

An assessment of the influence of entrepreneurial orientation on the success of an automotive organisation

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ABSTRACT

Entrepreneurial orientation is a process of re-energising and enhancing an organisation's ability to acquire innovative skills and capabilities. The main objective of entrepreneurial orientation is to create new business in an already existing organisation.

The primary objective of this research was to assess the influence of entrepreneurial orientation on the success of Toyota Tsusho Africa (TTAF) an organisation from the automotive sector in South Africa. The five entrepreneurial orientation variables, namely innovativeness, autonomy, risk taking, pro-activeness and competitive aggressiveness and the two organisation success variables, namely business growth and business development and improvement were used to conduct the assessment. Furthermore, suggested recommendations that would improve implementation levels of entrepreneurial behaviours were provided.

The research begun with an introduction which explained the problem statement, followed by a literature review that investigated the origins and definitions of entrepreneurship, entrepreneur, intrapreneur, characteristics of entrepreneurs, corporate entrepreneurship and entrepreneurial orientation variables. In addition, the research investigated the history of TTAF and further detailed the relationship between TTAF and Toyota Motor Corporation (TMC).

Questionnaires were distributed to TTAF employees. The target population of the research was 310 employees of TTAF automotive division. A total of 127 valid responses were received on which a statistical analysis was conducted. The validity of the measuring instrument was found to be reliable by calculating the Cronbach's Alpha Coefficient. The mean and standard deviation of each variable were analysed and comparisons between levels of employment was conducted. Additionally, multiple regression analysis and correlations analysis using the Pearson Correlation Coefficients (r) were analysed.

Recommendation in line with the results and conclusions were proposed. The objective of recommendations was to improve the level of implementation of entrepreneurial orientation in TTAF. An assessment of the primary and secondary

objectives was also conducted and finally suggestions for future research were provided.

Key words: Entrepreneurial Orientation, Intrapreneur, Organisation Success, Corporate Entrepreneurship.

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“It always seems impossible until it’s done” ~ Nelson Mandela

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LIST OF ABBREVIATIONS

APDP – Automotive Production and Development Programme

CBU – Complete Built Unit

CE – Corporate Entrepreneurship

CKD – Complete Knock Down

GDP – Gross Domestic Product

EO – Entrepreneurial Orientation

Genchi Gembutsu – Go look with your own eyes (Real place, real things and reality)

GM – General Motors

Jidoka – Stop work immediately when problem occurs

JIT – Just In Time

IT – Information Technology

KAIZEN – Continuous Improvement

KPI – Key Performance Indicator

MIDP – Motor Industry Development Programme

NWU – North West University

OEM – Original Equipment Manufactures

Shokon – Commercial Spirit

SCS – Statistical Consultation Services

SSA – Subaru South Africa

TCAP – Tsusho Capital

TDA – Toyota De Angola

TGSA - Toyota Gosei South Africa

TKEN – Toyota Kenya

TMAL – Toyota Malawi

TMAU – Toyota Mauritius

TMC – Toyota Motor Corporation

TPS – Toyota Production System

TTAF – Toyota Tsusho Africa

TTC – Toyota Tsusho Corporation

TTSAP – Toyota Tsusho South Africa Processing

TSAM – Toyota South Africa Motors

TUGA – Toyota Uganda

TZAM – Toyota Zambia

TZIM – Toyota Zimbabwe

CHAPTER 1: NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

It's no longer business as usual anymore. In the 21st century organisations are experiencing business cycles at a fast pace - some of which are progressive or hostile to the organisation's life span. Tied to these cycles, the 21st century has also given rise to hypercompetitive paradigms brought about by globalisation, technology, politics, ever increasing changing consumer demands and taste (Ireland & Webb, 2009:473). These cycles tend to create continuous change patterns that require organisations to become constantly adaptive in order to survive and prosper. The way organisations respond to such changes is very important for their survival and sustainability (Hough *et al.*, 2011:295).

The 2008 global recession was the major crisis to negatively impact organisations in all sectors of the industries and further shrunk the gross domestic product (GDP) of four of the world's greatest economies, namely Germany, Japan, China and the USA (Eaton *et al.*, 2011:1). In response to these challenges, many existing organisations have resorted to Entrepreneurial Orientation as a strategic means for innovation, growth and strategic renewal (Bhardwaj *et al.*, 2007:131).

A hyper competitive business environment is one of the main factors increasing the necessity for organisations to become innovative, take risks, empower employees, become pro-active and compete aggressively in their activities (Anu, 2007:149). Hence, traditional business leaders should gravitate towards becoming innovative, creative, pro-active, risk taking, personal decision making and flexible in order to achieve success (Foba & De Villiers, 2007:1). Furthermore, Dess and Lumpkin (2005:147) suffice that the concept of entrepreneurial orientation is found in companies where strategic leaders generate a strong impetus to innovate, take risks and aggressively pursue new opportunities. Thus, entrepreneurial orientation comprises of five dimensions, namely innovativeness, pro-activeness, risk taking, competitive aggressiveness and autonomy which permeates decision making styles and practices of organisation's employees (Dess & Lumpkin, 2005:147).

The above five dimensions often work together in enhancing organisational performance, however, some organisations that are strong with regard to only a few dimensions can also demonstrate forms of success. This concept will also be proved after this research, which is focusing on measuring the five dimensions of entrepreneurial orientation: Autonomy, Risk taking and Innovativeness, Proactiveness and Competitive aggressiveness.

Entrepreneurial orientation trunks from the Entrepreneurship discipline. According to Stevenson and Jarillo (1990:23), entrepreneurship is the process whereby individuals pursue opportunities without regards to the resources they currently control, either on their own or inside organisations, while an entrepreneur is an intrinsically motivated, high-energy leader who can tolerate ambiguity, mitigate risk and is innovative. An entrepreneur can furthermore identify and pursue opportunities by marshalling diverse resources to develop new markets and engage in competition (Spinelli & Adams, 2012:35).

Many entrepreneurs are not only involved in start-ups, but are also found in existing organisations such as ESKOM, Toyota, General Motors, Google, Apple and many more (Spinelli & Adams, 2012:35). It is then these individuals who practice entrepreneurial orientation in the organisations they work for, when they innovate and create new products and services. In light of this, the phenomenon of entrepreneurial orientation has become a driving force behind organisational pursuit of entrepreneurial activities and most recently a focus of entrepreneurship literature and subject of more than 30 years' research (Covin & Wales, 2012:677).

This research will focus on the automotive industry of South Africa and in particular Toyota Tsusho Africa (TTAF), a company of the Toyota Group from the automotive industry. The automotive industry is an important sector of the South African economy, which contributes about 7.2% GDP (AIEC, 2015). The automotive sector's major streams are export of vehicles, manufacturing of vehicles and components manufacturing. Many international organisations use South Africa to manufacture vehicles and source components and hence the sector contributes 12% of South Africa's exports. The automotive manufacturing industry, component manufactures and the aftermarket and retail business employs about 200,000 people in South Africa (South Africa.info, 2012).

Measuring the five dimensions of entrepreneurial orientation, namely autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness against the success of TTAF, a company of the Toyota group of companies, will quantitatively enable managers and academics to visualize the relationship between entrepreneurial orientation and the success of TTAF in a South African context and further identify which dimensions are more important or stronger than others and how the dimensions are correlated to each other. When organisations' leaders and managers are able to easily quantify the influence of entrepreneurial orientation on the success of the organisation, firms can be able to create clear strategies, visions, objectives and action plans that will renew themselves and their markets by pioneering the entrepreneurial orientation dimensions (Miller, 1983:770).

1.2 PROBLEM STATEMENT

The purpose of this research was to determine if entrepreneurial orientation has a positive influence on TTAF organisational success, using the five entrepreneurial orientation dimensions, namely autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness as a measure. Many organisations, TTAF included, experience entrepreneurial orientation activities on an ongoing basis, however, it is apparently not clear cut as to whether entrepreneurial orientation has an influence on the success of organisations or not.

Due to pressure on organisations to compete and survive in this dynamic business environment, organisations are resorting to entrepreneurial orientation as a means of growth and innovation (Van der Merwe & Oosthuizen, 2011:540). In light of this challenge, studies about the relationship between entrepreneurial orientation and success have been widely conducted in the field of entrepreneurship and some results vary from positively related to not significantly related (Rauch *et al.*, 2009:8; Madsen, 2007:188). While many studies have been conducted in the United States of America (Frank, 2010:175) fewer studies have been directly conducted in the South African business environment. Furthermore, there has been a lack of consistency of results from previous studies (Covin & Slevin, 1991:20). Lumpkin (1996:153) stressed that it is important to recognize the multidimensional nature of performance construct because entrepreneurial activities can lead to positive results

on one performance dimension and negative results on a different performance dimension.

Most of the studies conducted have also focused on measuring all the five dimensions of entrepreneurial orientation (autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness) and haven't tested the relationship of individual dimensions and performance. According to Lumpkin and Dess (2001:446), all dimensions of entrepreneurial orientation may not always be beneficial or have an impact on success, since the dimensions tend to vary independently. Focusing on individual dimensions could add value in understanding the relationship between entrepreneurial orientation and success.

In particular, in South Africa, limited research of this nature has been conducted in the automotive manufacturing sector. The closest was a research study conducted on Women-owned Small and Medium-sized businesses, by Van der Merwe and Oosthuizen. Further research from EBSCOHost, Emerald, electronic journal and Google Scholar suggests that there is limited or no research in South Africa that has focused on the relationship between entrepreneurial orientation and success on an organisation like TTAF in the automotive industry, hence a need for more studies to understand the relationship between entrepreneurial orientation in a South African automotive industry organisations using the five dimensions.

In light of this gap, it is therefore necessary to conduct a research that measures the relationship of entrepreneurial orientation and organisation success in the South African context, using TTAF employees as the target population. The hypothesis is that, for an organisation to achieve success, there should be a positive relationship amongst innovation, autonomy and risk taking, pro-activeness and competitive aggressiveness.

In conclusion, this research will contribute to the academic literature and business environment in the following ways:

- a) A detailed analysis of the influence of entrepreneurial orientation on the organisation success in the automotive sector will be generalized in a South African context.

- b) An understanding of the relationship between success and the five dimensions of entrepreneurial orientation will be provided to business managers and academics.
- c) The relationship of the five dimensions of entrepreneurial orientation will be provided to managers and academics.
- d) A general level of awareness of entrepreneurial orientation, its definition and its benefits amongst the employees of TTAF will be collected.
- e) A general understanding and awareness of entrepreneurial orientation will enable managers to utilize the dimensions whenever they are promoting entrepreneurial orientation in their organisations.

1.3 OBJECTIVES OF RESEARCH

The research objectives were separated into two parts: primary objective and secondary objectives.

1.3.1 Primary objective

The primary objective of this research was to assess the influence of entrepreneurial orientation on the success of TTAF, an organisation in the automotive sector, using the five dimensions of entrepreneurial orientation namely autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness. Upon completion of this research, recommendations to improve implementation of entrepreneurial orientation in TTAF and other organisations in the automotive sector and South African business community at large were articulated.

1.3.2 Secondary objectives

In order to address the primary objective, the following secondary objectives were analysed in detail:

- To evaluate the importance of innovativeness, risk taking, autonomy, pro-activeness and competitive aggressiveness towards the success of TTAF in South Africa.
- To establish the strength, relationship and correlation of innovativeness, autonomy, risk taking, pro-activeness and competitive aggressiveness.

- To understand the effect size between levels of employment in TTAF.
- To evaluate the perceived influence of entrepreneurial orientation on organisation success.
- To provide recommendations that enhance entrepreneurial orientation.

1.3.3 Hypothesis

The following are some of the hypotheses proposed for the outcome of the research:

- H₁: Higher levels of innovation increase organisational success.
- H₂: Higher levels of autonomy improve organisational success.
- H₃: Risk taking can lead to improved organisational success.
- H₄: Pro-activeness leads to improved organisational success.
- H₅: Higher levels of competitive aggressiveness leads to improved organisational success.
- H₆: A combination of the five entrepreneurial dimensions leads to improved organisational success.

1.4 SCOPE OF THE RESEARCH

1.4.1 Field of research

This research was fixated on entrepreneurial orientation in organisations, specifically TTAF, a South African organisation in the automotive sector.

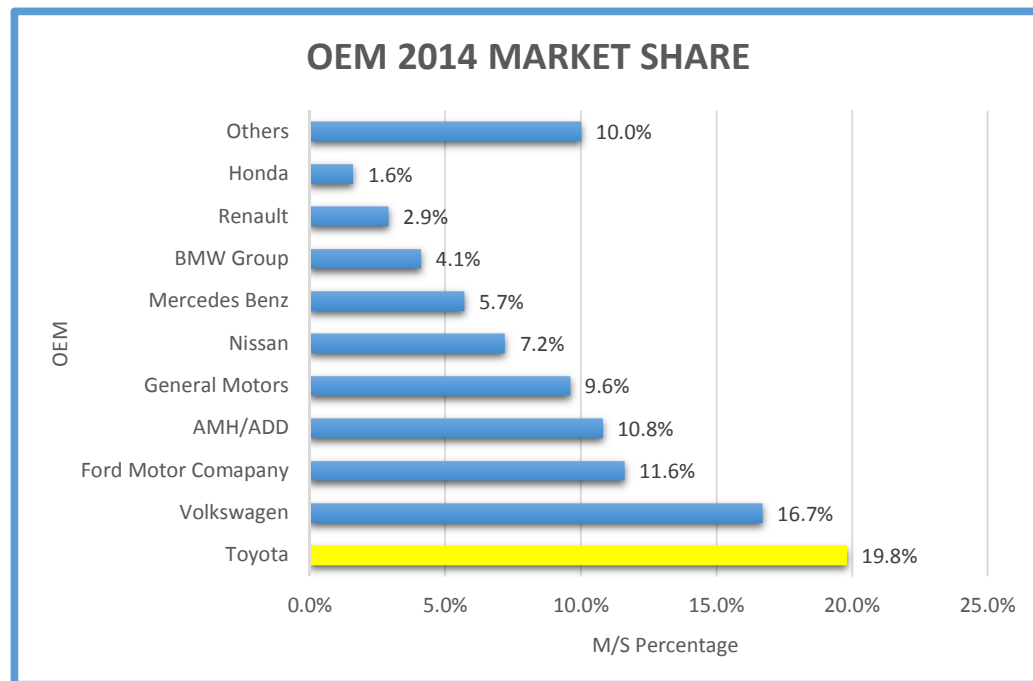
1.4.2 South African Automotive Industry

The automotive sector is considered to be one of the most important arteries of the South African economy, contributing about 7.2% gross domestic product (GDP) in 2014, 30.2% of which was from manufacturing and 11.7% from export business. The South African market is probably bigger than the export market, however, there is a huge potential to grow the export market and expand the size of the economy and influence of South African products abroad. Consequently, the automotive sector is a very important part of the South African economy in sustaining growth and employment creation (AIEC, 2015).

The South African automotive Original Equipment Manufacturers (OEM) is comprised of local manufacturers and importers of complete built units (CBU) from Europe, India, Korea, Japan and China. Local manufactures are Toyota, Ford, Mercedes Benz, BMW, Nissan, General Motors and Volkswagen. Imported CBU's vehicles are Citron, Peugeot, Subaru, Tata, Volvo, Hyundai and KIA. Additionally, the automotive industry also supports a huge base of components suppliers, such as Johnson control, Yazaki, Sumitomo and Bosch. The OEM employs about 30 000 people, while the component suppliers employ about 80 000 people (DTI, 2015).

This research focused on Toyota, in particular Toyota Tsusho Africa (TTAF). Toyota South Africa Motors (TSAM) commands a larger market share in South Africa, a position it has maintained for the last thirty five years running to 2014, at 19.8%. In figure 1.1: OEM 2014 Market share below shows that Volkswagen is the closest rival and competitor to Toyota, at 16.7%, followed by Ford Motor Company at 11.6%, while Renault and Honda are at the bottom with 2.9% and 1.6% respectively (AIEC, 2015).

Figure 1.1: OEM 2014 Market share



Source: AIEC (2015)

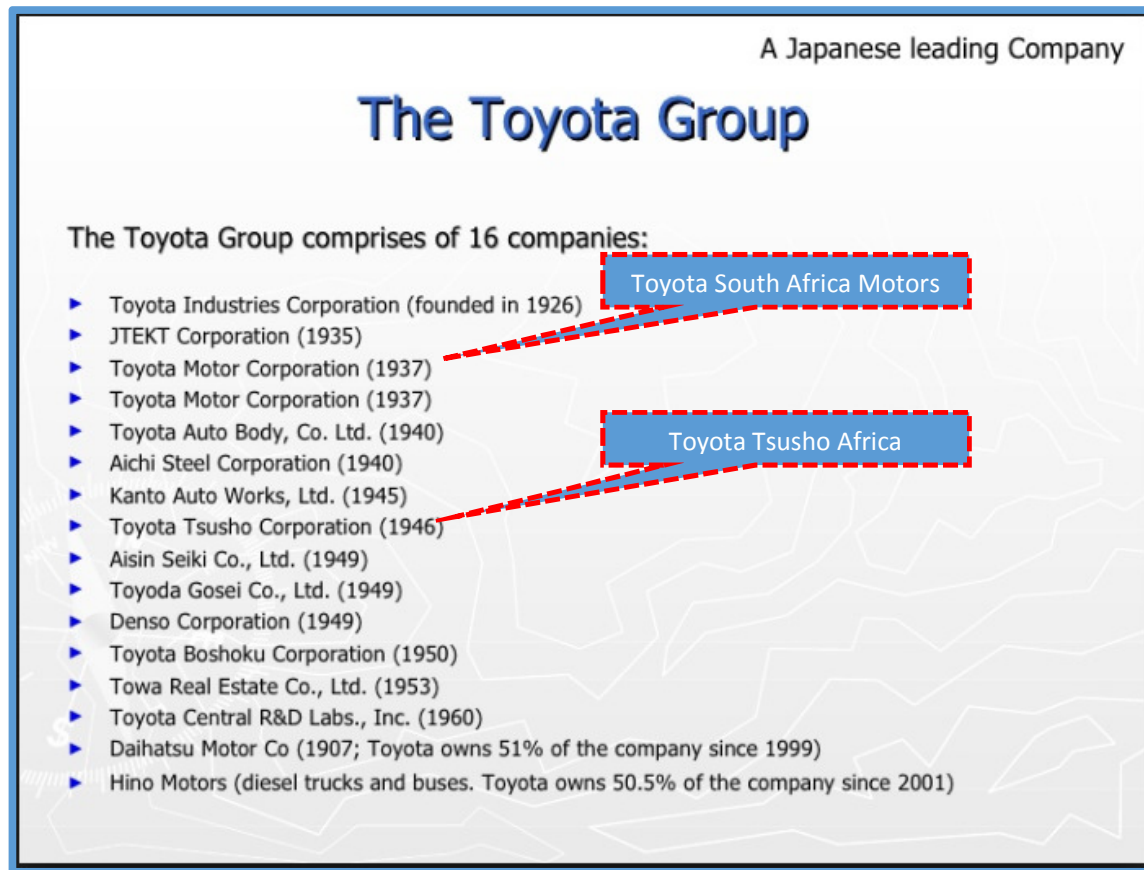
1.4.3 Toyota

Toyota Tsusho Africa (TTAF) is a subsidiary of the Toyota Tsusho Corporation (TTC), which belongs to the Toyota Group of companies in Japan. In 1964, TTC established an office in Johannesburg to support TTC's export business. Initially the company exported equipment, machinery and Toyota Forklifts. In 1994, this office became a branch, due to an increased demand of Toyota export products into Africa and other regions and in 1999 the name was changed to TTAF. TTAF was founded as a trading and supply chain specialist of the Toyota group of companies and is a multi-business organisation, comprising of both production and support capabilities. It is strategically located to ensure optimum service delivery to all its customers (TTAF, 2014). Toyota South Africa Motors (TSAM) is a subsidiary of the Toyota Motor Corporation (TMC). TSAM started its vehicle production in South Africa in June 1962 and by December 2011 the organisation was employing about 8,000 employees (Toyota Global, 2012). Below, in figure 1.2: Toyota Group of Companies, is a list of the main Toyota group of companies. This illustrates how TTAF and TSAM fit into the Toyota Group of companies.

TTAF works closely with TSAM through importation of most components used to manufacture Toyota vehicles, e.g. metal and fabrication, wheel and tyre, airbags, electronic components, car seats, dashboard and many more. Vehicles manufactured by TSAM are also exported by TTAF to parts of southern, eastern and northern Africa, such as Zimbabwe, Malawi, Zambia, Angola, Mauritius, Madagascar, Tanzania, Kenya, Uganda, Ethiopia, Mauritania and many more (TTAF, 2015).

Shortly after being established in 1999, TTAF, through vertical integration, acquired five key distributors in five different countries in southern and eastern Africa, Subaru South Africa in South Africa and further acquired two more distributors in Africa a few years later (TTAF, 2015). TTAF production facilities are situated in Durban and the head office is in Sandton Johannesburg

Figure 1.2: Toyota Group of Companies



Source: Toyota Global (2012)

The following are the 8 distributors owned by TTAF in South Africa and Africa:

Table 1.1: Distributors owned by TTAF

<i>No.</i>	<i>Country</i>	<i>Branch</i>
1	Toyota Kenya	Nairobi
2	Toyota Malawi	Blantyre
3	Toyota Uganda	Kampala
4	Toyota Mauritius	Riche Terre
5	Toyota Zambia	Lusaka
6	Toyota Angola	Luanda
7	Toyota Zimbabwe	Msasa
8	Subaru South Africa	Johannesburg

Source: TTAF (2015)

Below are TTAF business offerings in South Africa and abroad:

- Business management – These include marketing, vehicle sales, parts distribution, aftersales support for its distributors and independent distributors.
- Stock management – warehousing and storage facilities.
- Clearing and forwarding services.
- Just in time wheel and tyre assembly for TSAM.
- Airbag manufacturing.
- Toyota seat and dash board manufacturing.
- Global sourcing of material and products, which include a large range of spare parts and steel machinery.
- Corporate organisational development solution.
- Scrap metal recycling (TTAF, 2015).

1.5 RESEARCH METHODOLOGY

1.5.1 Literature review

A thorough literature review was imperative in defining entrepreneurship, entrepreneurial orientation and organisational success as well as highlighting the relationship established by previous research on entrepreneurial orientation and organisational success. Furthermore, a literature review highlighted the characteristics of entrepreneurs and the five dimensions of entrepreneurial orientation, namely autonomy, risk taking, innovativeness, competitive aggressiveness and pro-activeness. It also helped to establish a mathematical equation to explain the logic behind the relationship between entrepreneurial orientation and organisational Success.

The sources of information included the internet, publications from Google scholar, EbscoHost, SAePublication and Emerald insight journals, magazines, company publications, previous dissertations and entrepreneurship books.

1.5.2 Instruments

A quantitative research method was used for this study. Quantitative research is the study of observable human behaviour, which follows strict natural scientific methods when collecting and interpreting data (Welman *et al.*, 2005:6). The main purpose of this study was to ask employees from the automotive division of TTAF, within the Johannesburg and Durban offices, about their opinion regarding the influence of entrepreneurial orientation on the success of TTAF in a structured way, in order to produce hard facts and statistics that would guide the decisions of the outcome. Primary data was collected using questionnaires, which were distributed to TTAF employees using email and hard copies to production staff. The approach used in this research was a cross-sectional design type which encompassed all TTAF employees of all ages (Welman *et al.*, 2005:95). The use of more than one variable to analyse the data required the use of a correlational design, which was measured on two or more variables at the same time (Welman *et al.*, 2005:94).

A single sampling technique was used for this research. The Statistical Consultation Services (SCS) distributed questionnaires simultaneously via a link to TTAF employee's mail addresses. As for staff members who were in production, hard copies were printed for them to complete the questionnaire manually.

A quantitative type questionnaire was developed on a 5 point Likert scale ranging from strongly disagree (1) to strongly agree (5) (Van der Merwe & Oosthuizen, 2011:551). Respondents had to indicate the degree to which they agreed or disagreed on each question by selecting one point from the Likert scale (Welman & Kruger, 1999:155).

The questionnaire consisted of a dependent variable (Organisation Success) measured as per Lotz and Van Der Merwe (2013:17), (Lotz, 2009), where success is viewed as a multidimensional concept and independent variables (autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness). The first part of the questionnaire explained the background and the perceived benefits of entrepreneurial orientation and the second part explained the general instruction on how to fill in the questionnaire. Section A, assessed the attitude of employees towards the entrepreneurial orientation of the organisation. The questionnaire

consisted of 27 questions which were linked to autonomy, risk taking and innovativeness, provocativeness and competitive aggressiveness. Section B, concentrated on the perceived organisation success and had 11 questions linked to business growth and business development and improvement. Section C, focused on the demographics of respondents and their organisations, e.g. age, gender, race and qualification and finally Section D, asked about the structure of the organisation, e.g. years of employment and name of the department.

1.5.3 Research population

The target population for the research was employees of Toyota Tsusho Africa (TTAF), an organisation which forms part of the Toyota Group. Cluster sampling was used to identify the target population. Toyota Tsusho Africa employs about 310 staff members and operates as a business unit on its own. The research surveyed all employees of TTAF from Top management to the shop floor in the automotive division.

1.5.4 Information gathering

A meeting was held with Toyota Tsusho Africa's Deputy Divisional General Manager responsible for Human resources to request permission to conduct a research on Toyota Tsusho Africa. A questionnaire was developed together with a short power point presentation to explain the objective of the research and the benefits of the research to the company.

The questionnaire was tested on a group of 10 people in order to assess the quality of the questions and the average time to complete the questionnaire. The quality of questions was accepted by TTAF management and the average time to fill in the questionnaire was 8 minutes. Upon completion, the questionnaire was sent to the human resource department for approval and later to the dissertation supervisor for final approval.

The questionnaire was then linked to the web using survey Face. Survey Face is used to collect and organise information, whether big or small (Survey Face, 2016). A link was then created and emailed to all respondents with email addresses. The

respondents who did not have email addresses had hard copies printed for them to complete.

1.5.5 Statistical analysis

A statistical analysis was conducted using the data collected through web questionnaires and hard copies. Web questionnaire data was processed by the SCS of the North West University (NWU) at the Potchefstroom campus. The data from the hard copies was manually entered on an excel spreadsheet and emailed to the SCS. The SCS combined the data together and analysed the data using the Statistical Package for Social Sciences (SPSS).

Demographics of the population (age, gender, and race, size of organisation and years of service) were analysed using the SPSS package. Descriptive statistics such as mean, standard deviation and frequencies were also measured. The data derived from the analysis was used to measure inferences about population based on the responses of the questionnaires (Freserhealth, 2015).

The SPSS statistical package was used to hypothesize the relationship of variables in the ANOVA table. R^2 measured if the variation of the data was explained by the model. The higher the value of R^2 the better the model fit and vice versa. A regression analysis was used to generate an equation, which described the relationship between independent variables and dependent variables. Furthermore, a measure of significance using the p -value was used. When the p -value was less than 0.05 then the data would be indicating a strong correlation between the dependent variables and the independent variables. However, when the p -values were greater than 0.05, then there were signs of no influence of the independent variables on the dependent variable.

Using the Cronbach Alpha coefficient, a test was done to measure reliability and consistence of responses with the construct. The recommended Cronbach Alpha coefficient is 0.7. When the coefficient was more than 0.8, it indicated a good fit with the model (Nunnally & Bernstein, 1994:295).

1.6 LIMITATIONS OF THE RESEARCH

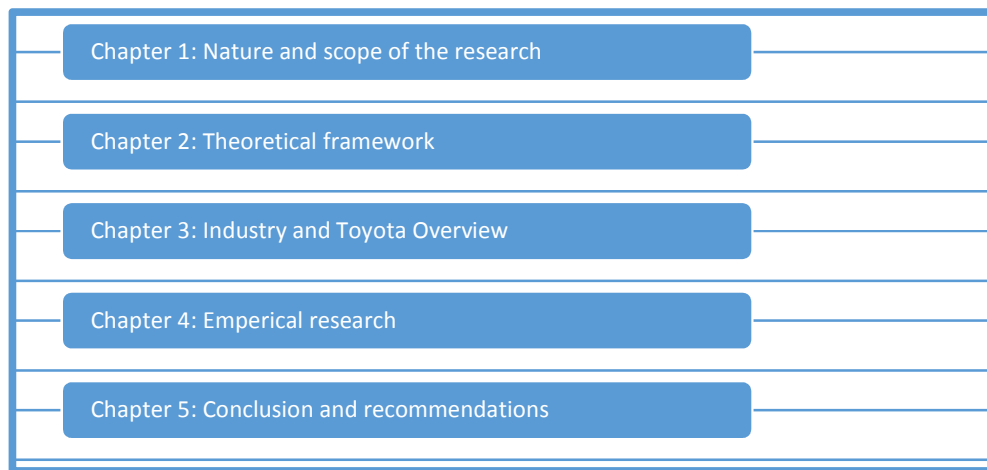
The main objective of this research was to assess the influence of entrepreneurial orientation on the success of an automotive organisation, in particular TTAF, in South Africa and to develop recommendations on how to improve entrepreneurial orientation activities. However, in the process of conducting the research, a number of limitations were identified:

- The research was limited only to TTAF and its internal environment. Since the factors in the external environment had not been considered in the research it was difficult to generalise the results to the whole automotive industry and other industries. Furthermore the research was specific to one organisation in the automotive industry that has several companies offering different forms of service e.g. manufacturing, components and retail. Interpretation of the findings might not be accurate.
- The key focus of the research was to understand how entrepreneurial orientation influences the organisation success. Important elements that can also influence the organisation success were not included in the research, such as experience and education of the management and staff, location of business, demand of products, economic state of the country, enabling environment and many more.

1.7 LAYOUT OF THE RESEARCH

The research study starts with chapter 1, which provides the nature and scope of the research. Chapter 2, the theoretical framework is focused on the literature review that highlights the relationship between theory and practice. Chapter 3 provides the name of the organisation under study, including its history, industry and relevance to the South African economy. Chapter 4 is the empirical study where the data collected through the questionnaire is analysed and discussed and finally chapter 5 concludes the results from chapter 4 and provides recommendations. Figure 1.3: Chapter Layout below is a visual layout of the chapters of the research.

Figure 1.3: Chapter layout



Chapter 1: Introduction

Chapter 1 is an overview of the research. The chapter commences with a high level introduction of business cycles and how the business cycle bottom curves negatively impact the organisation's profitability. Due to these down turns, a number of businesses have downsized or demised. The down turns are explained using examples from the 2008 recession. Organisations are required to become flexible and adapt to changes in the environment in order to survive. Thus, entrepreneurial orientation is strongly recommended as one of the most important strategic activities to be implemented by management. In addition, a definition of entrepreneurial orientation is provided together with the five dimensions, namely autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness. The relationship between entrepreneurial orientation and the Subject of Entrepreneurship is also explained.

