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Integrative Business Research Report

GORDON INSTITUTE OF BUSINESS SCIENCE

University of Pretoria

MBA 2005 / 2006

Title:	Corporate Entrepreneurship: Creating a Management Model for Organisations
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Statement:	A research report submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree Master of Business Administration.
Date:	November 2006
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ABSTRACT

Globalisation and its related social, economic and political challenges is making the South African business environment ever more competitive, with firms finding that agility, flexibility and continuous self-renewal are essential to maintain their positions. To exploit their current competitive advantages and explore future opportunities, firms are increasingly adopting corporate entrepreneurship (CE) – a type of proactive behaviour.

The aim of this research was to determine the extent to which South African firms in the financial, retail and telecommunications sectors use CE methods, and to uncover the most important internal organisational factors that influence their use. A literature review of all the themes relating to the topic was done, from which five propositions were developed and a questionnaire was compiled. After four suitable companies had been identified (with the aid of five CE experts), the questionnaire was used in 24 interviews conducted across these four case study organisations. The results were analysed and used to draw conclusions relating to the aim of the research.

From the research findings, the author has been able to construct a model that managers of South African companies operating in the fields of finance, retail and telecommunications could use to improve their companies' financial performance.

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DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University.

Jonathan Fisher | Date

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ACKNOWLEDGEMENTS

I wish to express my gratitude to the following people for their support and assistance in this research. Without their help this study would not have been possible.

- My supervisor, Neale Penman, for his time, guidance, support and encouragement throughout this research.

- To Dr Margie Sutherland, who tested my thinking, pushing the boundaries of what is possible – both intellectually and practically.

- To every participant within all four case study organisations included in my research – thank you for your time and willingness to share. Specific mention must go to Mark Levy, Laurie Dippennaar, Rachel Bessinger, Leon Vermaak and Robbie Brozin. Without your support this study would not have been possible.

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CHAPTER 1 INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Statement of the Research Problem

Exogenous shifts, such as new technologies, political upheavals or dramatic demographic changes, threaten whole populations of incumbent firms that were designed to operate under different conditions. As these firms are faced with these challenges, some adjust and succeed, whereas others do not and disappear (Collis and Montgomery, 2005).

As an emerging market, South Africa's re-entry into the international community, together with new social, economic and political changes, has created substantial challenges for South African businesses. The economy is becoming increasingly more service-based with information and knowledge playing important roles in competitiveness. Therefore agility, flexibility and continuous self-renewal are essential in maintaining and improving business competitiveness.

It is essential for South African organisations to understand the organisational processes that facilitate entrepreneurial attitudes, thinking and behaviour if they are to remain competitive both domestically and internationally (Adonisi, 2003). One of the challenges facing South African organisations is how to develop and manage an organisational environment where numerous innovations occur on a sustained basis.

According to Rangathan (manager of Gail Gas Company of India), there are many green-field opportunities in emerging markets. Therefore managers and industrial leaders in emerging markets have a precedent-setting role and a role to innovate (Gqubule, 2006).

Kuratko, Ireland, Covin and Hornsby (2005) suggest that Corporate Entrepreneurship (CE) is a type of proactive behaviour that firms are increasingly using to exploit their current competitive advantages and to explore for tomorrow's opportunities.

1.2 Background to the Research

According to Antoncic and Hisrich (2004), CE is an important aspect of organisational and economic development and wealth creation. Scholars and practitioners have researched the concept since the early 1980s due to the beneficial effect on the revitalisation and performance of firms. Firms adopt entrepreneurial postures in the hope and under the assumption that the associated behaviours will help create or sustain a high level of performance (Cornwall and Perlman, 1990).

Covin and Miles (1999) argue that there is a commonality amongst those firms that could reasonably be described as entrepreneurial. This commonality is the presence of innovation. This is in line with Srivastava and Lee (2005), who suggest that innovativeness and risk-taking are associated with entrepreneurial activity. However, an innovative firm need not necessarily be entrepreneurial. The missing element that must co-exist with innovation in order for a firm to claim entrepreneurial orientation is the presence of the objective of sustaining high performance or improving competitive standing through actions that radically energise the firm or change the status quo in the firm's markets or industries (Covin and Miles, 1999).

Damanpour (1991, p. 556) suggests that innovation includes "… the generation, development and implementation of new ideas or behaviours. An innovation can be a new product or service, an administrative system, or a new plan or programme pertaining to organisational members." In this context and similar to Covin and Miles' theory on CE (1999), CE revolves around re-energising and enhancing the ability of a firm to acquire innovative skills and capabilities (Hornsby, Kuratko and Zahara, 2002).

Firms with entrepreneurial postures have particular patterns that keep recurring. These patterns pervade the whole firm (at all levels), reflecting top management's overall strategic philosophy on effective management practice. These firms are usually risk-taking, innovative and proactive (Covin and Slevin, 1991).

Behaviour can generally be managed, which allows for management intervention, making the entrepreneurial process much less serendipitous, mysterious and unknowable. Hornsby *et al.* (2002) acknowledge the formal and informal aspects of CE efforts, recognising the challenges of promoting entrepreneurship within an existing firm. These challenges require an in-depth understanding of the internal conditions that exist in the firm. These conditions usually shape middle managers' views of (and interest in) CE efforts. They also determine middle managers' support of these activities (Kuratko, Montagno, and Hornsby, 1990).

Previous research consistently suggests that internal organisational factors play a major role in encouraging CE (Covin and Slevin, 1991). Once these activities have been initiated, middle managers can stimulate interest in CE as well as influence their subordinates' commitment to be innovative and entrepreneurial. Commitment is essential for a firm to benefit from CE activities (Stopford and Baden-Fuller, 1994).

Hornsby *et al.* (2002) identified five factors that managers can use to influence CE initiatives within a firm: (i) appropriate use of rewards; (ii) management support; (iii) resources (including time); (iv) existence of a supportive organizational structure; and (v) the risk-taking propensity of managers.

CE is dependent on a firm's ability to learn through both exploration of new knowledge and exploitation of existing knowledge, which itself is dependent on a firm's intellectual capital (particularly its human social capital) (Hayton, 2005). Following on from this, a firm's ability to learn and unlearn by creating and exploiting new combinations of knowledge is part of the CE process (McGrath, 2001).

Kanter (1985) suggests that managing CE differs from traditional management because of conditions of greater uncertainty and knowledge-intensity. There is a continuous quest to acquire new knowledge and assimilate it, which can be achieved by using cross-functional and extra-organisational relationships (Hayton, 2005). Kanter (1985) continues by suggesting that CE requires co-ordination through mutual adjustment rather than through command and control, and is driven largely by commitment rather than consensus.

Therefore, in order to foster CE, a more enlightened approach to management is needed, which includes decentralising authority, inclusive decision-making, co-operation, avoiding bureaucracy, and encouraging risk-taking and creativity. This helps facilitate what Weick and Roberts (1993) term "groupness," which they define as the cohesion and smooth functioning of the CE team, as members understand each other, work towards a common goal and function as one. Human resource management (HRM) practices can therefore make a significant difference in encouraging CE.

1.3 Aim of the Research

This research answers the question of what managers can and should do to create entrepreneurial organisations. A model is developed which focuses purely on the internal organisational factors that managers can influence in order to promote CE. Certain HRM practices are suggested which form part of the model, and which help to create new knowledge that becomes the foundation for building new competencies or revitalising existing ones.

The research explores the perceived causality between management practices and entrepreneurial activity which, according to Covin and Slevin (1991), can be defined as risk-taking, innovative, and proactive.

1.4 Scope of the Study

This research intends to make a contribution within the South African context. It will therefore concentrate on financial services, telecommunications and retail organisations in South Africa.

1.5 Conclusion

CE is an important aspect of organisational and economic development and wealth creation. It is therefore essential for managers of South African organisations to gain a better understanding of the internal organisational processes that facilitate entrepreneurial attitudes, thinking and behaviour if these organisations are to remain competitive both domestically and internationally.

CHAPTER 2 THEORY AND LITERATURE REVIEW

2.1 Introduction

The literature review contains five sections. The first section defines CE, with input predominantly from academic literature, which has been developed and built on over the past 25 years. The second section deals with internal factors that managers can use to stimulate CE initiatives. The third section deals with HRM practices and knowledge creation, and the effect these have on CE. The fourth section explores the benefits of CE in terms of wealth creation by and improved financial performance of a firm. Although this section does not form part of the model, which will be built at a later stage, it highlights the importance of CE as a useful strategy for managers to pursue in order to improve the financial performance of firms. In the fifth section, general conclusions from the literature survey are drawn.

The flow of the literature review highlights those aspects of CE that are relevant, with the aim of building a management model as a recommendation in the conclusion of the research document.

2.2 Definition of Corporate Entrepreneurship

Antoncic and Hisrich (2004) define CE as entrepreneurship within an existing organisation; they refer to the emergent behavioural intentions and behaviours of an organisation that deviate from the customary way of doing business. They elaborate on this definition by suggesting that CE could involve the creation of new business ventures, development of new products, services, technologies, administrative techniques and strategies, as well as competitive postures.

Ireland, Kuratko and Covin (2003, p. 1) suggest that CE is "…a set of commitments and actions framed around entrepreneurial behaviour and processes that the firm designs and uses to develop current and future competitive advantages in promising technological or product-market arenas." They explain how CE can be used as a strategy, being essentially a fundamental orientation towards pursuing both opportunity and growth that exists, when it is embraced throughout the organisation and defines the essence of how the organisation functions.

Sharma and Chrisman (1999, p. 18) define CE as "… the process whereby an individual or a group of individuals, in an association with an existing organisation, create a new organisation, or instigate renewal or innovation within that organisation".

Covin and Miles (1999) suggest that CE can be said to occur when an entire firm (as opposed to individuals or "parts" of a firm) acts in a way that generally would be described as entrepreneurial. This is similar to Covin and Slevin's (1991) description of entrepreneurial organisations as those organisations that have entrepreneurial postures, in which particular behavioural patterns keep recurring. They continue by adding that these patterns pervade the organisation at all levels, reflecting top managers' holistic strategic philosophy on effective management practice. Similarly, Ireland *et al*. (2003) suggest that CE strategy reflects across the organisation, being ingrained as part of its core being, holding across time, as opposed to being found at one level or place within the organisation.

Covin and Miles (1999) also suggest CE to be a strategic orientation that involves the regeneration of products, processes, services and strategies, and even whole organisations. Similarly, Guth and Ginsberg (1990) define CE as entrepreneurial activities engaged in by organisations, involving innovation, venturing and strategic renewal. Innovation and venturing refer to "the birth of new businesses within existing organisations" (Guth and Ginsberg, 1990, p. 5). This last definition by Guth and Ginsburg is in line with Zahara and Covin's definition of CE (1995), being the sum of a company's innovation, renewal and venturing efforts.

2.3 Factors that Relate to Corporate Entrepreneurship

Hornsby, Naffziger, Kuratko and Montagno (1993) developed an interactive model of the CE process which included both organisational characteristics that foster CE and individual characteristics that foster intrapreneurship. Hornsby, Kuratko and Zahara (2002) built on this earlier model whereby they identified other common factors that managers can use to influence CE initiatives within a firm. This latest model is depicted in Figure 2.1 below.

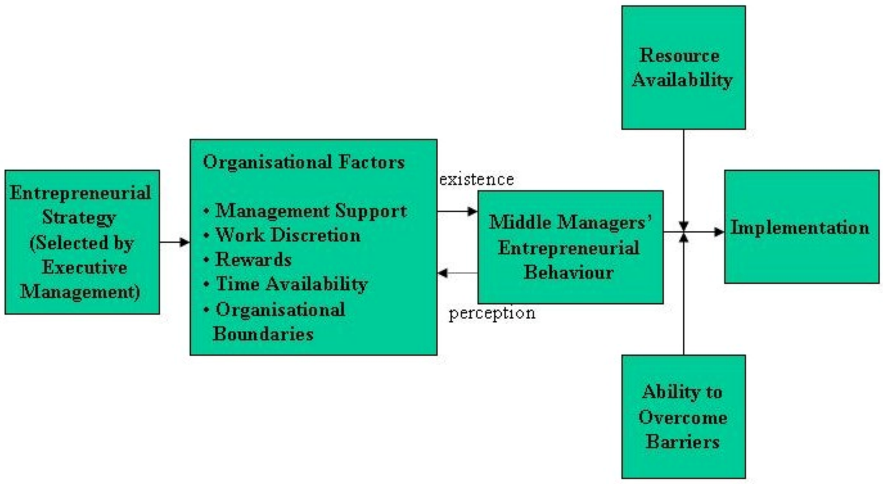

Figure 2.1: Middle manager's perception of the internal environment for Corporate Entrepreneurship (CE)

Source: Hornsby *et al*. (2002)

Other studies contributing to the topic of internal factors that influence CE include those conducted by Antoncic and Hisrich (2004), Hisrich and Peters (1986), Covin and Slevin (1991) and Sykes and Block (1989). The common themes of these studies are summarised in the following section.

2.3.1 Appropriate use of rewards

Organisations must be characterised by providing a reward system that promotes individual entrepreneurial activities, i.e. contingent on performance, considers goals, feedback, emphasises individual responsibility, and incentives based on results. This enhances the motivation for individuals to engage in innovative behaviour (Hornsby *et al.*, 1993).

2.3.2 Management support

Unfortunately, in too many organisations entrepreneurial spark is more often "doused by a flood of corporate orthodoxy than fanned by resources and the support of senior executives" (Hamel, 1996, p. 13). Hamel (1996) suggests that senior managers have a board-sanctioning monopoly on the allocation of resources, and therefore need to believe both intellectually and emotionally when supporting new ideas and initiatives.

Management support relates to the willingness of managers to facilitate entrepreneurial projects (Hisrich and Peters, 1986). Hornsby *et al.* (1993) suggest managers should encourage employees to believe that innovation is part of the role set for all members of the organisation. Specific conditions reflecting management support include: quickly adopting employees' ideas, recognising those employees who bring ideas forward, supporting experimental projects, and providing start-up capital to get projects started.

