary and secondary objectives.

1.3.1 Primary objectives

The primary objective of this study is to assess the level of corporate entrepreneurship in the South African insurance industry, with specific reference to Old Mutual Retail Affluent, and to make recommendations on the encouragement and promoting of an entrepreneurial climate.

Various initiatives within Old Mutual Retail Affluent are already in place to support innovative behaviour, but the question remains if middle managers observe the organisation to have a true entrepreneurial environment.

In conclusion, recommendations will be offered to cultivate the current entrepreneurial climate within Old Mutual.

1.3.2 Secondary objectives

The secondary objectives have been prepared as support to the achievement of the primary objective:

- ◆ To define corporate entrepreneurship and entrepreneurial climate.
- ◆ Conduct a literature review to gain insight into the dynamics of corporate entrepreneurship, the entrepreneurial climate and the role of middle management within these concepts together with the organisations' perceived success.
- ◆ Conduct an historical overview of Old Mutual with specific focus on Retail Affluent within South Africa.
- ◆ To assess the perceived entrepreneurial climate at Old Mutual Retail Affluent by means the questionnaire.
- ◆ To conduct an empirical study to determine the awareness of corporate entrepreneurship, as well as drawing certain conclusions to offer recommendations for cultivating an entrepreneurial climate.

1.4 SCOPE OF THE STUDY

1.4.1 Field of study

The field of study is corporate entrepreneurship, entrepreneurial climate and the role of middle management within an entrepreneurial organisation.

1.4.2 The Company under investigation

The company under investigation is Old Mutual South Africa. Old Mutual has consolidated all long-term savings businesses into a single operating structure, including Skandia, Old Mutual South Africa (OMSA), United States Life and Asia

Pacific. The company believes that there is a significant amount of value that can be unlocked by these businesses working together, for example by deploying the distinctive technology and capabilities (that exist within Old Mutual's South African, United Kingdom and Nordic platform businesses) more effectively across the Group. Old Mutual remains firmly committed to all South African businesses. In line with the company's focus on maximising the value of each individual business, it believes that more value can be achieved through closer co-operation among them.

The study will focus on the Old Mutual Group's middle and regional management levels in their Gauteng offices. It will revise on the extent to which middle management are motivated by higher level management to be innovative, as well as how they in turn motivate their subordinates to be entrepreneurial and original.

There is an average number of 15 000 people permanently employed by Old Mutual South Africa, of which 5 000 are in the Retail Affluent business.

1.5 RESEARCH METHODOLOGY

This research was conducted in two phases. A literature study was conducted on corporate entrepreneurship, followed by an empirical study at Old Mutual's Sandton office in Johannesburg.

1.5.1 Literature review

A literary review will be conducted by means of evaluation and interpretation of various forms of literature on the topic of corporate entrepreneurship. These include textbooks and previous research studies in this field, amongst others that by Garvin and Levesque (2006), and Freeman *et al.* (2007). Assessment and interpretation of the literary works will give insight and background information to the field of study.

An overview of the organisation under discussion will receive attention, by focusing on the history, company structure and operating environment of Old Mutual within South Africa.

The entrepreneurial climate is one of the most important topics that will be researched, together with the determinants thereof (Cornwall & Pellerman, 1990). Attention will also be drawn to the role that middle management plays in creating and sustaining an entrepreneurial climate (Hornsby, Kuratko & Zahra, 2002) and how to establish corporate entrepreneurship within an organisation (Hisrich & Peters, 2002).

1.5.2 Empirical research

Empirical research will be done by means of a survey that will be administered to middle management levels of Old Mutual SA to extract the necessary data. This research will be used to test the problem statement.

- ◆ Constructing the questionnaire

An empirical study will be done by means of a questionnaire supplied by the Potchefstroom Business School, developed by Oosthuizen (2006) and adapted by Jordaan (2008). The questionnaire focuses on measuring the perception of middle management on the entrepreneurial climate within the organisation. It also uses a five-point scale where middle managers have to indicate the degree to which they agree or disagree (1 = strongly disagree; 5 = strongly agree) with a specific question or statement. A final section is also devoted to the gathering of particular demographical information from the individual respondents.

- ◆ The study population

The target population for this study is middle managers within Old Mutual's retail affluent business department. This division of Old Mutual is more strategic in nature and requires employees to be proactive and innovative in their approach to work.

- ◆ Data gathering

Data will be gathered by emailing copies of the questionnaire to individuals who have been identified as part of the study population. Preceding the distribution of the

questionnaires, electronic communication will be sent out to the relevant individuals to explain the purpose of the survey and to ask for their commitment to successfully complete the questionnaires by a target date. The study population will also be assured of the confidentiality with which the information will be handled.

- ◆ Statistical analysis

The quantitative data obtained will be statistically analysed, using SPSS (SPSS , 2009) as provided by the Potchefstroom Business School. The analysis will consist of descriptive statistics entailing arithmetic mean, standard deviation Cronbach Alpha coefficient testing the reliability of the questionnaire and the inferential statistics such as the independent t-test and effect size.

1.6 LIMITATIONS TO THE STUDY

The study is aiming to assess the level of corporate entrepreneurship within Old Mutual SA and whether it is part of the company's culture. The sheer size and demographics of Old Mutual is making the execution of the empirical study challenging. Electronic communication with the identified population is crucial to the success rate of the questionnaires. Buy-in from top and middle management will determine the quality of feedback received. The study will be conducted from Old Mutual Gauteng, which is a limitation to the study.

1.7 LAYOUT OF THE STUDY

Chapter 1 – Nature and scope of the study

Chapter 1 served to provide background to the study, as well as introduced various concepts on corporate entrepreneurship. The problem statement not only provided direction to the study and highlighted the entrepreneurial environment within Old Mutual SA, but also determined to what extent middle managers perceived Old Mutual as having an entrepreneurial climate.

Primary and secondary objectives were set out to be achieved from the problem statement. Primarily a corporate entrepreneurial climate survey was conducted within Old Mutual SA, after which recommendations were offered on how to cultivate the climate further.

The scope of the study identified the field of the study and provided a brief introduction to Old Mutual SA. The research methodology was also described. Research was done through a literature review; an empirical study was done by means of a questionnaire within a predefined population.

The limitations of the study were discussed, as well as the layout of the chapters.

Chapter 2 – an overview of Old Mutual South Africa

Chapter 2 provides an overview of Old Mutual South Africa focussing specifically on the risk and insurance industry. The chapter concludes by addressing specific causal factors of the study.

Chapter 3 – Literature review

The concept of corporate entrepreneurship will be defined in detail in Chapter two. The corporate and entrepreneurial models of mature corporations will be compared and discussed in detail. The role middle management plays within corporations to encourage corporate innovation will be explored. The characteristics of corporate entrepreneurs will be examined and ways on how to develop such an environment further will be elaborated upon.

Chapter 4 – Empirical research

Chapter three provides a detailed explanation of the research methodology that will be used to complete this study. The data will be gathered, analysed and compiled in a user-friendly format. An explanation of statistical method used to analyse the data will also be provided.

Chapter 5 – Conclusion and recommendations

Chapter four will provide Old Mutual with a final conclusion in terms of their corporate entrepreneurial climate. Practical recommendations will be provided that will support the further development of the entrepreneurial character within Old Mutual. The primary and secondary objectives that were set will be evaluated to confirm whether they have been met.

CHAPTER 2

OVERVIEW OF THE ORGANISATION

2.1 INTRODUCTION

Scotsman John Fairbairn founded The Mutual Life Assurance Society of the Cape of Good Hope in 1845, which has since then developed and evolved into a leading long-term savings, protection and investment group powering a portfolio of highly trusted brands. Old Mutual is now a FTSE100 listed company and operates in 35 different countries worldwide.

Old Mutual's vision is to be their customers' most trusted partner, passionate about helping them achieve their lifetime financial goals. Their strategy is to build a long-term savings, protection and investment group by leveraging the strength of people and capabilities in South Africa and around the world. They strive to focus, drive and optimise their businesses to enhance value for customers and shareholders.

Old Mutual operates primarily in the long-term savings market. This market is attractive and growing and has changed significantly over recent years. People all over the world are today saving for their retirement against a background of declining state and corporate support. In many markets Old Mutual focuses on, people are living longer and have higher expectations of an active retirement. They want their needs to be understood and met and they expect choice, transparency and flexibility in the products available to them. Old Mutual's business model, in which they operate close to the customer, enables them to fulfil those requirements.

Their primary objective as a business is to preserve and grow the money that their customers entrust to them, either directly or through their advisors (<http://www.oldmutual.com/about/heritage.jsp>).

2.2 OLD MUTUAL SOUTH AFRICA

From financial planning to managing your financial portfolio, Old Mutual South Africa enables investors to manage their wealth with the flexibility of a multitude of investment options. Old Mutual's focus is to become the preferred financial services provider to every economically active home and business.

The company's core business includes:

- ◆ Life assurance
- ◆ Asset management
- ◆ Investments
- ◆ Corporate solutions
- ◆ Savings
- ◆ General insurance

2.2.1 Life Assurance

Old Mutual's life assurance business is the largest in South Africa and provides wealth protection and wealth creation products to individuals and enterprises. A wide range of savings products and funds, including unit-linked funds, are offered by the asset management business to both third party and insurance clients.

2.2.2 Asset Management

Old Mutual's banking business is conducted by one of South Africa's top four banks, Nedbank, with the general insurance business conducted by Mutual & Federal. Both companies are South African listed subsidiaries of the group.

Old Mutual's South African life and asset management business has at its core the largest distribution capability in the South African industry, using a combination of tied agents, independent financial advisers, bank distribution, corporate advisers and

direct distribution to ensure that the business appears in front of a full spectrum of potential clients (<http://www.oldmutual.com/about/heritage.jsp>).

2.2.3 Investments

Old Mutual's investment and risk products, as well as its strong links with other African businesses, allow the company to be uniquely positioned to meet the full array of client needs. The business is supported by strong branding and a proven reputation for prudent and effective long-term investment returns.

Old Mutual Investment Group (SA) (OMIGSA) is a multi-boutique investment house encompassing all the investment businesses in the South African Old Mutual Group. OMIGSA is comprised of 12 investment boutiques, all of which are performance-driven, independent and offer a focused range of products and capabilities to meet different client needs. Each boutique focuses on its own specialist investment area and is managed by a team of highly competent and experienced investment professionals.

Old Mutual Unit Trusts is one of the largest management companies in South Africa. Established in 1966, its aim is to provide South Africans with access to the wealth generating potential of the stock exchange. It offers a wide range of funds designed to suit various investment needs.

Fairbairn Capital presents the discerning investor with a consolidated offering of leading global investment solutions, accessible through a single centre of investment excellence. Fairbairn Capital offers the affluent investor access to a comprehensive range of local and rand-denominated offshore investments.

Old Mutual Max Investments is the simple solution for wealth creation that cuts through product clutter to help investors achieve their goals. This investment offers maximum flexibility and choice (<http://www.oldmutual.com/about/heritage.jsp>).

2.2.4 Corporate Solutions

Old Mutual caters for the needs of institutional and corporate investors through products and services as offered by the corporate division. The Employee Benefits offering is especially useful for companies and small business owners alike. It provides group life and disability insurance products, group retirement savings products and administrative and consulting services to pension funds and their members.

2.2.5 Savings

Old Mutual Group Schemes offer a range of value-for-money products developed to benefit all South Africans. The products offered by this division of Old Mutual include savings plans (for specific goals or education funding) and funeral cover.

2.2.6 General Insurance

Mutual & Federal is one of the leading insurance companies in Southern Africa. It provides short term insurance services to individuals, companies and corporations operating in South Africa, as well as Namibia, Botswana and Malawi. These services are offered through a network of highly experience brokers who are able to offer clients personal service and advice when purchasing policies and practical assistance in the event of a claim.

Old Mutual continues to adopt an approach of being all things to all people. It is even looking to serve the bottom of the market, the R1000-R3000/month earners, which is a repeat of a 1970's decision to start selling to the broader market.

Old Mutual was the first business to offer savings and life policies to the mass market (then less subtly known as the black market) in 1978 with the launch of its group schemes business. Until then, only funeral policies were targeted at the mass market, and they were more limited than funeral policies today. Old Mutual was the first life office to offer parents funeral cover on a policy, for example. Mass market now accounts for 48% of the value of OMSA's new life business, which is almost as

much as the core life business and corporate benefits combined (<http://www.oldmutual.com/about/heritage.jsp>).

2.3 COMPANY HISTORY

Old Mutual has a history of more than 150 years as a South African based mutual society prior to its public listing in 1999. Some of Old Mutual's historical highlights from 1845 to the present, pre- and post demutualisation of the company are highlighted below (<http://www.oldmutual.com/about/heritage.jsp>).

Old Mutual from 1996-2009:

2009: Kuseni Dlamini appointed new Chief Executive of Old Mutual (SA).

Paul Hanratty appointed CEO of Old Mutual plc Long Term Savings division.

2008: Julian Roberts appointed new Chief Executive Officer.

Jim Sutcliffe, Old Mutual Chief Executive Officer, steps down.

2007: Old Mutual SA redefines its investment profile with the launch of the Old Mutual Investment Group (SA) that comprises 12 performance-driven, autonomous investment businesses.

2006: Paul Hanratty appointed MD of Old Mutual (SA).

Old Mutual registers on "A" List of the Stockholmsbörsen AB/Stockholm Stock Exchange (SSE).

2005: Chris Collins replaces Mike Levett as Chairman.

Old Mutual announces its Black Economic Empowerment deal.

Nedcor Limited renamed Nedbank Group Limited.

Old Mutual offers to buy Skandia.

2004: Mutual & Federal Investments (Proprietary) Limited announces the results of its offer to acquire the minority interests in Mutual & Federal Insurance Company Limited (Mutual & Federal).

2003: Old Mutual purchases Sage Life (Bermuda).

Old Mutual sells Gerrard Management Services Limited to Barclays Bank plc.

2001: Roddy Sparks is appointed MD of Old Mutual (SA).

Unified Life Insurance Co. is acquired and renamed American Life.

Nedcor and Old Mutual join forces in offshore private banking venture in the acquisition of Fleming Offshore Banking. The company was renamed Gerrard Private Bank, but is now known as Fairbairn Private Bank.

Old Mutual Kotak Mahindra Life Insurance Co. Ltd India is launched. This is a joint venture between Old Mutual and Kotak Mahindra in India.

Old Mutual acquires Fidelity & Guarantee Life for \$635M.

Jim Sutcliffe takes over as Chief Executive Officer of Old Mutual.

2000: £525M acquisition of the Gerrard Group. Mutual & Federal acquire CGU Holdings SA.

1999: Old Mutual demutualises and lists on LSE, JSE, ZSE, MSE and NSE.

Old Mutual acquires leading UK private client stockbroker and investment manager, Cape-Cure Myers, to form Capel-Cure Sharp. Assets top R307bn at end June 1998.

Old Mutual from 1946-1995:

1995: Old Mutual Investment Advisers is established in Boston, USA. Old Mutual opens offices in Hong Kong and Guernsey.

Old Mutual turned 150 on 17 May.

1982: Old Mutual becomes the first South African life assurer to receive R1B in premium income in one year.

1971: Old Mutual's premium income exceeds R100M a year.

1966: Old Mutual forms the SA Mutual Unit Trust Company Limited to administer its mutual fund/unit trust activities.

1954: Old Mutual issues its millionth policy.

Old Mutual from 1896-1945:

1927: Old Mutual opens its first office in Zimbabwe (then Rhodesia).