The purpose of this research and the dimension of entrepreneurial orientation are explained and the research problem statement clarified. The problem statement for this research was fixated on assessing the influence of entrepreneurial orientation on the organisation success in the automotive sector, in particular Toyota Tsusho Africa. Simply put, it is assumed that many organisations experience some form of entrepreneurship within them, which helps organisations to compete and survive in these dynamic business environments, however, no clear cut evidence is available to support the assumption that entrepreneurial orientation has an influence on the

organisation success. The research is focused on the five variables of entrepreneurial orientation, namely autonomy, risk taking, innovativeness, proactiveness and competitive aggressiveness on the hypothesis that, for an organisation to achieve success, there should be a positive relation amongst the five variables and the organisation success. Lastly, a summary of how the research can benefit organisations is provided.

The research questions were developed together with research objectives. The research objectives were divided into two categories: primary and secondary objectives. The primary objective was the main reason why the research was conducted and the secondary objectives addressed the primary objectives. In addition, hypotheses of the research outcome were proposed.

The scope of the study provided information about the organisation under study, i.e. industry, company and country of operation background. Furthermore, a detailed performance review and significance of the industry to the South African economy were highlighted.

The research was conducted in two folds, namely literature review and empirical study. Information was collected using a questionnaire developed on a 5 point Likert scale, ranging from strongly disagree (1) to strongly agree (5) (Van der Merwe & Oosthuizen, 2011:551). The focus of the questions was on the five variables of entrepreneurial orientation. Data was analysed using SPSS statistical package.

Limitations of the research were highlighted as indicators of future studies that will be conducted in the field of entrepreneurial orientation.

Finally, a synopsis of chapter 1 was provided to navigate the reader through the research.

Chapter 2: Theoretical framework

Chapter 2 is fixated on the literature study of the research. Most of the information from this chapter was drawn from Entrepreneurship books, journal, articles, company publication, the internet and other publications. Definitions of entrepreneurship, entrepreneur and entrepreneurial orientation are provided. Characteristics of an

entrepreneur, barriers to entrepreneurship and the importance of entrepreneurship to organisations and the South African economy and the global economy are explained.

The five variables of entrepreneurial orientation, namely autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness are defined and the benefits and how these dimensions could influence entrepreneurial behaviours in an organisation are highlighted. Organisation success is defined and the relationship with success factors such as finances, assets and size growth is explained. A model explaining the relationship amongst autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness is illustrated.

A thorough literature review provided a detailed background of both entrepreneurship and entrepreneurial orientation which explains both the barriers to entrepreneurship and dimensions that encourage entrepreneurial behaviours in an organisation. Lastly, a conclusion and recommendations for creating an enabling environment that encourages entrepreneurial behaviours in an organisation are provided.

Chapter 3: Industry and Toyota overview

Chapter 3 discusses Toyota Tsusho Africa (TTAF) from the time it was formed. An analysis of the automotive industry in South Africa was conducted, detailing the contribution portion in terms of GDP and the importance of the industry in terms of job creation and economic stability. A brief background of the manufacturing and component industry is provided.

The Toyota group is introduced and an explanation is provided of how the two main South African companies, TSAM and TTAF, fit into the Toyota Group of companies. Additionally, the Toyota way and Toyota production system are explained. Words like Kaizen, Jidoka and just in time (JIT) are also defined.

TTAF is introduced as a subsidiary of Toyota Tsusho Corporation (TTC) one of the Toyota Group of companies. TAAF was established in 1964 in Johannesburg, only to support TTC export business of equipment, machinery and forklifts, however, due to

increased demand of export business, in 1994 TTAF became a fully flagged branch of TTC and eventually in 1999 officially became a company. Within six years of being formed, TTAF acquired 7 distributors in Africa and later on acquired Subaru South Africa in South Africa.

The structure of the business, which details the functions of the business and divisions, is provided. The vision of TTAF is to create new future value for business growth in three fields: mobility, life and community and earth and environment. The values of TTAF are aligned to the Toyota way of continuous improvement (Kaizen) and respect for people (TTAF, 2015). Lastly, company and operational strategies are explained.

Chapter 4: Empirical study

Chapter 4 describes the method used to conduct the empirical study. A questionnaire was developed to carry out the analysis. The research investigated the five variables of entrepreneurial orientation and two variables of organisation success. The five variables were classified as independent variables which were measured against organisation success variables as dependent variable. The questionnaire consisted of four sections: A, B, C and D. Section A, contained 27 questions which measured the five dimensions of entrepreneurial orientation; Section B, 11 questions measured organisation success (business growth and business development and improvement), Section C, biographical information such as race, age, gender, level of education and employment and lastly, section D, focused on the business structure such as department and duration of employment. TTAF employees in Johannesburg and Durban were the target population of the research. The number of employees at TTAF is currently about 310 and the target population was reached through email and paper questionnaires.

Data was collected through emailing a web linked questionnaire to automotive staff at TTAF. The data was collected by the SCS of the NWU at the Potchefstroom campus and analysed using the SPSS statistical package. Descriptive statistics i.e. mean scores and standard deviations were determined. ANOVA tables were also used to develop and measure the regression equation, R^2 , p -values and t -values. The values derived from the ANOVA table revealed the relationship between

entrepreneurial orientation and organisation's success. Furthermore, using the Cronbach Alpha coefficient, a reliability test was conducted to measure reliability and consistence of responses with the construct. The recommended Cronbach Alpha coefficient was 0.7. Where the coefficient was more than 0.8, it indicated a good fit with the model. In conclusion a detailed analysis to match the results to the research primary objective was conducted.

Chapter 5: Conclusion and recommendations

Chapter 5 pulled the conclusions of the empirical data in chapter 4. All the findings of the research were analysed and recommendations and limitations of the research were subsequently suggested. The research primary objectives and secondary objectives were evaluated and matched to the outcome of the research results. Limitations and recommendations for future research were suggested in this chapter.

CHAPTER 2: THEORETICAL FRAMEWORK

2.1 INTRODUCTION

Entrepreneurship is a word that has become increasingly popular the world over. The word Entrepreneurship is quite often linked to economic development and social well-being by policy makers, entrepreneurs, academics and society (Amoros *et al.*, 2014:16).

According to Gurol and Astan (2006:25), for quite some time now, entrepreneurship has become a significant research field in business and academic studies, i.e. economists and scholars. There are a number of reasons that have ignited interest in entrepreneurship research, i.e. entrepreneurial activities in industrialised nations is considered as a source of energizing stagnated economies, a solution to job creation opportunities and a potential catalyst for technological enhancement, market and product innovation. As for under-developed economies, entrepreneurship is viewed as the heart of economic advancement, employment creation and social correction (Gurol & Astan, 2006:26). Thus, this understanding reinforces the fact that entrepreneurship is a vital element in shaping the variations in the economic scenery.

Conversely, the development of an entrepreneurship culture in South Africa has not gotten to commendable levels yet in comparison to other countries. The global Entrepreneurship Monitor classifies South Africa as an efficiently driven economy. According to Turton and Herrington (2012:7), in South Africa, the early stage of entrepreneurial activity for 2012 dropped from 9.1% in 2011 to 7.3%. This drop in early stage entrepreneurship activity of South Africa was a huge blow, given that the average of efficiently driven economies is 14.3%. Individuals intending to start or pursue a business prospect within the next three years was at 14%, compared to an average of other efficiently driven economies of 27% and the rate of established businesses was at 2.3%, compared to the average of 8% (Turton & Herrington, 2012:33).

Furthermore, South Africa's perceived opportunities for the youth was found to be 39% lower than Malawi, Nigeria, Botswana, Zambia, Namibia, Ghana, Ethiopia,

Angola and Uganda with an average of 64%, while perceived capabilities for South Africa was 40% lower than the average of 76% (Turton & Herrington, 2012:61). These results are affected by the fact that the pool of potential entrepreneurs for South Africa is only 20% lower than the average of 60% for sub-Sahara countries (Turton & Herrington, 2012:64).

South Africa's low levels of performance in entrepreneurship activities are also reflected by higher levels of youth unemployment of about 48%. Growth of the above statistics has been generally stagnant until 2015. Existing private and public sectors are not in a position to absorb all the unemployed adults. Hence, the only alternative solution to sustainable job creation is through entrepreneurship development.

Entrepreneurship development is driven by dynamic market conditions which are constantly changing due to hyper competition and innovation. However, entrepreneurship activities according to Turton and Herrington (2012:51), are hindered by government policies and internal market openness. Government policies include issues such as restrictive labour laws, inadequate tax incentives, complicated application processes and needless regulatory requirements. Internal market openness includes issues such as monopolies, cartels, government and economic structures that only support larger organisations, well established firms that raise the barriers to entry for smaller entrepreneurs and effective anti-trust laws. Besides smaller entrepreneurs being impacted by dynamic market condition and innovation, larger firms also experience the same challenges.

These challenges, if not attended to, could cause serious repercussions on the organisation's life span, for instance 88% of fortune 500 firms that existed in 1955 were non-existent in the 2014 list (American Enterprise Institute, 2014). Therefore, these challenges have created the necessity for an organisation that wishes to survive, to become innovative, identify opportunities and commercialise new services and products (McFedzean *et al.*, 2005:351), hence making innovation the key driver for business sustainability. In this sense, the key drivers of innovation in these organisations are entrepreneurs who are employed by the larger corporates. According to Ireland *et al.* (2006:11), the process of innovation in a larger organisation is defined as corporate entrepreneurship.

Corporate entrepreneurship is when an organisation depends on specific entrepreneurship throughout the whole firm that kindles innovation and empowers all employees to contribute their creativity for the betterment of the organisation. In the same vein, (Ireland *et al.*, 2006:10) stated that, in order for organisations to allow innovation and create a competitive advantage, it is necessary to allow corporate entrepreneurial behaviours and practices. Organisations that are permeated by risk taking, innovation and are always in search of new challenges have a high presence of corporate entrepreneurship. Leadership and organisational culture in such organisations create a strong impetus to innovate, take risks and peruse new opportunities in the market. Therefore, the concept of entrepreneurial orientation encapsulates all these ideas (Dess & Lumpkin, 2005:147). Organisations that have a vision of successfully implementing and accomplishing corporate entrepreneurship are required to exhibit entrepreneurial orientation behaviours.

This chapter is fixated on understanding the importance of entrepreneurial orientation in organisations. Firstly, an introduction to the concept of entrepreneurship and its importance to the South African and global economies is highlighted. Definitions of an entrepreneur and entrepreneurship are provided to highlight the background of entrepreneurial orientation. Additionally, the characteristics of an entrepreneur, corporate entrepreneurship and intrapreneurs are discussed. Entrepreneurial orientation is defined and the five dimensions or variables from Miller and Lumpkin and Dess are explained in detail. Furthermore, the organisation success is discussed together with its two variables, identified by Lotz and Van Der Merwe (2013). Lastly, factors that impede the implementation of entrepreneurial orientation in organisations are identified and recommendations provided.

2.2 THE ENTREPRENEUR

Entrepreneurs are viewed as creators, innovators, problem solvers and leaders, owner of visions, opportunity seekers, movers and shakers (Spinelli & Adam, 2012:38). They are individuals who are known to have a high risk appetite. They come up with disruptive ideas or think outside the box, create opportunities to solve existing and future problems. The 21st century has produced a number of entrepreneurs who have invented breakthrough and cutting edge endeavours that

have never existed before. Some common examples of entrepreneurs include people like Steve Jobs, Evan Spiegel, Jeff Bezos, Larry Page, Howard Schultz, Mark Zuckerberg and Tim Ferris (Forbes, 2013).

Generally, it can be assumed that entrepreneurs are individuals who possess a broader thinking capability. They are people who are solution based and have skill sets to birth new concepts and new businesses. Therefore, individuals with balanced skills are better suited to become successful entrepreneurs. They are courageous, committed and have self-belief to turn their dreams into realities. They spot opportunities, commercialise them and at the same time create employment opportunities that benefit the communities they live in, hence improving the economy (Burns, 2008:7).

According to Drucker (cited by Herrington *et al.*, 2009:11), entrepreneurship is the act of innovation that involves endowing existing resources with new wealth capacity. Entrepreneurship has been severally sited as a vital ingredient to the well-being of any economy and contributes significantly to employment creation, poverty alleviation and innovation. In countries with low levels of per capita income, it has been noted that their national economies are characterised by small businesses which are operated by entrepreneurs (Herrington *et al.*, 2009:14).

Turton and Herrington (2012:6) stated that the South African rate of perceived potential entrepreneur's opportunities is 36% below the average for efficiently driven economies of 41% and the rate of perceived capabilities is 40%, below the average for efficiently driven economies of 52%. Furthermore, 43% of South African males against 35% females believe that they have entrepreneurship capabilities.

Although South African entrepreneurship opportunities' potential is lower than the average, it has improved from 36% in 2012 to 37.9% in 2013 (Amoros *et al.*, 2013:26). This growth is a good indication that shows that South Africans are slowly gravitating towards entrepreneurship as a solution to solving economic and social challenges. Even though South African figures are still below average, the country has produced a number of successful entrepreneurs ranging from small to large businesses. The following is a list of some top entrepreneurs produced by South

Africa: Elon Musk, Patrice Motsepe, Mark Shuttleworth, Anton Rupert, Tokyo Sexwale, Raymond Ackerman and Cyril Ramaposa (MWEB, 2015).

Below are some of the benefits of being an entrepreneur:

- Entrepreneurship can raise the standard of living.
- Entrepreneurship avails equal opportunities.
- Economic mobility.
- Social mobility.
- Individuals can have control over their own destiny.
- Individuals can make a difference.
- Entrepreneurs contribute to the society.
- Entrepreneurs do what they enjoy most.

Besides the above benefits, entrepreneurship can also come along with the following challenges:

- Uncertainty of income.
- Risk of losing the entire investment.
- Long hours and hard work.
- Lower quality of life.
- Higher stress levels.
- Complete responsibility.

2.3 ENTREPRENEURSHIP

Entrepreneurship, according to Spinelli and Adams (2012:87), is a way of discerning, acting and reasoning, that is opportunity grounded for the purpose of value creation. Entrepreneurship is rooted in the creation, development and harvest of dreams, not just for the business owners, but for all the related stakeholders. Specifically for South Africa, entrepreneurial activities have been identified as a key driving force for economic growth, job creation and social improvement (Gurol & Aston, 2006:25). Based on this assumption, entrepreneurship has been popularised and there is a propensity to regard entrepreneurship as something inherently good and recommended to firms as a good strategy to pursue (Wiklund, 1999:37).

The word entrepreneurship comes from a French verb “entreprendre” which means “go between or to undertake” (Hisrich *et al.*, 2008:6). In 1734, Richard Cantillon, the first to associate entrepreneurship with risk bearing, defined entrepreneurship as self-employment encompassed with a willingness to take up risks and an uncertainty of an income (Lotz, 2009:18). Likewise, Lotz (2009:18) stated that, in 1947, Schumpeter emphatically propelled the field of entrepreneurship by not linking it to innovation only, but also signifying the prominence of entrepreneurs in creative destruction and economic improvement. Therefore entrepreneurship involves some readiness to pursue opportunities that have probabilities of producing benefits or losses. Levels of risk taking are the quickest pursuit of opportunities, experimentation and fast commitment of resources (Botha & Nyanjom, 2011:33). In order to visualise the trajectory of entrepreneurship, table 2.1 below provides a summarised timeline of the development of entrepreneurship theory (Hisrich *et al.*, 2008:6).

Table 2.1: Development of entrepreneurship theory

Time	Meaning of entrepreneurship
Unknown	French word which means ‘go between’.
Middle ages	Actors and person in charge of large scale projects.
1600s	Person contracted by large scale organisations e.g. Governments and would bear the risk of profit or loss.
17 th Century	Entrepreneur bears risk of profit or loss – buy at certain price and sell at certain price.
18 th Century	People with capital were distinguished from people who needed capital. Entrepreneurs (Capital users) were thus distinguished from capital providers (Venture capitalists).
19 th & 20 th Century	Entrepreneur organises and operates a business for personal gain. Entrepreneur is viewed as an innovator that develops something unique.
Current	Entrepreneur has managerial skills, personal perspective and business acumen

Source: Hisrich *et al.* (2008:6)

2.3.1 Definitions of entrepreneurship

Entrepreneurship is a field that has been explored by many academics and researchers, however, the main challenges so far have been to agree on a generally acceptable definition for the term entrepreneurship (Burns, 2008:7). The field has different views of who an entrepreneur is, what entrepreneurial organisations look like and the type of activities that encompass entrepreneurial behaviours (Burns, 2008:7). Besides having a common understanding of the definition, it is imperative for organisations to have knowledge of entrepreneurship when implementing systems that encourage entrepreneurial behaviours. Below are entrepreneurship definitions from different authors in their chronological order:

- According to Stevenson and Jarillo (1990:23), entrepreneurship is a process by which individuals, either on their own or inside organisations, pursue opportunities without the resource they currently control.
- Lumpkin and Dess (1996:135) stated that entrepreneurship is for both new and existing organisations and is focused on capturing business opportunities, spurs business expansion, technological progress and wealth creation.
- Sighler (cited by Lotz, 2009:19), in 2001, defined entrepreneurship as a process through which individuals and teams create value by bringing together a unique collection of resources to take advantage of opportunities. From this definition, entrepreneurship can happen in any type of firm, ranging from small to large and can output different forms of results, such as new ventures, products, technology and many more.
- In 2003 Kirby (cited by Lotz, 2009:20) defined entrepreneurship as the ability to create and build something from practically nothing. Therefore, the definition reinforces that entrepreneurs have the ability to create, sense opportunities, realise and renewal of value (Spinelli & Adams, 2012:87).
- Entrepreneurship is a process of creating value by bringing together a unique combination of resources to exploit an opportunity (Morris *et al.*, 2008:10). The definition explains that entrepreneurship is a process which can be followed in stages and can occur in any organisation. It can create value out of nothing and has a unique way of combining resources such as money, people, technology, facilities and many more. Lastly it is opportunity driven, meaning opportunities

are sensed and seized regardless of ownership and control (Morris *et al.*, 2008:10).

- Entrepreneurship is a process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich *et al.*, 2008:8). This definition also incorporates key words similar to Morris *et al.* (2008:10), such as process, value, resources and opportunities.
- According to Spinelli and Adams (2012:87), entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach and leadership balanced for the purpose of value creation and capture. From this definition entrepreneurship is all about creation, recognition of opportunities coupled by the will to grab those opportunities.

Although the above list of definitions is not comprehensive, the definitions appear to have resonating themes and key words. The most common key words are creation, value, resources, opportunities and process. A summarised list of the most common seven themes are provided below (Morris *et al.*, 2008:9).

- Creation of wealth which encompasses taking up risks linked to the facilitation of production in exchange of profit.
- Creation of an enterprise which requires the creation of new ventures from nothing.
- Creation of innovation focused on unique combination of resources that create new ways of production and products.
- Creation of change is the adjustment and modification of approaches and skills that are able to seize new opportunities.
- Creation of employment is focused on creating factors of production that include labour and technology.
- Creation of value is when value for the customers is created through exploitation of opportunities in the horizon.
- Creation of growth is an inclination towards the growth of sales, income, assets and employment.

The above themes are further broken down using the key terms identified in the content analysis of 75 contemporary definitions of entrepreneurship in table 2.2: Key terms of entrepreneurship definitions. The terms such as: starting, founding, creating and new business, new ventures are top of the list with 41 and 40 mentions respectively. These terms have also been identified in the seven definitions above.

Table 2.2: Key terms of entrepreneurship definitions

	Key Terms Identified in Content Analysis of 75 Contemporary Definition of Entrepreneurship	No. of Mentions
1	Starting/founding/creating	41
2	New business/new venture	40
3	Innovation/new product/new market	39
4	Pursuit of opportunity	31
5	Risk taking/risk management/uncertainty	25
6	Profit seeking/personal benefit	25
7	New combination of resources, mean of production	22
8	Management	22
9	Marshalling resources	18
10	Value creation	13
11	Pursuit of growth	12
12	A process activity	12
13	Existing enterprise	12
14	Initiative taking/getting things done/pro-activeness	12
15	Create change	9
16	Ownership	9
17	Responsibility/source of authority	8
18	Strategy formulation	6

Source: Morris *et al.* (2008:10)

Using the “who” and “what” is another way of defining entrepreneurship. According to Venter *et al.* (2008:8), defining entrepreneurship using the “who” and “what” helps to differentiate between individuals who are entrepreneurs and those who are not.

Based on this school of thought, there are two clusters that have been identified to explain entrepreneurship, namely the characteristics of entrepreneurship (who) and the results of entrepreneurship (what).

2.4 ENTREPRENEURSHIP CHARACTERISTICS

Given that entrepreneurs are people from all walks of life (male and female) who can be described in terms of their characteristics and are set apart from the rest by one major differentiating factor of innovation they practice (Burns, 2008:6).

Entrepreneurs are not only found in new business ventures or small organisations, they also exist in medium to larger organisations that welcome entrepreneurial behaviours. Organisations that are ready to enhance entrepreneurial behaviours should create an enabling environment that encourages entrepreneurship. Creating such an environment that encourages entrepreneurial behaviours enables the organisations to identify employees that possess entrepreneurial characteristics (Spies & Lotz, 2014:15).

According to Marcati *et al.* (cited by Spies & Lotz, 2014:15), personality traits are psychological factors of human capital of an organisation and encompasses skills, knowledge and experience accumulated within the organisation. Such personality traits are character traits that stimulate certain responses and are evident across various situations and can act as prognosticators of entrepreneurial behaviours in organisations (Rauch & Frese, 2007:355). Whether these character traits are naturally present in entrepreneurs from birth or mature over time with skill and experience is still a question that has not been answered by literature (Morris *et al.*, 2008:147).

A single entrepreneur is not enough to create value in all business functions of the organisation. It is paramount that the organisation develops the ability to identify entrepreneurial character traits and appoints the right teams that are able to seize and commercialise opportunities (Spinelli & Adams, 2012:98). Although entrepreneurs come from different business backgrounds, societies and personal backgrounds, they have certain characteristics amongst each other that are similar (Nieman *et al.*, 2007:29). To further unpack entrepreneurial characteristics, the

following is a list of characteristics that have been commonly quoted by academics in literature (Lotz, 2009:22).

- *Commitment and determination* – Whenever a person starts a new venture, he or she must be fully committed to all activities. Commitment and determination are viewed as the most critical ingredients in the entrepreneurship process. Commitment and determination can help an entrepreneur to overcome challenges and cover up for weaknesses (Spinelli & Adams, 2012:37). Quite often, entrepreneurs are haunted by pressures of keeping their start-up ventures alive, growing and sustaining them. These pressures demand lots of personal sacrifice, committing substantial money and time in the new venture and other lifestyle and family sacrifices (Spinelli & Adams, 2012:39). Hence, complete commitment and determination are vital in all start-up ventures. Rwigema and Venter (cited by Lotz, 2009:22) state that entrepreneurs demonstrate strong commitment and determination to succeed, often against likelihood, that many people would consider overwhelming.
- *Creativity and innovation* – According to Morris *et al.* (2008:135), creativity is the application of a person's mental ability and curiosity to discover something novel. Creativity is the core of entrepreneurship, as entrepreneurs are required to come up with new ideas, processes and concepts (Morris *et al.*, 2008:136). The reason why entrepreneurs are so successful is because they have the capacity to imagine and visualise alternative ways of doing things (Lotz, 2009:23). An entrepreneur's aptitude to focus on goals with great execution, while being flexible to change in line with the market, is strong evidence for creativity, adaptability and self-reliance characteristics (Spinelli & Adams, 2012:41).
- *Energy levels* – The most important characteristic of entrepreneurs is commitment and determination. This type of characteristic naturally invites lots of pressure and workload that requires huge amounts of energy levels (Spies & Lotz, 2014:16). Bolton and Thompson (2003:63) state that entrepreneurs sustain their energy levels through careful monitoring of their diets, regular excises and knowing when to take a vacation. It is vital that entrepreneurs have high energy levels at all times in order for them to be able to overcome huge workloads and start up pressures that they continuously face.

- *Low support needs* – Many entrepreneurs turn to entrepreneurship in search of freedom, being their own boss or independent. According to Morris *et al.* (2008:25), the word ‘independence’ has various meanings to different people, i.e. controlling your own destiny, doing things differently and fulfilling one’s potential. This type of characteristic emanates from the experience of bureaucracies and cultures found in corporates that scuffles the entrepreneurial spirit. Although entrepreneurs have a characteristic of requiring low levels of support, they do understand that it is also not possible to create a successful organisation while working alone. Spinelli and Adams (2012:98) believe that developing an entrepreneurial team, is the most important ingredient in higher potential business venture.
- *Risk taking* – Risk is at the centre of any organisation’s decision making process (Rauch & Frese, 2007:359). Entrepreneurs are individuals who take calculated risks, where calculated risk is the pursuit of a course of action that has a practical chance of costly failure, where failure is a significant negative difference between anticipated and actual result (Morris *et al.*, 2008:146). Hence, entrepreneurs have a strong tolerance for risk, ambiguity and uncertainty (Spinelli & Adams, 2012:41). Successful entrepreneurs manage risk through taking calculated risk moves that turn opportunities into positive outcomes.
- *Perseverance* – According to Lambing and Kuehl (2007:19), successful entrepreneurs who have succeeded, have managed to become successful only after a number of failed attempts. Due to heavy workloads and pressure to succeed, it is important for entrepreneurs to possess high levels of perseverance. Commitment and determination, risk taking, creativity, less expectation of support and high energy levels help entrepreneurs overcome challenges and complications. All these characteristics enable entrepreneurs to consistently persevere (Bolton & Thompson, 2003:63).
- *Problem solving* – Starting up a new venture requires a lot of planning, implementation, checking and standardisation of actions. The process comes with a great deal of obstacles and problems that need to be resolved, quite often with much urgency. To overcome these problems, entrepreneurs are required to possess high levels of problem solving skills (Venter *et al.*, 2008:56). The opportunistic characteristic of an entrepreneur helps them to identify

opportunities where others see problems (Burns, 2008:28). This type of ability enables an entrepreneur to resolve complicated problems with urgency.

- *Responsibility* – Entrepreneurs are intrinsically motivated and are generally ready to deal with risk and ambiguity and can effectively commercialise new ideas. Entrepreneurs are motivated by three basic needs: a need for achievement, a need for power and a need for affiliation (Spinelli & Adams, 2012:35). Therefore, the skill to take responsibility can be connected to the need for achievement (Bessant & Tidd, 2007:258). Having such abilities puts entrepreneurs in positions where they are solely responsible for the success or failure of the business.
- *Inspiration* - There is a strong correlation between role models and new entrepreneurs, for instance, a research revealed that more than 50% of new business start-ups had parents who owned businesses before (Spinelli & Adams, 2012:45). Therefore, entrepreneurs have the ability to inspire all stakeholders, both inside and outside the business.
- *Self-reliance* – In the process of achieving tasks, entrepreneurs prefer to be self-reliant and demand higher levels of autonomy (Morris *et al.*, 2008:147). They are comfortable if they have enough room to navigate while accomplishing their tasks.
- *Courage* – Starting up a new venture, experiment or new idea requires fearless individuals with courage. Spinelli and Adams (2012:39) refute that courage does not emanate from bravery that is based on insufficient information or bare feeling, but the root of courage is from well researched information, knowledge, experience and the integrity of courageous people. Spinelli and Adams, (2012:39) summarized courage using three types of attitudes, namely it's moral strength and principle, it's being a fearless experimenter and it's having a lack of fear for failing at the experiment.
- *Self-confidence* – In the process of uncertainty, obstacles, challenges and complexity, entrepreneurs are required to have self-confidence to be successful. Self-confidence characteristics can help entrepreneurs overcome uncertainties and grow their businesses (Burns, 2008:31). According to Lambing and Kuehl (2007:19), entrepreneurs are individuals who have the capability of achieving whatever goals they set.

- *Manging ambiguity and uncertainty* - The life of an entrepreneur is unstructured and vulnerable without a guaranteed pattern or predictable result. As such, entrepreneurs are required to possess high levels of tolerance and ambiguity (Morris *et al.*, 2008:146). Very often, the outcomes of entrepreneurs' ideas will differ from the initial planned result, not because entrepreneurs are poor planners, but because it is the basic nature of the game (Morris *et al.*, 2008:147).
- *Spotting opportunity* – Although opportunities are available in the market place, opportunities are not apparent to all individuals. It is a function of entrepreneurs to spot such scarce opportunities and capitalise on them for the benefit of customers and the economy at large (Muzychenko, 2008:369). Entrepreneurs are required to pay attention to market opportunities instead of money, resources and contacts. The entrepreneur's ideology is to think about the opportunity first and money last (Spinelli & Adams, 2012:41).
- *Generosity* – According to Bessant and Tidd (2007:258), entrepreneurs are inherently creative and innovative, hence they are able to enlarge the piece of the pie that is shared evenly by everyone. The entrepreneur's nature is generous in a way - it enables them to share credit with the team whenever their organisations are successful (Lotz, 2009:27).
- *Integrity and reliability* – The 21st century business environment demands upright ethical behaviours. It is vital that entrepreneurs possess good ethical behaviours with integrity and reliability. Rauch and Frese (2007:359) stated that, due to long term outlook, entrepreneurs do what they say they will do. Lacking this long term view could jeopardise an entrepreneur's business ventures if they lack integrity and reliability.
- *Good judge of people* – Starting a new venture requires building teams, working with customers and suppliers. Working with many people is a source of conflict which demands entrepreneurs to possess good qualities of judgement. Entrepreneurs should be good judges of people by becoming adept to conflict resolution, know when to apply logic or use persuasion and to what level (Spinelli & Adams, 2012:40). The characteristic of a good judge of people helps entrepreneurs to utilise their network of relationships and enables these relationships to support their business goals (Bessant & Tidd, 2007:41)

- *Patience* – As time passes, entrepreneurs always feel impatient because their aim is to achieve their goals as fast as possible (Lambing & Kuehl, 2007:20). It is imperative that a clear definition of lack of urgency and patience is elaborated. Lotz (2009:27) stated that entrepreneurs are patient leaders who have the capability of developing a vision and managing it for longer periods of time. Thus, entrepreneurs are required to possess high levels of patience to help them realise their dreams in a longer stretch.
- *Ability to adapt to change* – Change is inevitable, except from a vending machine (goodreads, 2016). Nevertheless, people tend to resist change even to a point that they can try to disrupt it (Burns, 2008:179). Contrary to this view, entrepreneurs are always in constant search for change, responsive to change and exploiting new opportunities (Lambing & Kuehl, 2007:20).
- *Emotional stability* – Venter *et al.* (2008:50), Zampetakis *et al.* (2009:171) and other academic researchers highlighted that there is an inseparable connection between emotional stability and emotional intelligence. Emotional stability is the capability of an individual to control emotions and temperaments, while at the same time managing other people's emotions and temperaments (Venter *et al.*, 2008:50). Therefore, entrepreneurs with high levels of emotional stability are self-confident, think straight and are generally satisfied with what they do. Conversely, entrepreneurs with low levels of emotional stability worry a lot, are moody and negative. Emotional stability is a critical characteristic of entrepreneurs as it helps entrepreneurs with high levels of emotional intelligence to be aware of factors that contribute to experience of positive and negative emotions.
- *Self-awareness* – According to Lotz (2009:28), entrepreneurs have the ability to recognise their strengths and weakness together with other people and the surrounding environment. Self-awareness is an important characteristic for entrepreneurs as it helps entrepreneurs work well with the team to achieve their goals.
- *Capitalise on mistakes* – Entrepreneurs are known to be fearless experimenters and have the courage to continue experimenting until they achieve their objectives (Spinelli & Adams, 2012:40). In the process of experimenting, they are faced with failures and setbacks, but they don't admit that they are defeated and

perceive failure as a provisional setback to be learnt from and dealt with (Morris *et al.*, 2008:151). Learning from mistakes and thriving on feedback are important factors for entrepreneurs and aid to respond to the unforeseen (Lotz, 2009:29).