Hornsby *et al.* (2002) also suggest that management support includes institutionalising entrepreneurial activity within the company's system and processes.

In a similar vain, Dess and Lumpkin (2005, p. 149) refer to "product champions" as those senior managers who support and encourage new projects, stressing the importance of them in order for products or projects to gain impetus within organisations.

MacMillan (1987) suggests that managers should provide encouragement and the necessary support for subordinates in order for them to develop from their existing competence base. Support includes providing the freedom to act without rigid constraints and monitoring.

2.3.3 Autonomy/Work discretion

Employees make decisions about performing their own work in the way that they believe is most effective. Therefore Hornsby *et al.* (1993) suggest that organisations should allow employees to make decisions about their work processes and avoid criticising them for making mistakes when being innovative.

Dess and Lumpkin (2005) stress the importance of autonomy whereby independent action by an individual or team is aimed at bringing forth a business concept or vision and carrying it through to completion. They continue by suggesting that the use of "skunkworks" to be a useful means of encouraging independent thought and action. Essentially, this involves managers and other employees setting aside their usual routines and practices, and developing independent work units. Often the work environment is physically separated from corporate head office and free from the normal job requirements and pressures. Using skunkworks stimulates creative and lateral thinking, as well as brainstorming about new venture ideas. Another outcome of using skunkworks is that team members gain new knowledge. The creation of new knowledge is an important aspect of CE which is discussed later in Section 2.4.

2.3.4 Time availability

In order for individuals to foster new and innovative ideas, they require time to incubate these ideas. Organisations should moderate employees' workload, avoiding putting time constraints on all aspects of their jobs, and allow them to work with others on their long-term problem-solving (Hornsby *et al.* 1993).

3M is a classic example of a real-life case study where employees are allowed to spend 15% of their time on anything they want to, as long as it is product-related. This practice is institutionalised within the company and is known as the 15% rule (Mitchell, 1989).

2.3.5 Boundaries

Boundaries refer to those that are both real and imagined, which prevent people from looking at problems outside their own jobs. People should be encouraged to look at the organisation from a broad perspective. Standard operating procedures should be avoided, and narrow job descriptions and rigid standards of performance should not be relied upon (Hornsby *et al.* 1993). Similarly, Antoncic and Hisrich (2004, p. 525) suggest the importance of "loose intra-boundaries" as being critical factors impacting corporate entrepreneurship. This facilitates organisational learning as inter-departmental interaction between staff members encourages knowledge-building, which is discussed in more detail in Section 2.4 below.

2.3.6 Supportive structure

In this context, Burgelman (1983) refers to structure as the different administrative mechanisms that top management can manipulate in order to influence the perceived interests of the strategic actors at the operational and middle levels in the organisation.

Echols and Neck (1998) suggest that a primary element necessary for corporate entrepreneurial success is an organisational structure that promotes entrepreneurial behaviours.

Hornsby *et al.* (2002) suggest that structure provides the administrative mechanisms by which ideas are evaluated, chosen and implemented. Covin and Slevin (1991) also suggest that structure can have a substantial impact on an organisation's entrepreneurial activity.

According to Covin and Slevin (1990), entrepreneurial corporate structure should be organic and amorphous. This makes a lot of sense in that the business environment is forever changing and at an increasingly rapid rate. Hence entrepreneurial organisations need to keep up – by consistently re-inventing the way they do things – so as to maintain alignment with their environment.

Morris and Kuratko (2002) suggest that a truly entrepreneurial organisational structure will vary depending on the size, age, products, markets, processes and technologies of a company. Like Covin and Slevin's views on structure mentioned above, Morris and Kuratko suggest that a firm's structure should be subject to continual experimentation and change. However, they believe, "…that entrepreneurship flourishes where there are fewer layers or levels in the structure of a company" (Morris and Kuratko, 2002). They conclude by suggesting that the general orientation should be toward a more horizontal and less vertical structure. This is aligned with the views of Timmons and Spinelli (2003, p. 279) who suggest that entrepreneurial firms have flat and fluid structures, resulting in "…readiness to absorb and assimilate rapid changes while maintaining financial and operational cohesion."

Bartlett and Goshal (1996) suggest the importance of having an organisational philosophy oriented towards individual roles, relationships and frontline initiatives. Larson (1992) stresses the importance of relationships, especially those that focus on reputation, trust, reciprocity and mutual interdependence, because of their ability to produce supportive entrepreneurial structures. Bartlett and Goshal (1996) suggest that in a flat, three-tiered organisation the frontline employees are players and innovators; middle managers are the coaches and supporters who integrate tasks, develop the players' skills, facilitate organisational learning and help others achieve their best work; and the top leaders energise and shape the organisation's purpose and goals.

2.3.7 Risk-taking propensity

Both employees and management must be prepared to take risks and have a tolerance for failure should it occur (Hornsby *et al.* 2002). Within Johnson and Johnson, the freedom to fail is a built-in cultural prerogative (Mitchell, 1989). Liu, Luo, and Shi

(2002) suggest that entrepreneurial firms should understand the risks involved and have strategies to manage these risks.

Hayton (2005) suggests that firms with an entrepreneurial orientation are usually those that have the ability to take risks and to be innovative as well as proactive.

Dess and Lumpkin (2005) suggest that in order for firms to be successful via CE, they need to take on riskier alternatives, even if it means foregoing the methods or products that have worked in the past. The idea of taking on risk is to gain superior returns, hence some of the types of risk a company may assume are high levels of debt, committing large amounts of resources to a promising and innovative project, introducing new products into new markets, and investing in unexplored technologies (Dess and Lumpkin, 2005).

2.3.8 Resources and their availability

Employees must perceive the availability of resources for innovative activities (Sykes and Block, 1989).

At 3M, allowing employees to use 15% of the company's time to experiment with the development of new products does not guarantee that potentially commercial, innovative ideas actually get launched. Hence, management has created what is called a "Genesis grant." The company gives researchers up to US$50 000 to carry their projects past the idea stage. A panel of technical experts and scientists awards as many as 90 grants each year (Mitchell, 1989).

Merck is another innovative company that gives researchers sufficient resources to pursue high-risk, high-payoff products. After a major scientific journal said that work on anti-cholesterol agents like Mevacor would be fruitless, Merck kept at it, with the drug turning out to be a potential blockbuster (Mitchell, 1989).

The eight common factors discussed above are illustrated in Figure 2.2 below.

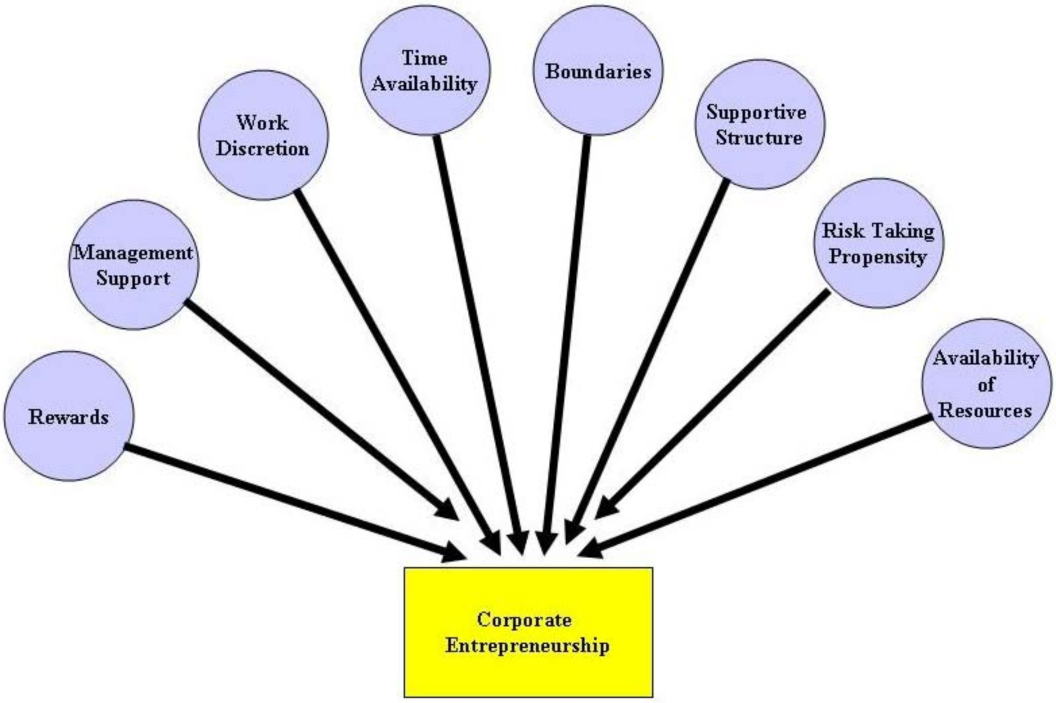

Figure 2.2: Common factors that influence CE initiatives

2.4 The Role of Human Resource Management and Knowledge Creation in Corporate Entrepreneurship

Hayton (2005) suggests that HRM practices have an influence on CE and may indirectly influence CE through the creation of an innovation-supportive culture. Similarly, Dess and Lumpkin (2005) suggest that CE is found in companies where the strategic leaders and the culture together generate a strong impetus to innovate, take risks and aggressively pursue new venture opportunities.

Hayton (2005) continues by suggesting that organisational culture is an important source of sustained competitive advantage as it possesses the characteristics of a strategic asset, which are scarcity and inimitability.

Christensen and Shu (1999) emphasise the importance of the founders of an organisation to the culture of the organisation. They suggest that if the founders' methods for reaching a solution work reliably and successively for the organisation, they come to be taken for granted and become the culture of the group.

Individuals in entrepreneurial organisations are usually confronted with the need to choose swiftly among different courses of competing action and often when there is not enough information to decide on purely rational grounds (Busenitz and Barney, 1997). This dynamism, complexity and uncertainty often results in CE requiring co-ordination through mutual adjustment rather than command and control, and is driven by commitment rather than consensus (Kanter 1985).

Hayton (2005) suggests that in order to stimulate CE, an enlightened approach to management is required which includes decentralisation of authority, participation in decision-making, co-operation, avoidance of bureaucracy and encouragement of risk-taking and creativity. Dess *et al.* (2003) suggest that CE often fails because large organisations present hostile environments for creative ideas and because innovative proposals often get defeated by financial control systems and other formalities that are typical within large bureaucracies.

Hayton's enlightened view of management (2005), with specific reference to decentralisation of authority, is exactly what Bill Lynch of Imperial Holdings Limited attributes his company's overall success to. In an article by Furlonger (2005, p. 22), Bill Lynch was quoted as saying that "Ideas come from the bottom. We delegate responsibility to our executives. We encourage entrepreneurship." Similarly, Dess and Lumpkin (2005) also suggest that many of the best ideas for new corporate ventures originate from the bottom up.

Hayton's view on risk-taking (2005) is in line with previous research by Hornsby *et al.* (2002) as mentioned in Section 2.3.7 above. Hayton's view on avoidance of bureaucracy is similar to MacMillan's view on allowing employees the freedom to act without rigid constraints and monitoring (1987). Similarly, Daily and Dalton (1992) found that if chief executives reduce their authoritarian behaviour and relinquish some control to expert employees, this leads to higher firm performance.

The influence of compensation practices on innovative performance is an important aspect of HRM. Compensation systems must consider the need to encourage risk-taking by tying pay to these risky and innovative investments that risk-adverse agents pursue (Balkin, Markam and Gomez-Mejia 2000). This relates back to Section 2.3 above, illustrating the importance of appropriate use of rewards, management support and risk-taking propensity.

MacMillan (1987) suggests that successful firms have in common the ability to create a venturesome culture by inspiring pervasive commitment throughout the firms, by promoting intrinsic rewards as opposed to extrinsic rewards. In this instance, effective leaders have the ability to build the confidence that subordinates need to experiment and take on additional risk.

HRM practices can build an environment conducive to and supportive of co-operation, promoting the development of human and social capital, therefore encouraging learning (Hayton, 2005). Laursen and Foss (2003) found that functional integration and internal training predicts innovation, with the exchange of knowledge being an important aspect of innovation. Johannessen, Olaisen and Olsen (2001) suggest that knowledge, and in particular tacit knowledge, can be developed via organisational processes, whereby procedures and internal communication processes (as well as external meeting places) help to facilitate, develop and transfer an organisation's knowledge base. This is in line with the thinking by Ireland, Hitt, Camp and Sexton's (2001) that today's firms benefit by facilitating the development and management of knowledge stocks and flows between people and organisational units.

Through effective CE, companies can develop knowledge and use it to continuously look for new innovations in order to outperform competitors (Dess, Ireland, Zahara, Floyd, Janney and Lane, 2003). Dess *et al.* (2003, p. 353) continue by suggesting that "…in this context, CE is a knowledge enabler as it forms and subsequently uses or applies knowledge – knowledge that, at its best, is valuable, new, unique and competitively relevant."

Bock and Kim (2002) suggest that in order for people to share knowledge, fostering the motivation to share knowledge is an integral part of encouraging and mandating knowledge-sharing. This is a challenge for managers and Bock and Kim (2002) suggest that people's knowledge-sharing attitudes are influenced by their expectation of rewards, as well as their expectation of associations. Knowledge-sharing is based on economic exchange theory whereby individuals will behave according to rational self-interest. Hence, the sharing of knowledge will occur when the rewards for sharing the knowledge exceed its costs (Constant, Kiesler and Sproull, 1994).

Constant *et al.* (1994) continue to suggest that if employees believe that they will receive extrinsic benefits such as monetary rewards, promotion, or educational opportunity from their knowledge-sharing, they will develop a positive attitude towards knowledge-sharing. This idea of expecting rewards for knowledge-sharing is in line with the theory of using rewards, as developed by Hornsby *et al.*(1993), to positively influence CE initiatives, discussed in Section 2.3.1 above.