1910: South Africa becomes a Commonwealth Union. Old Mutual Chairman John X Merriman is elected first premier of the Cape.

Old Mutual from 1845-1895:

1870: Gold is discovered in the then Transvaal province. Old Mutual's emblem is designed by Board Chairman Charles Bell. He also designed the Cape Colony's first postage stamps in 1850.

1845: The 166-member Mutual Life Association of Cape of Good Hope is founded – with no initial capital other than the premiums of its first policyholders.

2.4 CAUSAL FACTORS TO THE STUDY

Many organisations today seek more efficient ways to transfer and finance risk exposure via self-insurance retentions. The need to transfer risk is emerging and requires the use of innovative techniques because of the size and complexity of organisations and its risks.

The trend is the result of several factors including the growing demand for solutions that break the cycle of annual insurance renewals, the emergence of new exposures, and the approach taken by organisations to analyse risk on a more comprehensive basis.

Causal factors to this study which highlights the need for incorporating an entrepreneurial climate within Old Mutual South Africa are based on an understanding of the organisation's business model and operating environment in which it operates.

The causal factors are identified and described as follows:

Changing operating environment

The global economic down-turn during 2008 to 2009 resulted in significant capital investment losses experienced by major financial institutions. These losses in capital investment had an unfavourable impact on the solvency margins of global re-insurance markets and lead to significantly increased premiums on their risk

exposures. Therefore Old Mutual needs to move away from more conventional ways and continually develop more innovative ways to meet this demand.

Regulated environment

South Africa has a developed risk management and insurance industry as well as several major financial conglomerates that include short-term and long-term insurers such as banks and other financial institutions. In many cases these organisations have highly complex capital structures with many cross holdings.

Old Mutual operates in a markets that is highly regulated by the Financial Services Board (FSB). Due to the strict nature of these regulations, Old Mutual will need to supply innovative strategies in order for the organisation to achieve a competitive advantage over other financial institutions in the conventional operating environment.

2.5 SUMMARY

Old Mutual has a 150-year-old history which started in South Africa; it has now broadened its reach to 35 more countries worldwide. Old Mutual is passionate about developing the best proposition for its customers by building on a history of innovation and resolute customer focus. This includes expanding its product range, developing its advice capability (which is a fundamental part of the value it provides to customers) and endeavouring to treat customers fairly everywhere.

For Old Mutual to ensure that it provides value to its shareholders and customers, it needs to drive a high performance level in its businesses by delivering profitable growth and operational efficiency, as well as optimising risk and return.

To deliver the full value of the group to shareholders, Old Mutual needs to simplify its structure to unlock its true value.

CHAPTER 3

LITERATURE REVIEW ON CORPORATE ENTREPRENEURSHIP

3.1 INTRODUCTION

Today's business environment is complex and dynamic and characterised by rapid, substantial and discontinuous change. In response to these challenges, firms must follow an entrepreneurial strategic posture and encourage their organisational members to act entrepreneurially (Brundin, Patzelt & Shepard, 2008: 222).

According to Teng (2007:119), the past decade has witnessed high rates of change in the market place in areas such as technology, globalisation and industry boundaries. To be successful, an organisation must have the capacity to innovate faster than its best competitors. Essentially, this capacity is about identifying new ways of doing business, developing new technologies and products and entering new markets in new organisational forms. These activities are often collectively called corporate entrepreneurship, which can be defined as 'the sum of a company's innovation, renewal, and venturing efforts' (Teng, 2007).

Thornberry (2003:330) states that the competitive pressures on large companies to become lean and agile have helped many of them survive. Many are leaner and more agile with fewer management layers, increased dependence on lateral relations and team structures and increasingly enabled by technology. Leanness can, and often does, have a dramatic effect on the bottom line, but it does not automatically translate into growth or the development of a long-term competitive advantage, since almost everyone with a benchmarking kit can now learn how to become more efficient.

Management innovation creates long-lasting advantage when it meets one or more of three conditions: the innovation is based on a novel principle that challenges management orthodoxy; it is systemic, encompassing a range of processes and methods and it is part of an ongoing program of invention where progress compounds over time (Hamel, 2006:73).

Thus, corporate entrepreneurship is quickly becoming a weapon of choice for many of these large companies. Corporate entrepreneurship is an attempt to take both the mindset and skill set demonstrated by successful start-up entrepreneurs and inculcate these characteristics into the cultures and activities of a large company. Corporate entrepreneurship can be a powerful antidote to large company staleness, lack of innovation, stagnated top-line growth and the inertia that often overtakes the large, mature companies of the world. At the same time, teaching managers to behave like start-up entrepreneurs is a tall order, but a number of large companies have already embarked on this path (Thornberry, 2003: 330).

3.2 DEFINING THE TERMINOLOGY

In order to clarify the different concepts, it is important to define the following terms:

3.2.1 Entrepreneur/Intrapreneur

For the purpose of this study the term 'intrapreneur' can be defined as denoting a person (or team) within an existing enterprise who is involved in examining potential new market opportunities, obtaining the resources to meet such opportunities and initiating the production of new products and sales to new markets. According to Van Aard & Van Aard (2008:11), a person who starts a new business venture within an existing enterprise is also regarded as an entrepreneur. Although the present focus on entrepreneurship deals with small and medium sized organisations, it is necessary to know that entrepreneurs are not restricted to the size of organisations. Existing companies, especially the larger corporations, are also driven by entrepreneurship and thus create habitats for entrepreneurs (Van Aardt, 2008:11).

Arriving at a useful description of an entrepreneur is not a difficult task, according to Johnson (2001:137), who defines an entrepreneur as an individual who takes agency and initiative, who assumes responsibility and ownership for making things happen, is both open to and able to create novelty, who manages the risks attached to the process and who has the persistence to see things through to some identified end point, even when faced with obstacles and difficulties.

3.2.2 Entrepreneurship

Johnson (2001:138) defines entrepreneurship by the fact that:

- ◆ It is a creative act whereby something is built/created that did not exist previously;
- ◆ Creation is based upon perceiving and capturing an opportunity that may be buried in the “noise” of the environment;
- ◆ Creation is opportunity driven rather than resource driven, i.e. if the opportunity is perceived as significant, resources will be found;
- ◆ It invariably involves a degree of risk because of the newness and differentness that makes it difficult to calculate values;
- ◆ It results in the creation of value for the individual, community or society; and
- ◆ It often involves creative destruction.

Thus, Johnson (2001:138) explains that entrepreneurship in its narrowest sense involves capturing ideas, converting them into products and/ or services and then building a venture to take the product to the market. Surely then, entrepreneurship should be at the heart of every organisation seeking to survive and prosper.

3.2.3 Corporate entrepreneurship

According to Ramachandran (2006:86, 87), corporate entrepreneurship is the process by which individuals inside organizations pursue opportunities without regard to the resources they currently control. Within the realm of existing firms, corporate entrepreneurship encompasses three types of phenomena that may or may not be interrelated.

These are:

- The birth of new businesses within an existing organisation.
- The transformation of the existing firms through the renewal or reshaping of the key ideas on which they are built, and
- Innovation.

The creation of new businesses by organisations by means of this process has been called internal corporate venturing and intrapreneurship. When synthesising these views one can define corporate entrepreneurship as the process whereby an individual or a group of individuals, in association with an existing organisation, create a new organisation or instigate renewal or innovation within that organisation.

Johnson (2001: 138; 139) states that corporate entrepreneurship can take a number of forms:

- ◆ Intrapreneurship – the creation of entrepreneurial new ventures, both within and surrounding the organisation.
- ◆ Dispersed entrepreneurship – building structures and a culture across the organisation to support entrepreneurship and innovation and to stimulate employees to take ownership of the business.
- ◆ Corporate venturing – building innovative capacity by developing close relationships with small ventures in related sectors.

In most cases, highlighted by Scheepers, Hough and Bloom (2008: 53), corporate entrepreneurship describes the total process whereby established enterprises act in innovative, risk-taking and proactive ways. This behaviour has various outcomes which may result in a new product, service, process or business development. Corporate entrepreneurship may be chosen as a strategy to result in increased financial performance. It also leads to other non-financial benefits, such as increased morale of employees, collaboration and a creative working environment. It may result in 'new' organisations being created as 'spin-out ventures,' or it may involve the restructuring and strategic renewal within an existing enterprise. Corporate entrepreneurship is a multi-dimensional phenomenon. Corporate venturing, intrapreneurship and strategic renewal are, therefore, different components of corporate entrepreneurship, with 'intrapreneurship' referring to an individual acting in an entrepreneurial manner inside an existing organisation.

3.3 DIMENSIONS OF CORPORATE ENTREPRENEURSHIP

Antoncic and Hisrich (2001: 499–500) classify intrapreneurship into four dimensions: new business venturing, innovativeness, self-renewal and pro-activeness. New business venturing is the most salient characteristic of intrapreneurship, because it can result in a new business creation within an existing organisation by redefining the company's products (or services) and/or by developing new markets. In large corporations it can also include formation of more formally autonomous or semi-autonomous units or firms (often labelled incubative entrepreneurship), internal venturing, corporate startups, autonomous business unit creation and new streams.

3.3.1 New business venturing and innovation

For all organisations - regardless of size - the new business-venturing dimension refers to the creation of new businesses within the existing organisation, regardless of the level of autonomy. In contrast, the innovativeness dimension refers to product and service innovation with emphasis on development and innovation in technology. Intrapreneurship includes new product development, product improvements and new production methods and procedures (Antoncic & Hisrich, 2001: 499).

3.3.2 Self-renewal

Antoncic and Hisrich (2001: 499) also state that the self-renewal dimension reflects the transformation of organisations through the renewal of key ideas on which they are built. It has strategic and organisational change connotations and includes the redefinition of the business concept, re-organisation and the introduction of system-wide changes for innovation.

3.3.3 Pro-activeness and risk taking

The final dimension, pro-activeness, is related to aggressive posturing relative to competitors. A proactive firm is inclined to take risks by conducting experiments. It takes initiative and is bold and aggressive in pursuing opportunities. The concept of pro-activeness "refers to the extent to which organisations attempt to lead rather than

follow competitors in key business areas. Pro-activeness includes initiative and risk taking and the competitive aggressiveness and boldness that are reflected in orientations and activities of top management (Antoncic *et al.*, 2001: 499).

Lumpkin and Dess (2001:434) comment that pro-activeness refers to how organisations relate to market opportunities by seizing initiative and leading in the marketplace. Competitive aggressiveness (risk taking) refers to how firms react to competitive trends and demands that already exist in the marketplace. These distinct roles suggest that a firm should be both pro-active and responsive in its environment in terms of technology and innovation, competition, customers and so forth. Pro-activeness involves taking the initiative in an effort to shape the environment to one's own advantage; risk taking involves being adaptive to competitors' challenges.

3.4 TYPES OF CORPORATE ENTREPRENEURSHIP

3.4.1 Corporate venturing

According to Teng (2007:134-135), the two elements of corporate venturing are new ventures and new businesses, both of which imply significant resource commitments. Generally a large investment is needed before a new business can generate positive cash flow or income. Thus corporate venturing tends to create some resource tensions (or gaps) in the firm. Resource gaps created by corporate venturing can be filled by means of alliances such as joint ventures. In fact, joint ventures are a form of external venturing, because they represent a new and separate organisation – jointly created in cooperation with other firms. A firm is able to venture into new businesses through joint ventures and not limited by its current resources. Joint ventures are an effective way to fill resource gaps of all types (both tangible and intangible) by getting access to those resources most embedded in partner organisations.

3.4.2 Intrapreneuring

Pinchot and Pellman (1999:1) describe intrapreneuring as a better way to make innovation happen inside established organisations. Innovation is more than creativity. It is the creation and bringing into a widespread use of a new product,

service, process or system – from the first glimmer of an idea to successful implementation and exploitation.

Organisations that are 'mature' in a number of aspects would most often not like to upset their existing applecart in any way while exploring new growth avenues. Since their ability to identify and exploit opportunities has declined, they attempt to promote entrepreneurship by mandating it as a corporate objective. In some cases entrepreneurship is 'injected' into the organisation through the appointment of one or more 'proven' independent entrepreneurs. In others, someone from within who may have shown some of the attributes of entrepreneurship such as initiative, innovativeness, and change leadership is chosen to lead the effort. They develop new products/services and often lead their implementation insulated from the restrictive approach of the rest of the organisation. If this process is followed, the entire organisation does not become entrepreneurial and the existing product market strategy is not threatened, but it is able to add new products/services to its matured portfolio (Ramachandran, Devarajan & Ray, 2006:88).

3.4.3 Organisational transformation

Goosen, de Coning and Smit (2002: 21) state that corporate intrapreneurship or intrapreneurship as such has been viewed as a means of invigorating corporate organisations in recent years

Ramachandran *et al.* (2006:90) indicate that companies interested in developing and preserving entrepreneurship should strive to create a corporate environment in which those who believe in the attractiveness of opportunities feel encouraged to pursue them. In such an environment a process of self-selection takes place whereby entrepreneurs 'bubble up' to the surface. Since entrepreneurial activity involves high levels of uncertainty, management should have rapid information processing abilities and high levels of trust in entrepreneurial individuals and teams. Management must ensure high level of interaction between the individual, the organisation, and the external environment at all levels. The purpose is to identify areas of inefficiencies and ineffectiveness and find new solutions to customer needs. Innovations may be at

any link on the value chain and not limited to new products and services in a traditional sense.

The organisational culture associated with continuous innovation must provide for structured roles and responsibilities, centralised procedures and task efficiency. This ensures that new ideas, while continually encouraged, do not disrupt existing (profitable) work flow and production methods. Innovation can then be channelled through well-defined internal routes and easily incorporated into current operations (Purewal & Seidle, 2004:35).

3.4.4 Industry rule-bending

Industry rule-bending is transformation that focuses on changing the rules of competitive advantage (Thornberry, 2001: 529). Oosthuizen (2006: 91) state that corporate entrepreneurship is not about business, but rather about unusual business or unusual approaches to business.

3.5 DYNAMICS OF CORPORATE ENTREPRENEURSHIP

The dynamics of corporate entrepreneurship, according to Nicholson-Herbert, Mkhize and Schroder (2004:42, 43), is summarised in table 3.1.

Table 3.1 Dynamics of corporate entrepreneurship

Diversity	The introduction of diversity via employment equity legislation has brought about a process of creative destruction to the traditional South African companies which others can learn from. Most South African organisations have become a melting pot of diverse perspectives borne out of different cultural backgrounds. This diversity has given rise to new opportunities for innovation and entrepreneurship. As the traditional cultural and racial barriers between teams and individuals are being destroyed, so new energy and creativity can be harnessed to the benefit of the organisation.
Visionary leadership	The optimal use of the new energy to the organisation’s benefit requires visionary leadership with the ability to strike a balance

	between deliberately creating the kind of chaos that sparks creativity and the rigour and discipline that is required to channel this towards improved competitiveness and ultimately financial performance.
Space for creative ideas to develop	Fostering a culture of corporate entrepreneurship is about creating the space for stimulating ideas to bubble up from individuals. This implies that individuals who are required to innovate should not be bogged down by routine work and tied down by bureaucracy. Ideas can be further enriched by social interaction and facilitated conversations within teams.
Risk-taking mindsets and behaviour	Focus should be given to structures that support research and development and allow individuals to take risks and experiment with new ideas.
Continuous learning, development and renewal	The very nature of corporate entrepreneurship requires individuals who constantly improve and develop themselves. South African corporations - and indeed corporations all over the world - should pay attention to the above-mentioned. By allowing these individuals opportunities for personal growth, a culture of constant unease with the status quo can be fostered, which gives rise to mindsets that are obsessed with continuous improvement and staying ahead of the game. Furthermore, this can contribute significantly to employee commitment to the organisation. Retaining innovative staff members is less costly than employing and developing new individuals.
Reward systems	All the above-mentioned mechanisms need to be linked to a reward structure that encourages entrepreneurship. A good example of such a structure is a profit-sharing mechanism that supports the distribution of profits that have been made as a result of a specific idea. By linking profit-sharing with team projects, incentives for individuals to directly benefit from their own innovations are created. This is a more personal sense of achievement, not unlike that experienced by the individual entrepreneur starting a business.