- *Internal locus of control* – Internal locus of control can be defined as a person's belief to exercise control over their environment and their destiny. Conversely, belief in fate is defined as external locus of control which is less likely to propel an individual to take up the risk of starting a new venture (Burns, 2008:26). People with superior internal locus of control believe that their success or failure hinges on their own actions (Lambing & Kuehl, 2007:19). Therefore, internal locus of control is directly linked to entrepreneurship, such that entrepreneurs should fully believe in their goals and only blame themselves if they fail to achieve their objectives (Lambing & Kuehl, 2007:19).
- *Willing to undertake personal sacrifices* – The above mentioned entrepreneurial characteristics i.e. commitment, determination, courage, perseverance, self-confidence and many more propel entrepreneurs to take up risks which cannot be undertaken by ordinary individuals to such an extent of even mortgaging their own homes (Burns, 2008:27). Their sacrifice germinates from believing in their business ideas aside uncertainties surrounding it. Quite often logic is not an entrepreneur's first option.
- *Tolerance for failure* – According to Lotz (2009:31), entrepreneurs are always faced with challenges and obstacles which they should overcome. Challenges, obstacles and disappointments are an integral part of entrepreneurial behaviours. Suggested by Lambing and Kuehl (2007:19), entrepreneurs do not possess failure, but only possess learning experience.
- *Open minded* – Successful entrepreneurs have been seen to continuously navigate through challenges and obstacles and are always flexible and adaptive to changes in the market landscape (Lotz, 2009:31). Entrepreneurs always try to conceptualise opportunities by revising objectives and questioning the status quo through accommodating external environmental changes (Hisrich *et al.*, 2008:33). It is inherently important that entrepreneurs possess an open mind-set that accommodates new ways of doing business in order for them to become successful.

In summary, though the entrepreneurial characteristics list is not exhaustive, there are two fundamental conclusions that can be drawn from understanding the traits and characteristics of entrepreneurs.

The first conclusion affirms that entrepreneurs are not born with entrepreneurial skills and the second conclusion states that there is no ideal entrepreneur that exists and is available to be replicated (Morris *et al.*, 2008:147). Entrepreneurs vary greatly in relation to their characteristics. Therefore, evaluating the success or failure of a business venture using characteristics of an entrepreneur could be inaccurate, as there is a mixture of factors where the characteristics of an entrepreneur is a single element in the mixture (Burns, 2008:23). In addition, Burns (2008:24) highlighted methodical problems linked to attempting to evaluate personality characteristics with business success or failure as follows:

- Traits vary and can change with time.
- Traits involve subjective judgment.
- Environmental and cultural factors are not considered.
- The significance of education, learning, and training is often ignored.
- Gender issues, such as age, sex, race and social class are overlooked.

Besides the fact that entrepreneurial characteristics will vary from each individual, entrepreneurial organisations are required to explore these characteristics more in depth (Burns, 2008:24). Entrepreneurial traits and characteristics are important ingredients in identifying entrepreneurs in an entrepreneurial organisation. Entrepreneurial traits and characteristics are the only available logical methods of identifying and evaluating individuals with entrepreneurial behaviours, as they help managers and employees to pinpoint developmental areas for people with entrepreneurial potential (Morris *et al.*, 2008:147).

2.5 ENTREPRENEURSHIP INSIDE ORGANISATIONS

2.5.1 Corporate entrepreneurship

As the business environment is continuously becoming unpredictable, dynamic and highly competitive small, medium size and large organisations need to stimulate

creativity and innovation amongst their employees. The pressures created by the current business environment on organisations led to an increasing number of organisations seeking entrepreneurship within organisations (Botha & Nyanjom, 2011:30).

Entrepreneurship within an organisation is also known as internal entrepreneurship or corporate entrepreneurship, where individuals who practice entrepreneurship within an organisation are known as intrapreneurs. Intrapreneurs are individuals who champion ideas within established organisations (Neiman *et al.*, 2007:347). Within an established organisation it is these intrapreneurs who enhance corporate entrepreneurship or internal entrepreneurship.

Organisations now agree that corporate entrepreneurship is one of the only activities that propels organisations to identify and capture new opportunities, thereby achieving innovations and blue ocean industries through internally generated ideas (Botha & Nyanjom, 2011:30).

According to Botha and Nyanjoma (2011:30), corporate entrepreneurship is connected to entrepreneurial orientation. Therefore, in order to compete and gain competitive advantage, established organisations embrace innovative, creative and enterprise approaches at all levels in the organisation, e.g. corporate, divisions, business unit, functional and team level, to survive in these dynamic and fast paced business environments (Burns, 2008:12).

The creation of an entrepreneurial environment within established organisations enables employees to release their creativity and imaginations to create new ways of doing business and products or services (Botha & Nyanjom, 2011:31). When corporate entrepreneurship is introduced in an organisation, it can transcend all bureaucratic barriers that prohibit organisations from becoming successful and competing in a global market and enhance innovation (Burns, 2008:12).

Similar to entrepreneurship definition, there is also no common understanding on what corporate entrepreneurship means. However, it is a broad term that encompasses generation, development and implementation of new ideas and behaviours (Morris *et al.*, 2008:11). Burns (2008:12) advocates that corporate

entrepreneurship is characterised by three activities, namely establishment of new business units, development and implementation of entrepreneurial strategic thrust and the emergence of new ideas from all levels in the organisation.

Since corporate entrepreneurship is a term used to define entrepreneurial behaviours within organisations, it is an occurrence that can exist in different types of organisations (Morris *et al.*, 2008:11). In addition, Morris *et al.* (2008:11) defined corporate entrepreneurship as a process of re-energising and enhancing the firm's ability to acquire innovative skills and capabilities. While Zahra (cited by Burns, 2008:12) defines corporate entrepreneurship as activities aimed at creating new business in established companies, the definition was furthermore extended by Guth and Ginsberg to include transformation of organisations through strategic renewal.

From the above definitions, the three important elements are strategic renewal, innovation and corporate venturing. Strategic renewal is focused on organisation revitalisation, innovation is focused on introducing something novel and corporate venturing refers to the creation of new business units within established organisations (Morris *et al.*, 2008:12).

When corporate entrepreneurship is embraced and filtered down by top management to all organisational levels, entrepreneurial behaviours by both management and employees are strongly connected to competitive advantage and organisational sustainability (Urban *et al.*, 2012:300). According to Urban (2010:56), current dynamic business environments make corporate entrepreneurship a basic requirement for strategic innovation and competitive advantage. Implementing an entrepreneurial strategic vision is the most sensible response to the current challenging business environment (Urban *et al.*, 2012:301).

Dess and Lumpkin (2005:147) suggest that corporate entrepreneurship is an important value creation in all parts of the value chain and its effects on the organisation's strategic success are felt when it pervades all levels of the organisation. Additionally, corporate entrepreneurship is evident in an organisation that has leadership which is glued together with culture to generate a durable motivation to innovate, take risks and chase after new opportunities in the market. All

these ideas are encapsulated by the concept of Entrepreneurial orientation (Dess and Lumpkin 2005:147).

2.5.2 Intrapreneur

The difference between an Intrapreneur and entrepreneur is negligible, however, the nature of intrapreneurial activities require special characteristics such as patience, ability to resolve problems within the organisation, having the nerve to disagree, negotiation with organisational structures and the ability to create and support their ideas (Nieman *et al.*, 2007:348).

Intrapreneurs have now become a fundamental requirement of established businesses of all sizes, especially large organisations. Organisations are required to cultivate ways of capturing the drive, creativity, vision and ambition of entrepreneurship within organisations (Nieman *et al.*, 2007:347).

Pinchot (cited by Nieman *et al.*, 2007:347) stated that an Intrapreneur is anyone of the dreamers who do. Likewise, it is an individual who takes on an obligation for creating innovation of any form and can implement their ideas within an organisation. Intrapreneurs are individuals who work for organisations and have their normal duties and responsibilities laid down on their job description. Innovation and creativity quite often are not part of their daily required job, but they go out of their way to be innovative and creative. Therefore, corporate entrepreneurship tried to copy the mind set and behavioural attributes of outside entrepreneurs and applied the same principals to employees of established organisations (Thornberry, 2001:528). It is a process that happens inside established organisations regardless of age or size and points to the creation of new business units and innovation of novel strategies, products, services and technologies (Antoncic & Hisrich, 2001:498). Therefore, Burns (2008:13) suggests that an intrapreneur is a hybrid of entrepreneur and 'company man' focused on individual employees and how they can be motivated to practice in an entrepreneurial way within an established organisation.

Although there is a fine line between intrapreneurs and entrepreneurs, the finer differences are that intrapreneurs practice within established organisations, request for authorisation from top management of organisations before implementing their

ideas and constantly challenge existing structures in organisations (Nieman *et al.*, 2007:348), while entrepreneurs take complete responsibility for every action taken and outcome. Table 2.3 below shows the key differences between start-up entrepreneurs and intrapreneurs.

Table 2.3: A distinction between start-up entrepreneurs and intrapreneurs

No.	Start-up Entrepreneur	Intrapreneur
1	Takes risk	Business assumes the risk on behalf of the intrapreneur
2	“Owns” the concept and business	Business owns the concept and intellectual property rights
3	Owns all or much of the business	May not have equity in the business
4	Potential rewards are theoretically unlimited	Clear limits are place on rewards
5	One misstep can result in failure	More room for errors
6	Exposed to outside influence	Insulated from external influence
7	Independence (Although the successful entrepreneur is usually backed by a strong team)	Independence of champion with many others
8	Flexibility in changing course, experimenting, or trying new direction	Rules, procedure and bureaucracy prohibit intrapreneurs’ ability
9	High speed of decision making	Longer approval cycles
10	Little security	Job security
11	No safety net	Dependable benefits package
12	Few people with whom to talk	Extensive network to support
13	Limited scale and scope at least initially	Potential for sizeable scale and scope is achieved fairly quickly
14	Severe resources limitations	Access to finance, research and development, production, facilities for trail run, as established force.

Source: Burns (2008:349)

In summary, organisations that are thinking of implementing a corporate entrepreneurship strategy, must fully understand the characteristics of entrepreneurs or intrapreneurs in order to identify individuals within these organisations, who will effectively implement entrepreneurial activities.

2.6 ENTREPRENEURIAL ORIENTATION

Contemporary business environments have been characterised by hyper competition, unpredictable future, changing consumer tastes and demands brought about by globalisation, technological, political, economic and social changes (Ireland & Webb, 2009:473). The changes in the business atmosphere and management philosophy have encouraged a number of organisations to introduce internal entrepreneurship, popularly known as corporate entrepreneurship, a notion linked to entrepreneurial orientation (Botha & Nyanjom, 2011:30).

The introduction of entrepreneurial orientation in organisations has increased the necessity for organisations to become innovative, take risks, empower employees, become pro-active and compete aggressively in their activities (Anu, 2007:149). Thus, leadership styles that encourage and enable innovation, creativity, pro-activeness, risk taking, personal decision making and flexibility can propel organisations towards success (Foba & De Villiers, 2007:1). According to Dess and Lumpkin (2005:147), entrepreneurial orientation is found in companies where strategic leaders generate a strong impetus to innovate, take risks and aggressively pursue new opportunities.

Miller (1983:771), the entrepreneurial orientation guru, stated that entrepreneurial organisations engage in product innovation, take risky ventures and are the first to come up with proactive innovation that beat competitors to the punch, while non-entrepreneurial organisations are the ones that are highly risk averse, innovate little and always copy their competitors.

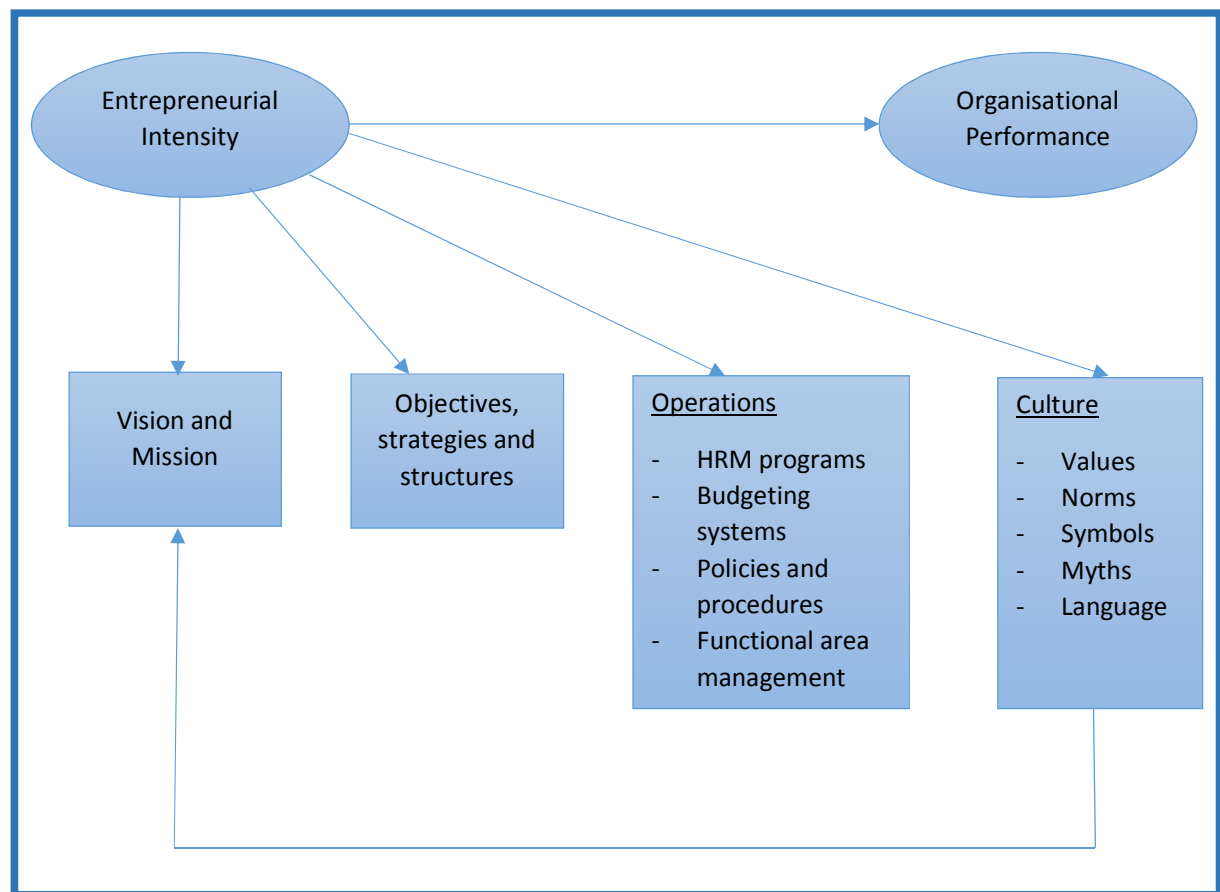
Miller's notion of entrepreneurial organisations led to the identification of the three dimensions of entrepreneurial orientation, namely innovativeness, risk taking and pro-activeness. The three dimensions were further researched and supported by Covin and Slevin (1989:76) and Morris *et al.* (2008:54). Using Miller's understanding

of what an entrepreneurial organisation is, Lumpkin and Dess (1996:139) supplemented two more dimensions that are important to entrepreneurial orientation, namely competitive aggressiveness which captures the distinct notion of beating competitors to the punch as suggested by Miller (1983:771) and autonomy, a tendency towards independence when carrying out entrepreneurial activities in organisations. Consequently, entrepreneurial orientation now comprises of five dimensions or variables, namely innovativeness, pro-activeness, risk taking, competitive aggressiveness and autonomy which permeate decision making styles and practices of an organisation's employees (Dess & Lumpkin, 2005:147).

The above five dimensions or variables often work together in enhancing organisational performance, however, some organisations that are strong with regard to only a few dimensions can also demonstrate forms of success.

Therefore, the five dimensions of entrepreneurial orientation (innovativeness, pro-activeness, risk taking, competitive aggressiveness and autonomy) should not be viewed as separate activities or behaviours in the organisation, but should be integrated on a continuous basis throughout the whole organisation (Morris *et al.*, 2008:49). In addition, Morris *et al.* (2008:49) stated that entrepreneurial orientation has a direct impact on an organisation's performance because it is intertwined with the vision, mission, strategic objectives, structures, and culture and everyday operations of the firm. Below, in Figure 2.1: Strategic Integration of Entrepreneurship Through-out the Organisation, is a framework showing how entrepreneurship is strategically integrated throughout the entire organisation (Morris *et al.*, 2008:50).

Figure 2.1: Strategic Integration of Entrepreneurship Through-out the Organisation



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

The five dimensions of entrepreneurial orientation are the key drivers of daily entrepreneurship activities in organisations. They work together in supporting organisational entrepreneurial performance and permeate decision making styles and practices (Oosthuizen, 2006:81). Morris *et al.* (2008:54) stated that each organisation has its own levels of entrepreneurship, but the challenge is to determine how entrepreneurial a particular organisation is. The level of entrepreneurial activities in an organisation can be measured using the five dimensions of entrepreneurial orientation, as explained below.

2.6.1 Innovativeness

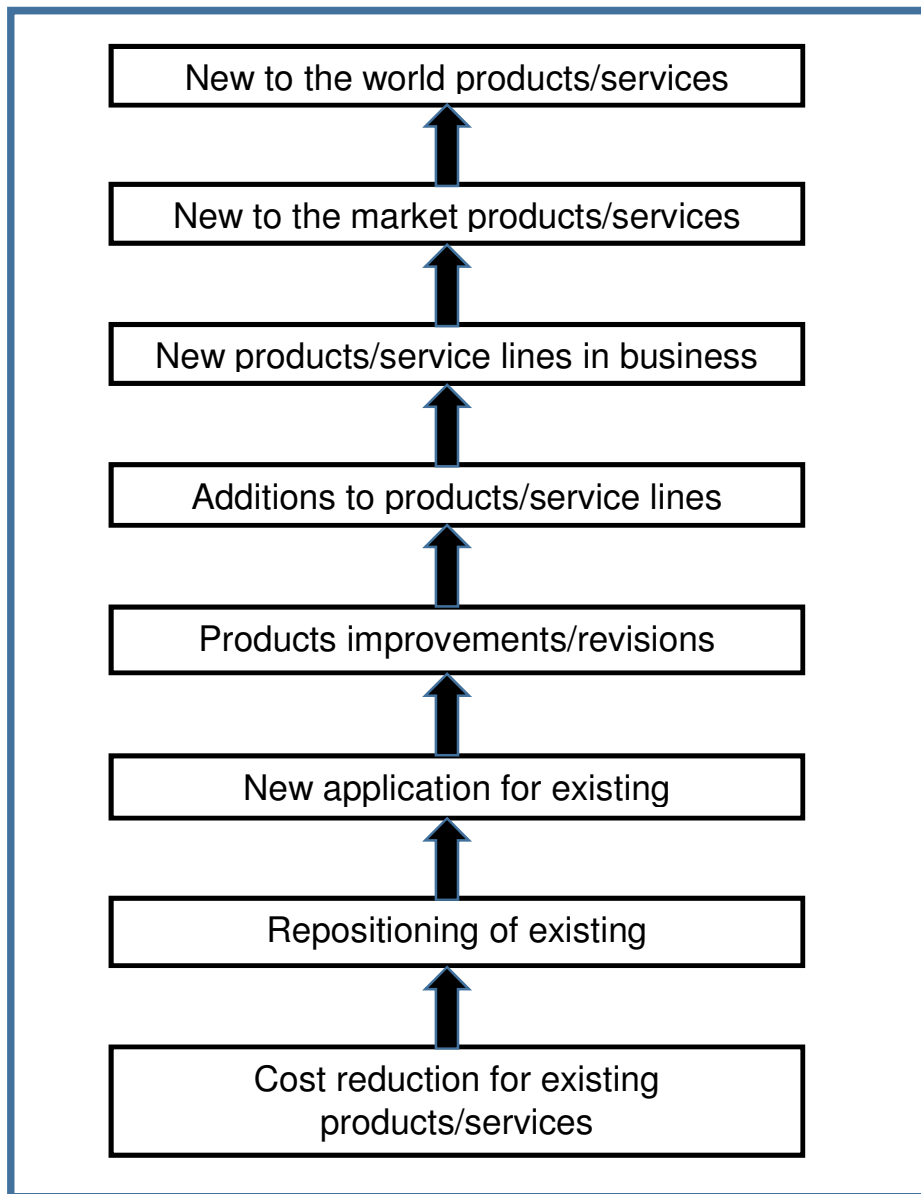
Organisations today comprehend that they must innovate more than in the past because of external pressures that emanate from new and improved technologies, globalisation, deregulation and social changes (Morris *et al.*, 2008:55). Morris *et al.*

(2008:54) stated that innovativeness is the first dimension that characterise an entrepreneurial firm. This view is further supported by Lumpkin and Dess (1996:141) who underscored that innovativeness is the most important dimension for entrepreneurial firms. Furthermore, Gurbuz and Aykol (2009:323) confirmed that all five dimensions of entrepreneurial orientation are used to measure the level of entrepreneurship in organisations, however, the dimension of innovativeness has to be existing in order for an organisation to be entrepreneurial. Corporates that are willing to incorporate an entrepreneurial strategy, innovation and creativity must be an important element in the implementation process. Firms are encouraged to create an enabling environment that rouses ideas from employees. Therefore, innovation is changing or creating products, ideas, effective processes and possibilities of creating business success (Australian Government, 2016). Innovativeness is a catalyst of a firm's growth and success. According to Lumpkin *et al.* (2009:56), innovation is the predisposition or tendency to engage in creativity and experimentation through the introduction of new products and services as well as technology leadership through research and development in a new process. Innovation is now a wider concept that includes exploitation of current ideas, i.e. product, service, position, paradigm change or process innovation. Organisational performance in the contemporary business environment is mostly influenced by skills of continuous innovation and the ability to compete in global markets (Van der Merwe & Oosthuizen, 2011:544). Innovation can therefore be used to identify patterns and trends that define an opportunity and are required to shape innovative business concepts. The critical role of innovation in entrepreneurship qualifies it to be the core entrepreneurial orientation dimension (Van der Merwe & Oosthuizen, 2011:544).

Many organisations disregard innovation until when it's undeniably necessary to innovate because of the risks and costs involved (Morris *et al.*, 2008:57). Quite often, managers pay attention to maximising the efficiencies of existing products and services, while overlooking the innovation of future products and services. Apparently, innovation is paramount to gaining competitive advantage and financial advantage in the contemporary unpredictable business environment. According to (Morris *et al.*, 2008:56), innovation can aid a firm to launch new and improved products and services faster and with a reduced cost. Zhao (2005:27) stated that there are several forms of business innovations which increase a series of possible

service and product innovations (Figure 2.2). According to Lotz (2009:49), innovativeness, as applied to products and services in Figure 2.2 below, must check if the concept addresses a need that has not been previously addressed. It changes the way one goes about addressing a need, whether it is a dramatic improvement over a conventional solution, whether it's a minor change or improvement to an existing product or probably just a geographical transfer of an existing product.

Figure 2.2: Innovativeness as applied to products and services



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

Innovation can also be applied to process changes. Process innovation cannot be clearly seen or felt by the users, however, it has an obvious impact on the cost and quality of the product, while product or service innovation is an obvious change to the product or service range that an organisation takes to the market (Lotz, 2009:49). Table 2.4 below shows how innovativeness can be applied to process. Process innovation relates to identifying novel and better ways of accomplishing tasks. It gravitates towards competencies in newer technologies, production techniques and development of advanced manufacturing processes (Lotz, 2009:49)

Table 2.4: Innovativeness as applied to process

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

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

Moreover, while innovativeness is considered a key source of corporate venturing, it also involves major risks in cases where investments do not pay off. Nonetheless, entrepreneurial firms that successfully implement innovation can generate competitive advantage and provide a major source of organisational growth (Dess & Lumpkin, 2005:150). The strength of organisations to innovate is a fundamental

element to realising and sustaining competitive advantage, thus creative behaviours must be strongly encouraged in entrepreneurial organisations across all levels because of their influence on innovation (Garcia-Granero *et al.*, 2015:1094).

2.6.2 Risk taking

Dewett (2004:258) defines risk as the magnitude to which there is uncertainty about whether possible substantial or unsatisfactory results of a decision will be realised. Risk taking involves bold action by venturing into the unknown, borrowing heavily and committing huge resources to investment activities in uncertain environments (Dess & Lumpkin, 2005:150). Risk taking is consequently an important element for innovation and success.

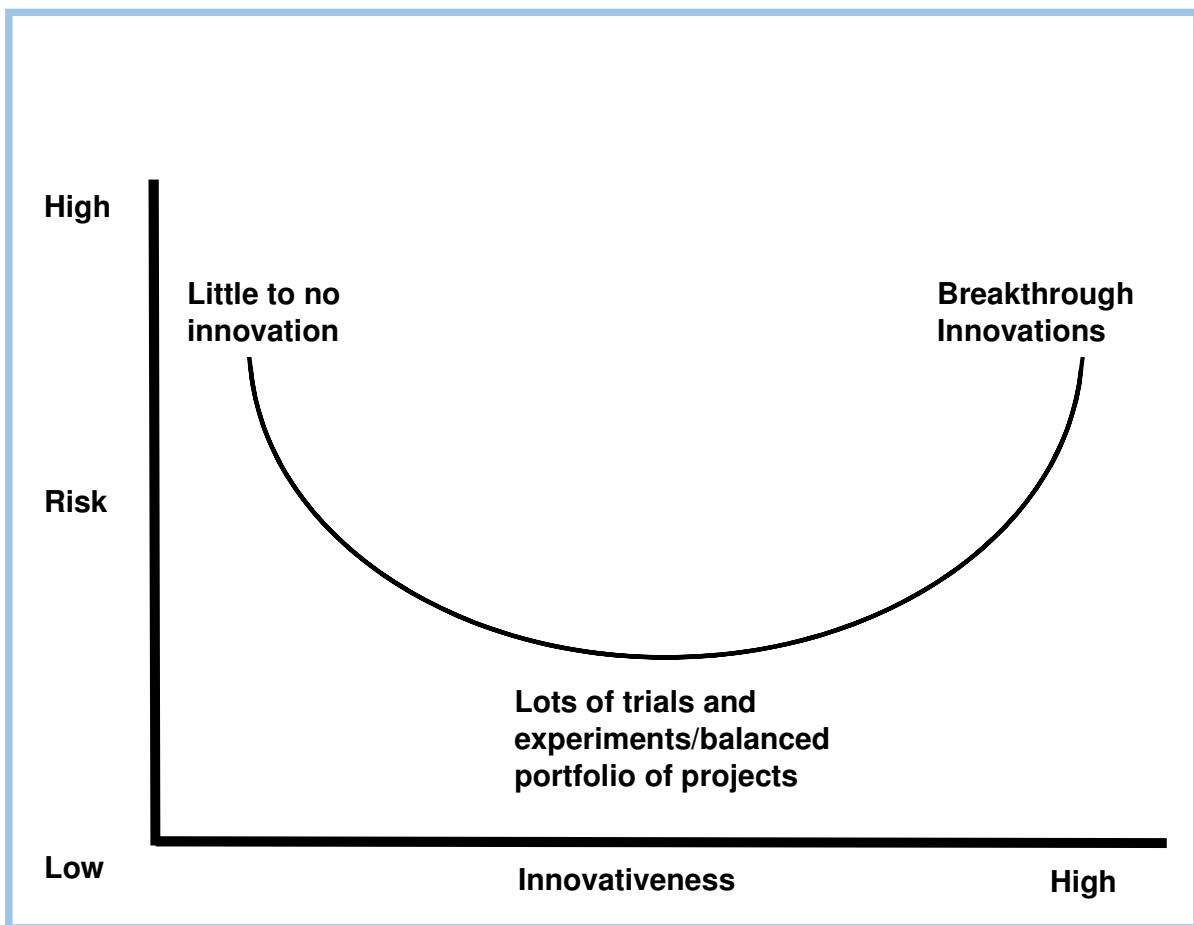
According to Garcia-Granero *et al.* (2015:1094), entrepreneurial orientation has been utilised to examine the link between risk taking and innovation performance. Thinking outside the box requires a great deal of uncertainty, courageous decisions and actions that are regularly essential to achieve innovative results (Garcia-Granero *et al.*, 2015:1094). Certainly, managers' risk appetite varies according to individuals, however, research has shown that a manager's preference for a risk behaviour is positively correlated with achieving higher innovative outcomes (Garcia-Granero *et al.*, 2015:1094). Therefore, it is assumed that risk taking and innovation are directly correlated. The more an organisation is innovative, the higher its chances of risks taking will be (Lotz, 2009:51).

The relationship between innovativeness and risk taking can be even more complicated, as shown in Figure 2.3 below. According to Burns (2008:291), organisations that do not or have low innovativeness are assumed to experience minimum risk in the short run, but might in the long run be confronted with higher risk. Ideally, firms that do not pay attention to engage in new products and service opportunities innovation in the market are likely to face higher risks of business failure, e.g. failure to return customers, bad publicity and higher staff turnover (Lotz, 2009:52). Such firms are said to practice little to no innovation and can be considered as non-entrepreneurial organisations (Morris *et al.*, 2008:63). On the other hand, organisations that engage in high innovation activities and are continuously paying attention to new products and services opportunities in the

market are also likely to face higher risks which can result in breakthrough innovation. Nonetheless, organisations that engage in higher innovativeness in an effort to achieve breakthrough innovations that redefine markets, industries and create blue ocean industries also face higher risk (Morris *et al.*, 2008:63).

Organisations that practice breakthrough innovations are likely to be considered as entrepreneurial organisations, while organisations that are average in innovativeness are likely to encounter average risks which encompass lots of trials, experiments and balance portfolio of projects (Morris *et al.*, 2008:63). In such firms risk is much lower and manageable as indicated in Figure 2.3: Correlation between innovativeness and risk below.