CE rests upon an organisation's ability to learn through both the exploration of new knowledge and the exploitation of existing knowledge (Floyd and Wooldridge, 1999), which is dependent upon an organisation's intellectual capital and in particular its human social capital (Kanter, 1985).

Linked to knowledge creation and learning, Souder (1981) suggests that having access to informal networks is important for corporate entrepreneurs. These informal networks evolve in cycles of perspective-sharing, trust-building and co-operation, which enhance the exchange of knowledge and of learning.

The underlying common theme in this discussion is the need for HRM practices to support informal employee contributions, encourage co-operation and avoid bureaucratic constraints on behaviour (Hayton, 2005).

2.5 Corporate Entrepreneurship, Wealth Creation and Improved Financial Performance

Previous empirical evidence has justified the conventional wisdom that CE leads to superior firm performance (Covin and Miles, 1999). Firms adopt entrepreneurial postures in the hope and under the assumption that the associated behaviours will help create or sustain a high level of performance (Cornwall and Perlman, 1990).

According to Antoncic and Hisrich (2004), CE is an important aspect of organisational and economic development and wealth creation because of its ability to revitalise and enhance the performance of firms. They maintain that the extent of CE will be positively related to performance in terms of growth, profitability and new wealth creation. This proposition, together with Guth and Ginsberg's (1990) definition of innovation in the context of CE, as outlined in Section 2.2 above, resonates with a recent statement made by Microsoft's legal chief, Brad Smith, who in defence of Microsoft's business model, said, "The ability to innovate is important to the success of any company and the economic success of any country" (Thomas, 2006, p. 15).

Antoncic and Hisrich (2004) continue by defining wealth creation as the creation of new assets (both tangible and non-tangible). Tangible assets could be the creation of new available funds, whereas non-tangible assets could be the creation of new knowledge.

Research conducted by Covin and Slevin (1989) and Zahara and Covin (1995) proved that a relationship exists between “intrapreneurship” (the degree and amount of entrepreneurial behaviour in organisations) and financial performance (Goosen, de Coning and Smit, 2002). Cornwall and Perlman too (1990) suggest that firms adopt entrepreneurial postures in the hope and under the assumption that the associated behaviours will to help create or sustain a high level of performance.

Linked to wealth creation and improved financial performance is the ability for CE to promote and sustain corporate competitiveness, or to improve competitive positioning and transform corporations (Covin and Miles, 1999). In a similar vain, Kuratko, Ireland, Covin and Hornsby (2005) suggest that CE is a type of proactive behaviour that firms are increasingly using to exploit their current competitive advantages and explore for tomorrow’s opportunities. This is in line with the work of Hamel and Prahalad published in 1994 called *Competing for the Future*, in which they argued that the key to future economic success for a firm lay in creating and controlling emergent opportunities (Cortada, 1998).

Kuratko, Ireland and Hornsby (2001) suggest that firms should exploit current competitive advantages, while simultaneously making decisions to shape the advantages they intend to own and use tomorrow, which should increase the probability of long-term survival, growth and financial success.

2.6 Conclusion

The literature review suggests that CE can be largely influenced by internal management practices within an organisation, which can either play a stimulatory role or an inhibiting role in entrepreneurial activity. Some of the practices include human resource practices, organisational structure and culture.

These internal management practices encourage learning, whereby existing knowledge is shared and new knowledge is created and shared. This in turn creates an innovative and entrepreneurial environment.

This research suggests that entrepreneurship within an organisational context can be managed, allowing for proactive management intervention and making the entrepreneurial process much less serendipitous, mysterious and unknowable.

Organisations that are able to develop competencies in managing the process of CE may well be able to institutionalise these practices and therefore achieve improved financial performance on a sustainable basis.

CHAPTER 3 RESEARCH PROPOSITIONS

The purpose of this research paper is to identify what managers can and should do to create entrepreneurial organisations.

The following propositions draw on the issues that have emerged from the literature review detailed in Chapter 2, together with other information covered in the introductory chapter.

1. **Companies identified as engaging in CE behaviour create enabling structures.**

2. **CE is dependent on employees' and management's preparedness to take risk, as well as on their tolerance for failure should it occur.**

3. **An enlightened approach to "how we treat people" (HRM) drives CE.**

4. **CE is dependent on an organisation's ability to learn through exploring and exploiting knowledge.**

5. **CE leads to wealth creation and improved financial performance, helping to promote and sustain a competitive advantage.**

CHAPTER 4 RESEARCH METHODOLOGY

This chapter describes the research methodology used in this study. A case study approach using qualitative techniques was used.

4.1 Research Method

The research was conducted in two phases. Phase One was conducted via an e-mail questionnaire sent to five experts in the field of CE asking them to assist in identifying four companies suitable for case studies. Phase Two was conducted by using semi-structured in-depth interviews with key stakeholders in the organisations identified in phase one, verifying whether the propositions developed in Chapter 3 were true, or whether there were other factors that need to be considered in building the model.

4.2 Qualitative Research Paradigm

The research problem lent itself more towards qualitative research because the research took place in its natural setting with all its multifaceted dimensions, perspectives and complexities, where the findings could be verified and evaluated against the literature on the subject.

Daft and Wiginton (1979) suggest that organisations are complex social systems that cannot be studied effectively using the same techniques that are used to study physical or biological systems. The preference for using qualitative research techniques over quantitative research techniques is about being directly involved in organisations and being able to use human senses to interpret phenomena, which helps to discover new knowledge (Daft, 1983). This suggests that unlike quantitative research, data gathered from qualitative research is rich in that the interaction with respondents allows for in-depth probing of issues.

Leedy and Ormrod (2001) suggest that qualitative research methods are focused on phenomena that occur in natural settings, involving the study of these phenomena in all their complexity. Partington (2002, p. 109) suggests that qualitative research is "…associated with research questions and phenomena of interest that require exploration of detailed in-depth data, aimed at description, comparison or prescription."

4.3 Case Study Method

Case study research is a method of qualitative research in which the term 'case study' itself pertains to the fact that a limited number of units of analysis are studied intensively.

Yin (2003, p. 13) defines a case study as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident."

Welman and Kruger (2001, p. 183) suggest that case studies help us understand the uniqueness and idiosyncrasy of a particular case in all its complexity. They continue by adding "…the objective of a case study is to investigate the dynamics of some single-bounded system, typically of a social nature, for example an organisation."

Other features of the case study methodology as described by Yin (2003, p. 7) for justifying this research methodology include:

- "The case study is used in many situations to contribute to our knowledge of individual, group, organisational, social, political and related phenomena.

- The need for case studies arises out of the desire to understand complex social phenomena.

- The case study is preferred in examining contemporary events, but when the relevant behaviours cannot be manipulated.

- The case study's unique strength is its ability to deal with a full variety of evidence – documents, artifacts, interviews and observations – beyond what might be available in a conventional historical study.
- So-called "how" and "why" questions are more explanatory and likely to lead to the use of case studies, histories and experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidences."

All of these points assimilate with understanding how managers can enhance their organisations' entrepreneurial postures. The case study approach was therefore the appropriate methodology for this research.

In the following sections, the method by which the researcher collected and analysed the data is outlined. The data collection was done as a two-phase process.

4.4 Phase One

Phase One involved ascertaining which organisations should be selected to take part in the research. The organisations would be chosen from among those that are considered to have entrepreneurial postures and to engage continuously in entrepreneurial activities.

4.4.1 Population

Experts in the field of CE and entrepreneurship were asked via e-mail to identify five companies that they considered to be engaged in CE behaviour; the purpose was to find out from them which companies they regard as leaders in this practice. The population for this phase was defined as those individuals possessing the necessary experience and knowledge in the field of CE. These experts have been involved in either an academic or consulting capacity (or both) in the field of CE.

4.4.2 Sample

From the population as defined above, judgemental sampling was used to identify and select five individuals who were asked to nominate four organisations that they considered as having entrepreneurial postures and practising CE. The criteria for selection included: previous experience, current situation (consult or lecture in the field of CE or entrepreneurship) and recommendations by the research supervisor.

The following individuals were selected as experts:

1. Greg Fisher – Is a senior lecturer at the Gordon Institute of Business Science (GIBS) lecturing in the areas of Entrepreneurship, Strategy and Accounting.

Greg consults to a number of high-profile organisations, including Deloitte, Discovery and SAICA.

2. Eric Wood – Is a professor of Entrepreneurship at the University of Cape Town's Graduate School of Business (GSB). Eric plays a key role in the Centre for Innovation and Entrepreneurship (CIE) at the GSB.
3. Mandla Adonisi – Is a senior lecturer in the areas of Organisational Development, Leadership and Strategy at GIBS. Mandla completed his Doctoral Thesis in 2003 entitled: "The relationship between Corporate Entrepreneurship, Market Orientation, Organisational Flexibility and Job Satisfaction."
4. Tobie de Coning – Is a professor and senior director at the University of Stellenbosch, lecturing in Entrepreneurship, Intrapreneurship, Small Business Management and Strategic Transformation.
5. Graham Geldenhuys – Is a consultant at Deloitte and has been involved in CE initiatives for various companies for the past six years.

4.4.3 Data collection

A summary of the purpose of the study was e-mailed to the experts, who were then asked the following question: In your opinion, which five companies do you consider as being the leaders in CE?

4.4.4 Data analysis

Based on the responses from the e-mails, frequency counts were used to determine which four companies the case studies should be conducted on (see Table 4.1).

Table 4.1: Companies suggested by experts to participate in the study

Expert	Company 1	Company 2	Company 3	Company 4	Company 5
Greg Fisher	Firstrand*	Telesure #	Massmart	Blue Label Investments (BMI)	Faritec
Eric Wood	Hollard	Deloitte	Truworths	Comair	RMB Holdings*
Mandla Adonisi	RMB Holdings*	Firstrand*	Discovery*	Outsurance*	Hollard
Tobie de Coning	RMB Holdings*	SAB Miller	Woolworths	Pepkor	Nandos
Graham Geldenhuys	Budget #	Telesure #	First for Women #	Auto & General #	Telecars #

* Indicates coming from the same group of companies

# Indicates coming from the same group of companies

Surprisingly, there was very little overlap between the choices, indicating no perceived leader in the field of CE in South Africa. With the help of the research supervisor, it was therefore decided (wherever possible) to group companies coming from the same parent company.

To ensure broader representation, industry coverage was considered (banking, telecommunications and retail). Thereafter consideration was given to the accessibility and geographic location of appropriate participants in the various companies. All expert choices were viewed as having equal weightings.

Yin (2003) suggests that multiple-case designs may be preferred over single-case designs as the analytical conclusions arising independently from two cases will be more powerful than those coming from a single case alone. Yin (2003) also suggests that the use of multiple-case designs adds robustness to the methodology, when compared with the single-case design. The research therefore consisted of four case studies.

The final list of companies chosen to participate in the research was: Blue Label Investments (BLI), Nandos, Telesure Investment Holdings (TIH) and Rand Merchant Bank Holdings (RMB).

4.5 Phase Two

Phase Two involved holding in-depth interviews with employees in the selected companies. The objective was to verify and evaluate whether the propositions posed in Chapter 3 were in fact correct, or whether there were other factors that still needed to be considered in building the model.

4.5.1 Population

The population was defined as all employees at those four organisations who were considered to be leaders in the practice of CE.

4.5.2 Sample

Non-probability quota sampling was used to identify six employees in each company to participate in the interviews. Welman and Kruger (2001) suggest that quota sampling involves making an effort to have the same proportions of units of analysis in important strata as there are in the population, but obtaining the units of analysis in any particular stratum accidentally.

Each case study sample was divided equally between three upper managerial employees (50%) and three middle managerial employees (50%). In line with the definition of quota sampling, respondents were chosen equally from within the different departments in the organisation, namely: human resources, marketing, finance, sales, administration and so on. The sample was then modified to incorporate an element of randomness as candidates in each department were randomly selected. Only candidates who had been employed for a minimum period of twelve months were considered. Appendix A highlights who was interviewed for each case study.

4.5.3 Data collection

Yin (2003) suggests that interviews are one of the most important sources of case study information and that interviews appear to be guided conversations rather than structured queries. "Between the completely structured interview on the one hand, and the completely unstructured interview on the other hand, various degrees of structuredness are possible. Interviews between these extremes are usually called semi-structured interviews." (Welman and Kruger, 2001, p. 161)

Semi-structured interviews allow for different levels of structuredness and even though all respondents are asked the same questions, the interviewer may adapt the formulation, including the terminology, to fit the background and levels of education of the respondents (Welman and Kruger, 2001).

According to Welman and Kruger (2001), unlike completely structured interviews, the semi-structured interview enables the interviewer to probe with a view to clearing up any vague responses, or to ask for elaboration of incomplete answers. This level of freedom makes semi-structured interviews particularly applicable to the nature of this study. Semi-structured personal interviews, combined with observations made during the interviews, were the primary methods used to gather data.

Cooper and Schindler (1998) describe a personal interview as a two-way conversation initiated by an interviewer to obtain information from a respondent. They identify the following advantages associated with personal interviewing:

- The depth and detail of information that can be secured.
- The quality of information received, given the ability to probe and gather additional information.

Similarly, there are several limitations associated with personal interviewing:

- The method is time-consuming.
- There is a possibility that the personal interviewer's own bias may affect the respondent's information and the interviewer's may "lead" the respondent.
- The respondent may not be interested in participating in the interview.
- Bryman (1989) notes the possibility that the researcher may misinterpret data or that the researcher may substitute his/her own understanding for the reality of the respondent's response.
- Leedy and Ormrod (2001) note the flexible nature of unstructured interviewing in that data may be yielded that the researcher had not planned for. The researcher may therefore receive information that is not useful for comparison.