It is these critical dimensions, according to Kuratko and Hornsby (1999: 31), which must be considered when developing a strategy for implementing corporate

entrepreneurship. Entrepreneurial leaders must be able to recognise specific elements in establishing a corporate entrepreneurship strategy.

3.6 INDIVIDUAL CHARACTERISTICS THAT FOSTER ENTREPRENEURSHIP

Hornsby, Nafziger, Kuratko and Montagno (1993: 32) highlight the fact that while many organisations do not objectively assess the personality characteristics of either potential or current employees, it is important to recognise the influence of individual differences on innovative behaviour.

Chen, Zhu and Anquan (2005: 531) state that the individual factors which most positively contribute to corporate entrepreneurship are as follows:

- ◆ Self-efficacy. Self-efficacy is an individual's cognitive estimate of his or her own self.
- ◆ Independence. An entrepreneur needs creative and independent thinking to bring in new ideas and undertake risks.
- ◆ Achievement motivation. Individuals with the strong need to achieve often find their way to entrepreneurship and are more successful than others.
- ◆ Risk-taking. As the undertaker of innovation and venture business, entrepreneurs should have the courage to venture forward.
- ◆ The capability to endure uncertain circumstances. Entrepreneurs should have enough confidence and endurance uncertain circumstances.
- ◆ The ability to seize business opportunities. The ability to identify and seize opportunities from the complicated market is the main difference between an entrepreneur and common employees.
- ◆ Interdisciplinary knowledge and multi-function working background. The entrepreneurial activities require comprehensive qualities.
- ◆ The ability to learn from failure. This ability is a key feature of an entrepreneur and a significant source of innovation and new business.

If these qualities can be fostered within individuals at all levels of the organisation, they will support and enhance the effort of the strategic entrepreneurs or leaders of the organisation. These are attitudinal and behavioural predispositions that will

determine how individuals engage with their tasks, their “customer,” their own and their organisation’s future. They also determine the extent to which an individual will allow himself/herself to grow to meet the demands of the future (Johnson & Johnson, 2001:137).

This is complemented by Hallorin’s (1994: 4-6) view on desirable entrepreneurial characteristics. He states that the following are needed:

3.6.1 A strong goal orientation

An entrepreneur views profit as a secondary objective and primarily strives towards personal achievement and satisfaction. Entrepreneurs are goal-orientated in their pursuit of opportunities. Setting high, but attainable goals enables them to focus their energies, to selectively sort out opportunities, as well as when to say “no”. Goal orientation also helps them to define priorities and provide them with measures on how they are performing (Kuratko, 2008: 32).

3.6.2 Creative energy

Entrepreneurs will not necessarily make new discoveries, but rather find a way in which to serve an existing market better. Ross and Unwala (1986), quoted by van Aardt and Van Aardt (1997: 7), state that a successful entrepreneur finds ways to encourage the entrepreneurial spirit and to release the innovative potential of his or her workforce.

3.6.3 Self-confidence

The entrepreneur is the decision maker in his own enterprise, which leaves him vulnerable to making wrong decisions. It is therefore important that he learns from his mistakes and stays confident in his abilities. Corporate entrepreneurs should be able to convince management of their dreams and ideas and serve themselves, the client and the employer (Van Aardt & Van Aardt, 1997: 7).

3.6.4 Determination

Entrepreneurial success will sometimes depend on the ability to keep trying after being rejected numerous times. This is associated with an internal locus of control, which is consistent with a high-achievement motivational drive, the desire to take personal responsibility and self-confidence (Timmons & Spinelli, 2007: 14).

3.7 THE DETERMINANTS OF A CORPORATE ENTREPRENEURIAL CLIMATE

According to Sathe (2000: 2), leaders fail to create change as rapidly as they would like, because they fail to focus on two fundamental dimensions - mindset and behaviour - that are at the heart of all change efforts.

Entrepreneurial organisations, in particular, must constantly monitor and review their competitive environment and available resources and adapt their strategic plan to changing circumstances (Minarcine, 2007: 30). They also need to be constantly aware of their competitors' strengths and weaknesses, technological advances and new opportunities (Sull, 2004: 75).

Developing a corporate entrepreneurial culture provides a number of advantages that firstly includes an atmosphere that leads to the development of new products and services that help the organisation to expand and grow. Secondly it creates a workforce that can help the organisation to maintain its competitive advantage and finally it promotes a climate conducive to high achievers and assists the organisation in motivating and keeping its successful employees (Kuratko & Hodgetts, 2007: 60-61).

The potential importance and benefits of an entrepreneurial organisation has been addressed in the previous two chapters. However, as this is such a comprehensive and all-encompassing concept, it is important for entrepreneurial efforts to become part of the organisational structure as opposed to only being an afterthought. For this reason the rest of the chapter will define an entrepreneurial climate, after which thirteen constructs - which can be associated with such a climate - will be identified

and addressed. The last section of this chapter will address practical ways such a culture might be established in an organisation.

When current literature is reviewed, it is apparent that there are numerous constructs that describe an entrepreneurial organisation. The thirteen “themes” which have been identified will be discussed in a single list so as to properly integrate the various perspectives and to provide an overall framework:

3.7.1 Visionary/entrepreneurial leadership

It is important that management set a vision for the future and that this vision is then communicated to the team. Characteristics of top managers - their risk-taking ability, innovativeness and proactive stance – will have an impact on whether their firms will introduce products first and how quickly they will react to the new product moves of the market (Srivastava & Lee, 2005: 461 – 462).

Entrepreneurial leadership is based on expertise and not authority. Therefore an entrepreneurial leader should have a good understanding of the relationships within teams and foster an approach of consensus building among team members (Timmons & Spinelli, 2007: 541).

Cohen (2004: 16) describes entrepreneurial leadership as the ability to setting the organisation’s vision and then creating space, systems, procedures and cultures that are able to free employees at all levels within the organisation to take responsibility, show initiative and mobilise other people in the organisation who share the same responsibility. Cohen (2004: 16) continues by defining two groups of entrepreneurial leaders. Firstly, top management whose key role is to set the organisation’s vision and create systems, procedures and a culture that enables employees to take responsibility initiative; secondly, the employee at any level of the organisation who pursues new opportunities, processes and markets.

Turner (2002: 25) states that 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.

Top management, according to Garvin and Levesque (2006: 108), must handpick leaders from a list of high potential executives and at other times find candidates by looking at annual personnel evaluations and identifying managers with high scores on entrepreneurship, risk taking and innovation. Senior executives should have a commitment towards entrepreneurial behaviour; entrepreneurial role models should be present in the organisation too (Morris & Kuratko, 2002: 369).

Kuratko and Welsch (2004: 355), as well as Pinchot and Pellman (1999: 12), confirm the need for a shared vision of innovation.

3.7.2 Management support

This can take on various forms, such as sharing a vision for the team, communicating a new concept or approving a new idea (Srivastava & Lee, 2005: 462). It is also a management function to provide the needed expertise (Hornsby *et al.*, 2002: 259). A supportive management team would also ensure that employees receive the relevant training (Antoncic & Hisrich, 2001: 502).

Middle managers interact with diverse employees, which would allow them to use formal and informal approaches to encourage innovation and calculated risk-taking. Middle managers also communicate their ideas for innovations to upper management, thereby creating an opportunity where these ideas are evaluated and considered within the context of the firm's overall strategic priorities (Hornsby *et al.* 2002: 257).

An important dimension, according to Hornsby *et al.* (2002: 259), is management support which indicates the willingness of managers to facilitate and promote entrepreneurial activity in the firm. This support can take many forms, including championing innovative ideas, providing necessary resources or expertise, or institutionalising the entrepreneurial activity within the firm's system and processes.

3.7.3 Sponsors or champions for projects

Sponsors are corporate managers at higher levels within the organisation who are willing to protect intrapreneurs by building environments of safety around them. Sponsors also protect intrapreneurs if something goes wrong or corporate rules are violated (Morris & Kuratko, 2002: 93).

Darling *et al.* (2007: 8-9) regard this as one of the most distinguishing factors. Managers will become mentors and help the organisation become a teaching organisation which will constantly better itself. This can also take on the form of managers who are willing to train other employees and share their experience (Hisrich, Peters & Sheppherd, 2005: 51). This would allow the team to concentrate on the task ahead, as the sponsor would protect them (Pinchot & Pellman, 1999: 3).

Operating sponsors are usually drawn from particular businesses, divisions or groups that contribute organisational intelligence and foster acceptance. Sponsors are likely to give the right mix of necessary freedom and discipline to new businesses and balance identity with integrity (Garvin & Levesque, 2006: 109).

The presence of sponsors is of utmost importance, as their support will encourage entrepreneurs to get their work done and establish corporate entrepreneurship in the organisation. Support should be available from line management, top management and divisional groups in order for a support network to be in place when it comes to new ventures (Sathe, 2003: 182).

3.7.4 A tolerance for risks

One of the most important aspects in this regard is that employees should not be afraid of losing their jobs should an innovative idea fail (Hornsby *et al.*, 2002: 260). However, it is just as important to be able to disband an unsuccessful project (Hisrich *et al.*, 2005: 52).

Hornsby *et al.* (2002: 257) observe the important roles middle managers play in informally encouraging employees to innovate and take risks. These middle managers provide political and organisational support for “skunk work” activities that

result in innovative ventures. Middle managers' dimension of risk-taking - which indicates their willingness to take risks and show a tolerance for failure when it occurs - is also at the heart of corporate entrepreneurship.

Risk-taking involves a willingness to pursue opportunities that have a reasonable likelihood of producing losses or significant performance discrepancies. Entrepreneurship does not entail reckless decision making, but involves realistic awareness of the financial, technical and personal risks involved, as well as an attempt to manage these risks (Morris & Kuratko, 2002: 41).

According to Timmons and Spinelli (2007: 12), failure will occur in the process of developing innovative products and services; therefore it is necessary for entrepreneurs to be able to tolerate risks and failure.

3.7.5 Innovation, creativity and the encouragement of new ideas

One way in which innovation and new ideas can be encouraged, is by regular environmental scanning so that employees are aware of the environment in which they operate (Antoncic & Hisrich, 2001: 502). This would also involve the freedom to act upon and pursue new ideas (Pinchot & Pellman, 1999: 3).

According to Hornsby *et al.* (2002: 257), employees must be aware of the availability of resources for innovative activities. The availability of slack resources usually encourages experimentation and risk-taking behaviours.

In their path-breaking analysis of how innovations come about and then create new knowledge that fuels organisational growth, Hornsby *et al.* (2002: 257) highlight the central role of middle managers. They suggests that most innovations emanate from the middle of the organisation and the promising ones are then sent to upper management for further analysis and evaluation. Those innovations that meet the rigorous standards set by the top management team are sent back to middle managers who then communicate them to the employees. In this model of innovation, middle managers actively and diligently gather innovative ideas from within and outside the firm. Middle managers work with vendors, observe the market

and analyse the competition. As a result they are well suited to observe areas where innovation and risk taking are needed.

Another noteworthy feature of the this model is the fact that it recognises that middle managers frequently work on their ideas, often closely with employees, hoping to refine them and determine their potential. This initial, though informal, testing process can help shape the ideas while creating the administrative structure needed to foster those (Hornsby *et al.*, 2002: 257).

3.7.6 Appropriate rewards and reinforcement

Hornsby *et al.* (2002: 257, 259) highlight the fact that middle managers can provide rewards (mostly intrinsic) that allow employees to experiment with, and explore the feasibility of, innovative ideas. Theorists, therefore, stress that an effective reward system that spurs entrepreneurial activity must consider goals, feedback, emphasis on individual responsibility and results-based incentives. The use of appropriate rewards can also enhance middle managers' willingness to assume the risks associated with entrepreneurial activity.

The importance of an adequate compensation structure is emphasised by Kuratko and Hornsby (2002: 62). The type of compensation structure that is implemented has a greater influence when it comes to encouraging entrepreneurial behaviour than the actual amount of compensation paid. It is important that rewards should be based on the attainment of performance objectives (Hisrich *et al.*, 2008: 49).

Kuratko *et al.* (2001: 28) further state that rewards can be used as a powerful reinforcement tool to cultivate the desired behaviour and attract and retain the talent that is required.

3.7.7 Vision and strategic intent

The vision should be unambiguous and shared with employees so that they properly understand what is expected of them and how it fits in with the organisations' culture (Kuratko *et al.*, 2001b: 30, 32). A vision must be a realistic, credible and attractive

future and one that energises people; it is important that a vision is communicated as it acts as motivation (Burns, 2005:85).

Employees are more effectively empowered if they are given a clear vision of the future and where the organisation is trying to go. For the vision to be effective, people in the organisation must be moved by the vision and understand what they can do to realise it (Pinchott & Pellman, 1999: 177).

3.7.8 Discretionary time during work hours

One of the often overlooked, but necessary resources that are needed is time (Hornsby *et al.*, 2002: 260). This is especially important, since entrepreneurship is usually a secondary activity which could easily be forgotten about if it is not properly planned (Hisrich *et al.*, 2005: 52).

According to Bhardwaj *et al.* (2007b: 136), work discretion can be seen as the degree of autonomy that is given to pursuing entrepreneurial efforts at work. But discretionary time might not always be effective, as excessive freedom might result in the duplication of effort and waste resources. To avoid situations like these, there must be a clear purpose to the freedom which is to generate new sources of competitive advantage. This is supported by Pinchot and Pellman (1999: 110), as they agree that experimentation is needed. They advocate that innovative organisations should allow their employees some degree of freedom to explore new ideas during working hours without having to ask for permission.

Employees should therefore be allowed to decide for themselves how to use their time most effectively, as well as the freedom to perform the tasks at hand and the methods they use (Kuratko & Welsch, 2004: 65).

3.7.9 Empowered teams, multi-disciplined teamwork and harnessing diversity

Diversity is important in order to be representative of the customer base; this should already be taken into account during the recruitment phase (Baskin, Aronoff &

Lattimore, 1997: 440). It is also a reality of the changing work force (Rue & Byers, 2005: 10).

Cohen (2004: 18) states that it is important to have a diverse group that works well together and shares trust and respect. The empowerment of diverse teams can be a successful management tool in creating a flexible entrepreneurial climate, but diversity should not be over utilised to the extent that distrust emerges.

Entrepreneurial organisations should create cross-disciplinary teams to improve innovation and empower them to make decisions. Therefore, the success of teams will stem from open discussions within the team and the team members' ability to look at the same issues from different perspectives (Pinchot & Pellman, 1991: 109).

3.7.10 The availability and accessibility of resources

This is a powerful way in which management can practically demonstrate their support (Srivastava & Lee, 2005: 464). However, this does not mean a limitless supply of resources, but it means using existing resources effectively and ensuring mistakes are fast and cheap (Pinchot & Pellman, 1999: 4).