Figure 2.3: Correlation between innovativeness and risk



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

Organisations that practice entrepreneurial orientation are quite often associated with high risk taking behaviours, for instance when they commit huge resources and borrow heavily in anticipation of obtaining higher returns through exploiting opportunities in the market (Bhardwaj *et al.*, 2007:134). Moreover, according to Morris *et al.* (2008:62) entrepreneurial organisations have a tendency of not taking extreme or uncontrollable risks, but relatively sensible and calculated risks. Lambing and Kuehl (2007:19) suggest that corporate entrepreneurs are not high risk takers as they always try to break down and understand the risk they are taking with a view to minimise the risk as much as possible and managing it.

It is therefore imperative that organisations embrace risk taking in their strategy to support in capturing profits from creating new products, processes and services. Profits are generated through entrepreneurs who identify opportunities and then invest in the opportunities (Lotz, 2009:52).

2.6.3 Pro-activeness

Pro-activeness is an opportunity seeking, forward looking perspective, characterised by the introduction of new products and services ahead of competition and acting in anticipation of future demand (Lumpkin *et al.*, 2009:56). According to Morris *et al.* (2008:66), pro-activeness is the direct reverse of re-activeness and includes the development of services and products.

Pro-activeness requires anticipating the future needs and wants and basically means taking action before the time is due. Entrepreneurs are biased towards being pro-active because they pursue opportunities and usually do not rely on luck. They achieve success through acting quickly, swiftly and decisively to make the most of the opportunity before someone else lays their hands on the opportunity (Burns, 2005:28).

Pro-activeness involves implementing whatever has been anticipated, carrying out whatever is necessary in order to bring an entrepreneurial idea to life. It is an obligation to implement novel products, services and processes which are premeditated to develop new markets for organisations (Botha & Nyanjom, 2011:33). Pro-activeness is more than just providing an answer to a problem foreseen. It

occurs so fast that it enables organisations to capture first mover advantage (Wiklund & Shepherd, 2005:82).

Pro-activeness enables organisation to gain first mover advantage that helps them to increase their market share, advance their knowledge and secure rare resources as a result, gaining a competitive advantage that cannot be easily copied by competitors (David, 2007:200). Entrepreneurial organisations desire to act on future needs and want and endeavour to capture the first mover advantage over competitors (Madsen, 2007:187). Conversely, it is not always that new products and services are easily accepted by the market, thus pro-active organisation must understand that first movers are not always successful.

Dess and Lumpkin (2005:151) suggested that pro-active strategies must be supplemented by careful analysis and far-reaching feasibility studies in order to be successful. Pro-active organisations are more like leaders than followers and have prudence to grab new opportunities in the horizon, even if they are not the first in the market (Gurbuz & Aykol, 2009:323).

2.6.4 Competitive aggressiveness

Organisations that possess an aggressive approach are willing to challenge competitors head to head. They are prepared to aggressively spend more resources in research and development in order to increase manufacturing capacity, reduce prices and sacrifice profitability to increase market share (Dess & Lumpkin, 2005:151).

According to Dess and Lumpkin (2005:148), competitive aggressiveness is an intense effort to outperform industry rivals and it is characterised by a combative posture or an aggressive response aimed at position or overcoming a competitive threat in a competitive marketplace.

Lumpkin and Dess (1996:148) defined competitive aggressiveness as an organisation's tendency to directly and forcefully challenge its opponents to achieve entry or improve its position in the industry. Competitive aggressiveness can be categorised in two ways, namely responsiveness and reactivity (Dess &

Lumpkin, 2005:151). Responsiveness is when an organisation decides to take a direct confrontational approach by entering a market that has already been established by another organisation. Using the responsiveness approach, an organisation might enter the market with radically lower prices which might overshadow smaller players in the market or imitate business practices of successful organisations. In contrast, a reactiveness approach is when an organisation reduces its prices in response to a challenge from a competitor (Lumpkin & Dess, 1996:149). Such a tactic might result in a price war if both organisations have the wherewithal. Hence, competitive aggressiveness mirrors a preparedness to be unconventional instead of depending on traditional types of competing. Organisations can adopt unusual strategies to challenge leaders in the industry through understanding industry trends, analysing and targeting weaknesses of competitors and focusing on high value added products while monitoring expenses (Lumpkin & Dess, 1996:149).

On the contrary, a number of organisation have negatively impacted their reputation by being excessively aggressive, for instance Microsoft. The image of Microsoft in the US is likely related to law suits brought about by the US government. Thus, it is not always the case that competitive aggressiveness will generate competitive advantage (Dess & Lumpkin, 2005:152).

According to Dess and Lumpkin (2001:431) there is less research and literature about competitive aggressiveness because firstly, competitive aggressiveness and autonomy were not part of entrepreneurial orientation developed by Miller and secondly, competitive aggressiveness and pro-activeness have been theorised interchangeably. Pro-activeness is a forward looking characteristic of an industry market leader with a foresight to grab opportunities in anticipation of future demand, while competitive aggressiveness is a forceful effort to outpace industry rivals (Dess & Lumpkin, 2005:148). Considering the two definitions, pro-activeness and competitive aggressiveness are two distinct topics that should not be interchanged both in theory and practice.

2.6.5 Autonomy

Dess and Lumpkin (2005:148) defined autonomy as independent action by individuals or teams targeted at developing a business idea or vision and bringing it

through to reality and success. Autonomy is the team or individual action that spots opportunities and ensures that the opportunities have been implemented and completed (Lee & Sukoco, 2007:551). Cultivation of entrepreneurial behaviours in an organisation involves freeing individual employees and teams to function beyond organisational traditional norms and strategies through thinking and acting independently (Lumpkin *et al.*, 2009:48). Furthermore, autonomy is recommended by Lassen *et al.* (2006:361) as a business tool for an organisation to leverage its present strength for improving its business practices.

An enabling environment that encourages autonomy can boost innovativeness, leading to the development of new products, services and new business ventures that create blue ocean industries. The results of autonomy can create sustainable competitive advantage that can increase organisational competitiveness and effectiveness.

When individuals or teams are enabled to make independent decisions that are not hindered by traditional organisational norms that may stop them from effectively investigating entrepreneurial opportunities, their action provides an impetus that is required to explore business opportunities that brings forth novel concepts and ultimately carries them through to fruition (Lumpkin *et al.*, 2009:48). More so, autonomy encourages innovation, initiates the launching of new business ventures and raises competitiveness and effectiveness.

There are basically two methods of encouraging autonomy in an organisation, namely “top down” and “bottom up” (Lumpkin *et al.*, 2009:48). The top down method is mainly used by organisations with an overall entrepreneurial approach that motivates entrepreneurial activities. Senior managers create an enabling environment and support activities and incentives that encourage entrepreneurship and welcome autonomous decision making. For example, W.L. Gore inspires employees to spend ten per cent of their time to explore new ideas (Lumpkin *et al.*, 2009:49). The bottom up approach on the other hand encourages employees from the shop floor to propose ideas, concepts and new processes to top management with a platform of being heard.

To cultivate autonomous decision making at the shop floor, an organisation must develop special incentives and a structure that supports entrepreneurial activities (Lumpkin *et al.*, 2009:49). Entrepreneurial organisations have resorted to flattening their hierarchies and delegating authority to the shop floor level. Although redesigning the organisational structure is aimed at encouraging autonomy, autonomy demands much more than just a structural design change. Management must create an environment that encourages autonomous decision making and evidence of exercising autonomy must prevail (Lotz, 2009:48).

Management is required to support autonomy through encouraging innovation by accommodating experimentation and risk taking, whether formal or informal, at both individual or team level (Lumpkin *et al.*, 2009:50). However, in order to comprehend the effectiveness of autonomy in an organisation, management must be able to measure and monitor autonomy (Dess & Lumpkin, 2005:150).

In summary, an entrepreneurial orientation organisation is always on the lookout for new technology, understanding market trends and assessing new opportunities. Thus, successful organisations have credited their success to entrepreneurial orientation, making it a major concept within both the strategic management and entrepreneurship literature (Lumpkin *et al.*, 2009:48).

Entrepreneurial orientation comprises of the five dimensions or variables, namely innovativeness, pro-activeness, risk taking, competitive aggressiveness and autonomy which permeate decision making styles and practices of organisation's employees (Dess & Lumpkin, 2005:147). The five dimensions often work together in improving organisational performance, however, some organisations that are strong with regard to only a few dimensions can also demonstrate forms of success. The five dimensions of entrepreneurial orientation are key elements of the entrepreneurial process, albeit might happen in different combinations, depending on the type of entrepreneurial opportunity followed by the organisation (Urban *et al.*, 2012:305).

Therefore, the relationship between entrepreneurial orientation and the organisation success was established using the five dimensions of entrepreneurial orientation (innovativeness, risk taking, autonomy, pro-activeness and competitive

aggressiveness) from Miller, Covin and Slevin. The organisation success represented the dependent variable and innovativeness, risk taking, autonomy, pro-activeness and competitive aggressiveness were represented as independent variables. The relationship was expressed in a multiple regression formula as below, where the hypothesis was that higher tolerance of innovativeness, risk taking, autonomy, pro-activeness and competitive aggressiveness results in higher organisational success.

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon_1$$

$$\begin{aligned} \text{Success} = & \text{innovativeness} + \text{risk taking} + \text{autonomy} + \text{pro-activeness} \\ & + \text{competitive aggressiveness} \end{aligned}$$

The formula above illustrates the relationship between entrepreneurial orientation and the organisation success. The organisation success can only be achieved if there is a positive correlation amongst innovativeness, risk taking, autonomy, pro-activeness and competitive aggressiveness.

2.7 ORGANISATION SUCCESS

Huse *et al.* (2005:315) accentuated that technological improvements and globalisation has questioned the ability of organisations in using and developing their resources in order to meet current customer needs and wants. The current dynamic and unpredictable business environments require an entrepreneurial approach that meets customer demands (Urban *et al.*, 2012:304).

Entrepreneurial strategies help organisations become adaptive to dynamic environments and in the process enable them to identify new opportunities caused by dis-equalities (Huse *et al.*, 2005:315). According to Urban *et al.* (2012:305), entrepreneurial orientation has a positive effect on the success of the organisation, with innovation being one of the dimension that has a more positive relationship with the success of the organisation. Furthermore, Urban and Oosthuizen identified entrepreneurial orientation and corporate entrepreneurship as vital indicators of company growth and performance in the South African situation.

Organisations that embrace entrepreneurial orientation strategies are known to perform better than organisations that do not adopt entrepreneurial orientation strategies. Hence, a positive relationship between entrepreneurial orientation and business success exists (Madsen, 2007:188).

In addition, Thornberry, (2003:340) suggested that entrepreneurial environments are important key performance indicators for the future success of firms. Therefore, management behaviours, vision, mission, values and strategy can create an enabling environment which encourages innovation and creativity and reduces bureaucracy, in turn positively influencing the financial measures of the organisation. Combined efforts of an organisation are usually noticed through financial results (Thornberry, 2003:340). This is the reason why the financial growth of an organisation is usually linked to entrepreneurial behaviours. Furthermore, financial measures of entrepreneurial behaviours must be used as a barometer to measure market share movement and growth in sales and profits (Enslin, 2010:54).

Common differences between financial and non-financial measures are that financial measures are dependent upon organisation results published in the form of numbers, while non-financial measures are used to measure internal efficiencies of an organisation. Since organisations that have adopted entrepreneurial strategy are known to have minimum control measures due to reduced bureaucracy, it is still imperative to measure the processes to guarantee high quality of products and services (Burns, 2008:183). Efficiency is “doing the right things” while effectiveness is “doing things right” (Dess *et al.*, 2003:370).

According to Madsen (2007:195), there is no clear agreement about the definition of the organisation success or business performance. However, previous research supports the idea that business performance is a multi-dimensional concept (Lumpkin & Dess, 1996:137; Wiklund & Shepherd, 2005:77). It is therefore recommended to use multiple performance measures when determining business performance or success instead of using a single dimension.

Lotz’s (2009) research instrument which was designed to measure financial status, customer markets, process, employee development and the future organisation success was utilised in this study. Furthermore, Lotz and Van der Merwe (2013)

treated perceived success measurement as one variable. They investigated business growth and business development and improvement as variables for measuring the organisation success. Using Pearson's correlation coefficient (r), they examined the relationship between business growth and business development and improvement and the results showed that there was a significant correlation between the two variables (Lotz, 2009:259). This result proved that there was a positive relationship between business growth, business development and improvement and the perceived organisation success. Therefore, the two variables were reliable and can be utilised to measure the organisation success.

2.8 FACTORS THAT HAMPER ENTREPRENEURIAL ORIENTATION

The business environment in the 21st century is so dynamic and unpredictable that it can throttle organisations. In response, organisations end up adopting strategies of downsizing, automating and outsourcing, retrenching or becoming smaller (Nieman *et al.*, 2007:3).

To overcome the aforementioned challenges, intrapreneurs in both larger and smaller organisations intend to grow their businesses and carry the ownership of growth and job creation (Nieman *et al.*, 2007:3).

According to Burns (2008:175), a traditional management style can naively discourage entrepreneurial orientation in an organisation by deterring employees from manifesting their entrepreneurial behaviours. Generally, traditional management styles have high risk avoidance, contrary to the requirement of the entrepreneurial orientation dimension of risk taking. Intrapreneurs are not given a chance to experiment, make mistakes and fail (Nieman *et al.*, 2007:353). Such practices are considered to be costly and may sometimes affect employee's rewards.

Traditional management styles create systems which are difficult to change in an organisation. Many organisations are administered by explicit and implicit systems and controls which effectively dampen innovation and creativity (Nieman *et al.*, 2007:354). Furthermore, organisational structures in larger organisations create bureaucratic processes which elongate authorisation procedures (Nieman *et al.*,

2007:354). Bureaucracy tends to disempower employees at the bottom of the hierarchy, thus melting down the spirit of creativity and innovation of employees. Morris and Kuratko (2002) developed a framework for understanding obstacles that hamper intrapreneurship in an organisation. These impediments were categorised into six categories, namely systems, structure, direction, procedures, people and culture (Nieman *et al.*, 2007:354). In Table 2.5 below, specific impediments found in each category are listed in the framework for understanding the obstacles to intrapreneurship in organisations.

Table 2.5: A Framework for understanding the obstacles to intrapreneurship

System	Structures	Direction
• Misdirected reward and evaluation system • Oppressive control system • Inflexible budgeting system • Arbitrary cost allocation system • Overly rigid formal planning system	• Too many hierarchical levels • Overly narrow span of control • Responsibility without authority • Top down management • Restricted communication channels • Lack of accountability	• Absence of innovation goals • No formal strategy for entrepreneurship • No vision from the top • Lack of commitment from senior executive • No entrepreneurial role models at the top

Procedure	People	Culture
• Long complex approval cycles • Extensive documentation requirements • Overreliance on established rules • Unrealistic performance criteria	• Fear of failure • Resistance to change • Parochial bias • Protection of “turf” • Complacency • Short term orientation • Inappropriate skills/talents	• Ill-defined values • Lack of consensus on priorities • Lack of fit • Value that conflict with entrepreneurial requirements

Source: Nieman *et al.* (2007:354)

2.9 ENTREPRENEURIAL ORIENTATION IMPLEMENTATION

Organisations that implement entrepreneurial orientation must be prepared to create an enabling environment that encourages innovation, creativity, takes risk, empowers its employees, is pro-active and competitive aggressive. According to Burns (2008:175), entrepreneurial organisations must be the first to enter a new market and are required to grow quickly and capture market share before competitors react.

Entrepreneurial organisations are also required to be flexible and adaptive. The goals and vision of the organisation are required to change in line with changing business environments. Targets are required to be regularly evaluated and benchmarked against current business reality. An entrepreneurial orientation organisation must embrace a culture which challenges standard procedures, rules and regulations. Furthermore, the organisation should show willingness to take risks and take small steps in testing its assumption in line with changing realities.

2.10 SUMMARY

The theoretical framework chapter explained the concept of entrepreneurial orientation and its five dimensions or variables. In addition to the five dimensions of entrepreneurial orientation, organisation success was introduced and its two variables were explained. The chapter firstly introduced the concept of entrepreneurship and its significance to both the South African and global economies. Entrepreneurship was identified as the key catalyst for energising stagnated economies, technological advancement, product innovation and social correction (Gurol & Astan, 2006:26).

To facilitate with a clear understanding of the concept of entrepreneurial orientation a background of what an entrepreneur is, the definition of entrepreneurship, characteristics of an entrepreneur, corporate entrepreneurship and an intrapreneur were explained.

An entrepreneur was identified as a creator, innovator, problem solver, leader, owner of vision, opportunity seeker, mover and shaker (Spinelli & Adam, 2012:38). Practical examples of entrepreneurs from both South Africa and other countries were given. In addition, merits and demerits of becoming an entrepreneur were highlighted. Becoming an entrepreneur was viewed as a way to raise the standard of living and conversely a high risk of losing a lifetime investment.

A detailed history of entrepreneurship was discussed. The word entrepreneurship was coined from a French verb “entreprendre” which means “go between or undertake” (Hisrich *et al.*, 2008:6) and in 1734, Richard Cantillon was the first to link entrepreneurship to risk bearing.

A number of entrepreneurship definitions from various authors were provided together with key terms identified in the content analysis of 75 contemporary definitions of entrepreneurship in Table 2.2 (Morris *et al.*, 2008:10). Linked to entrepreneurship definitions, an explanation about the characteristics of an entrepreneur and conducive environments that encourage entrepreneurship behaviours was highlighted. Creating an environment that encourages

entrepreneurial behaviours enables the organisations to identify employees that possess entrepreneurial characteristics (Spies & Lotz, 2014:15).

The following are some of the commonly quoted entrepreneurial characteristics (Lotz, 2009:22): commitment and determination, creativity and innovation, energy levels, low support needs, risk taking, perseverance, problem solving, responsibility, inspiration, courage, self-confidence, managing ambiguity and uncertainty, spotting opportunities, generosity, integrity and reliability, good judge of people, patience, ability to adapt to change, emotional stability, self-awareness, capitalise on mistakes, internal locus of control and open minded.

A further, in depth step was taken to explain the concepts of corporate entrepreneurship and intrapreneur. Entrepreneurship within organisations is also known as internal entrepreneurship or corporate entrepreneurship, where individuals who practice entrepreneurship within an organisation are known as intrapreneurs. Intrapreneurs are individuals who champion ideas within established organisations (Neiman *et al.*, 2007:347). Consequently, in order to compete and gain competitive advantage, established organisations embrace innovativeness, creativity and enterprise approaches at all levels in the organisation, e.g. corporate, divisions, business unit, functional and team level to survive in these dynamic and fast paced business environments (Burns, 2008:12). Corporate entrepreneurship is a concept that is linked to entrepreneurial orientation.

Entrepreneurial orientation was defined to clarify the main focus of this research. The objective of the research was to measure entrepreneurial orientation and the success of TTAF, an organisation in the automotive industry. It was identified that organisations that introduce entrepreneurial orientation increases the necessity to become innovative, risk taking, empower empowerment, become pro-active and compete aggressively in the market (Anu, 2007:149).

Miller's (1983:771) idea of entrepreneurial organisations led to the identification of the three dimensions of entrepreneurial orientation, namely innovativeness, risk taking and pro-activeness. Later on, Lumpkin and Dess (1996:139) supplemented with two more dimensions that are important to entrepreneurial orientation, namely competitive aggressiveness which captures the distinct notion of beating competitors

to the punch as suggested by Miller (1983:771) and autonomy, a tendency towards independence when carrying out entrepreneurial activities in organisations. A detailed explanation of all the five dimensions was provided.

The five dimensions of entrepreneurial orientation identified for this research were measured against the variable organisation success. Organisation success was measured based on the study conducted by Lotz and Van der Merwe (2013) who identified success as a variable that contained business growth and business development and improvement. In this research the two variables of success, business growth and business development and improvement were used as dependent variables to measure innovativeness, risk taking, autonomy, pro-activeness and competitive aggressiveness of TTAF.

In conclusion, a traditional management style was identified as a reason that can naively discourage entrepreneurial orientation in an organisation (Burns, 2008:175). The following six key elements of a traditional management style were mentioned: systems, structure, direction, procedure, people and culture. However, the opposite of the six elements that impedes entrepreneurial orientation was identified as a strategy that can create an enabling environment to encourage entrepreneurial behaviours which can lead to the success of TTAF and many other organisations.

CHAPTER 3: INDUSTRY AND TOYOTA OVERVIEW

3.1 INTRODUCTION

TTAF is an automotive organisation belonging to a Toyota group of companies. It is located in Johannesburg and Durban, South Africa. TTAF owns seven distributors located in Angola, Kenya, Malawi, Mauritius, Uganda, Zambia and Zimbabwe and is now the main supplier of Toyota vehicles in Africa, supplying to 23 countries (TTAF, 2014). TTAF also has four associated companies, namely Subaru Southern Africa (SSA), Toyota Tsusho South Africa Processing (TTSAP), Tsusho Capital and Toyota Tsusho Gosei South Africa (TGSA) (TTAF, 2014).

Chapter 3 is fixated on the background of the South African automotive industry, the history of Toyota from the beginning until the formation of TTC and the founding of TTAF in South Africa. In addition, TTAF's philosophy is explained together with the vision, value system and the divisions. Lastly the value chain is used to explain the process that TTAF utilises to transform inputs into outputs.

3.2 SOUTH AFRICA AUTOMOTIVE INDUSTRY

While the South African automotive industry is arguably the most regulated automotive industry in the whole world (Houghton *et al.*, 2011:146), it is a very important sector to the south African economy that contributes an average of 7.2% to the GDP (AIEC, 2015), 16% of exports and providing about 60,000 jobs in the manufacturing, retail and service industries (Houghton *et al.*, 2011:153). The government's initial aim was to introduce regulations that protect and encourage local assembly, control currency outflows and establish a vehicle component manufacturing industry to support economic growth and create employment (Houghton *et al.*, 2011:146).

In 1961, importation of about 80% of components for local assembled vehicles prompted the government to introduce regulation that required automotive manufactures to source at least 11 components locally for each vehicle assembled, e.g. tyres, exhaust, glass, paint, seat frames, springs, carpets and mats (Houghton *et al.*, 2011:150). Additionally, the government also offered bonus import permits to

manufactures who used more than 11 components on the vehicles they assembled. In 1964, the government introduced phase 2 which required at least 55% of local components fitted on vehicles assembled in South Africa and in addition, in phase 3, introduced in 1971, the government required 66% local components by weight of manufactured models (Houghton *et al.*, 2011:150).

In September 1995, the government introduced the Motor Industry Development Programme (MIDP) to support the inefficient high cost and uncompetitive automotive industry (Houghton *et al.*, 2011:152). The strategy was aimed at supporting the automotive industry to achieve international competitiveness and increase new vehicles and component export. As a consequence, investment is enhanced and jobs created, while meeting the General Agreement on Tariffs and Trade (Houghton *et al.*, 2011:152). The MIDP contained the elements such as 20% support of investments in capital and human resources, duty free allowance on imported vehicles of 27% of the value of vehicles assembled for the local market, incentives for domestic material used in vehicle and component exports to offset duties on imported vehicles and components and a slow reduction of imported duties on built up vehicles and components from 65% and 49% to 25% and 20% respectively by end of the MIDP in 2012 (Houghton *et al.*, 2011:152).

In 2013, the government introduced the Automotive Production and Development Programme (APDP), aimed at encouraging growth in both the vehicle and component manufacturing industries. The vision for implementing APDP was to produce at least 1, 2 million vehicles annually by 2020 (Houghton *et al.*, 2011:153). APDP was framed in four pillars, namely tariffs, local assembly allowance, production incentives and capital investment assistance. The APDP is structured to enhance local value addition which improves local content significantly.

Original Equipment Manufacturers (OEM) comprise of local manufacturers and importers of complete built units (CBU) from Europe, India, Korea, Japan and China. Local manufactures are Toyota, Ford, Mercedes Benz, BMW, Nissan, General Motors and Volkswagen. Imported CBU's vehicles are Citron, Peugeot, Subaru, Tata, Volvo, Hyundai and KIA. Additionally, the automotive industry also supports a huge base of components suppliers, such as Johnson control, Yazaki, Sumitomo and Bosch. OEM's employ about 30,000 people, while component manufactures

employ about 80,000 people (DTI, 2015). As a whole, the automotive industry's value chain from manufacture to retail employs about 60,000 people (Houghton *et al.*, 2011:153).

3.3 HISTORY OF TOYOTA

TMC is the parent company of the Toyota group of companies. TMC has more than 600 subsidiary companies that are involved in vehicle production, automobile parts, commercial and industrial vehicles, trading, housing and many more (Toyota Global, 2012). In 2008, TMC became the largest automobile manufacturer in the world when it passed General Motors (GM) vehicles sales. TMC sold 8.9 million vehicles globally compared to 8.35 million vehicles sold by GM (CNBC, 2009).

In 1933, Kiichiro Toyoda started TMC as a division of the Toyoda Automatic Loom Works limited. Toyoda Automatic Loom Limited was founded by Sakichi Toyoda, the father to Kiichiro Toyoda who invented the wooden Toyoda handloom in Japan in 1890 (Toyota Global, 2016). Table 3.1 below shows the time line of TMC until the founding year of the Nisshin Tsusho Company Limited, now known as Toyota Tsusho Corporation, in 1948 (Toyota Global, 2016).

Table 3.1: Timeline of TMC (1930 - 1948)

No.	Year	Event
1	1930	Kiichiro commences research into petrol powered engines.
2	1933	Automobile department started at Toyoda Loom Works.
3	1935	Hinode Motors now known as Aichi Toyota starts operations and produced the G1 truck and A1 passenger car.
4	1936	Name changed to Toyota and first logo established. Toyoda Model AA sedan, AB phaeton and GA truck are announced.
5	1937	Toyota Motor Corporation is established.
6	1938	Koromo Plant currently known as Honsha Plant starts operations. Just in Time (JIT) production is launched on a full scale and production of the GB truck starts.
7	1940	Toyoda Seiko Limited currently known as Aichi Steel Works is established.

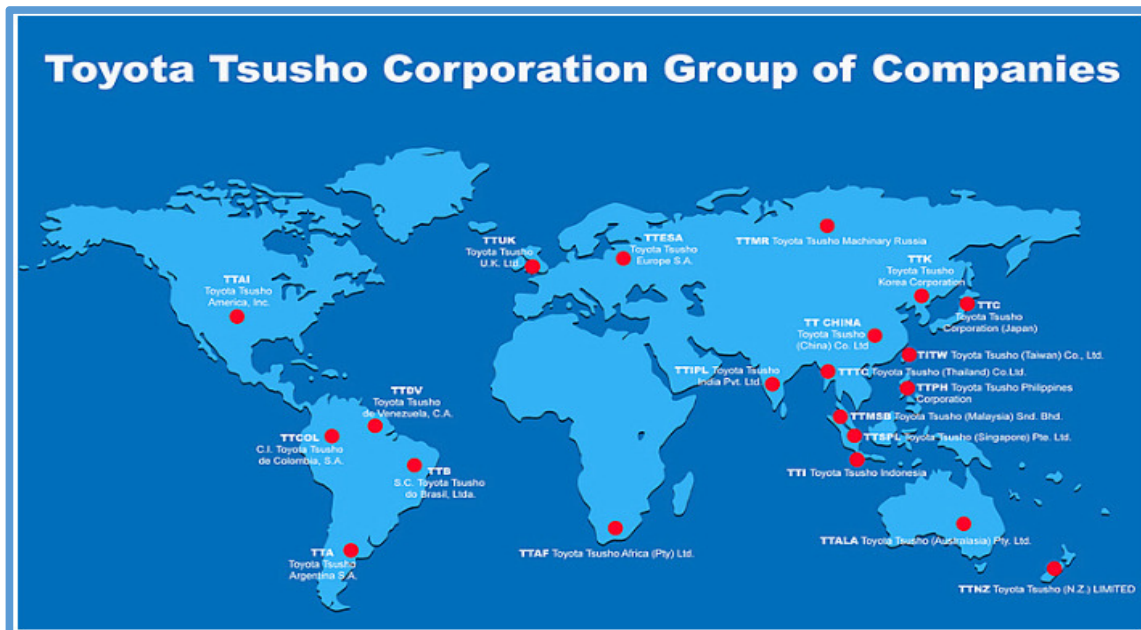
No.	Year	Event
9	1942	Production of KB truck starts.
10	1943	Tokai Haikoki Co. Limited currently known as Aisin Seiko Co. Limited was established and started producing AC passenger cars and KC trucks.
11	1945	Toyota Shatai Kogyo Co. Limited currently known as Toyota Auto Body Co. Limited was established.
12	1946	Kanto Electric Auto Manufacturing currently known as Kanto Auto Works was started.
13	1947	Production of BM trucks, SB small trucks and SA compact cars started. Toyota produced its 100 000 th car in Japan.
14	1948	Nisshin Tsusho Co. Limited currently known as Toyota Tsusho Corporation is established.

Source: Houghton *et al.* (2011:142)

3.3.1 TTC Global structure

After being established in 1948 as part of the Toyota Group of companies, TTC established its own group of companies and currently has more than 25 regional headquarters globally (TTAF, 2014). TTC has established its presence in Europe, Africa, America, Asia, China, New Zealand and Australia as indicated by Figure 3.1 below. TTC is spread around the world and is present in more than 65 countries with 900 group companies (Toyota Tsusho, 2016). Creating such a huge global network was achieved through building a business from a local perspective by understanding the culture and background of each unique country and taking an on-site, hands-on and in-touch approach, aligned to local needs and driven by talented local staff (Toyota Tsusho, 2016).

Figure 3.1: Toyota Tsusho Corporation Group of Companies



Source: TTAF (2014)

TTC is a general trading company of the Toyota Group providing information services, logistics, finance, risk management and other functions for export and import businesses. These functions add value to Toyota products and services in line with customer needs and wants (Toyota Tsusho, 2016). Furthermore, TTC's core business model is to engage in a development and investment type business that goes beyond a simple commercial transaction, but enhances collaboration with partners around the world (Toyota Tsusho, 2016).

3.3.2 History of Toyota Tsusho Africa

TTAF is a subsidiary of the TTC, which belongs to the Toyota Group of companies in Japan. In 1964, TTC established an office in Johannesburg to support TTC's export business. Initially the company exported equipment, machinery and Toyota Forklifts. In 1994, this office became a branch, due to an increased demand of Toyota export products into Africa and other regions and eventually in 1999 the name was changed to TTAF. TTAF was founded as a trading and supply chain specialist of the Toyota group of companies and is a multi-business organisation, comprising of both production and support capabilities. It is strategically located to ensure optimum

service delivery to all its customers (TTAF, 2014). Table 3.2 below shows a summarized history of TTAF since its inception in 1964 to date.