In order to minimise the negative impacts of the above limitations on the results of the study, interviews were conducted at the respective sites, so as to minimise resistance to participation. Each interview was also completed within 60 minutes, with an average time of 45 minutes. All interviews were recorded with a voice recorder, and the recordings were later transcribed into written documents. Each transcription took on average of two hours to complete and a further one hour to analyse. Therefore approximately 72 hours was spent transcribing and analysing the interviews.

In addition, the researcher provided interviewees with a pre-reading document entitled "Definition of Concepts" in order to facilitate a common understanding of the topics under research. This document is attached as Appendix B.

4.5.4 Questionnaire design

The questionnaire design was based on information gathered from the literature review (Chapter 2) and the propositions developed in Chapter 3. The questionnaire was pre-tested by interviewing six people at the researcher's own company. Content analysis was conducted on the transcripts, after which certain adjustments were made to the questionnaire.

The final questionnaire posed nine questions, all of which were open-ended (see Appendix C). The questions explored respondents' views about factors that previous research has found to influence CE initiatives, as well as probing about other behaviours or factors that might have an impact on CE initiatives.

The following table shows how each of the questions relates to the individual propositions.

Table 4.2: How the research questions relate to the propositions

Propositions	**Questions**
1. Companies identified as engaging in CE behaviour create enabling structures.	Question 1
2. CE is dependent on employees' and management's preparedness to take risk, as well as their tolerance for failure should it occur.	Questions 2 & 3
3. An enlightened approach to "how we treat people" (HRM) drives CE.	Questions 2, 3, 4 & 5
4. CE is dependent on an organisation's ability to learn through exploring and exploiting knowledge.	Questions 6 & 7
5. CE leads to wealth creation and improved financial performance, helping to promote and sustain competitive advantage.	Questions 8 & 9

4.5.5 Data analysis

Data analysis and interpretation are an important part of the research process. Given that a large proportion of the data being collected was qualitative in nature, considerable use was made of inductive reasoning during the analysis and interpretation. Welman and Kruger (2001) define the inductive process as one that begins with an individual case or cases, and then proceeds to a general theory in order to generalise to all cases within the population.

Furthermore, content analysis was used to analyse the data collected from the interviews. Partington (2002) describes content analysis as exploring the contents of the data collected in order to uncover emergent patterns, evidence of expected patterns or pattern-matching between multiple cases. Content analysis measures the semantic content or the "what" of a message (Leedy and Ormrod, 2001).

The following procedure recommended by Leedy and Ormrod (2001) for data analysis was adopted:

- Arrangement of facts in a logical order
- Categorisation of data into meaningful groups
- Examination of other information for meanings in relation to the case
- Scrutinisation of data for underlying themes and other patterns that characterise the case more broadly than a single piece of information can
- Synthesis of an overall portrait for the case and generalisation.

Based on the above, the results from the questionnaire were used to establish a content analysis for each case site. This was done by developing constructs and ranking them in order based on frequency counts. This assisted in identifying which constructs were most important to the respondents. Once the research at the various case sites had been completed, a consolidated content analysis was developed in order to obtain an overall consolidated view of the most important constructs. These results are given in Table 5.10 in Chapter 5.

4.6 Validity

The validity of the research findings has both an internal and an external perspective.

4.6.1 Internal

Leedy and Ormrod (2001) define the internal validity of a research study as the extent to which its design and the data that it yields allow the researcher to draw accurate conclusions about cause-and-effect and other relationships within the data. Multiple data sources were used to help verify this.

4.6.2 External

External validity is the extent to which the results of a study apply to situations beyond the study itself (Leedy and Ormrod, 2001). It is therefore concerned with the generalisability of the research and thus would imply that a sample is representative of a population. This is, however, not the purpose of case study research, which is to add to theory-building rather than to generalise to a population. This is confirmed by Yin (1994, p. 10) who states that "the case study does not represent a sample and the investigator's goal is to expand and generalise on theories (analytic generalisation) and not to enumerate frequencies (statistical generalisation)."

4.7 Reliability

Reliability refers to the extent to which similar outcomes would be obtained if the same case study were conducted again by a later investigator (Yin, 2003). It is unlikely that this would easily happen again, implying limited reliability. The researcher, however, attempted to improve the chance of replication by operating in a systematic manner during interviews, connecting the views of respondents to the theoretical framework and providing details of the assumptions made, the process of selecting respondents and the steps taken throughout the process (Human, 2003).

4.8 Limitations

Due to the qualitative nature of the case study method, certain limitations apply. These include the following:

1. Partington (2002, p. 161) suggests: "While creating a rich dialogue between theory and evidence, conclusions are specific to the relatively few cases examined." This implies that only limited generalisations can be made.

2. Judgemental sampling had to be used in Phase One in order to identify experts in the field of CE, who in turn would identify the four case companies suitable for this research.

3. Quota sampling had to be used in Phase Two in order to identify which employees to interview in each company.
4. The researcher highlighted several of the limitations with respect to personal interviews in Section 4.5.3 above.

The focus of this research paper is on the internal organisational factors that management can influence to promote CE. There are certainly external factors that can have both moderating and stimulatory effects on CE initiatives. This research paper ignores the external environment, which may ultimately limit the success of CE initiatives within a firm. Further studies on the subject may build on this research to include a more holistic approach by looking at environmental factors in conjunction with the internal factors outlined in this study.

These limitations may impact the validity and reliability of the study.

CHAPTER 5 RESEARCH RESULTS

5.1 Introduction

This chapter presents the results from the research questionnaire, the aim of which was to investigate the extent and manner in which management influences corporate entrepreneurial behaviours within their firms. As was described in the previous chapter, a case study research methodology is followed, using a qualitative questionnaire to acquire the relevant data.

To that extent, the qualitative findings from the questionnaire were used to conduct content analysis and prepare a section on each one of the case study companies individually, so as to identify the unique attributes and challenges of each company.

General observations made by the researcher during the interviews at each case site are also mentioned.

Furthermore, a consolidated content analysis is presented in order to obtain an overall, holistic view of the most important constructs across all four cases.

5.2 Development of Constructs for Content Analysis

Various patterns and themes relating to different concepts were identified throughout the 24 transcripts. Many of these concepts are actual quotes from the respective interviewees. Common concepts are grouped together in order to develop the constructs that best describe each group of concepts. The researcher developed 14 constructs from the transcripts, clustering around the research propositions. These are listed in Table 5.1 below.

Table 5.1: Constructs clustered around the research propositions

Proposition 1:	**Companies identified as engaging in CE behaviour create enabling structures.**
	1. Flat organisational structure
Proposition 2:	**CE is dependent on employees' and management's preparedness to take risk, as well as on their tolerance for failure should it occur.**
	2. Mistakes and tolerance for failure
	3. Reasonable appetite for risk
Proposition 3:	**An enlightened approach to "how we treat people" (HRM) drives CE.**
	4. Entrepreneurial culture
	5. Inclusive decision-making
	6. Decentralisation of authority and giving people autonomy
	7. Motivation through extrinsic rewards
	8. Motivation through intrinsic rewards
	9. Management support
Proposition 4:	**CE is dependent on an organisation's ability to learn through exploring and exploiting knowledge.**
	10. Sharing and developing knowledge
Proposition 5:	**CE leads to wealth creation and improved financial performance, helping to promote and sustain a competitive advantage.**
	11. Passionate self-driven people who believe in themselves lead to improved financial performance
	12. 'Success breeds success', which leads to improved financial performance
Other constructs that do not necessarily relate to any of the propositions	
	13. Employing the right people
	14. Having strong leadership and leading by example

Table 5.2 below illustrates how each group of concepts relates to and clusters around the fourteen different constructs. For ease and simplicity of presentation, not all concepts relating to each construct were chosen, but only the five most relevant ones.

Table 5.2: Development of fourteen constructs

Constructs	Grouping of concepts
1. Flat organisational structure	• Company is not hierarchical. • Have an open-door policy. • Anybody can access the CEO or MD. • The flatter the structure, the more entrepreneurial we get. • Design of the business is loose and non-corporate.
2. Mistakes and tolerance for failure	• Celebrate people making mistakes. • Rather ask for forgiveness than be too scared to try. • If you're not making mistakes, then you're not trying. • People learn from their mistakes. • We are very good at allowing errors.
3. Reasonable appetite for risk	• Appetite for smart risk is big. • Well-thought-out risks are acceptable. • You can't make money without taking risks. • When certain risk comes, we'll take the chance. • We enjoy taking certain risks.
4. Entrepreneurial culture	• Entrepreneurial spirit has created this business. • We look at instilling an entrepreneurial spirit within the different layers of the

Constructs	Grouping of concepts
	business. • This business has a cutting edge dynamic. • We create an environment that breeds positive entrepreneurial energy. • It is a 'good spirit' environment, motivating people to continuously generate innovative ideas.
5. Inclusive decision-making	• Decision-making is a team effort with the process being very integrated. • We engage the right people in important decision-making. • Must allow people to make decisions and be responsible for those decisions. • We respect each other's views and we make decisions together. • People here aren't afraid to give their opinion and get involved – we encourage it.
6. Decentralisation of authority and giving people autonomy	• Authority is very decentralised. • We are a self-empowering organisation. • Give people wings and let them go their own ways. • People must run their divisions as best they possibly can. • We allow autonomy within different frameworks of management.

Constructs	Grouping of concepts
7. Motivation through extrinsic rewards	• Money is always a motivator. • People like traditional incentive-based remuneration. • Our reward system works – it is based on performance bonuses. • You give people cash when they perform and you don't give them cash when they do badly. • If people perform very well, they make outstanding rewards.
8. Motivation through intrinsic rewards	• Our philosophy is that the journey is part of the reward. • I motivate my people very personally, through recognition of their personal achievements. • Our brand goes a long way to motivate people. • How we look after our children is how we motivate our staff. • The relaxed, comfortable and accommodating environment motivates people.
9. Management support	• We care for each other. • If you do your best, you do get "a well done". • It is about retaining people and developing people. • We nurture people, grow them, mentor them and coach them. • Keep speaking to your people and ask them how they are doing .

Constructs	**Grouping of concepts**
10. Sharing and developing knowledge	• Sharing knowledge is entrepreneurship. • We encourage our people to travel to our different regions around the world and to learn from their experiences. • The more our people interact with each other and mix with each other, the better it is for sharing and developing knowledge. • We run strategy workshops and think tanks. • We have mentorship programmes to facilitate sharing and developing knowledge.
11. Having passionate self-driven people who believe in themselves leads to improved financial performance	• We try to employ self-starters. • We have a group of people who love what they do and wouldn't change it for anything. • We have highly aggressive individuals who want to win at all costs. • The deal-makers in our business drive harder because of pride and are continuously wanting to improve against the market. • We have people who are passionate about what they do and will die for a cause.

Constructs	**Grouping of concepts**
12. Success breeds success, which leads to improved financial performance	• If you have positive-energy generators, they tend to stimulate others around them and each other. • Infectious optimism leads to good results. • People are constantly looking to enhance themselves, which stimulates others around them. • People see others performing well, they want to be a part of it, which drives them to be successful too. • When the guys come back from their trips they feel energised and understand how we need to improve; they raise the bar for everyone, creating an upwards spiral.
13. Employing the right people	• We employ people who share our values. • Human capital is key to the success of the organisation. • We find people who fit into our culture. • We've become good at identifying the right people for our organisation. • Vision and profitability will work when you have the right people in place.

Constructs	Grouping of concepts
14. Having strong leadership and leading by example	• If you have a leader who inspires and motivates, you've got a winner. • Leading from the front is critical. • The leaders of the different divisions need to have emotional intelligence to be successful. • A great leader can get extraordinary things out of ordinary people. • We believe that we need to lead by example in everything we do.

5.3 Content Analysis and General Observations for each Case Study

The following findings have been extracted from the transcripts derived from the questionnaire and are used here to describe the four individual case study organisations.

5.3.1 Case Study 1 – Blue Label Investments (BLI)

The first case study included in this paper investigates BLI. It is the holding company of The Pre-Paid Company, which is the market leader in the sales and distribution of pre-paid cellular contracts in South Africa.

Six interviews were conducted with the sample, consisting of three executive directors and three directors of a subsidiary, who are regarded as middle managers within BLI.

Table 5.3 below shows the demographics of the sample.

Table 5.3: Demographics of the sample for BLI

Individual	Designation	Age	Gender	Average age
Mark Levy	CEO	34	Male	32.33
David Rivkin	CFO	32	Male	32.33
Mark Pimensky	General Manager	33	Male	32.33
Brett Levy	Chairman	31	Male	32.33
Brett Stonefield	Manager	32	Male	32.33
Larry Poga	Manager	32	Male	32.33

The average length of the transcripts from the interviews is five pages. The researcher conducted frequency counts on each construct. These were ranked and the results are presented in Table 5.4 below.

Table 5.4: Ranking of constructs for BLI

Construct number	Construct	Rank	Frequency
10	Sharing and developing knowledge	1	54
1	Flat organisational structure	2	35
4	Entrepreneurial culture	3	28
3	Reasonable appetite for risk	4	24
9	Management support	5	20
6	Decentralisation of authority and giving people autonomy	6	18
7	Motivation through extrinsic rewards	7	14
5	Inclusive decision-making	7	14
8	Motivation through intrinsic rewards	8	12
13	Employing the right people	8	12
2	Mistakes and tolerance for failure	8	12

Construct number	Construct	Rank	Frequency
11	Having passionate self-driven people who believe in themselves leads to improved financial performance	9	10
14	Having strong leadership and leading by example	10	7
12	Success breeds success, which leads to improved financial performance	11	4

The ranking of each construct and their frequency counts are better illustrated in the pie chart in Figure 5.1 below. The constructs are numbered as they appear in Table 5.4 above.