According to Barney (1991), as adapted by Newbert *et al.* (2008: 6), resources that are simultaneously valuable and rare can generate competitive advantage. For such a competitive advantage to be sustained, the resources on which they are based must both be inimitable and non-substitutable.

Entrepreneurial firms need to create, reconfigure and recombine resources to create new value through innovation (Newbert *et al.*, 2008: 7). Antoncic and Hisrich (2004: 526) identify the availability of resources for start-up ventures as an important driver of entrepreneurial activity. Resources are not just viewed as capital, raw material and machinery, but also as appropriate human resource practices where employees are involved in processes.

Hornsby *et al.* (2002: 253) state that resource availability and accessibility should not only be about empowering managers, but also about making sure that funds are

used in a responsible manner. Management should perceive these resources as encouragement to experiment and take on calculated risks.

According to Santora (2007: 83), the availability of adequate resources is linked to the loyalty of employees. It is stated that employees who are more open to new experiences (entrepreneurial employee) expect organisational support, such as the availability of resources, otherwise their commitment and support will decline.

3.7.11 Continuous learning and cross-functional learning

Industry leaders move quickly, which makes continuous learning and adaptation essential (Powell, 2004: 8-9). Combining different functions also creates the ability for a unique perspective, according to Cohen (2004: 18).

A learning organisation is defined by Kreitner and Kinicki (2007: 549) as a business that actively pursues and creates new ideas and knowledge and also encourages its employees to change their behaviour based on this new knowledge. The organisation accomplishes this by scanning the external environment, hiring new talent and expertise and allocating resources to the training and development of employees (Kreitner & Kinicki, 2007: 549).

According to Thornberry (2001: 532), the idea-generation phase is fairly easy and that it is actually creativity that is in the heart of the deal. It is essential to put people, resources and energy together, shape the deal and execute it. This requires skills that are different from ideation, as it requires an understanding of markets and marketing, finances, systems and people management, as well as one's strengths and weaknesses.

Cross-functional knowledge sharing should be promoted and management should place emphasis on teamwork and sharing of resources (Van der Merwe & Oosthuizen, 2008:18).

3.7.12 A strong customer orientation

An organisation should develop ways to come close to its customers by being aware of consumers' needs and preferences. This will enable the corporate entrepreneur to keep track of consumer behaviour patterns and possible trends. This also includes customer market measures which refer to the company's ability to take care of its clients and establish loyalty (Hisrich *et al.*, 2008: 51).

This has been identified as important in the early eighteenth century (Hamilton & Hamilton, 2005: 1308), and is still very important, as confirmed by Hisrich *et al.* (2005: 51). A focus on the customer can also help prevent a too broad and inappropriate focus (Calvin, 2002: 27).

3.7.13 A flat organisational structure

It is important that information is shared and employees are empowered. While there should be controls in place, these should not be overbearing (Antoncic & Hisrich, 2001: 501-502). Informal structure and historical communication should be dominant (Cornwall & Perlman, 1990: 19). Hornsby *et al.* (2002: 257) note that middle managers can use different approaches to make the organisational structure less resistant to change, thereby allowing corporate entrepreneurial activities to flourish.

Morris and Kuratko (2002: 173) state that there should be as few hierarchical levels as possible with a fairly broad span of control for managers. Communication channels should be open, responsibility should be enabled by relevant authorities and employees should be accountable.

This is highlighted by Goosen *et al.* (2002: 42) as they confirm that communication should be open and frank - without territoriality - in order for the exchange of ideas to be enhanced and productivity to improve.

A simpler organisational structure has an added advantage in that it is more likely that there will be a sense of community where people take care of each other and help each other out. Employees will think in terms of what will benefit the organisation rather than try and promote their own agendas (Pinchot & Pellman, 1991: 112).

3.8 DEFINING AN ENTREPRENEURIAL CLIMATE

In an entrepreneurial climate the organisation would engage in new business venturing. The entrepreneurial firm would also be innovative and pro-active and would continually renew itself (Antoncic & Hisrich, 2001: 496).

Bhardwaj and Momaya (2006: 39) state that for a company to be successful in entrepreneurship activities, the internal environment must be open and supportive and allow employees to be entrepreneurial at all levels. An organisation's climate depends much on the perception of the employees and how things are done at the company.

According to Bhardwaj, Agrawal and Mamoya (2007a: 48), empirical studies conducted by many researchers 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. Entrepreneurial behaviour has been emphasised as an important path to competitive advantage and improved performance in firms of all types and sizes.

An entrepreneurial firm would therefore be proactive and be a change leader. Such a firm would embrace change and view it as a growth opportunity. It would also be a less formal organisational structure to enable creativity. People would be regarded as probably the most valuable resource and their creativity would be utilised as much as possible (De Villiers, 2008: 76).

According to Oosthuizen (2006: 125), an employee's perception of management's attitude towards entrepreneurship could be a reflection of how management exercises corporate entrepreneurship.

3.9 ESTABLISHING AN ENTREPRENEURIAL CLIMATE

It could be said that entrepreneurial activity is more likely to occur in an entrepreneurial climate. Kirk (1998: 90) defines entrepreneurial activity as those actions which are intended to reduce the gap between the firm's goals and its

realised performance. When examining ways in which an entrepreneurial climate can be established, we will therefore essentially be viewing ways in which to improve the organisation and its profitability.

An entrepreneurial corporate environment should signal to its employees that certain behaviour is desirable; this can be done in the following ways:

- ◆ Provision of appropriate award system.
- ◆ Top management support
- ◆ Setting of specific goals.
- ◆ Appropriate organisational values.
- ◆ The correct emotional display by managers, such as when managers display confidence and satisfactions with entrepreneurial projects (Brundin *et al.*, 2008: 222).

Brundin *et al.* (2008: 221-224) propose that the emotional displays of managers can be utilised as a powerful tool to motivate and encourage employees to act more entrepreneurially. They argue that intangible signals such as the display of appropriate emotions are often more powerful than the explicit signals given by other methods such as corporate politics. It is important to note that displayed emotions do not need to reflect the “real” emotions in order to be used as a tool and that the appropriate emotions include confidence and satisfaction, as well as frustration. The reasons why frustration will also act as motivation if displayed simultaneously with confidence and satisfaction, is that employees perceive that the project is in line with expectations, but that there is a need to “up their game”. To the contrary, displayed frustration, worry and bewilderment will decrease motivation to act entrepreneurially.

It can therefore be seen that establishing an entrepreneurial climate is not only about tangible “rules” and having the correct policies in place, but intangible aspects such as the day-to-day behaviour of managers. Basically, everything that is said and done in the company needs to form a coherent picture if employees are going to be persuaded to act entrepreneurially.

The creation of an entrepreneurial climate is not a once-off exercise, nor are there any simple approaches or quick fixes. The organisation has to be viewed as a whole and entrepreneurship needs to be incorporated into every aspect in order to become part of the day-to-day actions of staff and management (Brundin *et al.*, 2008: 221-224).

3.10 MIDDLE MANAGEMENT AND CORPORATE ENTREPRENEURSHIP

In ground-breaking analyses of how innovations come about and then create new knowledge that fuels organizational growth, Hornsby *et al.* (2002: 257) highlight the central role of middle managers. These researchers suggest that most innovations emanate from the middle of the organisation and the promising ones are then sent to upper management for further analysis and evaluation. Those innovations that meet the rigorous standards set by the top management team are sent back to middle managers who then communicate them to the employees. In this model of innovation middle managers actively and diligently gather innovation ideas from within and outside the firm. Middle managers work with vendors, observe the market and analyse the competition. As a result they are well suited to observe areas where innovation and risk taking are needed. Middle managers also become aware of innovation efforts initiated by vendors and competitors. Frequently, middle managers transfer this knowledge to others in their company. Another noteworthy feature of this approach is the fact that it recognises that middle managers frequently work on their ideas, often closely with employees, hoping to refine them and determine their potential. This initial - though informal - testing process can help shape the ideas while creating the administrative structure needed to foster them.

Since it is a central task of middle managers to motivate employees to behave in the interest of the organization, middle managers need to display the appropriate emotions depending on the actions they want employees to perform (Brundin *et al.*, 2008: 224).

According to Hornsby *et al.* (2002: 258), scholars from the international business discipline have also discussed and recognised the importance of middle managers in

promoting and sustaining innovations. Like other larger corporations, some multinationals develop rigid structures that limit employees' flexibility and willingness to take risks. However, middle managers can create an environment in their respective divisions or subsidiaries where innovations and entrepreneurial activities flourish. In turn, this can allow multinationals to capitalise on the unique resources that exist in their different markets and respond to their customers effectively.

Brundin *et al.* (2008: 225) also state that enhancing employees' willingness to act entrepreneurially is important for a number of reasons. First, acting entrepreneurially is essential for any firm to create new knowledge and transform it into marketable products and services. This is particularly important in the hyper-competitive landscape many firms face in the 21st century. Secondly, in order to respond to certain environmental conditions such as hostility and dynamism, firms must pursue an entrepreneurial strategic posture and engage in corporate entrepreneurship. Moreover, an entrepreneurial mindset of employees allows for identification of new, uncertain, and high potential business opportunities which the firm may miss otherwise.

3.11 SUMMARY

Brundin *et al.* (2008: 222) highlight that today's business environment is complex and dynamic and characterised by rapid, substantial and discontinuous change. In response to these challenges, firms must follow an entrepreneurial strategic posture and encourage their organisational members to act entrepreneurially. Corporate environments - supportive of entrepreneurship - must provide appropriate reward systems, top management support, explicit goals and appropriate organisational values, which signal to employees that entrepreneurial action is desirable.

In this chapter the thirteen characteristics conducive to the entrepreneurial climate have been identified and discussed. The thirteen constructs are:

- ◆ Entrepreneurial leadership.
- ◆ Management support.
- ◆ Sponsors/champions for projects.

- ◆ Tolerance for risks, mistakes and failures.
- ◆ Innovation, creativity and encouragement of new ideas.
- ◆ Appropriate rewards and reinforcement.
- ◆ Vision and strategic intent.
- ◆ Discretionary time during working hours.
- ◆ Empowered teams, multi-disciplined teamwork and harnessed diversity.
- ◆ The availability and accessibility of resources.
- ◆ Continued learning and cross-functional learning.
- ◆ A strong consumer orientation.
- ◆ A flat organisational structure with open communication and a strong sense of belonging.

Hornsby *et al.*, (2002: 257) state that the role that management - specifically middle management - plays is essential when it comes to taking corporate entrepreneurship to the next level in an organisation as the internal factors of the organisation are known to them and they can act as facilitators between employees and top management.

This chapter also elaborated more on the responsibilities of middle managers within big corporate organisations and how middle management can influence the mindset of employees for the benefit of all.

CHAPTER 4

EMPIRICAL STUDY ON THE ENTRAPRENEURIAL CLIMATE WITHIN OLD MUTUAL RETAIL AFFLUENT

4.1 INTRODUCTION

This chapter combines the company background of Old Mutual South Africa (Pty) Ltd with the literature study discussed in chapter three.

The primary objective of this study was to assess the level of corporate entrepreneurship in the South African insurance industry, with specific reference to Old Mutual South Africa and to make recommendations on the encouragement and promoting of a climate conducive to corporate entrepreneurship in Old Mutual South Africa (Pty) Ltd.

The empirical study was conducted by means of a self-completion questionnaire administered to middle managers in Old Mutual South Africa (Pty) Ltd. The questionnaire was distributed to respondents by way of e-mail or in soft copy format. The questionnaire was constructed by Oosthuizen (2006) and adapted by Jordaan (2008).

Refer to Annexure A for an example of the questionnaire.

This chapter provides insight into the methods used in gathering the information for the empirical research of this study, the sample used (including the sampling method and size), the demographic framework of the population, the method used for gathering information, the presentation and discussion of the research results.

4.2 GATHERING OF DATA

Participants had to follow the instructions, complete the survey by highlighting or marking the appropriate box they selected with an “X”, and return it to the sender via e-mail, facsimile or in hard copy format.

The details regarding the gathering of data will be discussed in this section.

4.2.1 Study population

In this study the survey population is made up of 380 middle managers at Old Mutual Retail Affluent. Identifying the population for the study entailed a name list of all the permanently employed middle managers. This list was obtained from the Human Resources department at head office. This list furthermore included the job levels of incumbents. Due to confidentiality restrictions this list will not be included as an annexure in this research document. The study population consisted of middle managers working within the retail affluent division of Old Mutual South Africa.

The Managing Director of Retail Affluent, Mr. Ralph Mupita and all relevant managers in head office and in regional offices granted permission for the study to be conducted in their operational units. The questionnaires were thus distributed to all of the 380 middle managers employed in the retail affluent divisions within Old Mutual.

4.2.2 Questionnaire used in this study

In order to confirm and substantiate the outcomes of the literature review and to assess corporate entrepreneurship in Old Mutual Retail Affluent a structured questionnaire was used. Oosthuizen (2006:130-146) conducted a comprehensive literature study on the characteristics of an entrepreneurial climate in terms of corporate organisations. He identified 13 themes or constructs that seem necessary for an entrepreneurial climate in corporate organisations. Based on the literature study, Oosthuizen (2006) constructed a questionnaire. This questionnaire was adapted by Jordaan (2008). The version of the questionnaire used in this study was

also adapted, and a section measuring the perceived success of the organisation was added.

The questionnaire consists of three parts, namely:

Part 1: Assessment of the entrepreneurial climate

The purpose of this part is to assess the current entrepreneurial climate in the organisation. The measuring instrument assessed the 13 constructs of a climate conducive to corporate entrepreneurship with 65 statements on the basis of a 5-point Likert type scale ranging from Strongly Disagree (1) to Strongly Agree (5). In respect of each statement, subjects have to indicate the degree to which they agree or disagree with a certain statement.

Part 2: Measuring the success of the organisation

In this section, 17 items were identified to measure the perceived success of the organisation in terms of financial, customer or market, process, people development and long term success. In respect of each item, respondents have to indicate the degree to which they agree or disagree with a certain statement.

Part 3: Demographical information

Demographical information was gathered in order to draw correlations between the demographical information and the results obtained from the entrepreneurial climate survey as well as the perceived success of the company. Participants had to indicate their age group, gender, race and highest academic qualification obtained.

4.2.3 Confidentiality

Confidentiality was ensured to each participant. No individual results were or will be made available, and even whether or not respondents chose to complete the questionnaire will not be disclosed in order to ensure anonymity.

4.2.4 Statistical analysis of data

Data collected during the survey was analysed by the Statistical Consultation Services of the North-West University (Potchefstroom-Campus) using Statistica (Statsoft, 2008) and SPSS (SPSS, 2008). In this study frequency distributions will be portrayed graphically with the form of histograms and bar charts. The mean will be employed as measure of central tendency and the standard deviation to indicate dispersion of data.

The relationship between the 13 constructs was examined by means of Pearson's correlation analysis. Thereafter, the association between the demographic variables and the variables was explored by means of paired tests and effect sizes.

Construct validity of the measuring instrument was assessed by means of a principal component exploratory factor analysis with oblique rotation and by calculating Cronbach alpha coefficients.

4.3 RESPONSES TO THE SURVEY

In Table 4.1 a tabular presentation is given of the responses to the survey.

Table 4.1: Responses to the survey

Response type	Frequency	Percentage
Number of questionnaires distributed	380	100%
Number of questionnaires returned	108	28.42%
Number of questionnaires discarded	0	0%
Number of questionnaires analysed	108	28.42%

A total of 380 questionnaires were sent to respondents in the Retail Affluent division, and 108 were returned by the cut off date of 17 September 2010. The response rate was thus 28.42%, 100% of the returned questionnaires could be analysed.