Table 3.2: Toyota Tsusho Africa Timeline

No.	Year	Event
1	1964	Representative office established in Johannesburg to support TTC export to South Africa
2	1994	Changed to branch status and with TSAM support starts exporting Toyota vehicle to Africa.
3	1999	TTAF is established.
4	2001	• Export of Parts and accessory in to Africa commences. • Distributor management team is established to manage the functions of the 7 distributors acquired by TTAF in Africa namely: Angola, Kenya, Malawi, Mauritius, Uganda, Zambia and Zimbabwe. • Vehicle Logistics Centre facility for vehicles exported to Africa is established.
5	2002	• TTAF representative office is established in Nairobi Kenya. • TTAF holds its first Africa Cross Regional Unit (CRU) meeting in Johannesburg.
6	2003	TTAF relocates to new premise 138 West street in Sandton.
7	2005	• Operations of TTAF warehouse and office complex in Durban commences. • Operations of Green Metals Recycling Plant commences in Durban. • Global supply chain for Hilux IMV commences.
8	2006	Production support centre and wheel and tyre operations commence.
9	2007	• Head office moved from Johannesburg to Durban • Toyota Tsusho South Africa Processing is established. • Toyoda Gosei South Africa Airbag Plant is established. • Production support centre 1 operations commences.

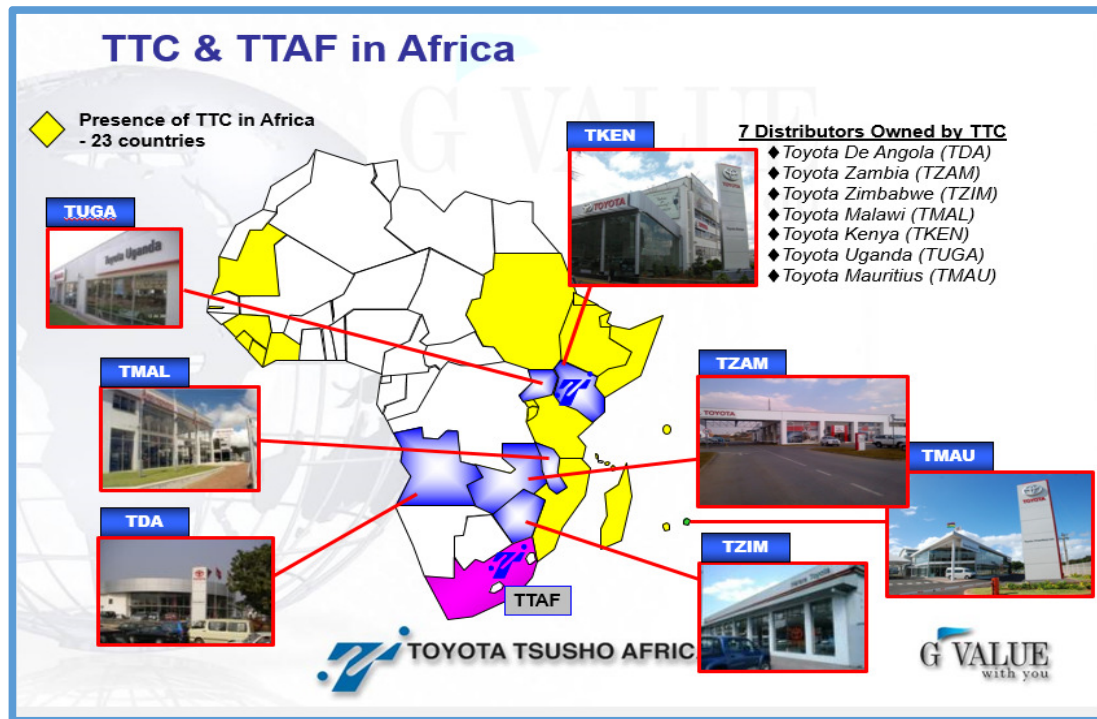
No.	Year	Event
11	2009	• Production support centre 2 operations commences. • Vehicle logistics centre 2 commences operations.
12	2011	TTAF representative office is established in Juba South Sudan.
13	2013	Toyota Tsusho Zambia, TTAF branch established in Lusaka, Zambia.
14	2014	TTAF office relocates to new premise in Sandton City.

Source: TTAF (2014)

3.3.3 Toyota Tsusho Africa Distributors Network

TTAF in both South Africa and the seven distributors in Africa, employees about 2,000 employees and further supports 16 other independently owned distributors with unaccounted number of employees (TTAF, 2014),. Figure 3.2 below shows TTC and TTAF in Africa, seven distributors belonging to the group and other independent distributors highlighted in yellow. TTAF supplies new vehicles, parts and offer after sales support to all 23 countries represented in Figure 3.2. TTAF exports an average of 16,000 Toyota vehicles annually to its distributor network in Africa (TTAF, 2014).

Figure 3.2: TTC and TTAF in Africa



Source: TTAF (2014)

3.4 TOYOTA THUSHO AFRICA OVERVIEW

TTAF's fundamental business philosophy is based on the Toyota group guiding principles of the Toyota Way, Toyota Production System (TPS), Kaizen (continuous improvement), Just in Time (JIT) and Jidoka (Toyota Global, 2016).

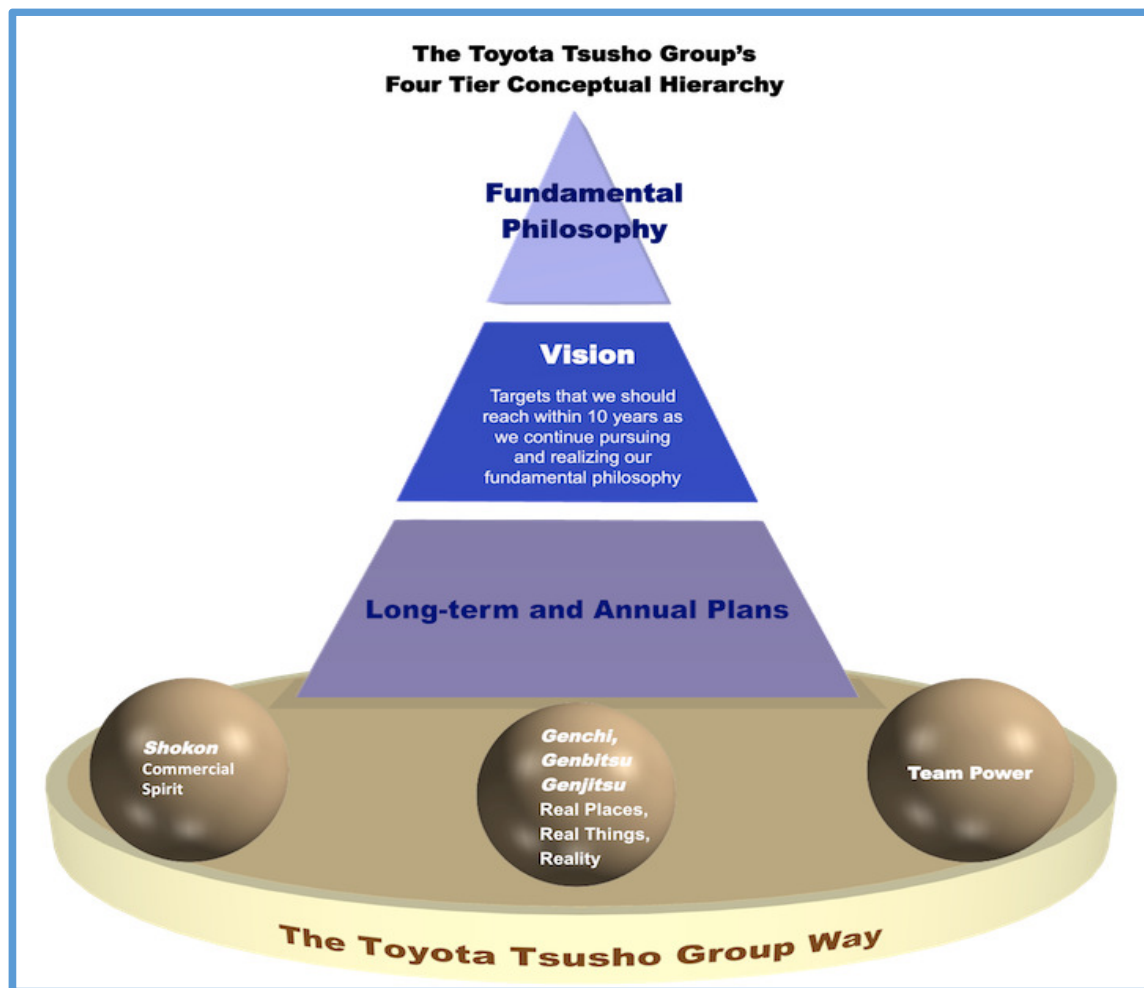
3.4.1 TTAF business philosophy

TTAF business philosophy is built on a four tier conceptual hierarchy, namely Toyota Tsusho Group Way, Long-Term and Annual Plans, Vision and Fundamental Philosophy (Toyota Tsusho, 2016). The Toyota Tsusho Group Way is the foundation principle that all Toyota Tsusho staff should share and the values that should be personified in their actions to realise the fundamental philosophy and to achieve TTAF's vision. The Toyota Tsusho Group Way is embedded on three key pillars of Shokon which means 'commercial spirit', Genchi Gembutsu which means 'go look with your own eyes' and team work. Placed on top of the three pillars is a requirement for the organisation to develop long term and annual action plans

consisting of policies and numerical targets that guide business activities (TTAF, 2016). Long term plans are aligned to the 2020 vision of TRY-1 which covers three areas of mobility, i.e. life and community, resources and environment.

The vision is the guideline that TTAF should reach within 10 years together with realising its fundamental philosophy (Toyota Tsusho, 2016). The three tiers are all encompassed in the fundamental philosophy of TTAF's unchanging ideas that should be passed onto the future (Toyota Tsusho, 2016). Above all, TTAF aims to be a value generating corporation that contributes to the creation of a prosperous society. Figure 3.3 (the Toyota Tsusho Group Philosophy system) illustrates the organisation's business philosophy graphically.

Figure 3.3: Toyota Tsusho Group Philosophy System



Source: TTAF (2014)

3.4.2 Vision

The vision of TTAF is striving to create enhanced value by “exploring new horizon” in order to create new future value for business growth in the three areas of life and community, resources and environment and mobility by embracing our values of people, passion and performance while contributing towards the prosperity of the society (TTAF, 2014). Figure 3.4 demonstrates the three levels of Toyota Tsusho vision 2020 and the reasons why the vision has change in line with the changing business landscape (Toyota Tsusho, 2016). Life and community will now focus on contributing to a comfortable and healthy society, resource and environment contribute towards a sustainable society and mobility contributes towards the future convenient society.

Figure 3.4: Toyota Tsusho Vision 2020 [Global Vision]

Vision 2020		Global Vision	Reasons of changes
Mobility A business field that contributes to the evolution of next-generation automobiles		Mobility A business field that contributes to future convenient society	More focus on the contribution to accessibility and environment
Life & Community A business field that contributes to further improvements in living conditions		Life & Community A business field that contributes to comfortable & healthy society	More attention to the contribution to wellness
Earth & Resources A business field that helps solve global issues		Resources & Environment A business field that contributes to sustainable society	More consideration on the contribution to sustainability

Source: Toyota Tsusho (2016)

3.4.3 Value system

TTAF’s value system is grounded on three key focus areas of people, passion and performance. The following describes TTAF’s three important values (TTAF, 2014);

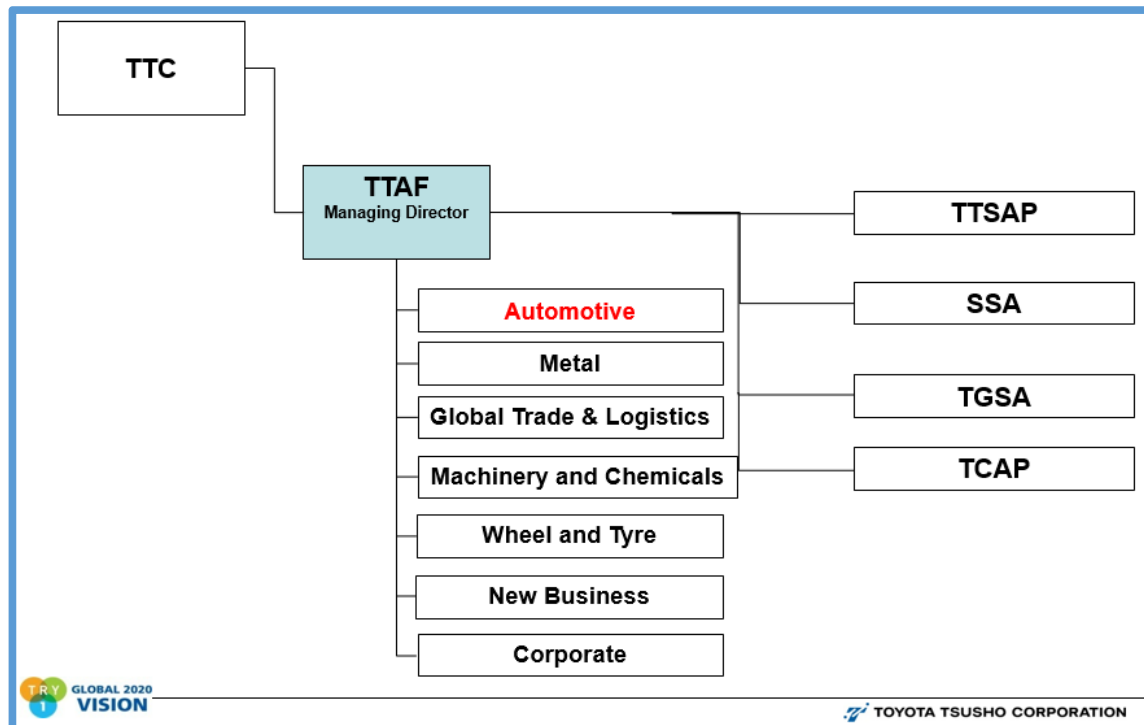
- People – TTAF strives to be a great place to work for where employees are inspired to the best they can be. TTAF believes that people should enjoy work challenges and exiting moments.
- Passion – Employees should be committed in heart and mind to deliver with delight and giving the best while showing pride, enthusiasm and dedication in everything they do.
- Performance – Become a highly lean, effective and fast moving organisation that works together and builds relationships to create even greater value for the customer.

In its value system, TTAF is determined to ensure a sustainable global environment and industry, spearhead the Toyota Group by actively leveraging its know-how and seeking out new challenges with a pioneering breakthrough and co-creation spirit, generate new value while staying ahead of times, provide long term peace of mind to its customers and create value for its stakeholders (TTAF, 2014).

3.5 TOYOTA TSHUSHO AFRICA'S DIVISIONS

TTAF is organised to operate under seven operating divisions, namely automotive, global trade and logistics, metals, machinery and chemicals, wheel and tyre, new business and corporate. Even though the divisions are different in the services and products they provide, they share a common goal of creating and delivering diverse value by developing inimitable functions from a dedicated customer approach (Toyota Tsusho, 2016). More so, the divisions combine their unique know-how, experience and capabilities to generate synergy and create new value (Toyota Tsusho, 2016). The corporate division is the heart of TTAF's requirements. It supports all six divisions and associated companies. TTAF's company structure is illustrated in Figure 3.5 below.

Figure 3.5: TTAF company structure



Source: TTAF (2014)

3.5.1 Automotive

The automotive division function, the key focus of this research, is focused on import and export business of passenger cars, parts and accessories, trucks and industrial vehicles manufactured in South Africa and other parts of the world including Japan (TTAF, 2014). To deliver value to its customers, the automotive division has a number of departments, namely Distributor Support, Automotive Parts, Corporate, Finance, Customer Service, Automotive logistics and sales, Automotive Strategy and Planning, TTAF Distributor Network and Construction Machinery (TTAF, 2014).

The automotive division's target market is the new emerging markets and other regions where a fully flagged motorisation trend is expected in the near future. In the process of developing the automotive business, the division also explores opportunities in the non-automotive sectors acting as a frontline in expanding business domains for TTC (Toyota Tsusho, 2016).

The distributor and branch network of the automotive division forms an integral trilateral sales structure comprised of the vehicles sales, parts supply and aftersales

support. In addition, the automotive division is expanding its value chain by establishing CKD production plants, body mounting and conversions, used vehicle sales and captive finance and leasing as peripheral business (Toyota Tsusho, 2016).

3.5.2 Global Trade and Logistics

The Global Trade and Logistics division leverages on TTC worldwide, logistics and supply and demand management functions to develop a global logistics business focused on automotive parts (TTAF, 2014). Its unique capabilities are linked to automakers and parts manufactures to build a global supply chain. The division's objective is to grasp a deeper understating of customers' needs and provide a service with high quality (Toyota Tsusho, 2016). To facilitate this endeavour, the Global Trade and Logistics division has four departments: Global Auto Parts, Business Development, Production and support centre and Clearing and Forwarding (TTAF, 2014).

Global Trade and Logistics utilises information technology (IT) infrastructure for TTC to be part of a worldwide network that allows high frequency deliveries in small loads to be filled by many different suppliers and manufactures. Due to such an advantage, the division is able to perform mixed loading and consolidated transportation, popularly known as milk run (Toyota Tsusho, 2016). This enables the supply of parts logistics that responds to customer needs, while at the same time contributing to a stable supply of parts. The process helps customers save on transportation costs, reduce on inventory and shorten lead times (Toyota Tsusho, 2016).

3.5.3 Machinery and chemicals

The Machinery and Chemicals division is supported by two departments to enhance its activities that are aimed at achieving the TRY-1 vision of life and community, resources and environment and mobility, namely Machinery and Chemicals.

The Machinery department is focused on engineering and installation services and provides the following services: sourcing, shipping and tracking services, logistics management, project management, installations, commissioning, training, Temco Alpha rail system and spare parts procurement support. On the other hand, the Chemicals department is responsible for sourcing chemicals for the life and community, earth and resources and mobility industries of TTC. The following are

the main product ranges of the chemicals handled by the Chemicals department: resins for plastic interior and exterior moulding, chemicals, paints and adhesives (TTAF, 2014).

3.5.4 Metals

The Metals division has two departments, namely Green Metals and Steel. Green Metals is a recycling plant which was set up to supply production facilities with a logistics solution for handling and recycling scrap metal in an environmentally friendly way (TTAF, 2014). Waste metal materials are collected from production lines and sent to Green Metals facilities where the materials are processed in bales. The bales are then sold to steels mills and foundries for reproduction of steel sheet and cast iron components (TTAF, 2014).

The Steel department is basically an interface between the global suppliers and the consumers. The Steel department sources and supplies special coated steel required for the production of motor vehicles mainly to the South African Auto assembly companies. Using its TTC economies of scale, the Steel department is able to offer a large variety of coil, cut sheet, tube, bar and wire to its customers at global competitive pricing (TTAF, 2014).

3.5.5 Wheel and tyre

Wheel and Tyre division is TTAF's wheel assembly division based in Durban. It is the first of its nature in Africa, equipped with the latest technology to enable TTAF to assemble tyres for TSAM. TSAM sends a signal to Wheel and Tyre, Wheel and Tyre procures and manages all necessary parts required to assemble the tyres and builds tyres according to the required sequence by TSAM. The tyres are assembled according to JIT during a nine hour shift, placing high importance on safety, quality and speed in order to meet TSAM's tyre demands (TTAF, 2014).

3.5.6 New business

The New Business division has three departments responsible for expanding new business horizons, in line with TTAF 2020's vision that focuses on life and community, resources and environment and mobility. The departments in the New

Business division are the Vision 2020 team, the Luanda office in Angola and the Lusaka office in Zambia.

Vision 2020's main objective is to develop and grow key strategic objectives set out in TTAF 2020's vision, which is aligned to TTC TRY-1 vision 2020. The main focus areas are renewable energy, construction and machinery, mining and agriculture development (TTAF, 2014).

The Luanda office in Angola, established in 2007 is a TTAF representative office based in Angola and tasked to develop the non-automotive business, focusing on two areas of the TRY-1 vision 2020 of life and community and earth and resources. The key focus areas are mining, agriculture, infrastructure, logistics and machinery (TTAF, 2014).

The Lusaka office in Zambia, established in 2013 is also a TTAF representative office based in Zambia, tasked to develop a wide range of businesses with its key focus on agriculture, mining, infrastructure and machinery (TTAF, 2014).

3.5.7 Corporate

The Corporate division is the centre of TTAF. It has six departments that are responsible for ensuring that the TRY-1 vision 2020 is implemented and achieved within the time frame through supporting the Automotive, Global Trade and Logistics, Machinery and Chemicals, Metals, Wheel and tyre and New Business divisions . The departments in the corporate division are Corporate IT, Human Capital Management, Facilities and Management, Risk and Governance, Finance and Corporate Planning (TTAF, 2014).

The main objectives of the corporate division are to ensure that all divisional strategic aims are consolidated into the overall strategy of the organisation and to implement the strategy through communicating all the necessary details to all employees at all levels (TTAF, 2014). The department coordinates all the strategic activities through the scheduling of activities, providing IT infrastructure, planning, finance and human resources to execute the strategy (TTAF, 2014). Once the strategy has been implemented, the corporate division monitors and evaluates the progress of implementation through key performance indicators (KPI) reported by each division. If the strategy is not achieved as per TTAF policies and guidelines, the

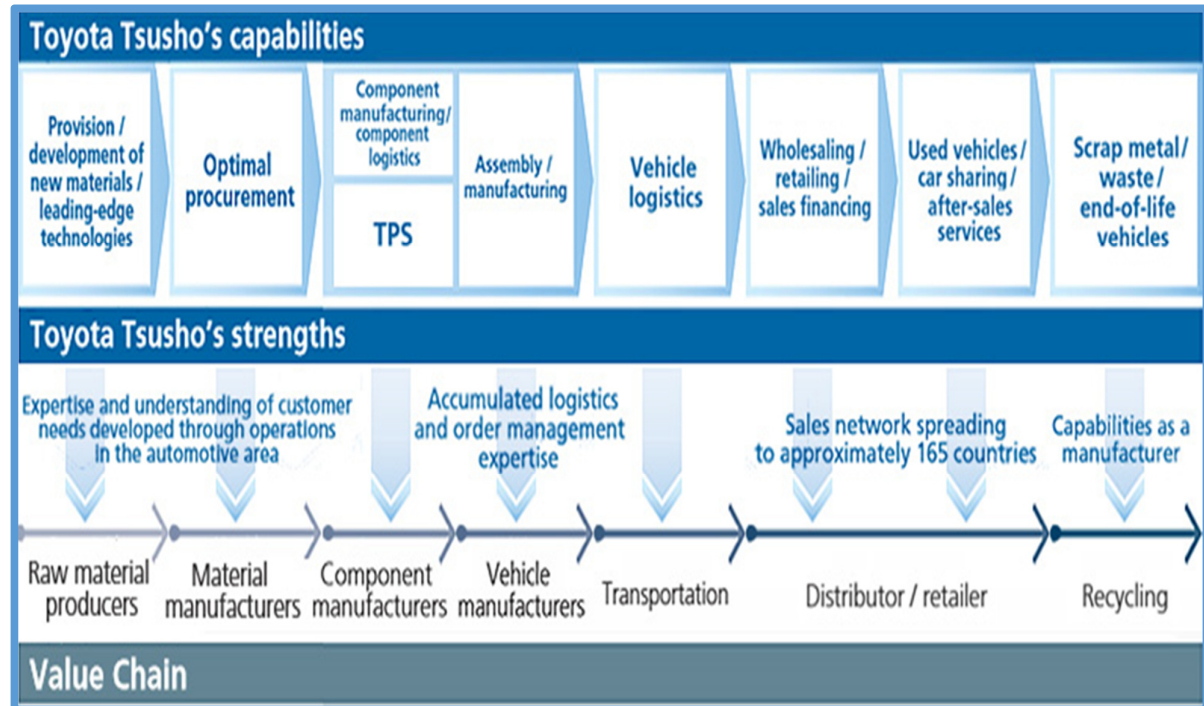
corporate division plans for additional activities and delegated responsible divisions to carry out additional approaches to achieve targets.

3.6 VALUE CHAIN

TTAF's value chain encompassed all the divisions including all the departments. TTAF's backend of the business capabilities are in the development of new materials and leading edge technologies, optimal procurement achieved through lean management and JIT, component manufacturing and logistics through TPS and assembly and manufacturing. While the frontend of the business has high capabilities in vehicle logistics, wholesaling, retail, finance and sales, aftersales, used car sales and car sharing facilities, and scrap metal, waste and vehicle end of life support. TTAF's value chain is an end to end value chain that supports customers from the beginning of the value chain, along the value chain and at the end of the value chain (Toyota Tsusho, 2016). TTAF is involved in the production of raw materials, material manufacturing, component manufacturing, vehicle manufacturing, transportation, distributorship, retail and recycling as indicated in Figure 3.6 below - Toyota Tsusho's Value Chain. Such capabilities are achieved through strengths in the following four areas:

- Proficiency and understanding customers' needs developed through operations in the automotive sector.
- Accumulated logistics and order management know-how.
- Sales network spreading over 165 countries.
- Capabilities as a manufacture.

Figure 3.6: Toyota Tsusho's Value Chain



Source: Toyota Tsusho (2016)

3.7 SUMMARY

Chapter 3 presented an overview of the South African automotive industry and the history of TMC, TTC and TTAF. Furthermore, a detailed explanation of TTAF's division and value chain analysis was explained. TTAF is wholly owned by TTC, a part of the Toyota Group. TTAF is an automotive organisation and is one of the key players in the South Africa automotive industry. The automotive industry is one of the most important sectors of the South African economy where it contributes about 7.2% of the GDP.

As early as the 1960s, the government started regulating the automotive industry, requesting automotive manufactures to use at least 11 components on local manufactured vehicles. About four years later, the government required about 55% of local components fitted on each vehicle assembled.

In 1971, the government required automotive manufacture to utilise 66% of local components (Houghton *et al.*, 2011:150). In 1995, the government introduced the

MIDP which had incentive for automotive manufacturers such as 20% support of investments in capital and human resources, duty free allowance on imported vehicles of 27% of the value of vehicles assembled for the local market, incentives for domestic material used in vehicle and component exports to offset duties on imported vehicles and components and a slow reduction of imported duties on built up vehicles and components from 65% and 49% to 25% and 20% respectively by end of the MIDP in 2012 (Houghton *et al.*, 2011:152). Furthermore, in 2013, the government introduced the APDP program, aimed at encouraging growth in both the vehicle and component manufacturing industries. The vision for implementing APDP was to produce at least 1,2 million vehicles annually by 2020 (Houghton *et al.*, 2011:153).

A brief outline of TMC's history until the founding of TTC in 1948 was presented. TTC's functions and vision were also explained and aligned to TTAF vision 2020. TTAF philosophy and vision aligned to TRY-1 vision 2020 focused on the three areas of life and community, resource and environment and mobility were explained. TTAF operates under the Toyota group's guiding principles of the Toyota Way, TPS, Kaizen, JIT and Jidoka (Toyota Global, 2016). The value system of TTAF, grounded on the three pillars of people, passion and performance was explained.

A detailed analysis of TTAF divisions was provided. TTAF has seven divisions that enhance its value to its customers. The divisions are Automotive, Global Trade and Logistics, Machinery and Chemicals, Metals, Wheel and Tyre, New Business and Corporate. Each division is headed by a Divisional General Manager and has a number of departments which are led by a General Manager. The Divisional General Manager reports to the TTAF Managing Director as shown in Figure 3.5. Lastly, the value chain of Toyota Tsusho was provided exemplifying the strengths and capabilities of the organisation in creating value for the customers.

In summary, TTAF is an organisation that operates using the fundamental guiding principles of the Toyota Way, TPS, Kaizen, JIT and Jidoka. The Toyota guiding principles encourage flexibility, reduction of waste, continuous improvement, lean management and production of high quality products that meet or exceed customer expectations. In order for these guiding principles to thrive, there must be an

existence of entrepreneurial orientation traits such as autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness.

Since 1999 when TTAF was established, it has grown exponentially from a small office in Johannesburg to owning production plants in Durban and distributors in seven countries in Africa, with entrepreneurship as the key driver of strategy. Therefore, understanding how TTAF has managed to use the dimensions of entrepreneurial orientation was the main objective of this research.

CHAPTER 4: EMPIRICAL RESEARCH

4.1 INTRODUCTION

The primary objective of this research was to assess the influence of entrepreneurial orientation on the success of TTAF, an organisation in the automotive sector, using the five dimensions of entrepreneurial orientation, namely autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness and the secondary objectives were to evaluate the significance of autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness, correlation and staff knowledge about entrepreneurial orientation. Upon completion of this research, recommendations to improve implementation of entrepreneurial orientation in TTAF and other organisations in the automotive sector and South African business community at large were articulated

A quantitative research method was used for this study (Welman *et al.*, 2005:6) and the main purpose was to ask employees from different departments of TTAF, within the Johannesburg and Durban offices, about their opinion regarding the influence of entrepreneurial orientation and TTAF success in a structured way, in order to produce hard facts and statistics that would guide the decisions of the outcome. Primary data was collected using questionnaires, which were distributed to TTAF employees via email and hard copies to production staff. The approach used in this research was a cross-sectional design type which encompassed all TTAF employees of all ages (Welman *et al.*, 2005:95).

A quantitative type questionnaire was developed on a 5 point Likert scale ranging from strongly disagree (1) to strongly agree (5) (Van der Merwe & Oosthuizen, 2011:551; Lotz, 2009). Respondents had to indicate the degree to which they agreed or disagreed on each question by selecting one point from the Likert scale (Welman & Kruger, 1999:155).

The questionnaire consisted of a dependent variable (organisation success) measured as per Lotz and Van Der Merwe (2013:17) and Lotz (2009), where success is viewed as a multidimensional concept (Business growth and Business development and improvement) and independent variables (autonomy, risk taking

and innovativeness, pro-activeness and competitive aggressiveness). The first part of the questionnaire explained the background and the perceived benefits of entrepreneurial orientation to organisations and the second part explained the general instruction on how to fill in the questionnaire. Section A assessed the attitude of employees towards the entrepreneurial orientation of the organisation. The section consisted of 27 questions which were linked to autonomy, risk taking and innovativeness, provocativeness and competitive aggressiveness. Section B concentrated on the perceived success of the organisation and had 11 questions linked to business growth and business development and improvement. Section C focused on the demographics of respondents and their organisations, e.g. age, gender, race and qualification and finally Section D inquired about the structure of the organisation.

A statistical analysis was conducted using the data collected through web questionnaires and hard copies. Web questionnaire data was processed by the Statistical Consultation Services (SCS) of the North-West University (NWU) at the Potchefstroom campus. The data from the hard copies was manually entered on an excel spread sheet and emailed to the SCS. The SCS combined the data together and analysed the data using the Statistical Package for Social Sciences (SPSS), software used for statistical analysis, reporting, data mining, decision making and big data analysis (SPSS, 2016).