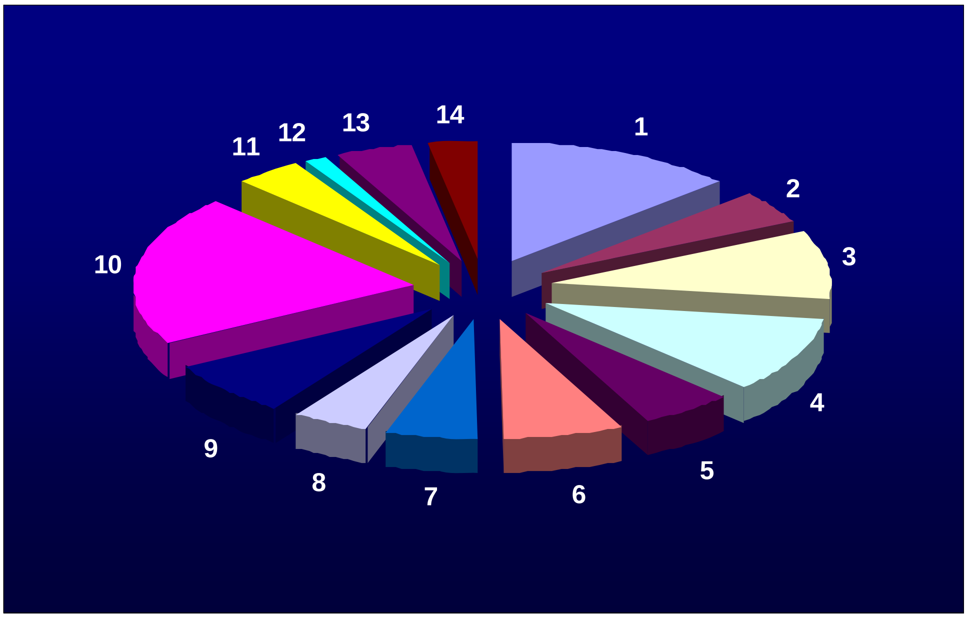

Figure 5.1: Importance of constructs depicted in a pie chart for BLI

5.3.1.1 General observations during interviews

The offices are very modern, airy and trendy, with all meeting rooms having glass walls. This enhances the feeling of openness and encourages the open-door policy that the respondents often emphasised in the interviews.

The average age of all employees at BLI is 31 years. This youthful energy is felt immediately when entering the premises. During the interviews, there were times when a sense of naivety was felt from certain responses by the different interviewees. Once again this could be attributed to the average age of the respondents (32 years) and their limited experience in business.

5.3.2 Case Study 2 – Nandos

The second case study included in this paper investigates Nandos, which is a global Portuguese-themed fast food restaurant chain, with its origins in South Africa. It is the first major fast food franchise from Africa and one of the few examples of commercial brand-based globalisation originating from Africa.

Six interviews were conducted with the sample, consisting of three executive directors and three middle managers. Table 5.5 below shows the demographics of the sample.

Table 5.5: Demographics of the sample for Nandos

Individual	Designation	Age	Gender	Average age
Robbie Brozin	CEO	47	Male	40.66
Fernando Duarte	COO	47	Male	40.66
Raul de Lima	International Franchise Director	43	Male	40.66
Kevin Utian	MD South Africa	37	Male	40.66
Jonny Brock	Regional MD – Inland Region	37	Male	40.66
Mark Lachman	Manager	33	Male	40.66

The average length of the transcripts from the interviews is six pages. The researcher conducted frequency counts on each construct. These were ranked and the results are presented in Table 5.6 below.

Table 5.6: Ranking of constructs for Nandos

Construct number	Construct	Rank	Frequency
10	Sharing and developing knowledge	1	59
4	Entrepreneurial culture	2	47
8	Motivation through intrinsic rewards	3	28
11	Having passionate self-driven people who believe in themselves leads to improved financial performance	4	27
5	Inclusive decision-making	5	26
6	Decentralisation of authority and giving people autonomy	5	26
3	Reasonable appetite for risk	7	22
1	Flat organisational structure	8	20
13	Employing the right people	9	17
9	Management support	9	17
2	Mistakes and tolerance for failure	9	17
14	Having strong leadership and leading by example	10	14
12	Success breeds success, which leads to improved financial performance	11	12
7	Motivation through extrinsic rewards	12	6

The ranking of each construct and their frequency counts are better illustrated in the pie chart in Figure 5.2 below. The constructs are numbered as they appear in Table 5.6 above.

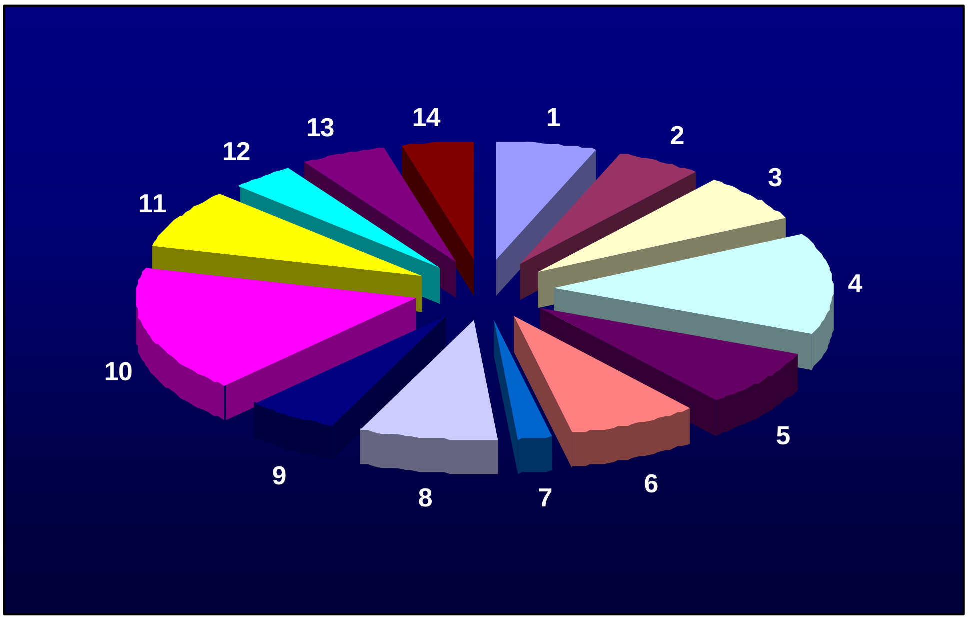

Figure 5.2: Importance of constructs depicted in a pie chart for Nandos

5.3.2.1 General observations during interviews with Nandos

The offices are quite cramped and look slightly messy and disorganised. Throughout the offices there are numerous artifacts and newspaper clippings framed and hanging on the walls, highlighting the different achievements of employees, as well as of the group as a whole. The walls are painted in different bright colours.

There is a fun-filled, playful ambience that permeates the offices – from the secretaries and personal assistants right up to the senior managers and directors. Everyone is dressed casually and most people look cheerful and happy. This attitude of having fun and enjoying working at Nandos to the fullest is a common theme that came through during all the interviews.

5.3.3 Case Study 3 – Telesure Investment Holdings (TIH)

The third case study included in this paper investigates TIH, which is a financial services group with leading brands in South Africa, Australia and the UK. In South Africa, TIH operates short-term insurers such as Budget Insurance Brokers, First for Women Insurance Brokers, Auto & General Insurance and Unity Insurance Brokers.

Six interviews were conducted with the sample, consisting of three executive directors and three middle managers. Table 5.7 below shows the demographics of the sample.

Table 5.7: Demographics of the sample for TIH

Individual	Designation	Age	Gender	Average age
Leon Vermaak	CEO	48	Male	39.33
Tom Creamer	Marketing Director	44	Male	39.33
Lenerd Louw	Financial Director	42	Male	39.33
Graham Geldenhuys	Project Manager	32	Male	39.33
Trygve Wang	Manager	28	Male	39.33
Gareth Masters	Manager	42	Male	39.33

The average length of the transcripts from the interviews is four-and-a-half pages. The researcher conducted frequency counts on each construct. These were ranked and the results are presented in Table 5.8 below.

Table 5.8: Ranking of constructs for TIH

Construct number	Construct	Rank	Frequency
10	Sharing and developing knowledge	1	52
5	Inclusive decision-making	2	31
4	Entrepreneurial culture	3	28
14	Having strong leadership and leading by example	4	26
8	Motivation through intrinsic rewards	5	20
9	Management support	5	20
11	Having passionate self-driven people who believe in themselves leads to improved financial performance	6	17
1	Flat organisational structure	7	14
7	Motivation through extrinsic rewards	7	14
13	Employing the right people	8	6
2	Mistakes and tolerance for failure	8	6
6	Decentralisation of authority and giving people autonomy	8	6
3	Reasonable appetite for risk	9	2
12	Success breeds success, which leads to improved financial performance	10	1

The ranking of each construct and their frequency counts are better illustrated in the pie chart in Figure 5.3 below. The constructs are numbered as they appear in Table 5.8 above.

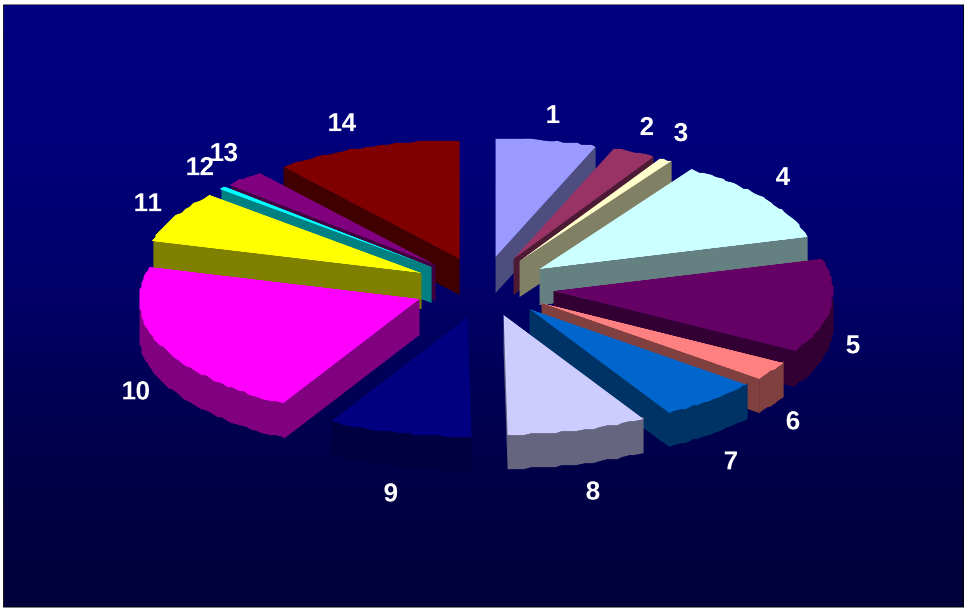

Figure 5.3: Importance of constructs depicted in a pie chart for TIH

5.3.3.1 General observations during interviews with TIH

The head office is quite corporate, yet the branch office seems to be less corporate and has a trendier feel to it. Most of the staff members dress smart-casual. The general perception and feeling gained from the interviews is that this company is not as entrepreneurial as the other three case studies. This might have to do with the fact that most of the authority seems to be vested in the main board.

5.3.4 Case Study 4 – Rand Merchant Bank Holdings (RMB)

RMB is the investment banking arm of FirstRand, one of South Africa's largest JSE-listed financial services groups. The company operates from its head office in Johannesburg, as well as from international offices in Ireland, the UK and Australia.

RMB is a full-service investment bank, which delivers the whole range of services – from debt-raising, management buyouts and privatisation to public-private partnerships, mergers and acquisitions, and the trading of complex financial instruments.

Six interviews were conducted with the sample, consisting of three executive directors and three middle managers. Table 5.9 below shows the demographics of the sample.

Table 5.9: Demographics of the sample for RMB

Individual	Designation	Age	Gender	Average age
Laurie Dippennaar	Non-Executive Director	57	Male	39.16
L P Collet	COO	45	Male	39.16
Rachel Bessinger	HR Director	35	Female	39.16
Caryn Baird	HR Manager	28	Female	39.16
Braam van Heerden	Head of Equities	38	Male	39.16
Raphael Martin	Head of Special Projects International	32	Male	39.16

The average length of the transcripts from the interviews is five pages. The researcher conducted frequency counts on each construct. These were ranked and the results are presented in Table 5.10 below.

Table 5.10: Ranking of constructs for RMB

Construct number	Construct	Rank	Frequency
10	Sharing and developing knowledge	1	32
6	Decentralisation of authority and giving people autonomy	2	31
4	Entrepreneurial culture	3	27
7	Motivation through extrinsic rewards	3	27
5	Inclusive decision-making	4	20
1	Flat organisational structure	5	19
3	Reasonable appetite for risk	6	18
9	Management support	7	17
11	Having passionate self-driven people who believe in themselves leads to improved financial performance	8	16
8	Motivation through intrinsic rewards	9	15
13	Employing the right people	10	14
2	Mistakes and tolerance for failure	11	12
14	Having strong leadership and leading by example	12	9
12	Success breeds success, which leads to improved financial performance	12	9

The ranking of each construct and their frequency counts are better illustrated in the pie chart in Figure 5.4 below. The constructs are numbered as they appear in Table 5.10 above.