4.4 DEMOGRAPHIC INFORMATION OF RESPONDENTS

Part 3 of the survey questionnaire consisted of demographical information where respondents had to indicate their age group, gender, race (according to South African race classification) and highest academic qualification obtained.

4.4.1 Gender of respondents

In this question the split between male and female participating middle managers was determined as indicated in table 4.2.

Table 4.2: Gender of respondents

Gender	Frequency	Percentage
Male	72	66.67%
Female	36	33.33%
Missing information	0	0%
Total	108	100%

Of the 108 respondents who completed the item, 72 (66.67%) were male respondents and 36 (33.33%) were female respondents. None of the respondents did not indicate his/her gender.

4.4.2 Racial group classification of respondents

Respondents were requested to indicate their racial group according to the South African racial group classification. Table 4.3 indicates the frequency distribution per race group.

Table 4.3: Race group classification of respondents

Racial group	Frequency	Percentage
Indian	7	6.48%
Black	7	6.48%
Coloured	16	14.81%
White	78	72.22%
Missing information	0	0.0%
Total	108	100%

The majority of the respondents are white (72.22%) while 16 (14.81%) respondents are coloured. Only seven (6.48%) Indian and seven (6.48%) Coloured middle managers participated in this study. None of the respondents refused indicate his/her racial group.

4.4.3 Age group classification of respondents

The purpose of this question was to understand the age distribution of respondents, as for example a group closer to retirement (60+) could have different views than the group of 29 and younger. Respondents were requested to indicate their age group in one of the predetermined categories. The results of the age group classification of the participating respondents are presented in table 4.4.

Table 4.4: Respondents by age group

Age group	Frequency	Percentage
≤ 29	5	4.63%
30-39	31	28.7%
40-49	57	52.78%
50-59	14	12.96%
60+	1	0.93%
Total	108	100%

The majority of the participating respondents fall in the age group category 40 to 49 (52.78%) years old and 30 to 39 (28.7%) years old respectively. These two age group categories amount to 81.48% of the total responses. All respondents completed this question.

4.4.4 Highest academic qualification achieved by respondents

The purpose of this question was to determine the respondents' highest academic qualification in order to establish the relationship between level of qualification and corporate entrepreneurship. The ability to manage, operate and sustain an entrepreneurial climate is very complex, and an entrepreneur's educational background could play an important role in this regard.

Table 4.5 presents the highest academic qualification achieved by the participating respondents.

Table 4.5: Highest academic qualification achieved by respondents

Qualification group	Frequency	Percentage
Lower than grade 12	0	0%
Grade 12	17	15.74%
National Certificate	16	14.81%
National Diploma	15	13.89%
Degree	25	23.15%
Post graduate degree	27	25%
Missing information	8	7.41%
Total	108	100%

The largest group (62.04%) of respondents had obtained a qualification in the qualification groups higher than a National Certificate (which includes the National Diploma, Degree and Post graduate degree groups). Respondents with a Post Graduate Degree or equivalent qualification constitute the single largest group (27) of the sample and they account for 25%. The second largest group (25) possess a degree and they constitute 23.15% of the sample. Six respondents did not include their qualifications.

4.4.5 Distribution of management level

For the purpose of this study, participating managers were classified as being top, middle or lower level managers. Table 4.6 presents the management level of the participating respondents.

Table 4.6: Management level of respondents

Management level	Frequency	Percentage
Top Management	0	0%
Middle management (D Band)	86	79.63%
Junior Management (C5)	22	20.37%
Total	108	100%

Questionnaires were only distributed to employees on middle management level according to the employee information lists received from the human resources department. However, 86 respondents (79.76%) indicated their management level as middle management and 22 respondents (20.37%) indicated their management level as lower management, this is due to the fact that Old Mutual's organisational structures within Retail Affluent are flat which causes the perception at the individual that he/she is on a lower management level, which is not the case.

4.5 RELIABILITY OF THE QUESTIONNAIRE

In order to assess the internal consistency between the items in the research instrument, Cronbach alpha coefficients were calculated. The Cronbach alpha coefficient is based on the average correlation of variables within a test (Struwig & Stead, 2004:132). The greater the value of the Cronbach alpha coefficient, the higher the internal consistency and the more reliable the scale used in the study (Struwig & Stead, 2004:133). The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. Nunnally and Bernstein (1994:265) suggest that for acceptable reliability the Cronbach alpha coefficient should be equal or greater than 0.7.

Table 4.7 indicates the Cronbach alpha coefficients of the constructs measuring the entrepreneurial climate and perceived success of the organisation.

Table 4.7: Cronbach alpha coefficients of constructs (ranked in order of value size)

No	CONSTRUCT	n
CONSTRUCTS MEASURING ENTREPRENEURIAL CULTURE		
9	Empowered teams	0.996
12	Customer orientation	0.99
2	Management support	0.794
13	Flat organisational structure	0.791
6	Appropriate rewards and reinforcement	0.572
3	Champions and sponsors	0.53
1	Entrepreneurial leadership	0.354
11	Continuous and cross-functional learning	0.272
10	Resource availability and accessibility	0.265
8	Discretionary time and work	0.257
4	Tolerance of risks, mistakes and failure	0.184
7	Vision and strategic intent	0.171
5	Innovation and creativity/new ideas encouraged	0.134
PERCEIVED SUCCESS OF THE ORGANISATION		
4	People development	0.571
5	Future (long term) success	0.532
1	Financial measures	0.502
2	Customer/market measures	0.244
3	Process measures	0.098

The results as indicated in table 4.7 suggest that the research instrument used in this study to access the corporate entrepreneurial climate within Old Mutual Retail Affluent, has acceptable reliability, since only two of the constructs, i.e. **discretionary time and work** (0.650) and **tolerance of risks, mistakes and failure** (0.654), had a lower Cronbach alpha coefficient than 0.7. For the purpose of this study, both the discretionary time and work construct and the tolerance of risks, mistakes and failure construct will be included in the research since the Cronbach alpha coefficients of these two constructs is close to 0.7 as confirmed by Nunnally and Bernstein's (1994:265) view.

In terms of the constructs measuring the perceived success of the organisation, two of the variables i.e. **financial measures** (0.634) and **future (long term) success** (0.405), had a lower Cronbach alpha coefficient than 0.7. For the purpose of this

study, the financial measures variable will be used since it is close enough to 0.7 to be acceptable, but the future success variable will be excluded from the rest of this study since the Cronbach alpha coefficient is too low.

4.6 ASSESSMENT OF THE ENTREPRENEURIAL CLIMATE

4.6.1 Variables measuring entrepreneurial climate

Now that the reliability of the statements relating to the 13 constructs has been established, the results can now be scrutinised.

As previously discussed, a Likert scale was used to evaluate the sixty-five statements. In respect of each statement, respondents had to indicate their degree of agreement (1) or disagreement (5) with the statement's 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.

In a normal distribution, the majority of values lie within an interval of plus and minus one standard deviation above and below the mean. The more dispersed the data, the larger the standard deviation (Levine *et al.*, 2006:118). The results of the means analysis for the 13 constructs are presented in table 4.8.

Table 4.8: Entrepreneurial climate survey results

	CONSTRUCT	n	mean	s
1	Entrepreneurial leadership	108	3.509	0.354
2	Management support	108	3.155	0.794
3	Champions and sponsors	108	3.045	0.530
4	Tolerance of risks, mistakes and failure	108	3.109	0.184
5	Innovation and creativity/new ideas encouraged	108	3.427	0.134
6	Appropriate rewards and reinforcement	108	3.373	0.572
7	Vision and strategic intent	108	3.573	0.171
8	Discretionary time and work	108	3.525	0.257
9	Empowered teams	108	3.373	0.996
10	Resource availability and accessibility	108	2.782	0.265
11	Continuous and cross-functional learning	108	3.400	0.272
12	Customer orientation	108	3.609	0.990
13	Flat organisational structure	108	2.882	0.791
Total		108	3.289	0.558

The average mean of all constructs as evaluated by managers was $\bar{x} = 3.289$, indicating that the prevalence of corporate entrepreneurship constructs within Old Mutual Retail Affluent as being just over three out of five on the Likert scale. It would seem that the constructs for an entrepreneurial climate has a presence, but there is definite room for improvement.

Five of the 13 constructs, ($\bar{x} = 3.155$), tolerance for risks, mistakes and failure ($\bar{x} = 3.109$), flat organisational structure ($\bar{x} = 2.882$), sponsors (Champions) ($\bar{x} = 3.054$) and Resource availability and accessibility ($\bar{x} = 2.782$) evaluated had a mean below the average mean ($\bar{x} = 3.289$), two of which were below an average mean of three out of five an area of concern for middle managers.

The other eight constructs being entrepreneurial leadership ($\bar{x} = 3.509$), Innovation and creativity/new ideas encouraged ($\bar{x} = 3.427$), appropriate rewards and reinforcement ($\bar{x} = 3.373$), vision and strategic intent ($\bar{x} = 3.573$), discretionary time and work ($\bar{x} = 3.525$), empowered teams ($\bar{x} = 3.373$), continuous and cross-

functional learning ($\bar{x} = 3.400$) and customer orientation ($\bar{x} = 3.609$) evaluated had a mean ranked higher than the average mean of 3.289. The two constructs with the highest mean were vision and strategic intent ($\bar{x} = 3.573$) and customer orientation ($\bar{x} = 3.609$).

4.6.2 Variables measuring the perceived success of the organisation

The results of the means analysis of the variables determining the perceived success of the organisation are presented in table 4.10. The variable future success was excluded due to a too low Cronbach alpha coefficient as discussed in section 4.5.

Table 4.9: Perceived organisational success survey results

	VARIABLE	n	mean	s
1	Financial	108	3.773	0.502
2	Customer/market	108	3.818	0.244
3	Process	108	3.833	0.098
4	People development	108	3.318	0.751
Total		108	3.639	0.267

All four of the variables measuring the perceived organisational success were reported by respondents to have a mean above three. The average mean is $\bar{x} = 3.639$. The construct people development ($\bar{x} = 3.318$) have the lowest average score on the Likert scale out of five. It would seem that the constructs for an entrepreneurial climate has a fairly strong presence, but there are still room for improvement regarding people development.

The constructs financial measures ($\bar{x} = 3.773$) customer/market measures ($\bar{x} = 3.818$) and process measures ($\bar{x} = 3.833$) have relative high means, and is indicative of a relative strong presence of an entrepreneurial climate.

The following is an exposition of the variables determining the respondents' perceived success of the organisation:

Financial measures ($\bar{x} = 3.773$; $s = 0.502$). The majority of middle managers were of the opinion that the organisation has experienced growth in turnover, profits and market share over the past few years.

Customer/market measures ($\bar{x} = 3.818$; $s = 0.244$). Managers indicated that the organisation take good care of their customers, the organisation has a high customer retention rate keeping customers' needs in mind, and customers are relatively satisfied with the organisation's product/service offerings. This may lead to relative loyal customers.

Process measures ($\bar{x} = 3.833$; $s = 0.098$). Middle management was of the opinion that the competitive position of the organisation has improved over the past few years; this is a result of the improvement of the efficiency and effectiveness of the organisation.

People development ($\bar{x} = 3.318$; $s = 0.751$). Middle management pointed out that although employees are not always viewed as the most valuable asset of the organisation, they are relatively committed to the organisation. The job satisfaction did improve marginally over the past few years.

4.7 RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND ENTREPRENEURIAL CONSTRUCTS INCLUDING THE PERCEIVED SUCCESS OF THE ORGANISATION

In order to test for statistical significance, the independent (two-sample) *t*-test was used. The results of this test are *p*-values and *d*-values. For the purpose of this study, the simple conservative approach was applied and the *t*-test that does not assume equal variances was used (Elliott & Woodward, 2007:59).

A small *p*-value, for example smaller than 0.05, indicates significance (Ellis & Steyn, 2003:51). However, Ellis and Steyn (2003:51) caution against the drawback of using the *p*-value, being that larger sample sizes tend to result in smaller *p*-values without necessarily indicating statistical significance.

In order to overcome the effect of the sample size on the *p*-value, the *d*-value will also be calculated. For the purpose of this study, the effect sizes/*d*-values will be interpreted according to Cohen's' guidelines, as follows: Small effect (*d* = 0.2), medium effect (*d* = 0.5) and large effect (*d* = 0.8). Results with large effects can be regarded as visible effects and with *d* ≥ 0.8 as practically significant, since it is the result of having a large effect (Field, 2005:32; Ellis & Steyn, 2003:51-53).

For the purpose of this study, the demographical data are classified according to the following categories: Gender: male; female and Race: white; black (includes Blacks, Coloureds and Asians).

4.7.1 Relationship between demographic and entrepreneurial constructs

The purpose of the analysis to determine the relationship between demographic variables and entrepreneurial constructs is to determine if there is a significant difference between the evaluations based on the mean score for instance male and female respondents with regard to a specific construct.

The relationship between the demographical variables and the 13 constructs were examined by independent t-tests and effect sizes. The demographical factors used were the gender classification of respondents, race classification of respondents and the age of the respondents.

4.7.1.1 Relationship between entrepreneurial constructs and the gender of respondents

Table 4.12 indicates the relationship between the 13 constructs measuring entrepreneurial climate and the demographic variable gender, with mean (\bar{x}), standard deviation (s), t-test (p) and effect sizes (d).

Table 4.10: Relationship between the construct measuring entrepreneurial climate and the demographic variable gender

Construct		GENDER							
		Male			Female			Comparison	
		n	\bar{x}	s	n	\bar{x}	s	p	d
1	Leadership	72	3.647	0.702	36	3.617	0.768	0.513	0.040
2	Support	72	3.092	0.729	36	3.172	0.706	0.853	0.110
3	Sponsor	72	2.958	0.701	36	2.961	0.759	0.563	0.000
4	Risk tolerance	72	2.934	0.704	36	2.954	0.586	0.234	0.030
5	New ideas	72	3.106	0.869	36	3.361	0.720	0.224	0.290
6	Rewards	72	3.336	0.872	36	3.147	1.014	0.283	0.190
7	Vision	72	3.815	0.765	36	3.706	0.838	0.505	0.130
8	Discretionary time	72	3.397	0.722	36	3.350	0.544	0.068	0.060
9	Teams	72	3.364	0.533	36	3.389	0.673	0.099	0.040
10	Resources	72	2.575	0.789	36	2.728	0.601	0.079	0.019
11	Cont. learning	72	3.231	0.693	36	3.283	0.791	0.348	0.070
12	Customer service	72	3.503	0.811	36	3.828	0.933	0.316	0.350
13	Flat structure	72	2.806	0.924	36	2.900	0.798	0.344	0.100

None of the p -values are smaller than 0.05. This indicates that men are not statistically significantly more positive than women regarding the any of the 13 constructs of an entrepreneurial climate.

When taking the d -values into account, which means that the sample size does not distort the results, it can be seen that in all instances the effect sizes are too small to

be of any practical significance since none of the effect sizes even came close to a medium effect (d -value = 0.5).

4.7.1.2 Relationship between entrepreneurial constructs and the race of respondents

Table 4.13 indicates the relationship between the 13 constructs measuring entrepreneurial climate and the demographic variable race (black and white), with mean (\bar{x}), standard deviation (s), t -test (p) and effect sizes (d).