Chapter 4 was fixated on process and ways used to identify the study population, questionnaire development, data collection, data analysis and interpretation of results. The descriptive data was interpreted using the mean values ($\bar{X}$) and standard deviation (s) for all questions and variables. The reliability of the questionnaire was tested using the Cronbach Alpha Coefficients (Struwig & Stead, 2004:133). In addition, multiple regression analysis was done to assess the relationship between entrepreneurial orientation and organisation success. The analysis addressed both the primary and secondary objectives.

4.2 DATA COLLECTION

A meeting was held with TTAF Deputy Divisional General Manager responsible for Human resources to request for permission to conduct a research in the

organisation. A questionnaire was developed together with a short power point presentation (see Annexure 2) to explain the objective of the research and the benefits of the research to the company and the automotive industry. When permission was granted, an email was sent to all staff by the Human Resources Department informing them that a questionnaire would be sent out.

Prior to distributing the questionnaire, TTAF requested that the questionnaire be sent to a few people for quality control of information and average response time. Therefore the questionnaire was tested on a group of 10 people. The quality of questions was accepted by TTAF management and the average time to fill in the questionnaire was estimated to be 8 minutes on average.

After TTAF management's approval, the questionnaire was sent to the SCS of the NWU who linked it to the web using survey Face. Survey Face is software used to collect and organise information, whether big or small (Survey Face, 2016). A link was then created and emailed to all respondents with email addresses. The respondents who did not have email addresses had hard copies printed for them to complete.

4.2.1 Confidentiality of questionnaire

A note on the front page of the questionnaire assured the respondents that all responses were confidential and neither the individual nor TTAF would be identified in any report or release. Furthermore, it was communicated verbally in departmental meetings and through emails that all responses would be handled by the SCS of the NWU anonymously and would not be disclosed to anyone.

4.2.2 Measuring instruments

The questionnaire comprised of a dependent variable (organisation success) measured as per Lotz and Van Der Merwe (2013:17) and Lotz (2009), where success is viewed as a multidimensional concept and independent variables (autonomy, risk taking and innovativeness, pro-activeness and competitive aggressiveness). The first segment of the questionnaire explained the contextual and the perceived benefits of entrepreneurial orientation and the second segment

explained the general instruction on how to fill in the 5 point Likert scale questionnaire. Section A measured entrepreneurial orientation, Section B organisation success, Section C biographical information and Section D structure of the business as in Annexure 1.

- Section A – This section's main objective was to measure the questions that addressed the five dimensions of entrepreneurial orientation, i.e. autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness. The five dimensions of entrepreneurial orientation were used as independent variables in the analysis. The section consisted of 27 questions which were measured on a 5 point Likert scale, on a scale ranging from 1 to 5, where 1 was strongly disagree and 5 strongly agree. Based on the questions asked, the respondents were required to express their level of agreement.
- Section B – This section focused on measuring organisation success with questions that addressed its two dimensions, namely business growth and business development and improvement (Lotz, 2009). The questions were also measured on a 5 point Likert scale similar to Section A.
- Section C – This section captured biographical information of respondents, namely age, gender, race, level of employment and academic qualification.
- Section D – This section assessed the structure of the organisation through probing the respondents on how long they had been with the organisation, whether they were permanently employed or not and the department they belonged to.

4.2.3 Research population

The target population for the research was employees of TTAF, an organisation which forms part of the Toyota Group. Cluster sampling was used to identify the target population. TTAF employs about 310 employees in the automotive division and operates as a business unit on its own. The research surveyed all employees of TTAF Automotive division from Top management to the shop floor.

4.2.4 Responses

The questionnaire was emailed through a web link to 204 email addresses and 80 paper questionnaires were distributed to staff without access to email. A total of 140 responses were received. From the 140 responses received, only 127 had completed the questionnaire in full and were considered valid. Therefore, the survey response rate was 41% with an error rate of 4%. The survey results analysis was based on only 127 valid responses as shown below in Table 4.1: Number of responses.

Table 4.1: Number of responses

No	Responses	Frequency	Percentage
1	Number of employs	310	100%
2	Number of questionnaires received	140	45%
3	Number of questionnaires valid	127	41%

4.3 BIOGRAPHICAL INFORMATION

Biographical information was netted in Section C, where respondents had to indicate their age, race, gender, level of employment and academic qualification. Below is a detailed analysis of the biographical information.

4.3.1 Age group

The age groups were categorised in five categories, namely 29 years or less, between 30 and 39 years, 40 to 49 years, 50 to 59 years and 60 years and above as shown in Table 4.2: Age group. From all valid responses, 18.9% were 29 years old or less, 40.2% were aged between 30 and 39 years, 29.1% were aged between 40 and 49 years, 10.2% were aged between 50 and 59 years and only 1.6% were above 60 years of age. The majority of the responses were from the age group between 30 and 39 years with 51 respondents, followed by the 40 to 49 years age group with 37 respondents. This was an indication that TTAF had fewer employees between the age of 50 to 59 years and above 60 years as shown in Table 4.2 below.

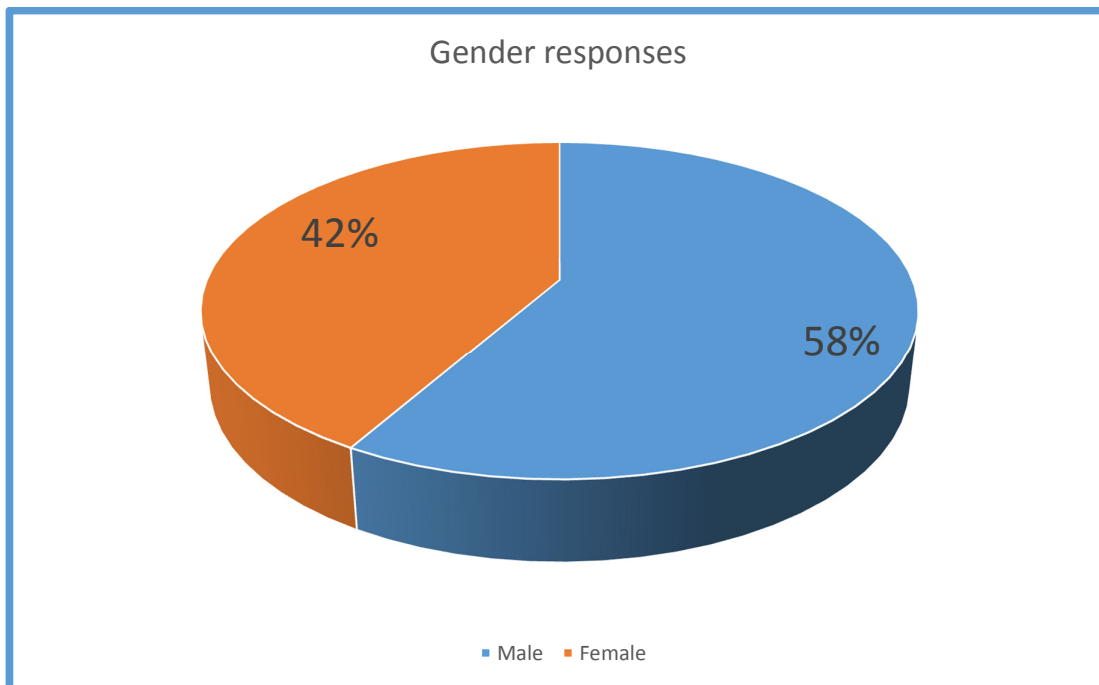
Table 4.2: Age group

Age		Frequency	Percent	Valid Percent %	Cumulative Percent %
Valid	≤ 29	24	17.1	18.9	18.9
	30 - 39	51	36.4	40.2	59.1
	40 - 49	37	26.4	29.1	88.2
	50 - 59	13	9.3	10.2	98.4
	60+	2	1.4	1.6	100.0
	Total	127	90.7	100.0	
Missing	System	13	9.3		
Total		140	100.0		

4.3.2 Gender

From the responses, 58% were male and 42% were female. The survey showed that TTAF had a good balance of gender equality as the ratio of respondents was 1:0.7, as shown in Figure 4.1: Gender responses below.

Figure 4.1: Gender responses



4.3.3 Race

The race category was classified in five categories, namely black, white, coloured, Indian and others. The majority of respondents were whites with 39.4%, followed by blacks with 34.6%. Indians were 18 with 14.2%, while coloureds were 12 with 9.4% as shown below in Table 4.3: Race.

Table 4.3: Race

Race		Frequency	Percent	Valid Percent %	Cumulative Percent %
Valid	Black	44	31.4%	34.6%	34.6%
	White	50	35.7%	39.4%	74.0%
	Coloured	12	8.6%	9.4%	83.5%
	Indian	18	12.9%	14.2%	97.6%
	Other	3	2.1%	2.4%	100.0%
	Total	127	90.7%	100.0	
Missing	System	13	9.3%		
Total		140	100.0		

4.3.4 Level of employment

Level of employment was categorised in five levels starting from senior management, middle management, junior management, supervisors and general staff. A total of 46 general staff members made up the largest group of participants in the survey with 36.2%, followed by 31 junior management members with 24.4%. There was also a good representation of middle management members with a total of 23 respondents representing 18.1% and 19 senior management members with 15% of the survey. The lowest responses came from supervisors with 6.3% as shown below in Table 4.4: Level of employment

Table 4.4: Level of employment

Level of Employment		Frequency	Percent	Valid Percent %	Cumulative Percent %
Valid	Senior Management	19	13.6%	15.0%	15.0%
	Middle Management	23	16.4%	18.1%	33.1%
	Junior Management	31	22.1%	24.4%	57.5%
	Supervisor	8	5.7%	6.3%	63.8%
	General Employees	46	32.9%	36.2%	100.0%
	Total	127	90.7%	100.0%	
Missing	System	13	9.3%		
Total		140	100.0		

4.3.5 Academic qualification

Academic qualification was classified in seven categories, namely lower than matric, certificate, diploma, under graduate degree, post graduate degree and others. A total of 43 staff members representing 33.9% having diplomas was the largest group, 30 staff members at 23.6% with a university degree was second and in third place was 11 staff members with a post graduate degree at 8.7%. Those staff members who only had a matric qualification made up 20.5% and the lowest was staff with only a certificate at 13.4%. None of the staff had qualifications lower than matric as shown in Table 4.5: Academic qualification below.

Table 4.5: Academic qualification

Academic Qualification		Frequency	Percent %	Valid Percent %	Cumulative Percent %
Valid	Matric	26	18.6%	20.5%	20.5%
	Certificate	17	12.1%	13.4%	33.9%
	Diploma (Technical College or Technicon)	43	30.7%	33.9%	67.7%
	University degree	30	21.4%	23.6%	91.3%
	Post graduate degree	11	7.9%	8.7%	100.0%
	Total	127	90.7%	100.0	
Missing	System	13	9.3%		
Total		140	100.0		

4.3.6 Employment period

The period of employment was categorised in four levels, namely less than 1 year, between 1 and 5 years, 6 to 10 years and more than 10 years. A total of 52 respondents representing 40.9% had been employed for a period of 6 to 10 years and made up the largest group and in second place was 42 staff members at 31.1% who had been employed for a period of 1 to 5 years. TTAF had 17.3% staff members who had been employed for more than 10 years and the smallest group was newer staff members who had been employed for less than 1 year at 8.7% as shown in Table 4.6: Employment period below.

Table 4.6: Employment period

Employment Period		Frequency	Percent %	Valid Percent %	Cumulative Percent %
Valid	<1	11	7.9%	8.7%	8.7%
	1 to 5	42	30.0%	33.1%	41.7%
	6 to 10	52	37.1%	40.9%	82.7%
	10 or More	22	15.7%	17.3%	100.0%
	Total	127	90.7%	100.0	
Missing	System	13	9.3%		
Total		140	100%		

4.3.7 Employment type

Employment type was divided into two categories, namely yes or no. Respondents who had been permanently employed had to respond with a 'yes' and temporary or casual employees with a 'no'. A total of 120 respondents with a percentage of 94.5% had been permanently employed while only 7 staff members at 5.5% had been temporary employed. Table 4.7 below shows a detailed breakdown of employment type.

Table 4.7: Employment type

Employment Type		Frequency	Percent %	Valid Percent %	Cumulative Percent %
Valid	Yes	120	85.7%	94.5%	94.5%
	No	7	5.0%	5.5%	100.0%
	Total	127	90.7%	100.0	
Missing	System	13	9.3%		
Total		140	100.0		

4.3.8 Department

TTAF automotive departments were categorised in seven categories, namely corporate, service or production, parts, finance, sales and logistics, administration and others. Service or production had the majority of respondents from the survey. A total of 33 staff members from service or production with 26% responded and in second place was sales and logistics with 19.7%. Responses from finance and corporate were almost the same with 15.7% and 15% of respondents respectively as shown in Table 4.8: Department below.

Table 4.8: Department

Department		Frequency	Percent %	Valid Percent %	Cumulative Percent %
Valid	Corporate	19	13.6%	15.0%	15.0%
	Service/Production/Workshop	33	23.6%	26.0%	40.9%
	Parts	10	7.1%	7.9%	48.8%
	Finance	20	14.3%	15.7%	64.6%
	Sales/Logistics	25	17.9%	19.7%	84.3%
	Administration	14	10.0%	11.0%	95.3%
	Other	6	4.3%	4.7%	100.0%
	Total	127	90.7%	100.0	
Missing	System	13	9.3%		
Total		140	100.0		

4.4 RELIABILITY OF QUESTIONNAIRE

The reliability of the questionnaire was evaluated by assessing the internal consistency of the items representing each construct using the Cronbach's alpha. The calculation was measured by determining the consistency among variables related to entrepreneurial orientation and organisation success (Struwig & Stead, 2004:132). According to Kent (2007:142), reliability can vary between a range from 0 to 1, where 0 has no reliability and 1 is the most reliable. The higher the value, the better the internal consistency of data and the more reliable the results are (Struwig & Stead, 2004:133).

A common rule of thumb is that an alpha of 0.7 indicates an acceptable reliability and 0.8 alpha indicates a good reliability. However, according to Field (2005:668), when testing attitudes only, an alpha coefficient less than 0.7 can still be acknowledged. In Table 4.9: Cronbach alpha coefficients below, the seven variables measured were autonomy, innovativeness, risk taking, pro-activeness, competitive aggressiveness, business growth and business development and improvement. All the variables were above 0.7, with the highest variable, innovativeness at 0.91 and the lowest variable autonomy at 0.86 in the entrepreneurial orientation area, while in the organisation success area, both business growth and business development and improvement were at 0.92. Therefore, based on the results below, all the variables were included in the study because of their strong reliability (Struwig & Stead, 2004:133).

Table 4.9: Cronbach alpha coefficients

Reliability Statistics			
Area	Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
Entrepreneurial Orientation	Autonomy	0.86	0.86
	Innovativeness	0.91	0.91
	Risk Taking	0.87	0.87
	Pro-activeness	0.88	0.89
	Competitive Aggressiveness	0.90	0.90
Organisation Success	Business Growth	0.92	0.92
	Business Development & Improvement	0.92	0.93

4.5 ENTREPRENEURIAL ORIENTATION VARIABLE

Entrepreneurial orientation comprised of five variables, i.e. autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness. The total questions asked about entrepreneurial orientation were 27. All the questions were asked using the 5 point Likert scale, where 1 on a Likert scale was rated strongly disagree and 5 strongly agree. The variables were evaluated using mean and standard deviation. Mean showed the level of acceptance of the respondents to the questions. The higher the mean value to a variable, the higher a positive agreement to the question and vice versa.

In this study, a mean value higher or equal to 3.5 indicates a positive response or agreement, while standard deviation shows the spread of the responses. A smaller standard deviation indicates that many responses have similar views, while a larger standard deviation shows that the responses views are varied. A standard deviation value less than 1 indicates that the responses have similar views while a value greater than 1 indicates that the views of respondents are varied.

Below is a detailed analysis of individual variables of entrepreneurial orientation.

4.5.1 Individual variables of entrepreneurial orientation

The five entrepreneurial orientation variables' results were discussed in detail using mean and standard deviation. Entrepreneurial orientation measured independent variables. The questions in each category were sorted from the largest mean value to the smallest.

4.5.1.1 *Autonomy*

The results for autonomy are summarised in Table 4.10: Autonomy below. The variable autonomy had five questions with an average mean of 3.51 and a standard deviation of 1.053. An average mean of 3.51 showed that respondents agreed that some level of autonomy existed in TTAF. Question A2 reported the highest mean of 3.81, while question A3 reported the lowest mean value of 3.17 suggesting that employees at TTAF could have a feeling of not being sure whether they are allowed to make decisions without going through elaborate justification and approval.

The standard deviation average value was 1.053 slightly higher than the threshold of 1. Employees seemed to have varied responses, especially in questions A3 and A5 which were higher than 1. A mixed feeling about work procedures and decision making processes also prevailed.

Table 4.10: Autonomy

	No.	Questions	Mean	Std. Deviation
			Statistic	Statistic
Autonomy	A2	Our business allows me be creative and try different methods to do my job.	3.81	.971
	A1	Our employees have enough autonomy in their job to do their work without continual supervision.	3.75	.983
	A4	Employees in our business are encouraged to manage their own work and have flexibility to resolve problems.	3.60	0.880
	A5	Employees seldom have to follow the same work methods or steps while performing major tasks from day to day.	3.21	1.216
	A3	Employees in our business are allowed to make decisions without going through elaborate justification and approval procedures.	3.17	1.213
	Average		3.51	1.053

4.5.1.2 Innovativeness

The results for innovativeness are summarized in Table 4.11: Innovativeness below. The variable innovativeness had nine questions with an average mean of 3.94 and standard deviation of 0.923. An average mean value of 3.94 showed that respondents agreed that TTAF encouraged innovativeness in the organisation. These results were reinforced by question A12 which reported the highest mean value of 4.34. The lowest mean value of 3.62 was reported from question A11. The mean results for the variable innovativeness indicated that all the respondents agreed that TTAF had an innovative culture. Furthermore, the average standard deviation was at 0.923 below 1, indicating that there was a small variation of response.

Table 4.11: Innovativeness

	No.	Questions	Mean	Std.
			Statistic	Deviation
Innovativeness	A12	Our business places a strong emphasis on continuous improvement in products/service delivery.	4.34	.704
	A9	Our business is continually pursuing new opportunities.	4.13	.850
	A13	Our business has a widely held belief that innovation is an absolute necessity for the business' future.	4.12	.946
	A7	Our business places a strong emphasis on new and innovative products/services.	4.01	.899
	A8	Our business has increased the number of services/products offered during the past two years.	3.88	.898
	A14	Our leaders seek to maximise value from opportunities without constraint to existing models, structures or resources.	3.81	1.077
	A6	Our business regularly introduces new services/products/processes.	3.76	.968
	A10	Over the past few years, changes in our processes, services and product lines have been quite dramatic.	3.76	.968
	A11	In our business there is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.	3.62	.999
Average			3.94	.923

4.5.1.3 Risk taking

The results for the variable risk taking are summarised in Table 4.12: Risk taking below. The variable risk taking had five questions with an average mean of 3.30 and standard deviation of 1.145. A mean value of 3.30 indicated that respondents were

not sure whether TTAF was an organisation that encouraged risk taking. Question A17 reported the highest mean value of 3.6, while question A19 reported the lowest mean value of 2.89. The lowest result indicated that employees felt that the term risk taker was not considered as a positive attribute in TTAF. All the mean values of standard deviation were above 1 indicating that the views of respondents were largely varied.

Table 4.12: Risk taking

	No.	Questions	Mean	Std. Deviation
			Statistic	Statistic
Risk taking	A17	Owing to the environment, our business believes that bold, wide-ranging acts are necessary to achieve the business' objectives.	3.60	1.083
	A15	When confronted with uncertain decisions, our business typically adopts a bold posture in order to maximise the probability of exploiting opportunities.	3.60	1.104
	A16	In general, our business has a strong inclination towards high-risk projects.	3.29	1.239
	A18	Employees are often encouraged to take calculated risks concerning new ideas	3.14	1.151
	A19	The term 'risk-taker' is considered a positive attribute for employees in our business.	2.89	1.148
	Average		3.30	1.145

4.5.1.4 Pro-activeness

The results for the variable pro-activeness are summarised in Table 4.13: Pro-activeness below. The variable pro-activeness had four questions with an average mean of 3.56 and standard deviation of 1.025. An average mean value of 3.56 indicated that some level of pro-activeness existed in TTAF. Question A22 reported the highest mean value of 3.83, while question A20 reported the lowest mean value of 3.14. There could be a feeling that respondents felt that TTAF is not usually the first to introduce new products and services in the market.

The average standard deviation of 1.025 indicated that the views of respondents were varied mainly due to questions A20 and A21 which were above 1.

Table 4.13: Pro-activeness

	No.	Questions	Mean	Std. Deviation
			Statistic	Statistic
Pro-activeness	A22	Our business continuously seeks out new products/services.	3.83	.918
	A23	Our business continuously monitors market trends and identifies future needs of customers.	3.83	.946
	A21	Our business typically initiates actions that competitors respond to.	3.45	1.090
	A20	Our business is very often the first to introduce new products/services.	3.14	1.147
	Average		3.56	1.025

4.5.1.5 Competitive aggressiveness

The results for the variable competitive aggressiveness are summarised in Table 4.14: Competitive aggressiveness below. The variable competitive aggressiveness had four questions with an average mean of 3.49 and standard deviation of 1.032. An average mean value of 3.49 indicated that respondent slightly agreed that TTAF showed some signs of competitive aggressiveness. The highest mean result of 3.67 was reported from question A27 and the lowest mean result of 3.42 from question A25. It seemed that some respondents were not certain about TTAF being a very aggressive and intensely competitive organisation.

The average standard deviation of 1.032 indicated that the views of respondents were varied mainly due to questions A24 and A25 which had values above 1.

Table 4.14: Competitive aggressiveness

	No.	Questions	Mean	Std. Deviation
			Statistic	Statistic
Competitive Aggressiveness	A27	Our business knows when it is in danger of acting overly aggressive (this could lead to erosion of our business's reputation or to retaliation by our competitors).	3.67	.945
	A26	Our business effectively assumes an aggressive posture to combat trends that may threaten our survival or competitive position.	3.43	1.086
	A24	In dealing with competitors our business typically adopts a very competitive "undo-the-competitor" posture.	3.43	1.013
	A25	Our business is very aggressive and intensely competitive.	3.42	1.085
	Average		3.49	1.032

4.5.2 Entrepreneurial orientation summary results

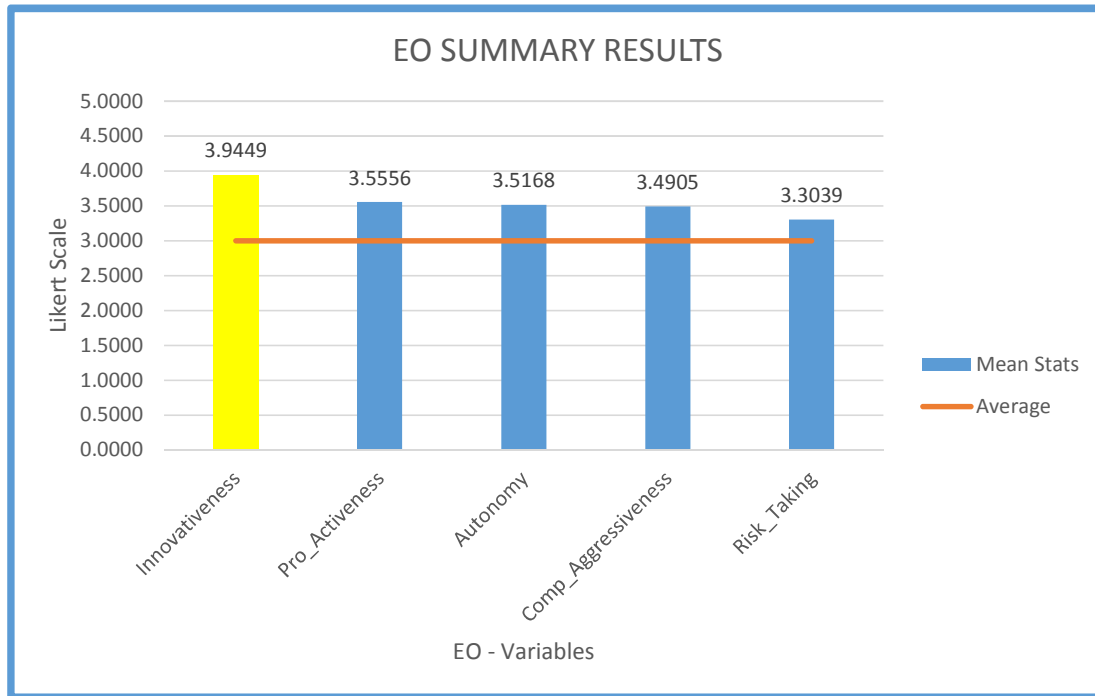
The summary results of entrepreneurial orientation variables shows an overall result of all the five variables. The results are shown in Table 4.15: Entrepreneurial orientation below. Based on the 5 point Likert scale, an average mean of 3 indicates a neutral view of respondents and a mean greater or equal to 3.5, indicated a positive view or agreement. Table 4.15 shows an average mean of 3.56 which indicates that respondents tend to agree that in TTAF, a certain level of entrepreneurial orientation exists. Contrary, the standard deviation of 1.04 is more than 1, illustrating that the variation of views of respondents was large as in Table 4.15 below.

Table 4.15: Entrepreneurial orientation

	Variables	Mean	Std. Deviation
		Statistic	Statistic
Entrepreneurial Orientation	Innovativeness	3.94	0.92
	Pro_Activeness	3.56	1.03
	Autonomy	3.52	1.05
	Comp_Aggressiveness	3.49	1.03
	Risk_Taking	3.30	1.15
	Average	3.56	1.04

The highest mean result of 3.94 was reported from innovativeness with a standard deviation of 0.92 and the lowest result of 3.30 was reported from risk taking with a standard deviation of 1.15. Although all the responses were above the average mean of 3.0 (neutral view), results below the overall mean result of 3.56, from the variables autonomy 3.52, competitive aggressiveness 3.49 and risk taking 3.3 need to be addressed. Below in Figure 4.2: Entrepreneurial orientation summary results, the same information is illustrated graphically.

Figure 4.2: Entrepreneurial orientation summary results



4.6 Organisation success

Organisation success measured two dependent variables, namely business growth and business development and improvement. The segment for organisation success comprised of 11 questions.

4.6.1 Business growth

The results for the variable business growth are summarised in Table 4.16: Business growth below. The variable business growth had four questions with an average mean value of 3.89 and a standard deviation of 0.97. The highest mean value of 4.05 was reported from question B1 where respondents agreed that they had experienced growth in turnover, over the past few years, while the lowest mean result of 3.7 was reported from question B4. Although the result for question B4 was the lowest, respondents agreed that TTAF had improved its competitive position over the past few years.

Table 4.16: Business growth

	No	Questions	Mean	Std. Deviation
			Statistic	Statistic
Business Growth	B1	Our business has experienced growth in turnover over the past few years.	4.05	.920
	B2	Our business has experienced growth in profit over the past few years.	4.02	.899
	B3	Our business has experienced growth in market share over the past few years.	3.78	.987
	B4	The competitive position of our business has improved over the past few years.	3.70	1.075
Average			3.89	.970

4.6.2 Business development and improvement

The results of the variable business development and improvement are summarised in Table 4.17: Business development and improvement below. The variable business development and improvement measured seven questions with an average mean value of 3.7 and standard deviation of 1.03. The highest mean result of 3.94 was reported from question B6 where respondents agreed that efficiency had improved over the past few years. While question B11 reported the lowest mean value of 3.39 where respondents felt that, during difficult times, TTAF reduced investments in research and development. Although respondents generally agreed, with an average mean of 3.7, the standard deviation of 1.03 was higher than 1 indicating that the views of respondents were varied.

Table 4.17: Business development and improvement

	No.	Questions	Mean	Std. Deviation
			Statistic	Statistic
Business Development & Improvement	B6	The efficiency (doing things right) of our business has improved over the past few years.	3.94	0.85
	B5	The effectiveness (doing the right things) of our business has improved over the past few years.	3.92	0.88
	B8	Our employees are highly committed to our business.	3.87	1.02
	B7	In our business, employees are viewed as the most valuable asset of the business.	3.68	1.14
	B10	The image (stature) of our business, relative to our competitors, has grown over the past few years.	3.61	1.02
	B9	The moral (job satisfaction) of our employees has improved over the past few years.	3.46	1.15
	B11	During difficult economic periods, investments in research and development/innovative projects continue and no significant financial cuts are made.	3.39	1.18
Average			3.70	1.03

4.6.3 Organisation Success Summary Results

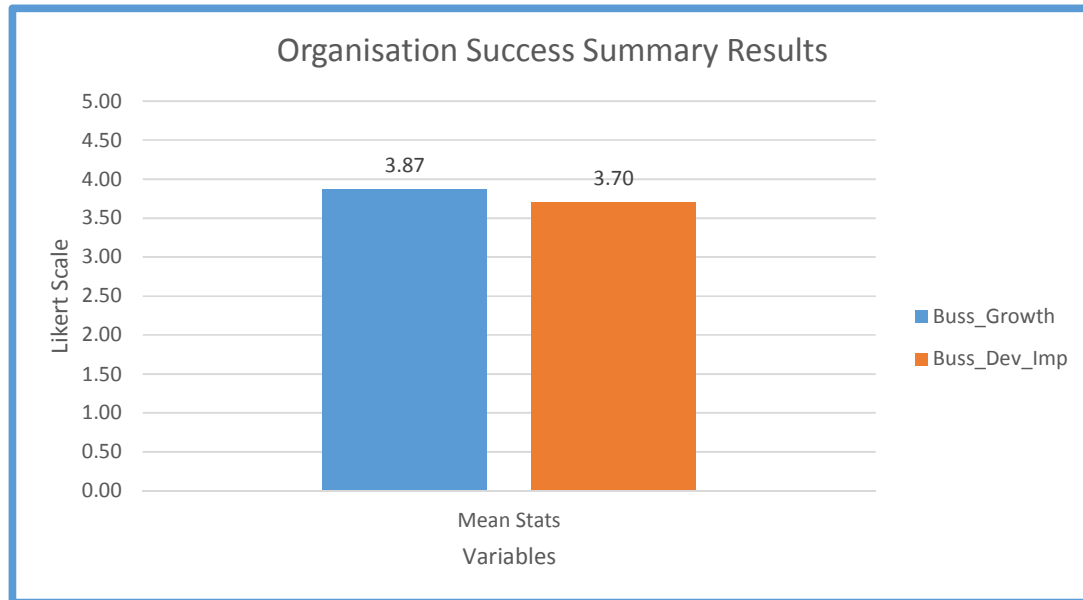
The summary results of organisation success variables, shows an overall result of both variables. The results are shown in Table 4.18: Organisation success below. Based on the 5 point Likert scale an average mean of 3 indicated a neutral view of respondents. Table 4.18 shows an average mean of 3.78 which indicates that respondents agreed that in TTAF a certain level of organisation success existed. Contrary, the standard deviation of 1.00 was equal to the threshold of 1, showing that the variation of views of respondents was large. In a nutshell, respondents felt that TTAF had experienced organisation success in the past few years as indicated in Table 4.18 below.