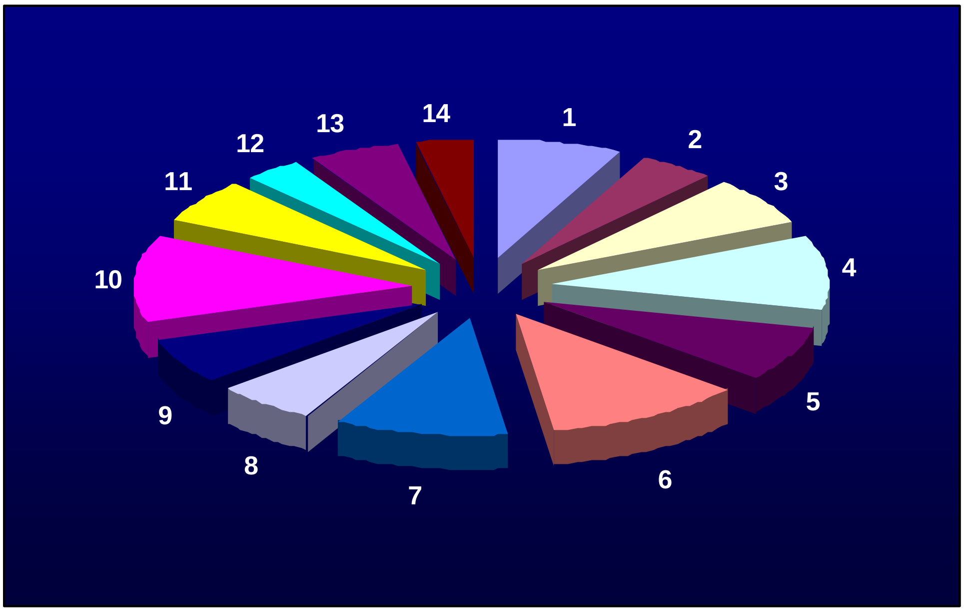

Figure 5.4: Importance of constructs depicted in a pie chart for RMB

5.3.4.1 General observations during interviews with RMB

The offices of RMB are spacious and modern, with chic African artifacts decorating the foyer and the different floors of the building. Generally, these offices are very impressive. Besides been very corporate, there is a progressive feeling in the building. Most staff members are dressed in immaculate smart-casual corporate attire, yet they behave in a relaxed and happy manner. In some instances certain staff members act jokingly towards each other.

All the interviewees are highly specialised and qualified professionals. This is in line with comments from the interviewees themselves emphasising that the group is able to attract the best people available.

5.3.5 Consolidated content analysis of all four case studies

Having presented all four cases studies separately and in order to obtain an overall holistic view of the case studies, a consolidated frequency count and content analysis is presented in Table 5.11 below.

Table 5.11: Consolidated ranking of constructs

Construct number	Construct	Rank	Frequency
10	Sharing and developing knowledge	1	197
4	Entrepreneurial culture	2	130
5	Inclusive decision-making	3	91
1	Flat organisational structure	4	88
6	Decentralisation of authority and giving people autonomy	5	81
8	Motivation through intrinsic rewards	6	75
9	Management support	7	74
11	Having passionate self-driven people who believe in themselves leads to improved financial performance	8	70
3	Reasonable appetite for risk	9	66
7	Motivation through extrinsic rewards	10	61
14	Having strong leadership and leading by example	11	56
13	Employing the right people	12	49
2	Mistakes and tolerance for failure	13	47
12	Success breeds success, which leads to improved financial performance	14	26

The ranking of each construct and their frequency counts are better illustrated in the pie chart in Figure 5.5 below. The constructs are numbered as they appear in Table 5.11 above.

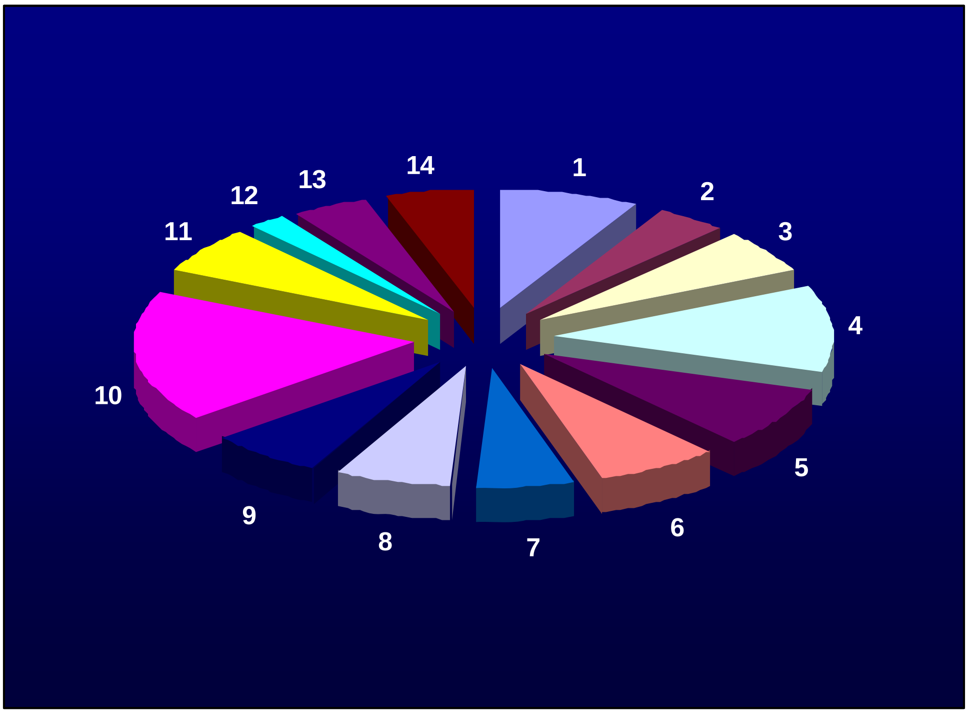

Figure 5.5: Consolidated importance of constructs depicted in a pie chart

5.4 Conclusions

This chapter has presented the findings of the research conducted over the four chosen case studies. Numerous patterns and themes relating to different concepts were identified throughout the 24 transcripts. Common concepts were grouped together in order to develop the constructs that best describe each group of concepts. In total, 14 constructs were developed from the transcripts, clustering around the research propositions and displayed in Table 5.1 above.

Content analysis was conducted on each case study individually, ranking the constructs from the most important to the least important. General observations that the researcher made during the interviews at each case site are also mentioned.

To conclude, a consolidated content analysis has been developed, ranking all the constructs from all four case studies in order to get a holistic view of the most important constructs. This overall view highlights the important constructs that are driving corporate entrepreneurial behaviours at these four companies.

Chapter 6 will discuss the findings that have been presented in this chapter.

CHAPTER 6 DISCUSSION OF RESULTS

6.1 Introduction

This chapter of the report sets out to analyse and discuss the research results presented in Chapter 5. The results are evaluated in terms of the research propositions from Chapter 3. Furthermore, each of the 14 constructs falling under its respective proposition is discussed and compared for all four case studies, as well as in relation to the previous research highlighted in Chapter 2.

6.2 Proposition 1: Companies identified as engaging in CE behaviour create enabling structures

All four case studies have relatively flat organisational structures, which seems to have a positive effect on the entrepreneurial spirit within each company. The importance of having a flat structure and its influence on CE initiatives is most prevalent in BLI. Table 5.4 in the previous chapter illustrates this by ranking the construct of "flat organisational structure" 2nd. The general observations in Section 5.3.1.1 of Chapter 5 reinforce this construct, with the researcher describing all meeting rooms having glass walls, which enhances the feeling of openness and encourages the open-door policy that the interviewees often emphasised in the interviews.

In Chapter 5, Table 5.10 illustrates that "flat organisational structure" is ranked 5th in RMB, followed by TIH where it is ranked 7th (as illustrated in Table 5.8), and lastly Table 5.6 illustrates Nandos where it is ranked 8th.

The importance of a flat organisational structure for BLI, ahead of the other three cases, could have to do with the fact that, unlike the other three cases, BLI is a relatively new and young organisation (only four years old). In Chapter 2, Section 2.3.6, Morris and

Kuratko (2002) suggest that age is one factor that can influence an organisational structure. BLI's structure is also developing and as the company continues to grow, so the form of the structure may change. This is in line with Section 2.3.6 in Chapter 2, where Covin and Slevin (1990) suggest that entrepreneurial corporate structure should be organic and amorphous. Similarly, Morris and Kuratko (2002) also suggest in Section 2.3.6 in Chapter 2 that a firm's structure should be subject to continual experimentation and change. Timmons and Spinelli (2003) also mention in Section 2.3.6 of Chapter 2 that fluidity of structure is a trait of entrepreneurial firms.

Table 5.11 in the previous chapter illustrates that the construct of "flat organisational structure" is ranked 4th when viewing all four cases together. This highlights the relative importance of this construct compared with the other 13 constructs. This is reinforced once again by Section 2.3.6 in Chapter 2 where Morris and Kuratko (2002) conclude by suggesting that entrepreneurship flourishes in organisations where there are fewer layers or levels in the structure of those organisations. In the same section of Chapter 2, Timmons and Spinelli (2003) also suggest that entrepreneurial firms have flat structures.

Given the preceding discussion, there is sufficient evidence to accept that companies identified as engaging in CE behaviour do create enabling structures.

6.3 Proposition 2: CE is dependent on employees' and managements' preparedness to take risk, as well as on their tolerance for failure should it occur

6.3.1 Reasonable appetite for risk

The construct of "reasonable appetite for risk" is ranked the highest in BLI at number 4 (see Table 5.4 in the previous chapter). This can probably be attributed to the youth of the company relative to the other three cases. The other three companies have been around for at least 18 years and have higher average ages – Nandos' average age is 40 years, TIH's average age is 39 years, and RMB's average age is also 39. As mentioned earlier, BLI has only been operating for the past four years, with the average age of all employees being 32 years. To quote Larry Poga of BLI, "You must remember that most of the people in this building are pretty young, and the guys are quite aggressive, so our appetite for risk is high."

Another factor that could be contributing to the higher risk appetite at BLI relative to the other three companies is the sector within which BLI operates compared with the other companies. The telecommunications sector is far more turbulent and dynamic than both the retail and financial services sectors. Hence companies operating in this fast and ever-changing sector are more inclined to assume higher risk in order to gain high returns. This is in line with Dess and Lumpkin (2005), who suggest in Chapter 2, Section 2.3.7, that in order for firms to be successful via CE, they need to take on riskier alternatives, even if it means forgoing the methods or products that have worked in the past. The idea of taking on risk is to gain superior returns.

Hayton (2005) suggests in Section 2.4 of Chapter 2 that an enlightened approach to management is required in order to stimulate CE, which includes the encouragement of risk-taking.

Table 5.10 in Chapter 5 illustrates that RMB's "reasonable appetite for risk" is ranked 6th, followed by Nandos (Table 5.6) where it is ranked 7th, and lastly TIH (Table 5.8) where it is ranked 9th. Within RMB, there are certain divisions whose nature of business is about taking risk. To quote Braam van Heerden (Head of Equities), "The appetite for smart risk is big, the appetite for dumb risk is very small. If it's just a punt that the market is going to go up, then the risk is very small. If it's based on proper fundamental analysis or relative analysis such as Standard Bank versus ABSA, then the appetite is quite big."

The risk appetite within TIH is ranked the lowest of the four companies, which ties up with the researcher's general observations in Section 5.3.3.1 in the previous chapter, whereby the general perception and feeling gained from the interviews is that this company is not as entrepreneurial as the other three case studies.

The impression gained by the researcher is that most of the companies are prepared to take a reasonable amount of calculated risk. However, besides BLI, this is not too deeply ingrained in their cultures. This explains why the construct of "reasonable appetite for risk" is only ranked 9th when viewing all four cases together, as illustrated in Table 5.11 in the previous chapter.

6.3.2 Mistakes and tolerance for failure

Table 5.11 in the previous chapter illustrates that the construct of "mistakes and tolerance for failure" is ranked only 13th when viewing all four cases together. All four companies acknowledge that making mistakes is part of the learning process, but all seem to stress that this is only up to a certain point. For instance, Larry Poga of BLI said the following: "We don't have a problem with someone making a mistake, but we do have a problem if that person makes that mistake again. We will come down hard on him or her." Similarly, Robbie Brozin of Nandos said: "We celebrate guys making mistakes for the first time, the second time we don't tolerate it with the same level of enthusiasm, and the third time he is out." This ties back to Section 2.3.7 in Chapter 2, where Hornsby *et al.* (2002) suggest that managers and employees must have a tolerance for failure should it occur. However, the importance of tolerance for failure in these four companies seems fairly limited.

Given the preceding discussion, there is sufficient evidence to accept that CE is dependent on employees' and managements' preparedness to take risk, as well as their tolerance for failure should it occur.

6.4 Proposition 3: An enlightened approach to "how we treat people" (HRM) drives CE

6.4.1 Entrepreneurial culture

There is hardly a difference between the four companies with respect to the importance of the construct of "entrepreneurial culture". Table 5.6 in Chapter 5 illustrates that the construct of "entrepreneurial culture" is ranked 2nd for Nandos, which is the highest out of all four companies. However, the other three companies follow close behind Nandos with "entrepreneurial culture" being ranked jointly 3rd for all three companies (Table 5.4 – BLI, Table 5.8 – TIH, and Table 5.10 – RMB).

When viewing all four companies together as illustrated in Table 5.11 in Chapter 5, the construct of "entrepreneurial culture" is ranked the 2nd highest. This highlights the importance of having an entrepreneurial culture for CE initiatives to be successful. Jonny Brock of Nandos emphasised this point by saying: "We are largely dependent on an entrepreneurial culture, which is also a high-performance culture."

This fits Hayton's (2005) views on culture in Section 2.4 of Chapter 2, where he suggests that HRM practices have an influence on CE, and may indirectly influence CE through the creation of a culture that supports innovation. Hayton (2005) continues by suggesting that organisational culture is an important source of sustained competitive advantage as it possesses the characteristics of a strategic asset, which are scarcity and inimitability.

Dess and Lumpkin (2005) also suggest in Section 2.4 of Chapter 2 that CE is found in companies where strategic leaders and culture together generate a strong impetus to innovate, take risks and aggressively pursue new venture opportunities. In Chapter 2, Section 2.4, MacMillan (1987) suggests that successful firms have in common the ability to create a venturesome culture.

Common to all four companies and an important finding of this study is the concept of culture itself, with particular reference to the influence of the founding members on their companies' cultures. In Section 2.4 of Chapter 2, Christensen and Shu (1999) suggest that founding members can exert a major influence on the culture of their organisations. All four companies' cultures have been and are still being influenced by their founding members' values.