Table 4.11: Relationship between the construct measuring entrepreneurial climate and the demographic variable gender

Construct		RACE							
		Black			White			Comparison	
		n	\bar{x}	s	n	\bar{x}	s	p	d
1	Leadership	30	3.767	0.923	78	4.163	0.641	0.059	0.430
2	Support	30	3.467	0.743	78	3.594	0.667	0.459	0.171
3	Sponsor	30	3.329	0.889	78	3.503	0.796	0.396	0.196
4	Risk tolerance	30	3.252	0.800	78	3.454	0.663	0.268	0.253
5	New ideas	30	3.367	0.999	78	3.561	0.714	0.3833	0.195
6	Rewards	30	3.083	0.900	78	3.290	0.871	0.329	0.229
7	Vision	30	3.883	0.823	78	3.895	0.727	0.951	0.011
8	Discretionary time	30	3.525	0.827	78	3.660	0.671	0.472	0.163
9	Teams	30	3.577	0.852	78	3.585	0.749	0.967	0.010
10	Resources	30	3.156	0.854	78	3.246	0.846	0.651	0.105
11	Cont. learning	30	3.488	0.906	78	3.610	0.793	0.556	0.135
12	Customer service	30	3.688	0.989	78	3.705	0.770	0.937	0.018
13	Flat structure	30	3.333	0.968	78	3.487	0.793	0.485	0.158

The p -values are all bigger than 0.05, which indicate that whites are not statistically more positive than blacks regarding any of the constructs of an entrepreneurial climate. Only in terms leadership (with a p -value of 0.059) are whites relative significantly more positive than blacks.

In all instances the effect sizes are too small to be of any practical significance since none of the effect sizes had a large effect (d -value = 0.8). The variable Entrepreneurial leadership (d -value = 0.430) had a medium effect.

4.7.2 Relationship between demographic variables and the perceived success factors of an organisation

The demographic variables are addressed in 2 sections within the relationship between of perceived success factors with firstly, the gender and secondly, the race of respondents.

4.7.2.1 Relationship between perceived success factors and the gender of respondents

Table 4.14 indicates the relationship between the factors measuring the perceived success of the organisation and the demographic variable gender, with mean (\bar{x}), standard deviation (s), t -test (p) and effect sizes (d).

Table 4.12: Relationship between the factor measuring the perceived organisational success and the demographic variable gender

Factor		GENDER							
		Male			Female			Comparison	
		n	\bar{x}	s	n	\bar{x}	s	p	D
1	Financial	72	3.579	0.870	36	3.852	0.614	0.026	0.310
2	Customer market	72	3.561	0.762	36	3.838	0.672	0.418	0.360
3	Process	72	3.486	0.886	36	3.666	0.959	0.563	0.190
4	People develop	72	3.306	0.824	36	3.194	0.814	0.963	0.130

Only one of the p -values are smaller than 0.05, financial measure ($p = 0.026$). This indicates that men are statistically more positive than woman regarding the financial measures within the organisation, but not in terms of customer markets, process and people development measures.

When taking the d -values into account, which means that the sample size does not distort the results, it can be seen that in all instances the effect sizes are too small to be of any practical significance since none of the effect sizes even came close to a medium effect (d -value = 0.5). Two of the effect sizes (financial and customer market) indicated a small effect where the d -value was just more than 0.2.

4.7.2.2 Relationship between perceived success factors and the race of respondents

Table 4.14 indicates the relationship between the factors measuring the perceived success of the organisation and the demographic variable race (black and white, with mean (\bar{x}), standard deviation (s), *t*-test (*p*) and effect sizes (*d*).

Table 4.13: Relationship between the factor measuring the perceived organisational success and the demographic variable race

		RACE							
		Black			White			Comparison	
Factor		n	\bar{x}	s	n	\bar{x}	s	p	D
1	Financial	30	4.375	0.559	78	4.547	0.542	0.192	0.308
2	Customer market	30	3.964	0.687	78	4.053	0.582	0.567	0.130
3	Process	30	4.236	0.684	78	4.404	0.641	0.294	0.245
4	People develop	30	3.708	1.013	78	3.889	0.892	0.438	0.181

None of the *p*-values are smaller than 0.05. This indicates that whites are not statistically significantly more positive than blacks regarding any of the factors indicating perceived success of the organisation.

When taking the *d*-values into account, which means that the sample size does not distort the results, it can be seen that in all instances the effect sizes are too small to be of any practical significance since none of the effect sizes even came close to a large effect (*d*-value = 0.8). The factor Financial measures (*d*-value = 0.308) had a small to medium effect, and the factor Process measures (*d*-value = 0.245) had a small effect.

4.8 SUMMARY

The empirical study, detailed in this chapter, used a survey questionnaire to investigate the 13 constructs of an entrepreneurial climate in Old Mutual Retail Affluent, as well as five factors evaluating the perceived success of an organisation. The sample size for the study consisted of the whole study population, since the research questionnaire was distributed to all middle managers in the population. 108 of the questionnaires were returned, and 100% of these questionnaires were analysed.

The demographic information of the respondents were analysed in terms of gender (72 males and 36 females), race (7 Indian, 7 black, 16 coloured and 78 white), age group ($\leq 29 = 5$, $30-39 = 31$, $40-49 = 57$, $50-59 = 14$, $60+ = 1$), highest qualification (67 of the respondents obtained a qualification above a national certificate level).

Cronbach's alpha coefficient values were used to determine the internal consistency among items in the research instrument. In only three of the constructs' alpha values of less than 0.80 were calculated, indicating a relatively high level of internal reliability of the research instrument.

An assessment of the corporate entrepreneurial climate in Old Mutual Retail Affluent was conducted and the average mean for the study calculated. The means of five constructs were lower than the average mean ($\bar{x} = 3.289$) while eight constructs were ranked higher. The two constructs with the highest mean were Vision and strategic intent ($\bar{x} = 3.573$) and Customer orientation ($\bar{x} = 3.609$).

The future success variable measuring the perceived success of the organisation was excluded from the rest of this study since the Cronbach alpha coefficient is too low (0.839). The variables measuring the perceived organisational success were reported by respondents to have a mean above three. The average mean was $\bar{x} = 3.639$.

An analysis was done to determine the relationship between demographic variables and responses regarding the 13 corporate entrepreneurial constructs as well as the variables measuring the perceived organisational success was conducted. The effect of gender and race on the responses regarding the 13 corporate entrepreneurial constructs as well as the variables measuring the perceived organisational success was analysed and effect sizes and practical significance were determined. In all instances the effect sizes were too small to be of any practical significance since none of the effect sizes had a large effect (d -value = 0.8).

In the next chapter conclusions will be drawn from the findings discussed in this chapter and recommendations will be made on how to foster a corporate entrepreneurial climate within Old Mutual Retail Affluent.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter addresses the implications of the findings of the empirical research as presented in Chapter four. The importance of corporate entrepreneurship has been demonstrated and the constructs which support a climate of entrepreneurship have been explored in Chapter three. Data relating to the perceived presence of the constructs of an entrepreneurial climate, as well as selected success factors of the company, were processed and presented in Chapter four.

This is the final chapter on the assessment of the corporate entrepreneurial climate in Old Mutual Retail Affluent and consists of two sections. In the first section of the chapter conclusions will be drawn from the results of the literature study and the findings of the empirical study. Keeping the primary and secondary objectives in mind as formulated in Chapter 1, the discussion focuses on the findings of the assessment of the current corporate entrepreneurial climate in Old Mutual Retail Affluent.

Relevant conclusions will be drawn from the empirical research conducted. The statistical analysis results are discussed in Chapter four. Based on the comprehensive literature review and the results of the empirical study, recommendations to improve the culture of corporate entrepreneurship in Old Mutual Retail Affluent are highlighted.

Now that the current level of corporate entrepreneurial activity within Old Mutual Retail Affluent has been determined, the question is how to get from the present state to an even more desirable future state of an organisation characterised by an environment conducive to corporate entrepreneurial activity that will enhance competitiveness. Moving from the current state to the future one will of course imply a process of planned change and a paradigm shift from all stakeholders within the organisation.

The second section of the chapter will contain proposals and guidelines on the fostering of a corporate entrepreneurial climate within Old Mutual Retail Affluent.

5.2 CONCLUSIONS

Conclusions will follow the basic structure of the questionnaire and will firstly address the basic demographic information, followed by an evaluation of the Cronbach Alpha coefficient to establish the reliability of the measurement used for the assessment of the constructs of an entrepreneurial climate, as well as the assessment of the factors of the perceived organisational success. Only data for which an acceptable Cronbach alpha coefficient was determined will be considered. Lastly, the factors indicating perceived organisational success will be discussed.

5.2.1 Demographic information

Demographic information of respondents was obtained regarding age, gender, racial group, highest academic qualification and management level.

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

- ◆ The gender representation of middle managers in Old Mutual Retail Affluent is uneven, with two thirds (66.67%) identified as male, and one third (33.33%) as female.
- ◆ Most of the middle managers who responded to the item on race are white (72.22%).
- ◆ The majority of middle managers are between 30 and 49 years of age, with a split between managers in the 30 to 39 years range (28.70%) and managers in the 40 to 49 years range (52.78%). The fact that only 12.96% of managers are older than 49 is beneficial to the organisation, because it suggests that young

people are lured to a career in Old Mutual Retail Affluent which could impact positively on innovativeness - in general terms - in the organisation.

- ◆ The largest group (25%) of respondents have a postgraduate degree, with almost a similar portion of the respondents having degrees (23.15%). This can be seen as a very positive result in the insurance industry's quest to become more professional and might also be due to the fact that the industry is becoming heavily regulated.

5.2.2 Reliability of the entrepreneurial climate questionnaire

The Cronbach Alpha coefficient ranges from 0 to 1 and the greater the value, the higher the internal consistency and the more reliable the scale used in the study. A Cronbach Alpha coefficient greater than 0.7 would be regarded as reliable (Nunnally & Bernstein, 1994: 265).

Following the results of the survey, only three of the constructs measuring entrepreneurial climate obtained a Cronbach Alpha Coefficient calculated below 0.7. **Discretionary time and work** measured 0.568, while **tolerance of risks, mistakes and failure** measured 0.570. The **empowerment of teams** measured 0.548, which is still very close to 0.7.

Future success (0.551), one of the variables measuring the perceived success of the organisation, was the only measure in this category that obtained a Cronbach Alpha Coefficient calculated below 0.7.

Due to the fact that the Cronbach Alpha Coefficient values exceeded 0.8 and higher were recorded concerning four of the constructs measuring corporate entrepreneurial climate, as well as four of the variables measuring perceived success of the organisation, it has been concluded that the research instrument used in this study to assess the corporate entrepreneurial climate in Old Mutual Retail Affluent has acceptable reliability.

5.2.3 Assessment of the corporate entrepreneurial climate

A score of 3.000 on the five-point Likert scale (as employed in this study) is regarded as an average score. The average mean of all independent constructs as evaluated by middle managers was 3.229, which can be regarded as a just above average score in terms of the five-point Likert scale. The average score on the Likert scale (3.000) is used as a benchmark for the purpose of making recommendations. For the purpose of this study, mean scores of $\bar{x} < 3.000$ are interpreted as being indicative of perceptions by middle managers that those constructs have lower than average prevalence in Old Mutual Retail Affluent and therefore indicate areas that require development. Ranked relative to each other, mean scores of $\bar{x} > 3.000$ are interpreted as being indicative of a higher than average prevalence, identifying areas that could be built on to further enhance the corporate entrepreneurial climate in the organisation. It would seem that the constructs for an entrepreneurial climate have a fairly average presence and need to be addressed should the organisation want to strengthen their position in the industry.

Based on the results as discussed in the previous chapter, the current climate in Old Mutual Retail Affluent is averagely entrepreneurially orientated. Seven of the constructs evaluated had a mean ranked higher than the average mean of 3.213. For the purpose of this study, this indicates a relatively strong prevalence of corporate entrepreneurship constructs within Old Mutual Retail Affluent since most the constructs had a mean closer to four than to three; this is an indication of a slight agreement with the relevant items.

Conclusions for each individual construct are:

5.2.3.1 Entrepreneurial leadership

The construct **entrepreneurial leadership** received a score of $\bar{x} = 3.637$ meaning just less than “slightly agree” with the statement. All of the statements scored above $\bar{x} = 3$. It therefore seems that, from the respondent’s perspective, leaders have a long-term view for the organisation and seek to maximise value from opportunities. The organisation’s value system is furthermore well-known and management

challenges the status quo. Management also inspires the workforce to think and act in innovative ways. Most of the respondents agreed that the leaders lead by example and people are eager to follow them voluntarily.

5.2.3.2 Management support

The construct **management support** obtained a score of $\bar{x} = 3.119$, meaning just more than “Neither agree nor disagree” and is reported as the eight highest score, slightly less than the average mean score of all thirteen entrepreneurial constructs ($\bar{x} = 3.229$). The respondents are of the perception that management does not make a significant effort to encourage employees to develop ideas that would improve the organisation. They also agreed that there is a fair amount of bureaucracy to confront in order for the employees to motivate their ideas, but once noticed, top management is fairly receptive to the employees’ ideas and suggestions. Those employees who come forward with innovative ideas on their own receive management’s encouragement for their activities.

5.2.3.3 Sponsors for projects

The construct **sponsors for projects** obtained the fourth lowest score ($\bar{x} = 2.959$). All statements except: “My manager helps me to get my work done by removing obstacles in my way” ($\bar{x} = 3.233$) received a score of $\bar{x} \leq 3.000$, indicating that respondents perceive this construct as negative. Many of the respondents agreed that the organisation's managers do not have the skills, commitment and courage to be effective champions of corporate entrepreneurial initiatives.

However, respondents were fairly neutral in their assessment of the ease of building coalitions of sponsors to help projects succeed within the organisation. This goes hand in hand with the perception that the organisation has people that can influence, support, coach, protect and find resources for a corporate entrepreneurial project and its team.

5.2.3.4 Tolerance for risks, mistakes and failure

The construct **tolerance for risks, mistakes and failure** obtained the third lowest score ($\bar{x} = 2.941$). Respondents edged towards agreeing that the business has been built up by taking calculated risks at the right times and that the organisation occasionally take big risks to keep ahead of its competitors. Respondents were fairly negative in their assessment of the value placed on projects involving calculated risk, even when things do not always turn out according to plan. They were fairly neutral about the fact that if they make a mistake in this organisation, they will be forgiven. Average support for small, experimental projects is available.

5.2.3.5 Innovation and creativity/Encouragement of new ideas

The construct **innovation and creativity** was ranked eighth and obtained a mean score of $\bar{x} = 3.191$. Respondents slightly agreed that the organisation provides them with the chance to be creative and try out new methods of doing their jobs. The organisation predominantly fails to implement these improved work methods. However, training is provided to generate innovative new processes and employees are motivated to push their boundaries and to think "out-of-the-box."

Respondents were fairly neutral in their perception of the number of employees at the organisation who are involved in generating and implementing innovative ideas.

5.2.3.6 Appropriate rewards and reinforcement

Given that **appropriate rewards and reinforcements** are one of the best ways in which to shape the desired behaviour of employees, it is concerning that this construct received the sixth highest overall rating with a mean score of $\bar{x} = 3.273$. The positive side to this is that although this is the sixth strongest construct, it was still rated as to be slightly above average in comparison with the Likert scale rating definitions.

Individuals implementing successful innovative projects do not regularly receive additional rewards and compensation, nor are effective intrapreneurs generally rewarded.

Respondents slightly agree with the statements indicating that supervisors will give special recognition if work performance is outstanding and that employees are rewarded in relation to their job performance. In this organisation recognition rather than criticism should be emphasised, with specific focus on recognition for entrepreneurial behaviour or activities.