Table 4.18: Organisational success

	Variables	Mean	Std. Deviation
		Statistic	Statistic
Organisation Success	Buss_Growth	3.87	0.97
	Buss_Dev_Imp	3.70	1.03
	Average	3.78	1.00

The lowest variable, business development and improvement was slightly lower than the overall average of 3.78 at 3.70. Furthermore, all the results were closer to agree on the Likert scale. The data is also illustrated graphically in Figure 4.3: Organisation success summary results below.

Figure 4.3: Organisation success summary results



4.7 COMPARISONS

An independent *t*-test was used to test for statistical significance and practical significance using effect sizes (*d*-values) of opinions amongst level of employment. Taking into account that the survey is not a random sample, the focus was on the effect sizes to see where the differences lie. According to Sullivan and Feinn (2012:279), effect size (*d*-value) is the magnitude of the difference between two groups or classified categories within a survey. It is the difference between the mean results in two respondent groups. A *p*-value <0.05 can highlight statistical significance (Ellis & Steyn, 2003:51), however, larger samples incline to output results with smaller *p*-values. To prove this oversight, the effect size (*d*-value) was used to measure the magnitude between the levels of employments. As stated by Field (2003:32), Cohen's guidelines were used where *d* = 0.2 is classified as a small effect, *d* = 0.5 is a medium effect and *d* ≥ 0.8 is a large effect. A smaller effect of less than 0.2 is noticeably smaller than medium but not so small as to be inconsequential. On the other hand a medium of 0.5 is easily visible to careful observers and a large effect of 0.8 is the same distance above the medium and has a practical significance (Sullivan & Feinn, 2012:281).

Using the five independent variables of entrepreneurial orientation, namely autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness and two dependent variables of organisation success variables, namely business growth and business development and improvement, comparisons amongst the levels of employment was measured.

4.7.1 Comparisons of entrepreneurial orientation variables and levels of employment

The results of the effect size (d -value) of entrepreneurial orientation variables measured amongst the level of employment in TTAF are shown below in Table 4.18: Effect size of entrepreneurial orientation variables. The mean and standard deviation were measured separately for senior management, middle management, junior managers, supervisors and general employees to identify whether there was a difference in opinion based on the level of employment. The comparison was done using the effect size to determine if there was a statistical significance amongst the views of different levels of employment.

4.7.1.1 Autonomy

The significant difference of effect size smaller than $d = 0.2$ was between general staff and middle management ($d = 0.19$) and supervisor and junior management ($d = 1.2$). The majority of the significant differences were identified in the medium range of $d = 0.5$. Between middle management and senior management the result was ($d = 0.46$), junior management and middle management ($d = 0.67$), supervisor and middle management ($d = 0.54$) and general staff and senior management ($d = 0.59$). Larger than $d = 0.8$ was between supervisors and senior management ($d = 1.01$) and supervisor and junior management ($d = 1.2$).

The mean of supervisors was the highest at 4.08, followed by general staff at 3.82. Junior management had the lowest mean value of 3.12, followed by senior management at 3.29. It appeared that supervisors and general staff enjoyed a higher level of autonomy than all their superiors. Middle management felt that they had more autonomy than their senior managers, while supervisors and general staff felt the same compared to junior management and middle management. Ironically junior

management felt that they had the least autonomy than any other level of employment as shown in Table 4.18.

4.7.1.2 Innovativeness

The significant difference of effect size smaller than $d = 0.2$ was between junior management and senior management ($d = 0.00$), general staff and middle management ($d = 0.18$) and general staff and supervisors ($d = 0.17$). The effect size was medium between middle management and senior management ($d = 0.59$), junior management and middle management ($d = 0.65$). The majority of the significant difference were $d \geq 0.8$, between supervisors and senior management ($d = 0.88$), supervisors and junior management ($d = 0.96$) and general staff and junior management ($d = 0.81$). Innovativeness had a higher number of practical significant differences as shown in Table 4.18.

4.7.1.3 Risk taking

The significant difference of effect size smaller than $d = 0.2$ was between junior management and middle management ($d = 0.14$) and general staff and supervisors ($d = 0.06$). The majority of the effect size were around the medium range of $d = 0.5$. Middle management and senior management ($d = 0.69$), junior management and senior management ($d = 0.59$), supervisor and middle management ($d = 0.58$), general staff and junior management ($d = 0.72$) and supervisors and junior management ($d = 0.71$). The significant difference $d \geq 0.8$ was between supervisor and senior management ($d = 1.24$) and general staff and senior management ($d = 1.31$).

4.7.1.4 Pro-activeness

The significant difference of effect size smaller than $d = 0.2$ was between supervisors and middle management ($d = 0.17$), general staff and middle management ($d = 0.14$), supervisor and junior management ($d = 0.28$) and general staff and supervisors ($d = 0.31$). In the medium range of $d = 0.5$, were supervisors and senior management ($d = 0.67$) and general staff and junior management ($d = 0.57$). Only

two levels had practical significance difference of $d \geq 0.8$, middle management and senior management ($d = 0.81$) and general staff and senior management ($d = 0.92$).

4.7.1.5 Competitive aggressiveness

The significant difference of effect size smaller than $d = 0.2$ was between junior management and middle management ($d = 0.15$) and general staff and supervisors ($d = 0.02$). In the medium range of $d = 0.5$, were junior management and senior management ($d = 0.57$), supervisor and middle management ($d = 0.68$) and general staff and middle management ($d = 0.64$). Practical significant differences of $d \geq 0.8$, were identified between supervisors and senior management ($d = 1.80$), general staff and senior management ($d = 1.32$) and supervisor and junior management ($d = 0.81$) as shown in Table 4.19 below.

Table 4.19: Effect size of entrepreneurial orientation variables

Variables	Level of Employment	N	Mean	Std. Deviation	Effect Size - <i>d</i>			
					With Senior Management	With Middle Management	With Junior Management	With Supervisor
Autonomy	Senior Management	19	3.2868	.75606				
	Middle Management	23	3.6522	.78906	0.46			
	Junior Management	31	3.1161	.79962	0.21	0.67		
	Supervisor	8	4.0750	.77782	1.01	0.54	1.20	
	General Staff	46	3.8217	.90944	0.59	0.19	0.78	0.28
	Total	127	3.5547	.88017				
Innovativeness	Senior Management	19	3.6250	.76984				
	Middle Management	23	4.0821	.55070	0.59			
	Junior Management	31	3.6219	.70949	0.00	0.65		
	Supervisor	8	4.3056	.56889	0.88	0.39	0.96	
	General Staff	46	4.1969	.65312	0.74	0.18	0.81	0.17
	Total	127	3.9570	.70967				
Risk_Taking	Senior Management	19	2.6000	.70553				
	Middle Management	23	3.2261	.90715	0.69			
	Junior Management	30	3.1017	.85223	0.59	0.14		
	Supervisor	9	3.7750	.94680	1.24	0.58	0.71	
	General Staff	46	3.7217	.85529	1.31	0.55	0.72	0.06
	Total	127	3.3179	.92901				
Pro_Activeness	Senior Management	19	2.9737	.97502				
	Middle Management	23	3.7609	.77047	0.81			
	Junior Management	30	3.3917	.83996	0.43	0.44		
	Supervisor	9	3.6250	.80178	0.67	0.17	0.28	
	General Staff	46	3.8696	.76511	0.92	0.14	0.57	0.31
	Total	127	3.5853	.86785				
Comp_Aggressiveness	Senior Management	19	2.7763	.64493				
	Middle Management	23	3.3804	.82527	0.73			
	Junior Management	30	3.2583	.84201	0.57	0.15		
	Supervisor	9	3.9375	.54691	1.80	0.68	0.81	
	General Staff	46	3.9511	.89072	1.32	0.64	0.78	0.02
	Total	127	3.5040	.91103				

4.7.2 Overall comparison of entrepreneurial orientation

The overall comparison of entrepreneurial orientation variables showed that only two effect size significant differences were below or around $d = 0.2$, three were around $d = 0.5$ and five were $d \geq 0.8$. Junior management and senior management ($d = 0.25$) and general staff and supervisors ($d = 0.08$). In the medium range, there were general staff and middle management ($d = 0.38$), junior management and middle management ($d = 0.54$) and supervisors and middle management ($d = 0.49$). Lastly, practical significant differences were identified between middle management and senior management ($d = 0.83$), supervisors and senior management ($d = 1.40$), general staff and senior management ($d = 1.17$), supervisors and junior management

($d = 1.00$) and general staff and junior management ($d = 0.92$) as shown in Table 4.20: Overall comparison of entrepreneurial orientation below.

The highest overall mean value for entrepreneurial orientation variables was reported from supervisors at 4.01, followed by general staff at 3.95. The lowest mean value was reported from senior management at 3.15, followed by junior management at 3.32. General staff and supervisors agreed that entrepreneurial orientation culture existed at TTAF, while senior management and junior management appeared to have had a neutral point of view.

Table 4.20: Overall comparison of entrepreneurial orientation

Variables	Level of Employment	N	Mean	Std. Deviation	Effect Size - d			
					With Senior Management	With Middle Management	With Junior Management	With Supervisor
Section_A_Overall - Entrepreneurial Orientation	Senior Management	19	3.1500	.55989				
	Middle Management	23	3.6922	.64960	0.83			
	Junior Management	31	3.3243	.68749	0.25	0.54		
	Supervisor	8	4.0093	.61363	1.40	0.49	1.00	
	General Staff	46	3.9545	.68571	1.17	0.38	0.92	
	Total	127	3.6363	.72513				0.08

In a nutshell, there was evidence of a practical significant differences between levels of employment.

4.7.3 Comparisons of organisational success variables and levels of employment

The results of the effect size (d -value) of organisation success variables measured amongst the level of employment in TTAF are shown below in Table 4.20: Effect size of organisational success variables. The mean and standard deviation were measured separately for senior management, middle management, junior managers, supervisors and general employees to identify whether there was a difference in opinion based on the level of employment. The comparison was done using the effect size to determine if there was a statistical significance amongst the views of different levels of employment.

4.7.3.1 Business growth

The significant difference of effect size smaller than $d = 0.2$ was between general staff and supervisors ($d = 0.04$) and junior management and middle management ($d = 0.18$). The majority of the effect size were around the medium range of $d = 0.5$, i.e. middle management and senior management ($d = 0.65$), junior management and senior management ($d = 0.40$), supervisors and middle management ($d = 0.47$), general staff and middle management ($d = 0.50$), supervisors and junior management ($d = 0.59$) and general staff and junior management ($d = 0.62$). Only two values were $d \geq 0.8$, between supervisors and senior management ($d = 1.09$) and general staff and senior management ($d = 1.13$).

The highest mean value of 4.25 was reported from general staff, followed by 4.22 from supervisors. The lowest mean value of 3.24 was reported from senior management, followed by 3.64 from junior management. It seemed that general staff and supervisors felt that TTAF had experienced growth in the past few years, contrary to what their senior management felt as show in Table 4.20 below.

4.7.3.2 Business development and improvement

The significant difference of effect size smaller or slightly greater than $d = 0.2$ was between general staff and middle management ($d = 0.35$) and junior management, senior management ($d = 0.02$), supervisors and middle management ($d = 0.28$) and general staff and supervisors ($d = 0.07$). Two levels of employment were in the medium range of $d = 0.5$, middle management and senior management ($d = 0.47$) and junior management and middle management ($d = 0.49$). The significant difference $d \geq 0.8$ was between supervisor and senior management ($d = 0.74$), general staff and senior management ($d = 1.05$), supervisors and junior management ($d = 0.76$) and general staff and supervisors ($d = 0.93$).

The highest mean value of 4.06 was reported from general staff, followed by supervisors at 4.00. The lowest mean value of 3.27 was reported from junior management, followed by senior management at 3.29. It seemed general staff and supervisors felt that TTAF had developed and improved in the past few years, while senior and junior management had a neutral point of view as shown in Table 4.21 below.

Table 4.21: Effect size of organisational success variables

Variables	Level of Employment	N	Mean	Std. Deviation	Effect Size - <i>d</i>			
					With Senior Management	With Middle Management	With Junior Management	With Supervisor
Buss_Growth	Senior Management	19	3.2368	.89936				
	Middle Management	23	3.8188	.85784	0.65			
	Junior Management	31	3.6371	.99339	0.40	0.18		
	Supervisor	8	4.2188	.63298	1.09	0.47	0.59	
	General Staff	46	4.2500	.69522	1.13	0.50	0.62	0.04
	Total	127	3.8688	.89922				
Buss_Dev_Imp	Senior Management	19	3.2857	.54294				
	Middle Management	23	3.7329	.95473	0.47			
	Junior Management	31	3.2673	.86484	0.02	0.49		
	Supervisor	8	4.0000	.95983	0.74	0.28	0.76	
	General Staff	46	4.0683	.74854	1.05	0.35	0.93	0.07
	Total	127	3.6907	.87060				

4.7.4 Overall comparison of organisational success

The overall comparison of organisation success variables showed that only three effect size significant differences were below or around $d = 0.2$. Three were around $d = 0.5$ and four were $d \geq 0.8$. The smaller range were junior management and senior management ($d = 0.16$), supervisors and middle management ($d = 0.37$) and general staff and supervisors ($d = 0.07$). In the medium range were middle management and senior management ($d = 0.58$), junior management and middle management ($d = 0.42$) and general staff and middle management ($d = 0.43$). In the practical significance range were supervisors and senior management ($d = 1.04$), general staff and senior management ($d = 1.28$), supervisors and junior management ($d = 0.79$) and general staff and junior management ($d = 0.86$).

The highest mean value of 4.13 was reported from general staff, followed by a mean value of 4.08 from supervisors. The lowest mean value of 3.27 was reported from senior management followed by a mean value of 3.41 from junior management, as shown below in Table 4.22: Overall comparison of organisation success below.

Table 4.22: Overall comparison of organisation success

Variables	Level of Employment	N	Mean	Std. Deviation	Effect Size - d			
					With Senior Management	With Middle Management	With Junior Management	With Supervisor
Section_B_Overall - Organisation Success	Senior Management	19	3.2679	.59418				0.07
	Middle Management	23	3.7672	.85508	0.58			
	Junior Management	31	3.4070	.84937	0.16	0.42		
	Supervisor	8	4.0795	.77815	1.04	0.37	0.79	
	General Staff	46	4.1344	.67915	1.28	0.43	0.86	
	Total	127	3.7573	.82040				

In general, it seemed that general staff and supervisors agreed that TTAF had experienced organisation success in the past few years. However, senior and junior management seemed to have a neutral point of view.

4.8 MULTIPLE REGRESSION

Regression analysis helps to identify the mathematical relationship that exists between a dependable variable and an independent variable to quantify the consequence that changes in the independent variable have on the dependent variable and spot unfamiliar observations (Levine *et al.*, 2014:502). The dependent variable is the variable to be predicted and the independent variable is the variable that is used to make the prediction (Levine *et al.*, 2014:502). In this study, multiple regression analysis was used to measure the influence of entrepreneurial orientation variables on the dependent variables of organisation success. Assuming there is a linear relationship amongst these variables, the regression model would appear as below:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon_1$$

Where, $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are partial regression coefficients, X_1, X_2, X_3, X_4, X_5 are the variables influencing the organisation success and ε_1 is the error term. The observations are assumed to be independent and identically distributed. The regression model denotes the relationship between the independent variable and organisation success.

The five independent variables of entrepreneurial orientation used were: autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness. The

dependent variables of organisation success used were: business growth and business development and improvement.

The regression analysis focuses on measuring correlation and p -values. Pearson correlation coefficient is a measure of strength of linear association of two variables denoted by (r) (Laerd Statistics, 2013). The following guidelines were proposed: small correlation (0.1 to 0.3), medium correlation (0.3 to 0.5) and large correlation (0.5 to 1.0).

The p -value tests the null hypothesis that the coefficient is equal to 0 (no effect) and a small p -value of less than 0.05 shows that you can reject the null hypothesis (The Minitab Blog, 2016). Thus, once the null hypothesis is rejected, the independent variable becomes statistically fit (strong relationship) to predict the dependent variable. P -values larger than 0.05 are considered insignificant, indicating that changes in predictors have no relationship with changes in the responses.

4.8.1 Business growth multiple regression

The hypothesised relationships were tested using multiple regression of the SPSS package. Table 4.23: Business growth model summary below shows that independent variables have a strong relationship with the dependent variable. The significance value is 0.000. The R^2 is at 0.402 (40.2%) indicating that 40.2% variance has been explained by the model. Although a good fit of the model should be preferably 0.5 and above, it is the best model because innovativeness and competitive aggressiveness predict business growth, as indicated in Table 4.23 below.

Table 4.23: Business growth model summary

Model	R	R Square	Adjusted R Square	Std. Error of the	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.634 ^a	.402	.377	.68304	.402	16.120	5	120	.000

The coefficient model summary in Table 4.23: Business growth coefficient below shows the coefficient of autonomy is 0.71, t-value 0.730 and p -value 0.467, innovativeness coefficient 3.94, t-value 2.618, p -value 0.010, risk taking coefficient 0.14, t-value 0.126, p -value 0.900, pro-activeness coefficient -0.006, t-value -0.045, p -value 0.964 and competitive aggressiveness coefficient 0.296, t-value 2.330 and p -value 0.021.

Therefore, innovativeness ($p = 0.010$) and competitive aggressiveness ($p = 0.021$) have an influence on business growth and are statistically significant at 5% significant level. Hence we reject the null hypothesis because the p -value of innovativeness and competitive aggressiveness both is <0.05 and thus statistically predicts business growth. Autonomy, risk taking and pro-activeness on the other hand are not statistically significant in influencing business growth, because the p -values are greater than 0.05 significant levels as shown below in Table 4.24.

Table 4.24: Business growth coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.014	.356		2.852	.005
	Autonomy	.071	.097	.072	.730	.467
	Innovativeness	.394	.150	.319	2.618	.010
	Risk_Taking	.014	.110	.015	.126	.900
	Pro_Activeness	-.006	.133	-.006	-.045	.964
	Comp_Aggressiven	.296	.127	.311	2.330	.021

a. Dependent Variable: Buss_Growth
b. $R^2 = 40.2\%$
c. $P < 0.05$

4.8.2 Business growth correlation

Business growth correlation (r) was tested on how correlated the six variables used in the study were to each other. Table 4.25: Business growth correlation below shows how the independent variables and dependent variable business growth are correlated to each other. The intersection between the two variables in the vertical and horizontal axis is the correlation. For example, innovation and autonomy have a correlation of ($r = 0.663$). All the results in Table 4.24 have a correlation higher than ($r = 0.5$). The results indicate that all the variables have a large or strong correlation with each other in business growth as indicated in Table 4.25 below.

Table 4.25: Business growth correlation

		Buss_Growth	Autonomy	Innovativeness	Risk_Taking	Pro_Activeness	Comp_Aggressiveness
Pearson Correlation	Buss_Growth	1.000	.458	.584	.509	.530	.573
	Autonomy	.458	1.000	.663	.612	.559	.544
	Innovativeness	.584	0.663	1.000	.699	.738	.679
	Risk_Taking	.509	.612	.699	1.000	.680	.743
	Pro_Activeness	.530	.559	.738	.680	1.000	.806
	Comp_Aggressiveness	.573	.544	.679	.743	.806	1.000

4.8.3 Business development and improvement multiple regression

The hypothesised relationships were tested using multiple regression of the SPSS package. Table 4.26: Business development and improvement model summary below shows that independent variables have a strong relationship with the dependent variable. The significance value is 0.000. The R^2 is at 0.641 (64.1%) indicating that 64.1% variance has been explained by the model and it's a good fit, as shows in Table 4.26 below.

Table 4.26: Business development and improvement model summary

Model	R	R Square	Adjusted R Square	Std. Error of the	Change Statistics				
					R Square	F Change	df1	df2	Sig. F Change
1	.800 ^a	.641	.626	.52674	.641	42.764	5	120	.000

The coefficient model summary in Table 4.27: Business development and improvement coefficient below, shows the coefficient of autonomy is 0.338, t-value

4.501 and p -value 0.000, innovativeness coefficient 0.390, t -value 3.365, p -value 0.001, risk taking coefficient 0.142, t -value 0.1673, p -value 0.097, pro-activeness coefficient -0.223, t -value -2.186, p -value 0.031 and competitive aggressiveness coefficient 0.298, t -value 3.040 and p -value 0.003.

Therefore, autonomy ($p = 0.00$), innovativeness ($p = 0.001$), pro-activeness ($p = 0.031$) and competitive aggressiveness ($p = 0.003$) have an influence on business development and improvement, hence are statistically significant at 5% significant level. We reject the null hypothesis because the p -value is <0.05 and thus autonomy, innovativeness, pro-activeness and competitive aggressiveness statistically predict business development and improvement. Risk taking on the other hand is not statistically significant in influencing business development and improvement, because the p -value is greater than 0.05 significant levels at 0.09, as shown in Table 4.27 below.

Table 4.27: Business development and improvement coefficient

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.236	.274		.859	.392
	Autonomy	.338	.075	.343	4.501	.000
	Innovativeness	.390	.116	.318	3.365	.001
	Risk_Taking	.142	.085	.153	1.673	.097
	Pro_Activeness	-.223	.102	-.225	-2.186	.031
	Comp_Aggressiv	.298	.098	.315	3.040	.003

a. Dependent Variable: Buss_Dev_Imp
b. $R^2 = 62.6\%$
c. $P < 0.05$

4.8.4 Business development and improvement correlation

Business development and improvement correlation was tested on how correlated the six variables used in the study were to each other. Table 4.27: Business development and improvement correlation below shows how the independent variables and dependent variable business development and improvement are correlated to each other. The intersection between the two variables in the vertical and horizontal axis is the correlation. For example, autonomy and business development and improvement have a correlation of ($r = 0.693$). All the results in

Table 4.27 below, have correlations higher than($r = 0.5$). The results indicate that all the variables have a large or strong correlation with each other.

Table 4.28: Business development and improvement correlation

		Buss_Dev_Imp	Autonomy	Innovativeness	Risk_Taking	Pro_Activeness	Comp_Aggressiveness
Pearson Correlation	Buss_Dev_Imp	1.000	.693	.699	.666	.559	.650
	Autonomy	.693	1.000	.663	.612	.559	.544
	Innovativeness	.699	.663	1.000	.699	.738	.679
	Risk_Taking	.666	.612	.699	1.000	.680	.743
	Pro_Activeness	.559	.559	.738	.680	1.000	.806
	Comp_Aggressiveness	.650	.544	.679	.743	.806	1.000

4.9 Summary

The empirical research analysed the five variables of entrepreneurial orientation (autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness) and the two variables of organisation success (business growth and business development and improvement). Lotz's (2009) questionnaire was used to carry out the research. The target population was TTAF employees from the automotive division. TTAF employs about 310 permanent and temporary employees.

The questionnaire comprised of the following sections; Section A (entrepreneurial orientation variables assessment), Section B (organisation success variables assessment), Section C (biographical information) and Section D (structure of the organisation). The questionnaire was electronically emailed to about 204 email addresses and 80 hard copy questionnaires were distributed to employees without emails. Only 41% of the respondents were considered valid and used in the analysis.

The age group was classified in five categories: >29 years, 30 to 39 years, 40 to 49 years and ≥ 60 years. The majority responses were reported from the age group between 30 and 39 years at 40.2% and the least was from the age group ≥ 60 years at 1.6%. 58% of respondents were male and 42% were female. The level of employment was also classified in five categories: senior management, middle management, junior management, supervisors and general employees. The most respondents were from the general employees group at 36.2% and the least from supervisors at 5.7%. Academic qualification was classified in seven categories: lower than matric, matric, certificate, diploma, university degree, post graduate degree and

others. The most respondents were from the diploma category at 33.9% and the least from post graduate degree at 8.7%. There were no respondents with academic qualifications lower than matric. About 41% of respondents had been employed for between 6 to 10 years and 8.7% for less than a year. About 95% of respondents were permanently employed.

The reliability test of the questionnaire was evaluated using the internal consistency of the items representing each construct using the Cronbach's Alpha Coefficients and all the seven variables were above 0.7 recommendation.

The combined mean and standard deviation values of entrepreneurial orientation and organisation success variables were analysed. The average mean value of the combined entrepreneurial orientation variables was 3.56 and the standard deviation 1.04. Innovativeness variable reported the highest mean value of 3.94 and standard deviation of 0.92 and the lowest was reported from risk taking at 3.30 and 1.15. The average mean and standard deviation values of organisation success were 3.78 and 1.00. Business growth reported the highest mean value of 3.87 and a standard deviation of 0.97. Business development and improvement reported a mean value of 3.70 and a standard deviation of 1.3.

Multiple regression analysis showed that 40.2% of the variance for business growth were explained by the independent variables of entrepreneurial orientation. Innovation and competitive aggression indicated a statistical significant relationship to business growth variable. Autonomy, risk taking and pro-activeness did not show a statistical significant relationship because of p -values greater than 0.05. Business development and improvement variable's variance was 62.6%, explained by the independent variables of entrepreneurial orientation. Autonomy, innovativeness, pro-activeness and competitive aggressiveness indicated a positive relationship to business development and improvement variable. Only risk taking showed a negative relationship with business development and improvement variable.

Both business growth and business development and improvement variables were largely correlated with the entrepreneurial orientation variables. Furthermore, all the variables were largely correlated to each other with values higher than ($r = 0.5$).

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The main objective of chapter five was to deliberate the influence of entrepreneurial orientation on the success of an automotive organisation. In this chapter, conclusions were derived based on the empirical study in Chapter four. In addition, recommendations on how to improve the influence of entrepreneurial orientation were deliberated.

5.2 CONCLUSIONS

The empirical study from Chapter four was used as the source for all conclusions in this chapter. Conclusions were discussed in line with the results from reliability of questionnaire, biographical information, entrepreneurial orientation variables, organisation success and comparison of variables, multiple regression analysis and correlation analysis. Furthermore, recommendations were suggested on how to improve entrepreneurial orientation at TTAF and future research suggestions were provided. The main objective and secondary objective of the research were evaluated and recommendations to implement entrepreneurial orientation were proposed.

5.3 RELIABILITY OF QUESTIONNAIRE

The reliability of the questionnaire was evaluated by assessing the internal consistency of the items representing each construct using the Cronbach's Alpha Coefficients. The results of all the variables were as follows: autonomy (0.86), innovativeness (0.91), risk taking (0.87), competitive aggressiveness (0.9), business growth (0.92) and business development and improvement (0.92). All the variables had a result higher than the 0.7 recommended minimum. The results for all the variables were much higher than 0.7, where the lowest result was autonomy at 0.86 and the highest was from business growth and business development at 0.92. According to Struwig and Stead (2004:133), the higher the Cronbach value, the better the internal consistency of data and the more reliable the results.

The Cronbach Alpha Coefficients results indicated that the questionnaire utilised to measure the influence of entrepreneurial orientation on the success of organisations was reliable, based on the fact that all the variables had a result higher than 0.7.

5.4 BIOGRAPHICAL INFORMATION

Biographical information from section C of the questionnaire comprised elements such as age, race, and level of employment, academic qualification, employment period, employment type and department. The following were conclusions drawn from the biographical information section;

- a) From a total of 310 employees of TTAF, 140 responded to the questionnaire and 127 questionnaires were valid to be used in the analysis. A 45% response rate and 41% questionnaire validity rate was achieved. The response rate was good given the busy schedules and the amount of emails TTAF employees receive in a day.
- b) Out of 127 valid questionnaires, the highest age group that responded to the questionnaire was between 30 to 39 years with a result of 40.2%, followed by 40 to 49 years at 29.1%, less than 29 years 18.9%, 50 to 59 years at 10.2% and 60 years and above was 1.6%. 69.3% of TTAF respondents were aged between 30 to 49 years, 18.9 less than 29 years and 11.8% above 50 years.
- c) Gender responses were based on two categories, namely male and female. 58% of the responses were from males and 42% were female. The survey showed that there was a fair representation of women at TTAF.
- d) The most responses were from whites at 39.4%, followed by blacks at 34.6%, Indians at 14.2%, coloureds at 9.4% and others at 2.1% (most probably Japanese people).
- e) Responses were received from all levels of employment at TTAF. The most responses came from general employees at 36%, followed by junior management at 24.4%, middle management at 18.1%, and senior management at 15% and supervisors at 6.3%.
- f) All the respondents at TTAF had at least a matric qualification. The most responses came from the diploma category at 33.9%, followed by the university degree category at 23.6%, matric qualification category at 20.5%, certificate category at 13.4% and post graduate degree category at 8.7%.

- g) The most responses came from employees that had been with TTAF between 6 to 10 years at 40.9%, followed by 1 to 5 years at 33.1%, more than 10 years at 17.3% and less than 1 year at 8.7%.
- h) TTAF had few temporary employees. A total of 94.5% of the respondents were all permanently employed by TTAF.
- i) Almost 50% of the responses came from the sales/logistics and production/service/workshop departments.

5.5 ENTREPRENEURIAL ORIENTATION VARIABLES

Entrepreneurial orientation variables, namely autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness were measured in Section A of the questionnaire. The variables were assessed using 27 questions, where the responses were scaled on a 5 point Likert scale (1 = strongly disagree, 3 = Neutral and 5 = strongly agree). Using 3 as the neutral score, the closer the score was to the extreme score of 1 or 5, the stronger the level of agreement or disagreement.

5.5.1 Autonomy

Autonomy had an overall mean result of 3.51 and a standard deviation of 1.053. The mean value of 3.51 indicated that respondents agreed about autonomy having an influence on entrepreneurial orientation in TTAF. However, the standard deviation of 1.053 showed that responses were highly varied. The highest mean value of 3.81 came from question A2, indicating that respondents felt that TTAF allowed them to be creative and to try different methods for doing their jobs. The lowest mean value of 3.17 was reported from question A3, indicating that respondents felt neutral about the process of decision making in TTAF. The results showed that elaborate justification and approval procedures had an adverse influence on autonomy. To improve the level of autonomy in TTAF, TTAF should study its decision making process and adjust in line with the current requirements.

5.5.2 Innovativeness

Innovativeness had an overall mean value of 3.94 and a standard deviation of 0.923. The mean value of 3.94 showed that respondents agreed about innovativeness

having an influence on entrepreneurial orientation in TTAF. Innovativeness had the highest mean value amongst all entrepreneurial orientation variables. The highest mean score of 4.34 came from question A12, indicating that respondents agreed that TTAF placed a strong emphasis on the continuous improvement of products or service delivery. The lowest mean score of 3.62 came from question A11, indicating that respondents also agreed that a stronger relationship between the number of new ideas generated and the number of new ideas successfully implement existed in TTAF.