BLI was founded four years ago by two highly entrepreneurial brothers (Mark Levy - CEO and Brett Levy - Chairman), who value risk-taking and performance. To quote Brett Levy: "We have set our whole company around the entrepreneurs. We like to take chances, with the level of risk stemming from the top."

Nandos was jointly founded 18 years ago by Robbie Brozin (CEO) and Fernando Duarte (COO), who at the time were considered mavericks in the restaurant business. Fernando Duarte of Nandos said: "To come in as a new player in an established industry like the restaurant business, we had to find new ways of doing things differently. Our appetite for risk is in the culture, which ultimately stems from me and Robbie."

TIH was founded in the late 1970s by Douw Steyn, who is generally regarded as a successful entrepreneur in South African business circles. Although Douw Steyn is no longer involved in the day-to-day running of the company, he is still the largest single shareholder. His initial entrepreneurial spirit still runs through the business. To quote Leon Vermaak: "The business was started by an entrepreneur, and it is as if the shadow of the entrepreneur still hangs over the business."

RMB is by far the largest of the four companies, yet still has a highly entrepreneurial culture. Laurie Dippennaar (Non-Executive Director) is one of the founding members, together with Paul Harris and G.T. Ferreria. All three still sit on the board of RMB. To quote Laurie Dippennaar on RMB's culture: "Every institution has a corporate culture; ours revolves largely around the business philosophy which is written on one page.

Entrepreneurial and innovative, it is informal, with a great deal of emphasis on values. Four words encapsulate this group – traditional values, innovative ideas." These four words stem from the founding members themselves.

6.4.2 Inclusive decision-making

Table 5.8 in Chapter 5 illustrates that the construct of "inclusive decision-making" is ranked 2nd for TIH which is the highest out of all four companies. This is probably attributable to the fact that of the four companies, it is the only company that has a dedicated innovation unit in partnership with Delloite, encouraging staff to get involved, with all new ideas going into the innovation unit. This is similar to what Dess and Lumpkin (2005) suggest in Section 2.3.3 of Chapter 2 where the use of 'skunkworks' is advocated as a useful means of encouraging independent thought and action. The company also holds weekly meetings to get input from the different managers, where ideas are bounced around, creating a sense of inclusion for everyone.

RMB follows TIH where inclusive decision-making is ranked 4th (Table 5.10 in the previous chapter). This came across quite clearly in the interviews, with specific reference to Rachel Bessinger who said: "We encourage people to come forward, and they are therefore not afraid to give their opinion."

Inclusive decision-making for Nandos is ranked 5th (Table 5.6 in the previous chapter), followed by BLI where it is ranked 7th (Table 5.4 in the previous chapter).

When viewing all four companies together as illustrated in Table 5.11 in Chapter 5, the construct of "inclusive decision-making" is ranked the 3rd highest. This illustrates the relative importance of inclusive decision-making (compared with the other 14 constructs) for CE initiatives to be successful in these firms. The importance of inclusive decision-making is highlighted by Hayton (2005) in Section 2.4 of Chapter 2, who suggests that in order to stimulate CE, an enlightened approach to management is required, which includes participation in decision-making. When people are involved in the decision-making process, they certainly feel some sense of ownership, thereby increasing the likelihood of management's objectives being achieved.

6.4.3 Decentralisation of authority and giving people autonomy

Table 5.10 in Chapter 5 illustrates that the construct of "decentralisation of authority and giving people autonomy" is ranked 2nd for RMB, which is the highest out of all four companies. In all the interviews at RMB, the researcher found that having an owner management culture was a common theme that kept coming through. To quote Laurie Dippennaar: "I think the first thing is that we have a decentralised federal model, which means that it is not a centralised command and control, so in essence the managers of the different divisions have a large degree of autonomy and decision-making ability. We have created a real sense of ownership with the managers of the divisions which they lead. We talk about an owner-manager culture." Similarly, Rachel Bessinger said, "Each profit centre runs as an almost independent business, having an owner-management culture."

Table 5.6 in Chapter 5 illustrates that the construct of "decentralisation of authority and giving people autonomy" is ranked 5th for Nandos, behind RMB. Although it is only ranked 5th, the importance of this construct for Nandos is relevant because it is impossible to have a centralised command-and-control management system when the company is operating 600 outlets globally. Raul de Lima said: "To try and manage 600 operations around the world from the centre is hugely prohibitive. We are therefore very much decentralised, allowing autonomy within various frameworks of management to get on with it."

Robbie Brozin of Nandos spoke about decentralisation more from a divisional perspective, as opposed to a geographical perspective, by saying: "Each of our divisions is run by an executive who has complete ownership of that division. He'll know when to talk to me about important decisions. Some of the executives sit on the board with me. I want to know what's going on and we've empowered him to make his own decisions and if he makes a mistake, then he falls on his own sword. There is a lot of trust." This is similar to what Bill Lynch of Imperial Holdings was quoted as saying in Section 2.4 of Chapter 2 in an article by Furlonger (2005, p. 22), that: "We delegate responsibility to our executives. We encourage entrepreneurship."

Jonny Brock of Nandos said: "Decentralisation of authority stimulates entrepreneurship", emphasising the importance of decentralisation of authority and of giving people autonomy, and the implications for CE. This is exactly in line with Hayton's (2005) enlightened approach to management (Section 2.4 Chapter 2), in which he suggests including decentralisation of authority, which helps to stimulate CE.

The construct of "decentralisation of authority and giving people autonomy" appears to be less important for BLI and TIH. It was ranked 6th for BLI (Table 5.4 in Chapter 5) and 8th for TIH (Table 5.8 in Chapter 5). Leon Vermaak of TIH feels that authority in the company is not too decentralised, and that this is one of the challenges he faces. He said: "Most of the authority seems to revolve around the board, and I'm deliberately pushing towards empowerment, trying to decentralise authority. It is difficult if you have people on board who are used to being given direction from the centre." This seems to contradict the high ranking of the construct of "inclusive decision-making" for TIH. However, the two constructs should not be confused with each other, in that staff members are encouraged to participate in discussions about business issues, even if authority is still quite centralised. So the board seems to have the last say in what actually happens at TIH, yet the staff can feel satisfied that they have participated in the decision-making process.

Viewing all four cases holistically as illustrated by Table 5.11 in the previous chapter, the construct of "decentralisation of authority and giving people autonomy" is ranked 5th and is therefore considered relatively important for the four companies studied. In Section 2.3.3 of Chapter 2, Hornsby *et al.* (1993) suggest that organisations should allow employees to make decisions about their work in the way that they believe is most effective. In the same section of Chapter 2, Dess and Lumpkin (2005) stress the importance of autonomy, whereby independent action by an individual or team is aimed at bringing forth a business concept or vision and carrying it through to completion.

6.4.4 Motivation through extrinsic rewards

Table 5.10 in Chapter 5 illustrates that the construct of "motivation through extrinsic rewards" is ranked 3rd for RMB, which is the highest of all four companies. RMB has a high-performance culture, with a lot of emphasis on performance bonuses. The salaries are below the industry average, yet the bonuses are very generous. People who perform well are rewarded generously. To quote Rachel Bessinger: "Our dealmakers are well incentivised. Our reward system works. It is a performance-based bonus and a great incentive. It really does work and that is what keeps them here." This resonates with what Hornsby *et al.* (1993) suggest in Section 2.3.1 of Chapter 2, in that organisations must be characterised by providing a reward system that promotes individual entrepreneurial activities, that is contingent on performance, considers goals and feedback, emphasises individual responsibility, and gives incentives based on results. This enhances the motivation for individuals to engage in innovative behaviour.

In Section 2.4 of Chapter 2, Balkin, Markam and Gomez-Mejia (2000) suggest that compensation systems should consider the need to encourage risk-taking by tying pay to these risky and innovative investments that risk-adverse agents pursue. This ties back to Section 6.2.1 which discusses RMB's reasonable appetite for risk being ranked 6th, being relatively important for the company compared with Nandos and TIH. Therefore there seems to be a relationship between extrinsic rewards and appetite for risk at RMB.

BLI and TIH both regard the construct of "motivation through extrinsic rewards" of equal importance, it being ranked 7th for both companies (Table 5.4 and Table 5.8 in Chapter 5 respectively). Nandos, however, ranks this construct last (Table 5.6 in Chapter 5), as more importance is placed on the construct of "intrinsic rewards." Robbie Brozin said: "Our philosophy is that the journey is part of the reward. Part of the fun is the work, and the money follows you."

Viewing all four cases holistically as illustrated by Table 5.11 in the previous chapter, the construct of "motivation through extrinsic rewards" is only ranked 10th, which to a certain degree is skewed to the lower end of the rankings by Nandos.

6.4.5 Motivation through intrinsic rewards

Table 5.6 in Chapter 5 illustrates that the construct of "motivation through intrinsic rewards" is ranked 3rd for Nandos, which is the highest of all four companies. During the interview with Robbie Brozin, he continuously emphasised the importance of intrinsic rewards in motivating people. He said: "I have six guys reporting to me and I motivate them very personally. I use a different lever. In the restaurants there is a system that we use. It's not just money, but recognition too. For my six top guys it is about personal achievement, and about who they can motivate and promote to the next level. I motivate them that they are only as good as the people around them – a team effort. Not just money, but a whole lot of factors. I treat them all differently. Motivation is built around the vision of the company, the energy of the company, where we are going as a group, what they can achieve by being part of Nandos, where Nandos is going. The people need to buy into the vision."

Fernando Duarte of Nandos also emphasised the need for intrinsic rewards to motivate people, and said something that stuck in the mind of the researcher, namely: "There are various mechanisms we use in terms of motivation. However, the biggest one is the close relationships we have with each other, and the genuine stuff that comes out of the heart rather than out of the professional stuff. How you look after your children is how we look after our people."

The comments made by Brozin and Duarte in the preceding two paragraphs reinforce what the researcher observed in Section 5.3.2.1 of Chapter 5, namely that there is a fun-filled, playful ambience that permeates the offices, from the secretaries and personal assistants right up to the senior managers and directors. Everyone is dressed casually, with most people looking cheerful and happy. This attitude of having fun and enjoying working at Nandos to the fullest is a common theme that came through during all the interviews.

TIH ranked the construct of "motivation through intrinsic rewards" 5th (Table 5.8 in Chapter 5), followed by BLI where it was ranked 8th (Table 5.4 in Chapter 5), and lastly RMB where it was ranked 9th (Table 5.10 in Chapter 5). Both BLI and RMB, but especially RMB, place more importance on motivation through extrinsic rewards, as discussed in Section 6.3.4 above. This is probably due to the fact that both companies value high performance and reward individuals for this with generous financial incentives.

Viewing all four cases holistically as illustrated in Table 5.11 in Chapter 5, the construct of "motivation through intrinsic rewards" is ranked 5th which is way ahead of "motivation through extrinsic rewards" which is ranked 10th. Nandos is the prime example of this with intrinsic rewards being relatively important, and extrinsic rewards being relatively unimportant for motivation. This is in line with MacMillan's (1987) theory, where he suggests in Section 2.4 of Chapter 2 that successful firms have in common the ability to create a venturesome culture by inspiring pervasive commitment throughout the firms, by promoting intrinsic rewards as opposed to extrinsic rewards.

6.4.6 Management support

The construct of "management support" is of equal importance to both BLI and TIH where it is ranked 5th for both companies (Table 5.4 and Table 5.8 in Chapter 5 respectively). Brett Levy of BLI said: "It is important to have personal communication with your guys, so that when they have problems they can come and talk to you and you can support them." Similarly, Leon Vermaak of TIH said: "It is absolutely important that the CEO is involved with the different divisions and supports those divisions, otherwise the rest of the business will not support those new ideas." In Section 2.3.2 of Chapter 2, Hamel (1996) suggests that senior managers have a board-sanctioning monopoly on the allocation of resources, and therefore need to believe both intellectually and emotionally when supporting new ideas and initiatives.

Hornsby *et al.* (2002) suggest in Section 2.3.2 of Chapter 2 that management support includes institutionalising entrepreneurial activity within the company's system and processes. This is what TIH is doing with respect to its innovation unit in conjunction with Delloite.

TIH has launched five new businesses over the past 12 months, with management support playing a critical role. This is similar to what Dess and Lumpkin (2005), in Section 2.3.2 of Chapter 2, refer to as "product champions" being senior managers who support and encourage new projects. They stress the importance of these managers in order for products or projects to gain impetus within organisations.

RMB ranks the construct of "management support" 7^{th} (Table 5.10 in Chapter 5) and Nandos ranks it 9^{th} (Table 5.6 in Chapter 5). This may have to do with both companies valuing the construct of "decentralisation of authority and giving people autonomy" over and above the construct of "management support." In a sense, they seem to let their people spread their wings as opposed to holding their hands all the way.

Viewing all four cases holistically as illustrated in Table 5.11 in Chapter 5, the construct of "management support" is ranked 7^{th}. This suggests that its level of importance relative to the other 13 constructs is moderate.

Given the preceding discussion, there is sufficient evidence to accept that CE is driven by an enlightened approach to "how we treat people" (HRM).

6.5 Proposition 4: CE is dependent on an organisation's ability to learn through exploring and exploiting knowledge

Much to the surprise of the researcher, this proposition is of most importance to all four companies, with the construct of "sharing and developing knowledge" being ranked 1st for all four companies. This is illustrated in Chapter 5 in the respective pie charts for each company, where the pink slices represent construct number 10 "sharing and developing knowledge" and are the largest compared to the other 13 slices. Once again looking at it holistically, Figure 5.5 in Chapter 5 reflects the importance of "sharing and developing knowledge" for all four companies as a whole, over and above the other 13 constructs, with the pink slice being the largest.