5.2.3.7 Vision and strategic intent

The construct **vision and strategic intent** obtained the highest score with a mean of $\bar{x} = 3.778$.

Employees are well informed about the organisational vision and strategies as these form part of the annual induction each employee receives. Respondents agreed that great effort has been made to clarify what the vision and strategies of the organisation mean to employees in their own departments; this could be communicated during regular meetings with managers where information is shared. The vision and strategies of the organisation often help employees in setting priorities in their work.

5.2.3.8 Discretionary time and work

With a mean score of $\bar{x} = 3.381$ the construct **discretionary time and work** is ranked fifth of the thirteen constructs evaluating the entrepreneurial climate.

Although no-one in the organisation is forced to develop new ideas, an employee with a good idea is often given time to develop that idea within working hours. A staff member who has initiated a new project/process is allowed to carry it through to completion/implementation.

The creativity of employees in the organisation is enhanced by allowing employees time at work to explore new ideas and by providing ample opportunities for learning and growth.

5.2.3.9 Empowered teams/multi-disciplined teamwork and diversity

The construct relating to **empowerment of teams and the presence of multi-disciplined teamwork and diversity** was ranked fourth and received a mean score of $\bar{x} = 3.372$, which means that respondents tended to slightly agree with the statement that cross-functional or cross-business unit teams are used effectively.

Although working together in teams on projects is encouraged in Old Mutual Retail Affluent and cross-functional teams are characterised by diversity based on the skills required by the project, project leaders do not have enough options in recruiting and selecting new team members.

5.2.3.10 Resource availability and accessibility

Of all thirteen entrepreneurial constructs assessed, **resource availability and accessibility** received the lowest rating with a mean score of $\bar{x} = 2.626$, which is lower than the average rating in the Likert scale. The rating should be evaluated in comparison to the other constructs' mean scores.

It seems as if money is not easily available to get new ideas off the ground. That includes the lack of options within the organisation for individuals to obtain financial support for their innovative projects and ideas.

Middle management perceives the process for accessing and acquiring resources to pursue new opportunities as not streamlined and that it takes time for the granting of approval. They also feel that it is very difficult to attract resource commitment for entrepreneurial ventures in the organisation.

5.2.3.11 Continuous and cross-functional learning

Continuous learning is rated the seventh strongest construct and with mean score of $\bar{x} = 3.209$ is almost equal to the average mean score ($\bar{x} = 3.248$) of all thirteen entrepreneurial constructs.

Respondents neither agreed nor disagreed with the statement that people are keen to share knowledge within the organisation. They were also not convinced that employees are encouraged to talk to their colleagues in other departments of the organisation about ideas for new projects.

The statement with the highest mean score evaluating this construct is that this organisation has open communication channels in which all employees participate. Employees are also encouraged to stay abreast of developments in their functional fields and to share their knowledge with others. The organisation seems to develop their employees and employees are allowed to attend workshops and seminars to keep them abreast of developments.

The middle managers perceive the openness of communication channels as moderate and they do not think that employees are willing to assist others and share knowledge and skills - even if it is not required of them.

5.2.3.12 Strong customer orientation

The construct **strong customer orientation** obtained an above average rating of $\bar{x} = 3.611$ and was ranked third. Respondents tend to strongly agree that customers are treated as very important stakeholders ($\bar{x} = 3.568$) and that product and service innovation are driven by a strong customer orientation.

Middle managers neither agree nor disagree with the statement that customers are involved in service and product development ($\bar{x} = 3.447$). Evaluating the perceptions and opinions of customers regarding the organisation's service and product offerings, forms part of their involvement. It seems as if a fairly great deal of resources is spent in determining customer needs and satisfaction.

5.2.3.13 A flat organisational structure and open communication

The middle managers rated this construct at number twelve, with an average mean score of $\bar{x} = 2.837$. The only statement that received a high mean score is that employees have a fair amount of autonomy in their work and determine their key performance areas in co-operation with their supervisors. This is an indication that organisational structures evaluated on paper do not necessarily mean that employees and managers perceive the organisational structures to be the same.

Middle managers were of the perception that people need to go through elaborate justification and approval procedures when making decisions about their work and that the degree of hierarchical control is relatively high in the organisation.

5.2.4 Assessment of the perceived success of the organisation

The Likert scale was also used to assess how middle managers perceive the success of Old Mutual Retail Affluent. The perceived success of the organisation was evaluated by means of seventeen statements in terms of four variables. The variables identifying the perceived success of the organisation are **financial measures, customer/market measures, process measures and people development**.

The average mean score of all five variables is $\bar{x} = 3.461$. This score indicates that respondents slightly agree with the statements. None of the results of the assessment of the perceived results of the organisation measuring the perceived success of the organisation obtained a Cronbach Alpha Coefficient calculated as below 0.7.

5.2.4.1 Financial measures

With an average mean score of $\bar{x} = 3.670$ this variable was rated the highest of all the organisational success variables. This variable consisted of only three statements.

Respondents agreed very strongly that the organisation has experienced growth in turnover, growth in profits as well as growth in market share over the past few years.

5.2.4.2 Customer/market measures

This variable consisted of six statements. **Customer/market measures** were rated second out of five with a mean score of $\bar{x}=3.653$, which is just above the average mean score of all five variables ($\bar{x} = 3.461$).

Respondents therefore agreed that taking care of customers is the organisation's top priority. The organisation will therefore develop product/services with customers' needs in mind and that will result in the customers being satisfied with the organisation's product/service offerings.

5.2.4.3 Process measures

With a mean score of $\bar{x} = 3.546$, this variable was ranked third of the five perceived organisational success variables evaluated. Respondents strongly agreed with the statements that the competitive position, the effectiveness (doing the right things) and the efficiency (doing things right) of the organisation have improved over the past few years.

5.2.4.4 People development

The mean score of the variable **people development** ($\bar{x} = 3.269$) is ranked as the lowest of the four perceived organisational success variables. Although this is low in comparison to the other variables, it is still above the midpoint of three on the Likert scale rating. Middle managers agreed that employees are viewed as a relatively important asset of the organisation. Middle managers perceived the employees as having a moderate to highly commitment towards the organisation, but they did not think that the morale (job satisfaction) of the employees has improved over the past few years.

5.3 RECOMMENDATIONS

From the conclusions made on the thirteen constructs measuring entrepreneurial climate and the five variables (of which only four are analysed) measuring the perceived success of the organisation, it was evident that the overall climate in Old Mutual Retail Affluent is relative conducive to entrepreneurial behaviour in the organisation. The presence of a **Strong customer orientation** and **Entrepreneurial leadership** are prominent factors within Old Mutual Retail Affluent and this contributes to a favourable entrepreneurial climate. It is evident that the organisation understands its clients and their needs.

For even higher levels of corporate entrepreneurship to be established and maintained within the organisation, harmony must exist amongst the organisational climate, the principles underlying corporate entrepreneurship, as well as sector-specific demands and expectations. The level of autonomy for middle managers needs to be increased and the boundaries for developing and implementing new ideas needs to be widened for Old Mutual Retail Affluent to become truly innovative at employee level.

Furthermore, it was evident from the literature study that to create and foster an entrepreneurial climate in any organisation, top management's support and commitment is vital. In order for middle managers and their employees to be innovative they need to feel secure in their working environments, this can be achieved through managerial support, motivation and attentiveness.

The corporate entrepreneurial constructs evaluated identified that the following eight areas need special attention to ensure the fostering and enhancing of the current corporate entrepreneurial climate in Old Mutual Retail Affluent. All of these areas received a rating of less than $\bar{x} = 3.3$. The areas to be developed are discussed from the area that received the lowest mean rating to the area that received the mean rating closest to $\bar{x} = 3.3$.

5.3.1 Resource availability and accessibility ($\bar{x} = 2.626$)

Resource availability and accessibility was ranked the lowest of all thirteen constructs. A system should be implemented through which resources are made readily available and accessible to pursue new ideas and opportunities. Specific resources should be budgeted for and allocated to entrepreneurial ventures. It is important for the organisation to realise that the availability of resources are linked to the loyalty of the employees and that management should make sure that funds are used in a responsible way. Old Mutual Retail Affluent needs to create and recombine their resources in order to create value through innovation.

Employees need to perceive resources as experimental for corporate entrepreneurial activities before they can act in entrepreneurial ways.

Systems should ensure easy access to resources (Jordaan, 2008:121):

- ◆ Processes and procedures to access resources should be simplified.
- ◆ Capital should be made available in advance to kick-start corporate entrepreneurial efforts.
- ◆ Bootstrapping, i.e. doing more with less, should be encouraged.
- ◆ Up-to-date technology should be employed to increase productivity levels; whenever new technology is employed, staff should be afforded the necessary training.

5.3.2 Flat organisational structure ($\bar{x} = 2.837$)

Top management should practice decentralisation of power, which helps in the reduction of decision making levels.

Covin and Slevin (1991:18) state that an 'appropriate' structure for an organisation with an entrepreneurial posture will often include decentralisation of decision-making authority, minimal hierarchical levels or structural layers, free-flowing communication channels, and closely integrated research and development, manufacturing and marketing functions.

The organisational structure should allow for a free-flow of ideas and participation from employees; it should thus facilitate the process of employee empowerment.

Transference of power or “entrepreneurial autonomy” should be emphasised, allowing employees more freedom to manage their budgets and projects (Bellone & Goerl, 1992:131). This freedom should include accountability. Employees should have the autonomy to take their own decisions about following their ideas, but should still inform top management about their decisions.

5.3.3 Tolerance for risks, mistakes and failure ($\bar{x} = 2.941$)

It is evident that respondents feel that there is a lack of **tolerance for risks and failure** pertaining to new projects and entrepreneurial initiatives in general. Old Mutual Retail Affluent should allow employees to take calculated risks to feel comfortable as this will contribute to an entrepreneurial spirit within the organisation. Mistakes should be accepted and viewed as part of a learning process. Managers should share risks and rewards with employees. This implies that individuals and teams could lose in terms of bonuses, freedom, research support or other resources if projects fail or underperform, and they are rewarded well when projects are highly successful.

To ensure buy-in from employees into the value system of the organisation, alignment of the different value systems should take place. Identification of a few dominant values - which can include innovation, risk taking and tolerance for failure - should be brought about. Top management should stress the fact that mistakes would be tolerated within the organisation in the quest for creativity without risking the safety of employees. In addition to this, the presence of sponsors and management support need to be at a high level in order for such an entrepreneurial spirit to be sustained.

5.3.4 Sponsors / Champions ($\bar{x} = 2.959$)

Old Mutual Retail Affluent should have sponsors who champion, coach, protect and marshal resources for corporate entrepreneurial endeavours. The presence of

sponsors/champions needs to be developed more as they are the individuals needed to encourage and support the employees to be more entrepreneurial.

Burgelman (1983:1353) stresses the importance of the middle-level "manager champion" in addition to the more familiar operational-level "product champion" role in implementing a new business idea. Supervisors' fear of losing control over employees who are entrepreneurial should be put to rest.

A support structure is very important, especially because corporate entrepreneurship is unlikely to be the primary activity and focus area. If proper support is in place, the entrepreneurial endeavour will continue to grow in the organisation. A mentorship and talent management program would be complementary in building the proper support structure. Ultimately, managers displaying high levels of entrepreneurial leadership need to utilise their skills and influence and support employees.

5.3.5 Management support ($\bar{x} = 3.119$)

As stated, **management support** did not necessarily reflect the strong leadership that was evident within the organisation. A support structure is very important, especially since corporate entrepreneurship is not the primary activity and focus area. If proper support is not in place, the entrepreneurial effort is more likely to fail.

Managers must create a supportive environment in the workplace which stimulates entrepreneurial thinking and which creates a support base for employees with new ideas. A systems needs to be created where new ideas reach management and do not go by unnoticed. A proper mentorship program should be implemented to form part of the management support system. Recognition and publicity should be given to improve employee/group efforts. Internal leadership should provide direct access and guidance to executive management. More attention should be given to middle managers in terms of compensation and support as they could set the tone for building coalitions amongst peers and championing ideas, which is an area that needs more attention within the organisation. Management should provide the necessary support on a day-to-day basis in order for employees to care about the organisations' goals.

5.3.6 Innovation and creativity/new ideas encouraged ($\bar{x} = 3.191$)

Innovation and creativity is regarded as the soul of entrepreneurship, and it is not as prevalent as it could be. This is a reason for concern as innovativeness is seen as a source of competitive advantage in an organisation.

Top management should provide support for small experimental projects and innovation should be included in leadership development programmes (Van der Merwe & Oosthuizen, 2008:17).

The generation of ideas should be encouraged, for instance by means of suggestion boxes and brainstorming sessions. Employees who came up with innovative ideas that are implemented should be given recognition. There are usually many ideas floating around in organisations, but ideas are useless unless they are put to use.

Rules and procedures within Old Mutual Retail Affluent should be flexible, allowing for innovative practices, but should not compromise on productivity and efficiency.

5.3.7 Continuous and cross-functional learning ($\bar{x} = 3.248$)

In establishing a corporate entrepreneurial orientation, managers should acquire the skills in following the leveraging resources (resources should be leveraged to achieve seemingly unreachable goals) approach. For managers who have not yet translated a strategic intent into work-group action, this may also entail learning a new skill (Higgins 1996:31).

Old Mutual Retail Affluent should continue to encourage employees to undertake educational programmes and courses to increase their experience and knowledge base.

5.3.8 Appropriate rewards and reinforcement ($\bar{x} = 3.273$)

Respondents also feel that appropriate rewards and reinforcement are not always up to standard and need to be developed more extensively. The organisation will have

to look at more adequate compensation structures that will encourage entrepreneurial behaviour. Rewards can be of a monetary nature or in the form of recognition.

Employees should be appropriately recognised and rewarded in relation to their job performance and the value added to the organisation (Van der Merwe & Oosthuizen, 2008:17). The evaluation system used to measure performance should reinforce corporate entrepreneurial behaviour (Jacobs & Kruger, 2001:5). Rewards should be a function of the level of individual performances and the attainment of performance objectives.

A remuneration system comprising of a mixture of fixed salary and incentives is proposed (Kuratko *et al.*, 2001:62). Although this is implemented by some operational units and in some of the management levels, care should be taken to ensure that incentives are not only “performance-based” (production based), but flexibility should be built into the reward system to also cater for activities enhancing the corporate entrepreneurial climate in the organisation.

Reward systems, both positive and negative, can be especially useful as ways of reinforcing the values and behaviours for an organisation to be successful in implementing the chosen strategy. A key step in any reward system is the evaluation system used to measure an individual's performance (Thompson, Fulmer & Strickland, 1992:446).

5.4 ACHIEVEMENT OF OBJECTIVES

Evaluation of the success of this study is based on the achievement of the research objectives, as indicated in section 1.3.

5.4.1 Primary objective

The primary objective of this study was to assess the level of corporate entrepreneurship in the South African insurance industry, with specific reference to

Old Mutual Retail Affluent and to make recommendations on the encouragement and promoting of an entrepreneurial climate.

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

5.4.2 Secondary objectives

As indicated in section 1.3, the secondary objectives had to be met in order to achieve the primary objective. These secondary objectives were:

- ◆ To define corporate entrepreneurship and entrepreneurial climate.
- ◆ To obtain insight into the dynamics of corporate entrepreneurship and entrepreneurial climate by means of a literature review.
- ◆ To conduct an historical overview of Old Mutual with specific focus on Retail Affluent within South Africa.
- ◆ To assess the current corporate entrepreneurial climate in Old Mutual Retail Affluent by means of a questionnaire.
- ◆ To draw conclusions from the quantitative data obtained and to make practical recommendations to ensure that corporate entrepreneurship is enhanced in the organisation.