So far, the highest mean value of 3.839 was recorded on innovativeness in the South Africa agriculture business (Lotz, 2009:284). However, this mean value was surpassed by TTAF innovativeness mean value of 3.94. Therefore, TTAF should continue encouraging employees to be innovative.

5.5.3 Risk taking

Risk taking had an overall mean value of 3.30 and a standard deviation of 1.145. The variable risk taking had the lowest score amongst the entrepreneurial orientation variables. The mean value of 3.30, close to neutral view, indicated that TTAF had no clear strategy about taking risks and the standard deviation score of 1.145 showed that the responses were highly varied. The highest mean score of 3.6 was reported from question A17, indicating that respondents felt that TTAF believed in the necessity of bold and wide-ranging acts to achieve the business objectives. The lowest mean score of 2.86 was reported from question A19, indicating that respondents felt that at TTAF, the term risk taker was not considered a positive attribute for employees.

TTAF should therefore encourage its employees to take calculated risks in order to pursue new opportunities (Morris *et al.*, 2008:62). TTAF should revise its procedures on risk taking and train staff about risk taking assessment.

5.5.4 Pro-activeness

Pro-activeness had an overall mean value of 3.56 and a standard deviation of 1.03. The variable pro-activeness had the second highest mean value of 3.56 amongst the

five entrepreneurial orientation variables. The mean value of 3.56 indicated that respondents agreed that TTAF had some characteristics of pro-activeness. The highest score of 3.83 was reported from question A22, indicating that respondents felt that TTAF continuously sought out new products and services. The lowest score of 3.14 from question A20 shows that respondents had a neutral view about TTAF being the first to introduce new products and services in the market. The standard deviation of 1.03 showed some variations in the opinion of the respondents about the variable pro-activeness.

It is recommended that TTAF improves the score of the variable pro-activeness by taking the first mover advantage and ring fence its strategic move so that competitors are not able to copy (David, 2007:200).

5.5.5 Competitive aggressiveness

Competitive aggressiveness had an overall mean value of 3.49 and a standard deviation of 1.03. The highest score of 3.67 was reported from question A27, specifying that respondents felt TTAF knew when it was in danger of acting overly aggressive. The lowest mean score of 3.42 was reported from question A25, meaning respondents did not fully agree that TTAF was very aggressive and intensely competitive. The standard deviation of 1.03 also showed that the views of the respondents were varied about the variable competitive aggressiveness.

5.5.6 Entrepreneurial orientation summary results

The overall mean value of entrepreneurial orientation variables was 3.56, indicating that entrepreneurial orientation existed in TTAF. In addition, the spread of the views of respondents measured by standard deviation also showed that most of the respondents' views about entrepreneurial orientation were varied. More so, given that the overall mean result was less than the score of 4 (agree), TTAF needs to develop a clear strategy to improve entrepreneurial orientation in the organisation.

Innovativeness had the highest mean score of 3.94, followed by pro-activeness at 3.56, autonomy at 3.51 and risk taking at 3.30. The mean results of autonomy, competitive aggressiveness and risk taking were lower than the overall average

score of entrepreneurial orientation. The strongest variables were innovativeness and pro-activeness. TTAF could use the two strongest variables as leverage for improving the level of autonomy, risk taking and competitive aggressiveness.

5.6 ORGANISATION SUCCESS

Organisation success variables, namely business growth and business development and improvement were measured in Section B of the questionnaire. The variables were assessed using 11 questions, where the responses were scaled on a 5 point Likert scale (1 = strongly disagree, 3 = Neutral and 5 = strongly agree). Using 3 as the neutral score, the closer the score was to the extreme score of 1 or 5, the stronger the agreement or disagreement.

5.6.1 Business growth

Business growth variable had an overall mean score of 3.89 and a standard deviation of 0.970. The highest mean score of 4.05 was reported from question B1, specifying that respondents agreed that TTAF had experienced growth in turnover over the previous few years. The lowest mean score of 3.7 was reported from question B4, indicating that respondents also agreed that the competitive position of TTAF had improved over the previous few years. Given the lowest mean score of 3.7, respondents agreed that TTAF had experienced business growth. However, there is still space for improving the variable business growth.

5.6.2 Business development and improvement

Business development and improvement had an overall mean result of 3.7, slightly lower than the overall mean result of 3.89 for business growth and a standard deviation of 1.03. The highest mean score of 3.94 was reported from question B6, showing that respondents agreed that TTAF had improved its efficiency over the previous few years. The lowest mean score 3.39 was reported from question B11, indicating that respondents had an almost neutral view about TTAF's investment and research development during difficult economic periods. The standard deviation of question B11 was 1.176, indicating that the views of respondents were varied.

Apparently, TTAF is strongly focusing on cutting costs due to the hostile economic conditions. However, TTAF should clearly identify cost cutting areas and explicitly explain it to employees for clear understanding.

Generally, respondents agreed that business development and improvement did exist in TTAF.

5.6.3 Organisation success summary results

The overall mean result of 3.78 and standard deviation of 1.00 were reported from organisation success variables. The highest mean score of 3.87 was reported from business growth and the lowest mean score of 3.70 was reported from business development and improvement. Respondents agreed with both organisation success variables. TTAF uses the balance score card and performance management system to measure its performance. However, further enhancement of the use of the balance score card and the performance management system can improve organisation success.

5.7 COMPARISON OF ENTREPRENEURIAL ORIENTATION VARIABLES

The comparison of entrepreneurial orientation variables or measure of effect size (d -value) was measured between levels of employment. The object was to visualise the statistical significance between the levels of employment. All the five entrepreneurial orientation variables were measured both individually and combined.

The combined analysis showed that there were only two categories that had small effect size significant differences, i.e. junior management and senior management ($d = 0.25$) and general staff and supervisors ($d = 0.08$). Three categories, namely general staff and middle management ($d = 0.38$), junior management and middle management ($d = 0.54$) and supervisors and middle management ($d = 0.49$) had medium effect size significant differences and five categories had large differences, namely middle management and senior management ($d = 0.83$), supervisors and senior management ($d = 1.40$), general staff and senior management ($d = 1.17$), supervisors and junior management ($d = 1$) and general staff and junior management ($d = 0.92$). The analysis also revealed that there were more categories with practical

differences. TTAF needs to pay particular attention to the five categories with practical differences.

The effect size results were also supported by the differences in mean results between the levels of employment. Supervisors reported the highest mean results of 4.00, followed by general staff with 3.95, middle management with 3.69, junior management with 3.32 and lastly senior management with 3.1. The irony of the results was that senior management respondents indicated that they were neutral about the existence of entrepreneurial orientation in TTAF. Supervisors and general staff agreed that entrepreneurial orientation culture existed in TTAF. Based on the practical differences in the effect size and mean differences in the level employment, TTAF needs to conduct a further research to understand why such a gap exists and develop a strategy to address the challenge.

5.8 COMPARISON OF ORGANISATION SUCCESS VARIABLES

The comparison of organisation success variables or measure of effect size (d -value) was measured between levels of employment. The object was to visualise the statistical significance between the levels of employment. The two variables of organisation success were measured individually and combined.

The combined analysis showed that three categories had small effect size significant differences, i.e. junior management and senior management ($d = 0.16$), supervisors and middle management ($d = 0.37$) and general staff and supervisors ($d = 0.07$). Three categories had medium effect size significant differences, namely middle management and senior management ($d = 0.58$), junior management and middle management ($d = 0.42$) and general staff and middle management ($d = 0.79$) and four categories had large differences, i.e. supervisors and senior management ($d = 1.04$), general staff and senior management ($d = 1.28$), supervisors and junior management ($d = 0.79$) and general staff and junior management ($d = 0.86$). Similar to comparisons of entrepreneurial orientation, there was evidence of more categories with practical differences in organisation success. The views of and differences in the entrepreneurial orientation and organisation success categories seem to correlate, hence TTAF should at the same time address the challenges of entrepreneurial orientation and organisation success.

In addition, the results of effect size were also reinforced by the mean results. The highest mean score of 4.13 was reported from general staff, followed by supervisors with 4.08, middle management with 3.77, junior management with 3.41 and lastly senior management with 3.27. Senior management reported the lowest result with a neutral view about organisation success. Similar to entrepreneurial orientation comparisons, general staff and supervisors reported the highest mean values in agreement that TTAF had shown growth in the previous few years.

The practical significant differences from the effect size were also clearly reflected in the difference in mean values. TTAF needs to deeply understand the practical difference between levels of employment and should develop action plans to narrow the effect size.

5.9 MULTIPLE REGRESSION ANALYSIS

Multiple regression analysis was conducted to understand the mathematical relationship between the dependent variables (business growth and business development and improvement) and independent variables (autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness). Summary results for business growth multiple regressions showed that 40.2% variance was explained by the model and the significance was 0.00. The coefficient model summary indicated that out of the five entrepreneurial orientation variables, only innovativeness and competitive aggressiveness had p -values of (0.010 and 0.021) respectively. The p -values were less than $p < 0.05$ showing a significant positive relationship with the variable business growth. Although the other three variables had p -values greater than 0.05, they also showed signs of contributing to business growth because they were highly correlated to all the variables in the study. All the variables in business growth had values higher than ($r = 0.5$) in the correlation analysis, indicating a strong correlation amongst the variables. The lowest value of ($r = 0.458$) was reported between business growth and autonomy and the highest value of ($r = 0.806$) was reported between pro-activeness and competitive aggressiveness.

Business development and improvement regression summary results showed that a 64.1% variance was explained by the model and the significance was 0.00. The

coefficient model summary indicated that four out of five entrepreneurial orientation variables had p -values less than 0.05. Autonomy had a p -value of ($p = 0.00$), innovativeness ($p = 0.010$), pro-activeness ($p = 0.031$) and competitive aggressiveness ($p = 0.03$). The four variables showed a strong positive relationship to business development and improvement because they were statistically significant at a 5% significance level. However, risk taking was the only variable with a p -value of 0.09, greater than $p < 0.05$. Although risk taking had a p -value higher than 0.05, it was also highly correlated to all the variables in the correlation analysis of business development and improvement. All the values for risk taking in the correlation analysis were above ($r = 0.5$). The lowest value of ($r = 0.612$) was reported between risk taking and autonomy and the highest value of ($r = 0.743$) was reported between risk taking and competitive aggressiveness.

In conclusion, all five variables of entrepreneurial orientation have an influence on the dependent variable organisation success.

5.10 RECOMMENDATIONS

A hyper competitive business environment is the main reason that is forcing organisations to become innovative and risk taking, to empower employees, to be pro-active and to compete aggressively in their activities (Anu, 2007:149). Changes in the market as well as political, economic, technological, regulation and other factors propel organisations to become entrepreneurial (Morris *et al.*, 2008:398). According to Ireland and Webb (2007:59), organisations operate in dynamic and competitive environments which make entrepreneurial behaviours an important element in exploring opportunities and securing the future success of organisations. Therefore, the recommendations are that TTAF should continuously monitor the external environment by assigning individuals to investigate market trends, competitors, best practice and new technological changes, political and many more. The information gathered should then be shared with relevant employees through a shared data base for the purpose of innovation and opportunity identification. Such actions would encourage an entrepreneurial climate in TTAF.

Before dealing with recommendations, the following key points were identified in the survey analysis in Chapter 4:

- Entrepreneurial orientation – innovation reported the highest mean result of 3.94, followed by pro-activeness with 3.56, autonomy with 3.51, competitive aggressiveness with 3.49 and risk taking with 3.30. Apparently, innovation in TTAF is one of the key strategic drivers. TTAF has a culture of Kaizen (continuous improvement) through innovation. All employees at TTAF understand the value of innovation, hence the reason for the highest mean score. The other variable, autonomy, risk taking, pro-activeness and competitive aggressiveness are not openly shared within TTAF.
- Organisation success – business growth reported the highest mean score of 3.78 and business development and improvement 3.7. All the respondents at TTAF agreed that the organisation had shown some signs of growth, development and improvement.
- Level of employment – the highest mean score of 4.00 was reported from supervisors, followed by general staff with 3.95, middle management with 3.69, junior management with 3.32 and the lowest result from senior management with 3.15. Practical differences were reported between middle management and senior management at 0.83, general staff and junior management at 0.92, supervisor and junior management at 1.0, general staff and senior management at 1.17 and supervisor and junior management at 1.4. Senior management reported a lower mean value of 3.15, indicating a neutral point of view, and has practical differences with middle management, general staff and supervisors. The results indicated that senior management is hesitant to create an environment for entrepreneurial orientation at TTAF.
- Business growth coefficient – innovation and competitive aggressiveness had p -value results less than 0.05, indicating a strong relationship with business growth. Although autonomy, risk taking and pro-activeness p -value results were greater than 0.05, the variables were strongly correlated to each other with values of more than ($r = 0.5$).
- Business development and improvement – innovation, autonomy, pro-activeness and competitive aggressiveness reported p -value results less than 0.05, indicating a strong relationship with business development and improvement. Risk taking was the only variable with a p -value greater than 0.05.

In summary, the following are the key points drawn from the above finding:

- TTAF has challenges with the variable risk taking. Risk taking is not considered a positive attribute.
- The variable autonomy requires attention in line with decision making.
- Work procedures are not flexible, employees follow a set work procedure.
- TTAF is not the first to introduce new products and services.

From the above analysis, the recommendations are based on the following areas: Strategy formulation, Management support, Autonomy, Risk taking and Training.

- a) Strategy formulation – TTAF strategy should incorporate the five entrepreneurial variables (autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness). All the variables should be treated with the same level of importance and become part of the organisation strategy and culture. Senior management should create an enabling environment that encourages entrepreneurial orientation and management should walk the talk. To achieve the implementation of entrepreneurial orientation, change management should become the key driver of strategy (Burns, 2008:65). Managerial values such as creativity, taking ownership, respect, integrity and risk taking should be included in the company strategy. The organisation strategy, mission and vision should be clearly defined and well communicated to all employees on a regular basis.
- b) Management support – senior management reported the highest mean result of 3.62 in the variable innovation, 3.28 in autonomy, 2.97 in pro-activeness, 2.77 in competitive aggressiveness and the lowest result in risk taking at 2.60. The results show that entrepreneurial orientation variables have been unevenly implemented, where senior management support is more with the variable innovation and less with the other four variables. Senior management seems to be unsure of TTAF strategy. It is important that TTAF senior management embraces all the five variables through getting clarity from the board of directors. Once senior management is in the clear, it will become easier to lead all employees from the front, by providing support, facilitation, resources and time.

Senior management should be seen as willing to promote and facilitate entrepreneurial activities at TTAF. Senior management should be flexible in

receiving new ideas, allowing employees to take calculated risks and giving employees freedom to make decisions on their own, based on process.

Therefore, senior management commitment is the most important ingredient for successful implementation of entrepreneurial orientation in TTAF.

- c) Autonomy – the overall mean results for autonomy was 3.51 and the senior management mean result for autonomy was 3.28. Although the overall mean result qualified to fall in the agree category, there is need for improvement especially in the senior management category. The results predict the existence of traditional structures that are focused on stability and hierarchical processes that guide work activities (Burns, 2008:141). According to Morris *et al.* (2008:248), entrepreneurial activities are a direct opposite of traditional structures because they are fluid or flexible and encourage innovation and strategic direction change.

TTAF should introduce organic structures in the organisation. Organic structures survive in organisations that have embraced entrepreneurial orientation (Burns, 2008:144). Conway and Steward (2009:248) stated that organic structures are flat, with open communication and they use cross-functional teams to carry out a variety of activities. Organic structures decentralise power and authority and have minimum bureaucracy and policies and procedures (Morris *et al.*, 2008:226).

Hence to fully implement entrepreneurial orientation, TTAF senior management should encourage all TTAF employees to act entrepreneurially. However, this should happen after introduction of flat structures, low levels of hierarchy, unstructured problem-solving, less formalisation and employee empowerment (Morris *et al.*, 2008:229).

- d) Risk taking – the variable risk taking reported the lowest score of 3.3 in the overall score, while senior management scored it 2.6. The result showed that TTAF had a risk averse culture. It is therefore imperative that TTAF encourages risk taking behaviours.

From the results in Chapter 4, innovativeness had the highest mean score of 3.94, while risk taking had the lowest mean score of 3.30. Ideally, risk taking and innovativeness should be directly correlated, meaning the higher the innovativeness, the higher the risk taking (Morris *et al.*, 2008:62). Organisation that don't take risks face the minimum risks in the short term and higher risks in the medium to long term due to lack of foresight of market shifts (Burns, 2008:291).

TTAF management should clearly develop guidelines to manage risk taking behaviours. The guidelines should specifically define acceptable and unacceptable risk behaviours. Types of risks should also be categorised. A clear guideline would make employees understand TTAF acceptance of failure or success and encourage employees to become more innovative.

- e) Training and development – training and development are vital in improving the effectiveness of TTAF and the experiences of its employees. Training improves productivity, health and safety and staff development. Training keeps employees in line with the latest technology and business environments. Entrepreneurially organisations encourage continuous learning, training and development. According to Ireland *et al.* (2006:16), training and development should be less structured and should focus on individual requirements based on skills matrix. Key components of training and development should be linked to problem solving techniques, communication skills, thinking skills and change management skills.

TTAF can improve its entrepreneurial behaviours through training and development.

5.11 RESEARCH ASSESSMENT

The achievement of primary and secondary objectives in Chapter 1 (Section 1.3), determines the success of the research. Below are the primary and secondary objectives with assessments.

5.13.1 Primary objective

The primary objective of this research was to assess the influence of entrepreneurial orientation on the success of TTAF, an organisation in the automotive sector, using the five dimensions of entrepreneurial orientation, namely autonomy, risk taking, innovativeness, pro-activeness and competitive aggressiveness. Upon completion of this research, recommendations to improve implementation of entrepreneurial orientation in TTAF and other organisations in the automotive sector and South African business community at large were articulated.

Primary objectives were achieved through secondary objectives as explained below:

5.13.2 Secondary objectives

In order to address the primary objective, the following secondary objectives were analysed in detail:

- To evaluate the importance of innovation, risk taking, autonomy, pro-activeness and competitive aggressiveness towards the success of TTAF in South Africa.

Assessment – the importance of entrepreneurial orientation variables was analysed using mean and standard deviation. The results were discussed and analysed in Chapter 4 and conclusions and recommendations were given in Chapter 5.

- To establish the strength, relationship and correlation of innovation, autonomy, risk taking, pro-activeness and competitive aggressiveness.

Assessment – the relationship of the variables business growth and business development and improvement was measured using regression analysis and correlation was measured using correlation analysis in Chapter 4. Conclusions and recommendations were given in Chapter 5.

- To understand the effect size between levels of employment in TTAF.

Assessment – the effect size between levels of employment was discussed and analysed using the (d = value) in Chapter 4. Conclusions and recommendations were given in Chapter 5.

- To evaluate the perceived influence of entrepreneurial orientation on organisation success.

Assessment – The perceived influence of entrepreneurial orientation on organisation success was analysed and discussed in Chapter 4 using mean, standard deviation and regression analysis. The overall summary results of entrepreneurial orientation and organisation success showed the significance of entrepreneurial orientation on TTAF. Conclusions and recommendations were given in Chapter 5.

- To provide recommendations that enhance entrepreneurial orientation.

Assessment – recommendations to enhance entrepreneurial orientation in TTAF and other organisations were provided in Chapter 5.

5.14 RESEARCH SUGGESTIONS

The main objective of the research was to understand how entrepreneurial orientation variables influenced the success of an automotive organisation in the South African automotive industry. The research focused on measuring the five variables of entrepreneurial orientation and two variables of organisation success. However, factors such as ability of work, culture and external factors, i.e. political, social, economic, technological, legal and environmental issues were not included in the measuring instrument. In addition, the questionnaire was specifically developed for the agriculture business, hence required some adjustments to perfectly fit in with the automotive industry.

Forty-one percent of the respondents of the survey might not be a true representation of the whole organisation. Therefore caution should be taken when interpreting the results and prescription of recommendations.

The results of organisation success variables should be directly linked to actual performance data that relates to business growth and business development and improvement.

Due to lack of previous research in the automotive industry, a similar research would be recommended in the near future for the purpose of comparison.

5.15 SUMMARY

Chapter 5 presented conclusions and recommendations of the empirical research conducted in Chapter 4. Chapter 4 provided the structure for conclusions in Chapter 5.

Conclusions were analysed based on the reliability of the questionnaire, biographical information, entrepreneurial orientation variables, organisation success variables, and comparison of entrepreneurial orientation variables, comparison of organisation success and multiple regression.

The reliability of the questionnaire was higher than the recommended 0.7. The lowest value was derived from autonomy at 0.86. Below is a summary of important conclusions drawn from the empirical research conducted in Chapter 4:

- Entrepreneurial orientation – innovation reported the highest mean result of 3.94, followed by pro-activeness at 3.56, autonomy at 3.51 and competitive aggressiveness at 3.49 and risk taking at 3.30. Apparently, innovation in TTAF is one of the key strategic drivers. TTAF has a culture of Kaizen (continuous improvement) through innovation. All employees at TTAF understand the value of innovation, hence the reason for the highest mean score. The other variables, autonomy, risk taking, pro-activeness and competitive aggressiveness are not openly shared within TTAF.
- Organisation success – business growth reported the highest mean score of 3.78 and business development and improvement at 3.7. All the respondents at TTAF agreed that the organisation had shown some signs of growth, development and improvement.
- Level of employment – the highest mean score of 4.00 was reported from supervisors, followed by general staff at 3.95, middle management at 3.69, junior management at 3.32 and the lowest result from senior management at 3.15. Practical differences were reported between middle management and senior management at 0.83, general staff and junior management at 0.92, supervisor and junior management at 1.0, general staff and senior management at 1.17 and supervisor and junior management at 1.4. Senior management reported a lower mean value of 3.15, indicating a neutral point of view and have practical

differences with middle management, general staff and supervisors. The results indicated that senior management is hesitant to create an environment for entrepreneurial orientation in TTAF.

- Business growth coefficient – innovation and competitive aggressiveness had p -values results less than 0.05, indicating a strong relationship with business growth. Although autonomy, risk taking and pro-activeness p -value results were greater than 0.05, the variable were strongly correlated to each other with values of more than ($r = 0.5$).
- Business development and improvement – innovation, autonomy, pro-activeness and competitive aggressiveness reported p -value results less than 0.05, indicating a strong relationship with business development and improvement. Risk taking was the only variable with a p -value greater than 0.05.

Based on the above conclusions, the following five recommendations have been prescribed:

- Strategy formulation
- Management support
- Autonomy
- Risk taking
- Training and development

Furthermore, an assessment for the research was conducted using the primary and secondary objectives. Secondary objectives were assessed to check if the primary objective of the research was achieved. All the secondary objectives were achieved. Finally, research suggestions for future study were provided.

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Annexure 1 – Questionnaire

Code number:

25353365

ENTREPRENEURIAL ORIENTATION

CONFIDENTIAL

Researcher: Peter Kungeke

0722709495

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

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Entrepreneurial Orientation

Dear Respondent,

Entrepreneurial Orientation is a key ingredient for organisational success. It refers to the strategy making process that provides organisations with the basis for entrepreneurial decisions and actions. Thus Entrepreneurial Orientation may be viewed as the entrepreneurial strategy making process that key decision makers use to enact their firm's organisational purpose, sustain its vision and create long term competitive advantage. An entrepreneurial firm is the one that engages in product market innovation, undertakes somewhat risky ventures, and is the first to come up with proactive innovations beating competitors to the punch, while non-entrepreneurial firms innovate very little, are highly risk averse and imitates the moves of competitors instead of leading the way.

Entrepreneurial Orientation has become one of the most extensively researched topic in literature and empirical results show that Entrepreneurial Orientation may influence organisational success. The growing interest is not just about macro-economic benefits as a result of entrepreneurial activities, but improved performance in established organisations. The general agreement in literature is that performance is a multidimensional concept and that multiple performance measures must be used instead of single dimension. A firm's economic performance is generally acknowledged in two dimensions; growth and profitability. The financial criteria includes sales growth, return on assets and profit to sales ratio, while non-financial criteria's include, customer retention rate, customer satisfaction index, brand loyalty and size of organisation. The level at which an organisation performs affects its entrepreneurial posture, both high and low performance may prompt entrepreneurial posture. Organisations adopt entrepreneurial posture in the hope that similar behaviors will help create high levels of performance. Startlingly enough there is little empirical evidence to support a strong relationship between Entrepreneurial Orientation and success, hence the reason for this study to understand by conducting a detailed analysis in Toyota Tsusho Africa a South Africa organisation that practices a culture of Kaizen (Continuous Improvement).

This survey will focus on three dimensions of Entrepreneurial Orientation namely: Autonomy, Risk taking and innovation and organisation success as a dependable variable. Once the results of the survey are published, managers and staff will be able to understand the influence of Entrepreneurial Orientation on the success of Toyota and how the dimensions are related to each other.

Thank you very much for participating in the survey, your feedback is highly appreciated.

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

GENERAL INSTRUCTIONS

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

Use the following key to indicate your preference:

SCALE	TERM USED
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree (Neutral)
4	Agree
5	Strongly agree

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

I believe that Small, micro and medium sized enterprises in South Africa can be successful	1	2	3	~~4~~	5
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SECTION A

The following statements concern your attitude towards the entrepreneurial orientation of the business.

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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	STATEMENT	SCALE				
A1	Our employees have enough autonomy in their job to do their work without continual supervision.	1	2	3	4	5
A2	Our business allows me be creative and try different methods to do my job.	1	2	3	4	5
A3	Employees in our business are allowed to make decisions without going through elaborate justification and approval procedures.	1	2	3	4	5
A4	Employees in our business are encouraged to manage their own work and have flexibility to resolve problems.	1	2	3	4	5
A5	Employees seldom have to follow the same work methods or steps while performing major tasks from day to day.	1	2	3	4	5
A6	Our business regularly introduces new services/products/processes.	1	2	3	4	5
A7	Our business places a strong emphasis on new and innovative products/services.	1	2	3	4	5
A8	Our business has increased the number of services/products offered during the past two years.	1	2	3	4	5
A9	Our business is continually pursuing new opportunities.	1	2	3	4	5
A10	Over the past few years, changes in our processes, services and product lines have been quite dramatic.	1	2	3	4	5
A11	In our business there is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.	1	2	3	4	5
A12	Our business places a strong emphasis on continuous improvement in products/service delivery.	1	2	3	4	5

1 = Strongly disagree		2 = Disagree	3 = Neutral	4 = Agree		5 = Strongly agree		
A13	Our business has a widely held belief that innovation is an absolute necessity for the business’ future.			1	2	3	4	5
A14	Our leaders seek to maximise value from opportunities without constraint to existing models, structures or resources.			1	2	3	4	5
A15	When confronted with uncertain decisions, our business typically adopts a bold posture in order to maximise the probability of exploiting opportunities.			1	2	3	4	5
A16	In general, our business has a strong inclination towards high-risk projects.			1	2	3	4	5
A17	Owing to the environment, our business believes that bold, wide-ranging acts are necessary to achieve the business’ objectives.			1	2	3	4	5
A18	Employees are often encouraged to take calculated risks concerning new ideas.			1	2	3	4	5
A19	The term ‘risk-taker’ is considered a positive attribute for employees in our business.			1	2	3	4	5
A20	Our business is very often the first to introduce new products/services.			1	2	3	4	5
A21	Our business typically initiates actions that competitors respond to.			1	2	3	4	5
A22	Our business continuously seeks out new products/services.			1	2	3	4	5
A23	Our business continuously monitors market trends and identifies future needs of customers.			1	2	3	4	5
A24	In dealing with competitors our business typically adopts a very competitive “undo-the-competitor" posture.			1	2	3	4	5
A25	Our business is very aggressive and intensely competitive.			1	2	3	4	5
A26	Our business effectively assumes an aggressive posture to combat trends that may threaten our survival or competitive position.			1	2	3	4	5
A27	Our business knows when it is in danger of acting overly aggressive (this could lead to erosion of our business's reputation or to retaliation by our competitors).			1	2	3	4	5

SECTION B

The following statements concern your attitude towards the success of the business.

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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	STATEMENT	SCALE				
B1	Our business has experienced growth in turnover over the past few years.	1	2	3	4	5
B2	Our business has experienced growth in profit over the past few years.	1	2	3	4	5
B3	Our business has experienced growth in market share over the past few years.	1	2	3	4	5
B4	The competitive position of our business has improved over the past few years.	1	2	3	4	5
B5	The effectiveness (doing the right things) of our business has improved over the past few years.	1	2	3	4	5
B6	The efficiency (doing things right) of our business has improved over the past few years.	1	2	3	4	5
B7	In our business, employees are viewed as the most valuable asset of the business.	1	2	3	4	5
B8	Our employees are highly committed to our business.	1	2	3	4	5
B9	The moral (job satisfaction) of our employees has improved over the past few years.	1	2	3	4	5
B10	The image (stature) of our business, relative to our competitors, has grown over the past few years.	1	2	3	4	5
B11	During difficult economic periods, investments in research and development/innovative projects continue and no significant financial cuts are made.	1	2	3	4	5

SECTION C: BIOGRAPHICAL INFORMATION

The following information is needed to help us with the statistical analysis of the data for comparisons among different interest groups. We appreciate your help in providing this important information.

Mark the applicable block with a cross (X). Complete the applicable information.

C1	Indicate your age group.	≤ 29	30 - 39	40 - 49	50 - 59	60+
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C2	Indicate your gender	Male	Female
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C3	Indicate your race group classification	Black	White	Coloured	Indian	Other
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C4	Level of Employment	Senior Management	Middle management	Junior Management	Supervisor	Other
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C5	Indicate your highest academic qualification.	
	Lower than matric	1
	Matric	2
	Certificate	3
	Diploma (Technical College or Technicon)	4
	University degree	5
	Post graduate degree	6
	Other	7

SECTION D: STRUCTURE OF THE BUSINESS

Mark the applicable block with a cross (X). Complete the applicable information.

D1	How many years have you been employed by the organisation?			
	<1	1-5	6-10	10 or More

D2	Are you permanently employed by the organisation?	
	Yes	No

D3	Indicate your department.	
	Corporate	1
	Service/Production/Workshop	2
	Parts	3
	Finance	4
	Sales/Logistics	5
	Administration	6
	Other	7

THANK YOU FOR YOUR TIME

Annexure 2 – Presentation to TTAF Management



Title of Dissertation

- An assessment of the influence of Entrepreneurial Orientation on the Success of an Automotive Organisation.
 - Target company Toyota Tsusho Africa
 - Target employees - 310

Dissertation Objective

- To assess if Entrepreneurial Orientation dimensions have influence on organisation success;
 - Autonomy
 - Risk taking
 - Innovativeness
 - Pro-activeness
 - Competitive aggressiveness