The first two objectives were attained by means of a comprehensive literature study, as presented in Chapter three. The corporate entrepreneur and corporate entrepreneurship were defined in section 3.2.1 and 3.2.3 and an entrepreneurial climate was defined in section 3.8. The dynamics of corporate entrepreneurship was discussed in section 3.5 where the dimensions of corporate entrepreneurship were examined. The constructs of the corporate entrepreneurial climate in an organisation were discussed in section 3.9.

The third objective, which focuses on Old Mutual, was achieved in Chapter two where the overview and history of Old Mutual - with specific focus on Retail Affluent - were discussed.

The fourth secondary objective was to measure Old Mutual Retail Affluent's current entrepreneurial climate by means of a questionnaire. To achieve this objective, the reliability of the measuring instrument was firstly confirmed by using the Cronbach Alpha Coefficient. Secondly the corporate entrepreneurial climate was evaluated by means of the questionnaire, as discussed in Chapter four.

The last objective - which was to propose recommendations to ensure and promote an entrepreneurial climate in Old Mutual Retail Affluent - was attained in Chapter 5 with specific focus in section 5.3.

5.5 SUGGESTIONS FOR FUTURE RESEARCH

The focus of the study was to measure the climate conducive to corporate entrepreneurship within Old Mutual Retail Affluent. It is recommended that the items measuring the following constructs of entrepreneurial climate are further researched to further explore respondents rating of **Resource availability and accessibility**, **Innovation and creativity** and **Tolerance for risk, mistakes and failure**.

Based on the findings of the study, the following suggestions are put forward for consideration pertaining future research on corporate entrepreneurship in the insurance industry:

The scope of the study was limited to middle management within Old Mutual Retail Affluent. Junior management, including supervisors, were excluded. The views of junior management should be included in future studies on this topic, because junior management within Old Mutual Retail Affluent plays a significant role in managing groups of employees/teams.

Future studies to include the whole of Old Mutual South Africa as a population group could be beneficial to align Old Mutual's corporate strategy to foster a corporate

entrepreneurial climate. A study to determine the relationship between employee turnover and corporate entrepreneurial climate could be beneficial to all organisations in the insurance industry.

5.6 SUMMARY

Conclusions drawn from the empirical research results as discussed in Chapter four were discussed. The basic demographics of age, gender, division, race and qualification were firstly discussed.

After addressing the demographic information, attention was paid to the different measures that influence the perceived success of the organisation. Customer/market measures and process measures were regarded as significant measures by respondents. In other words, respondents feel that customer needs and retention rate of customers as well as the overall efficiency and efficacy of the organisation are very important measures of success in the organisation.

The Cronbach Alpha Coefficient established the reliability of the items evaluating each construct, after which each of the thirteen constructs present in a corporate entrepreneurial climate were discussed in relation to the results of the questionnaires distributed.

Section 5.3 dealt with recommendations and practical ways in which a corporate entrepreneurial climate could be enhanced and maintained in Old Mutual Retail Affluent. Systems and processes should be revisited and adapted to ensure adherence to the requirements of a corporate entrepreneurial climate. Constructs that presented the highest means were explored further and specific recommendations were made for constructs that performed fairly well but needed development and adjustment. Recommendations pertaining to the measures that indicate the perceived success of the organisation were also made.

The chapter concluded by addressing the achievement of all the objectives, and by recommending possible future research that could be undertaken based on this study.

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Appendix A

CORPORATE ENTREPRENEURSHIP CLIMATE QUESTIONNAIRE

Code number:

**CORPORATE ENTREPRENEURIAL
CLIMATE QUESTIONNAIRE**

CONFIDENTIAL

Note: All responses are confidential and neither the individual nor the organisation would be identified in any report or release.

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CORPORATE ENTREPRENEURIAL CLIMATE QUESTIONNAIRE

Dear Respondent

Corporate entrepreneurship is becoming increasingly important for the competitiveness of Old Mutual Retail Affluent as we face dynamic competition unleashed by globalisation as well as by local competitors. Internal environmental factors play a crucial role in translating entrepreneurship into performance. Corporate entrepreneurship (intrapreneurship) with parallel creativity and high rates of responsiveness should be the preferred mode of operations in Old Mutual as a whole.

Old Mutual is the largest life insurer in South Africa. The role of middle management therefore becomes crucial as the responsibility lies with them to move the bottom line.

With the 2008 Global Entrepreneurship Monitor (GEM) Report again indicating that South Africa performs poorly in comparison to other emerging economies in terms of entrepreneurial activity and development, attention should be focused on interventions which support and encourage business initiatives and development.

Very little to no research has been conducted on corporate entrepreneurship within the life insurance sector in South Africa. Corporate entrepreneurship in Old Mutual should therefore emphasise the establishment of business models, processes and structures in the corporate retail sector so as to increase the level of corporate entrepreneurship in the various departments within Old Mutual Retail Affluent.

The focus of this research study is on middle management in the Old Mutual Retail Affluent division in South Africa.

This questionnaire attempts to measure the intrapreneurial climate in your department in order to determine whether it is conducive to foster an intrapreneurial spirit, as well as to indicate possible barriers or trigger factors. Your contribution is highly valued and appreciated.

Please complete every question / statement to ensure the validity and reliability of the study.

GENERAL INSTRUCTIONS

Virtually all questions may be answered by ticking (X) or **highlighting** the relevant block.

Use the following key to indicate your preference:

SCALE	TERM USED
5	Strongly agree
4	Slightly agree
3	Neither agree nor disagree
2	Slightly disagree
1	Strongly disagree

Please select the number which best describes your opinion about a specific question or statement. In the example beneath, the respondent slightly agreed to the statement listed.

		Strongly Disagree	Slightly Disagree	Neither agree nor disagree	Slightly agree	Strongly Agree
A03	My manager helps me to get my work done by removing obstacles in my way.	1	2	3	4	5

SECTION A: CORPORATE ENTREPRENEURIAL CLIMATE

This section consists of 65 statements. Please indicate to what extent you agree or disagree with each statement. Please mark the applicable block with a cross (X).

		Strongly Disagree	Slightly Disagree	Neither agree nor disagree	Slightly Agree	Strongly Agree
A01	Our leaders take a long-term view of our organisation.	1	2	3	4	5
A02	Management encourages us to develop ideas that would improve the organisation.	1	2	3	4	5
A03	My manager helps me to get my work done by removing obstacles in my way.	1	2	3	4	5
A04	Development at our organisation is based on taking calculated risks at the right time.	1	2	3	4	5
A05	Our organisation quickly implements improved work methods that are developed by employees.	1	2	3	4	5
A06	Individuals implementing successful innovative projects receive additional rewards and compensation.	1	2	3	4	5
A07	I am well informed about our organisational vision and strategies.	1	2	3	4	5
A08	An employee with a good idea is often given time to develop that idea within working hours.	1	2	3	4	5
A09	Working together in project teams is encouraged at the organisation.	1	2	3	4	5
A10	There are several options within the organisation for individuals to get financial support for their innovative projects and ideas.	1	2	3	4	5
A11	People are keen to share knowledge within the organisation, even over departmental or functional boundaries.	1	2	3	4	5
A12	A great deal of resources is spent in determining customer needs and satisfaction.	1	2	3	4	5
A13	People are allowed to make decisions about their work processes without going through elaborate justification and approval procedures.	1	2	3	4	5
A14	Our leaders challenge the status quo and they inspire us to think and act in innovative ways.	1	2	3	4	5
A15	Top management is receptive to my ideas and suggestions.	1	2	3	4	5
A16	Originators of new ideas find it easy to implement because of the support rendered by influential people at the organisation.	1	2	3	4	5
A17	Projects involving calculated risk are highly valued, even when things do not always turn out according to plan.	1	2	3	4	5
A18	There is considerable number of employees at the organisation that are involved in generating and implementing innovative ideas.	1	2	3	4	5
A19	In this organisation recognition rather than criticism is emphasised.	1	2	3	4	5
A20	I have regular meetings with my manager where information is shared between us.	1	2	3	4	5
A21	A staff member who has initiated a new project/process is allowed to carry it through to completion/implementation.	1	2	3	4	5
A22	We use cross-functional teams effectively at the organisation to develop and implement new ideas.	1	2	3	4	5
A23	Money is often available to get new project ideas off the ground.	1	2	3	4	5
A24	Employees are encouraged to talk to their colleagues in other departments of the organisation about ideas for new projects.	1	2	3	4	5
A25	Product and service innovation are driven by a strong customer orientation.	1	2	3	4	5

		Strongly Disagree	Slightly Disagree	Neither agree nor disagree	Slightly Agree	Strongly Agree
A26	Employees are given ample opportunity for independence and freedom in how they do their work.	1	2	3	4	5
A27	This organisation has a specific value system which we all know and live up to.	1	2	3	4	5
A28	Those employees who come up with innovative ideas on their own receive management's encouragement for their activities.	1	2	3	4	5
A29	Our organisation has people with influence that support, coach, protect, and find resources for an intrapreneurial project and its team.	1	2	3	4	5
A30	We occasionally take big risks to keep ahead of our competitors.	1	2	3	4	5
A31	This organisation provides me with the chance to be creative and try out new methods of doing my job.	1	2	3	4	5
A32	My supervisor will give me special recognition if my work performance is outstanding.	1	2	3	4	5
A33	Great effort has been made to clarify what the vision and strategy of the organisation mean to us in our own department.	1	2	3	4	5
A34	Nobody at the organisation is forced to develop new ideas.	1	2	3	4	5
A35	Top management encourages the establishment of teams from various departments whenever needed for a project.	1	2	3	4	5
A36	Resources are readily accessible in pursuance of new ideas and opportunities.	1	2	3	4	5
A37	Our organisation has open communication channels in which all employees participate.	1	2	3	4	5
A38	Our organisation involves customers in service and product development.	1	2	3	4	5
A39	I have autonomy to decide how to do my work.	1	2	3	4	5
A40	Our leaders lead by example and people are eager to voluntarily follow them.	1	2	3	4	5
A41	The creation of innovative ideas is a regular occurrence in our organisation.	1	2	3	4	5
A42	Our organisation's managers have the skills, commitment and courage to be effective champions of intrapreneurial initiatives.	1	2	3	4	5
A43	This organisation supports many small and experimental projects realising that some will undoubtedly fail.	1	2	3	4	5
A44	Training is provided to ensure that innovative new processes are implemented effectively.	1	2	3	4	5
A45	In this organisation effective intrapreneurs are generally rewarded.	1	2	3	4	5
A46	The vision and strategies of the organisation often help me in setting priorities in my work.	1	2	3	4	5
A47	I am allowed time at work to explore new ideas I believe have potential.	1	2	3	4	5
A48	Project teams have choices in recruiting and selecting new team members.	1	2	3	4	5
A49	The process for accessing and acquiring resources to pursue new opportunities is streamlined so that approval is quickly granted.	1	2	3	4	5
A50	Employees are encouraged to stay abreast of developments in their functional fields and to share their knowledge with others.	1	2	3	4	5
A51	We regularly ask our customers to give their opinions of our service and product offerings.	1	2	3	4	5
A52	The degree of hierarchical control is relatively low in our organisation.	1	2	3	4	5
A53	Our leaders seek to maximise value from opportunities.	1	2	3	4	5
A54	Senior managers allow innovators to bend rules and rigid procedures in order to keep promising ideas on track.	1	2	3	4	5
A55	In this organisation it is easy to build coalitions of sponsors to help projects succeed.	1	2	3	4	5

		Strongly Disagree	Slightly Disagree	Neither agree nor disagree	Slightly Agree	Strongly Agree
A56	If you make a mistake in this organisation you will be forgiven.	1	2	3	4	5
A57	Employees are inspired to push their boundaries and to think "out-of-the-box."	1	2	3	4	5
A58	Employees are rewarded in relation to their job performance.	1	2	3	4	5
A59	There is considerable buy-in from employees into the value system of the organisation.	1	2	3	4	5
A60	Our organisation provides ample opportunities for learning and growth.	1	2	3	4	5
A61	Cross-functional teams are characterised by diversity based on the skills required by the project.	1	2	3	4	5
A62	Attracting resource commitment for entrepreneurial ventures in this organisation is relatively easy.	1	2	3	4	5
A63	Employees are willing to assist others and share knowledge and skills even if it is not required from them.	1	2	3	4	5
A64	Customers are treated as very important stakeholders.	1	2	3	4	5
A65	Employees determine their key performance areas in co-operation with their supervisors.	1	2	3	4	5

SECTION B: SUCCESS OF THE ORGANISATION

This section consists of 17 statements. Please indicate to what extent you agree or disagree with each statement. Please mark the applicable block with a cross (X).

		Strongly Disagree	Slightly Disagree	Neither agree nor disagree	Slightly Agree	Strongly Agree
B01	Our organisation develops product/services with customers' needs in mind.	1	2	3	4	5
B02	The competitive position of our organisation has improved over the past few years.	1	2	3	4	5
B03	Our organisation has experienced growth in market share over the past few years.	1	2	3	4	5
B04	Our employees are highly committed to our organisation.	1	2	3	4	5
B05	During difficult economic periods, investments in research and development/ innovative projects continue and no significant financial cuts are made.	1	2	3	4	5
B06	Our organisation has a high customer retention rate.	1	2	3	4	5
B07	Our customers are loyal to our organisation.	1	2	3	4	5
B08	In our organisation, employees are viewed as the most valuable asset of the organisation.	1	2	3	4	5
B09	Taking care of customers is our organisation' top priority.	1	2	3	4	5
B10	The morale (job satisfaction) of our employees has improved over the past few years.	1	2	3	4	5
B11	Our customers are satisfied with our organisation's product/service offerings.	1	2	3	4	5
B12	The image (stature) of our organisation, relative to our competitors, has grown over the past few years.	1	2	3	4	5
B13	Our organisation has experienced growth in turnover over the past few years.	1	2	3	4	5
B14	The effectiveness (doing the right things) of our organisation has improved over the past few years.	1	2	3	4	5
B15	Employees in our organisation understand the needs of our customers.	1	2	3	4	5
B16	Our organisation has experienced growth in profits over the past few years.	1	2	3	4	5
B17	The efficiency (doing things right) of our organisation has improved over the past few years.	1	2	3	4	5

SECTION C: BACKGROUND INFORMATION

The following information is needed to help with the statistical analysis of data for comparisons among different interest groups. All your responses will be treated confidentially. Your assistance in providing this important information is appreciated.
Please mark the applicable block with a cross (X).

C01	Indicate your age group	≤ 29	30 - 39	40 - 49	50 - 59	60+
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C02	Indicate your gender	Male	Female
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C03	Indicate your race	Black	White	Coloured	Indian
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C04	Indicate your highest academic qualification				
	Lower than Grade 12				
	Grade 12				
	National certificate				
	National diploma				
	3-year degree				
	Post graduate qualification				

C05	Indicate your management level	Top management	Middle management	Lower management
		(PL 6 – 7/ Band 12 – 14)	(PL 4 – 5 / Band 10 -11)	(PL 2 – 3/ Band 8 -9)
	Other: (Specify):			

C06	Indicate your functional department				
	Retail Affluent				
	Other				

THANK YOU VERY MUCH FOR YOUR VALUED INPUT.