BLI is a company that operates in a technologically advanced sector that is turbulent, with continuously changing dynamics. The telecommunications sector (like the information technology sector) is a sector where knowledge plays a vital role in the competitiveness of the companies operating in this sector. Brett Stonefield said the following: "In this environment knowledge is power, and the more you know the better you can make an informed decision. Developing and sharing knowledge stimulates new ideas. It is entrepreneurship." Mark Levy said; "The biggest skills transfer and knowledge transfer comes mostly from the informal interactions between all the people." This resonates with what Souder (1981) suggests in Section 2.4 of Chapter 2, in that having access to informal networks is important for corporate entrepreneurs. These informal networks evolve in cycles of perspective sharing, trust-building and co-operation, which enhance exchange of knowledge and learning.

In a similar vein, management at Nandos encourage employees to interact with each other by sending them to different regions to learn what their colleagues in these different regions and countries are doing. In a sense, it is learning from best practices within the group. To quote Fernando Duarte: “We have a lot of people who are constantly travelling. We encourage our partners to come here, and to go and visit other countries, to go and learn other cultures, to learn other methods of the way Nandos operates. We encourage a lot of interaction between individuals. We encourage the same thing within the country, so that the people mix with other regions.” This is in line with what Laursen and Foss (2003) suggest in Section 2.4 of Chapter 2, whereby functional integration and internal training predicts innovation, with the exchange of knowledge being an important aspect of innovation. Similarly and in the same section of Chapter 2, Ireland *et al.* (2001) suggest that today’s firms benefit by facilitating the development and management of knowledge stocks and flows between people and organisational units. This discussion ties back to Section 2.3.5 of Chapter 2 about boundaries, where Hornsby *et al.* (1993) suggest that people should be encouraged to look at the organisation from a broad perspective. In the same Section of Chapter 2, Antoncic and Hisrich (2004) suggest the importance of loose intra-boundaries as being critical factors impacting CE, which facilitates organisational learning as inter-departmental interaction between staff members encourages knowledge-building.

TIH seems to adopt a more formal approach to sharing and developing knowledge in that there are weekly brainstorming sessions where different people from different areas of the business come together and contribute to the sharing of ideas and knowledge. This resonates with what Ireland *et al.* (2001) suggest in the previous paragraph about knowledge flow between people and divisions. Leon Vermaak of TIH said: “I have tried firstly by encouraging and talking about it and by facilitating meetings between different technical experts so that they can share knowledge.” Vermaak also encourages his staff to look out for general trends, for instance what impact will internet and cellular have on the business? He encourages them to read *The Harvard Business Review*.

For RMB the ranking of the construct "sharing and developing knowledge" is slightly ahead of the next-best construct "decentralisation of authority and giving people autonomy", which is illustrated in Table 5.10 in Chapter 5. Although sharing and developing knowledge is ranked the highest, there are some concerns within RMB regarding resistance to this construct by certain groups of employees. Raphael Martin said: "I think between divisions it becomes a big problem because you have the whole tribal aspect at play. Divisions compete for internal capital." This is similar to what Braam van Heerden said: "Because we are homegrown, there is this perception that we don't share knowledge across divisions and there is this element of competitiveness. This is probably a weakness at the bank." However, Van Heerden encourages sharing of new ideas in a similar fashion to Leon Vermaak of TIH (as mentioned in the previous paragraph with respect to *The Harvard Business Review*), by having started a book club about which he said: "Once every two or three weeks we get together and just share ideas on business books that we've read or articles that we've read in the newspaper. We distribute them via e-mail, and save all the articles in an electronic library which everyone has access to."

In conclusion, information and knowledge-sharing is becoming increasingly more important for all types of companies throughout the economy, playing an ever more important role in their competitiveness. In Section 2.4 of Chapter 2, Dess *et al.* (2003) suggest that CE is a knowledge enabler because it forms and subsequently uses or applies knowledge – knowledge that at its best is valuable, new, unique and competitively relevant.

Given the preceding discussion, there is sufficient evidence to accept that CE is dependent on an organisation's ability to learn through exploring and exploiting knowledge.

6.6 Proposition 5: CE leads to wealth creation and improved financial performance, helping to promote and sustain a competitive advantage

6.6.1 Having passionate self-driven people who believe in themselves leads to improved financial performance

The construct of "having passionate self-driven people who believe in themselves leads to improved financial performance" is ranked 4th for Nandos, as illustrated in Table 5.6 of Chapter 5, which is the highest of all four companies. Robbie Brozin said: "Entrepreneurs drive harder because of pride, continuously wanting to improve against the market." In essence, it is these entrepreneurs at Nandos who, within the framework of CE, drive their divisions to do better, which improves financial performance and helps sustain competitive advantage. Brozin continued by adding: "Positive energy leads to positive financials. Infectious optimism leads to good results." This is in line with what Antoncic and Hisrich (2004) suggest in Section 2.5 of Chapter 2, where CE is an important aspect of organisational and economic development and wealth creation because of its ability to revitalise and enhance the performance of firms. They propose that the extent of CE will be positively related to performance in terms of growth, profitability and new wealth creation.

Raul de Lima of Nandos also said: "We have a group of individuals who love what they do and wouldn't change it for anything. They are very passionate about what they do and will die for a cause." This resonates with what Cornwall and Perlman (1990) suggest in Section 2.5 of Chapter 2, in that behaviours associated with entrepreneurship will help create or sustain a high level of performance.

The construct of "having passionate self-driven people who believe in themselves leads to improved financial performance" is ranked 6th for TIH, as illustrated in Table 5.8 of Chapter 5. Graham Geldenhuys said: "It is the self-starters who will want to push out and that has potential because you're stretching the organisation." This is similar to what Zahara and Covin (1995) suggest in Section 2.5 of Chapter 2, whereby they proved that there is a relationship between intrapreneurship (the degree and amount of entrepreneurial behaviour in organisations) and financial performance.

RMB ranks the construct of "having passionate self-driven people who believe in themselves leads to improved financial performance" 8th, as illustrated in Table 5.10 of Chapter 5, followed by BLI where this construct is ranked 9th, as illustrated in Table 5.9 of the same chapter. Although these two companies rank this construct lower than both Nandos and TIH, it is nevertheless important for them to have passionate self-driven people who believe in themselves, resulting in improved financial performance.

Viewing all four cases holistically as illustrated in Table 5.11 in Chapter 5, the construct of "having passionate self-driven people who believe in themselves leads to improved financial performance" is ranked 8th. This suggests that its level of importance relative to the other 13 constructs is moderate.

6.6.2 Success breeds success, which leads to improved financial performance

Table 5.11 in Chapter 5 illustrates that this construct seems to be the least important when looking at all four companies holistically as it is ranked last. This is emphasised in

Figure 5.5 of the previous chapter where slice number 12 of the pie chart representing the construct “success breeds success, which leads to improved financial performance” is the smallest slice. The construct is ranked last for all four companies, except for Nandos where it is ranked second-last, as illustrated in Table 5.6 of Chapter 5. Robbie Brozin of Nandos said: “If you have energy generators, they tend to stimulate others around them and each other.”

In the light of the preceding discussion with respect to the two constructs of “having passionate self-driven people who believe in themselves leads to improved financial performance” and “success breeds success, which leads to improved financial performance”, there is sufficient evidence to accept that CE leads to wealth creation and improved financial performance, helping to promote and sustain competitive advantage.

6.7 Other Constructs that do not Necessarily Relate to Any of the Propositions

The following two constructs and the discussion around them are not directly related to any of the propositions, yet the researcher is of the opinion that they need to be discussed in the light of the evidence gathered from the four different case studies.

6.7.1 Employing the right people

This construct is ranked 8^{th} for both BLI and TIH, as illustrated in Tables 5.4 and 5.8 of Chapter 5, followed by Nandos where it is ranked 9^{th}, as illustrated in Table 5.6 of the previous chapter. Lastly, it is ranked 10^{th} for RMB, as illustrated in Table 5.10 of Chapter 5.

Mark Pimensky of BLI said: “Human capital is the trick. Your staff are what you are.” Likewise, Brett Levy of BLI said: “It is important to hire people who are cleverer than you." This is similar to what Trygve Wang of TIH said: "I would always recruit the kind of person who is getting himself motivated. The people that I have on my team are very important to me." This is in line with what Kanter (1985) suggests in Section 2.4 of Chapter 2, namely that CE is dependent upon an organisation's intellectual capital and in particular its human social capital. Likewise, in Section 1.2 of Chapter 1, Hayton (2005) suggests that CE is dependent upon a firm's ability to learn through both exploration of new knowledge and exploitation of existing knowledge, which itself is dependent upon a firm's intellectual capital (particularly its human social capital). This is linked to the discussion on sharing and developing knowledge in Section 6.4 of this chapter.

Viewing all four companies holistically as illustrated in Table 5.11 of Chapter 5, the construct of "employing the right people" is ranked only 12th, suggesting that it is not of major importance relative to the other 13 constructs for the companies in this study.

6.7.2 Having strong leadership and leading by example

This construct is ranked fourth-highest for TIH compared with the other 13 constructs, as illustrated in Table 5.8 in Chapter 5. This is the highest ranking this construct achieved amongst the four case studies. Prior to 2003 and under a previous CEO, the researcher got the sense that TIH went through some trying times because of a lack of strong leadership. Tom Creamer said: "I have worked in both era's and have seen different leadership in both environments. I could see there was a paralysis that permeated the organisation as a result of leadership insecurity. And then as soon as the leadership changed, there was such a rapid change of attitude within the organisation as a result of the leader being confident that he has the support of the shareholders and the rest of the team." This is in line with what Bartlett and Goshal (1996) suggest in

Section 2.3.6 of Chapter 2, whereby top leaders energise and shape the organisation's purpose and goals. In a similar vein, Dess and Lumpkin (2005) suggest in Section 2.4 of Chapter 2 that CE is found in companies where strategic leaders and culture together generate a strong impetus to innovate, take risks and aggressively pursue new venture opportunities. As mentioned in Section 6.3.6 above, TIH has launched five new businesses over the past 12 months.

The construct of "having strong leadership and leading by example" is ranked 10th for both BLI and Nandos respectively, as illustrated in Tables 5.4 and 5.6 in Chapter 5. Robbie Brozin of Nandos said: "A great leader can get extraordinary things out of ordinary people." This is in line with what MacMillan (1987) suggests in Section 2.4 of Chapter 2, whereby effective leaders have the ability to build subordinates' confidence which is needed to experiment and take on additional risk.

RMB ranks the construct of "having strong leadership and leading by example" joint last of all 14 constructs, as illustrated in Table 5.10 in Chapter 5.

Viewing all four companies holistically as illustrated in Table 5.11 of Chapter 5, the construct of "having strong leadership and leading by example" is ranked 11th, suggesting that it is of moderate to weak importance for the companies in this study.

In the light of the preceding discussion and with respect to the two constructs of "employing the right people" and "having strong leadership and leading by example", there is sufficient evidence to support the impact (albeit it moderate to weak) of these two constructs on CE initiatives.

6.8 Conclusion

This chapter set out to interpret the research results presented in Chapter 5. The results have been evaluated in terms of the research propositions from Chapter 3. Furthermore, each of the 14 constructs falling under their respective propositions have been discussed and compared for all four case studies, as well as in relation to the previous research highlighted in Chapter 2.

CHAPTER 7 CONCLUSION

7.1 Introduction

This chapter highlights the main findings of the research. It describes a practical model, which focuses purely on the internal organisational factors that managers can influence in order to promote CE. Essentially, the model is a recommended tool for managers to use in order to foster CE. Included in this chapter are specific recommendations to certain stakeholders based directly on the findings. There are also recommendations for future research, followed by final comments.

The research is consistent with previous findings, indicating that South African corporate entrepreneurs employ management practices similar to each other's and to those found elsewhere.

7.2 The Model

The model is illustrated in Figure 7.1 below, and has been developed based on the findings of this research, coupled with previous theory on the topic of CE. The figure is divided into four sections, which include: workforce in external environment; the organisation; consequence 1; and lastly consequence 2. Consequence 2 (CE leads to improved financial performance) does not form a part of the model and the researcher did not try to prove or disprove this. However, it is important to include it in the diagram to illustrate its relevance as a motivator for management to pursue CE initiatives.

7.2.1 Workforce in the external environment

This section highlights the importance of employing the right people in order for CE initiatives to be successful. Although the construct of "employing the right people" is only ranked 12th when viewing all four companies holistically as discussed in Section 6.6.1 in the previous chapter, the researcher is of the opinion that it is very closely linked to the construct of "having passionate self-driven people who believe in themselves, leads to improved financial performance", which is ranked 8th as illustrated in Table 5.11 in Chapter 5. It is therefore important to recruit the right people in order for management to be successful in implementing any CE strategy.

7.2.2 The organisation

This has been the main area of focus for this research project. A management that aims to stimulate CE can influence everything in this section. The relative importance of each construct is highlighted by the size of the circles. The larger the circle, the more emphasis management needs to place on influencing that particular construct. The smaller the circle, the less emphasis management needs to place on it, relative to other circles.

Starting at the top of the section, the construct of "sharing and developing knowledge" is the most important behaviour that management needs to encourage, which is followed by "create entrepreneurial culture," moving all the way down to the bottom of this section, which is "celebrate successes."

Management should influence the 12 constructs in this section together all at once and not individually. As mentioned above, the size of the circles determines the amount of emphasis management should place on each construct relative to the other, without neglecting any in order to get the best results. The constructs are also inter-connected having the ability to influence each other, which once again highlights how important it is for management to deal with them simultaneously, as opposed to separately.

The model illustrates the relative importance of "sharing and developing knowledge" over and above the other constructs. This illustrates how information and knowledge-sharing is becoming increasingly more important for all types of companies throughout the economy, playing an ever more important role in their competitiveness.

Creating an entrepreneurial culture is the second most important construct, as illustrated in the model. Common to all four companies and an important finding of this study is the concept of culture itself, with particular reference to the influence of the founding members on their companies' cultures. In Section 2.4 of Chapter 2, Christensen and Shu (1999) suggest that founding members can exert a major influence on the culture of their organisations. All four companies' cultures have been and are still being influenced by their founding members' values. What is evident from all four cases is that they have cultures emphasising a strong impetus to innovate, take risks, and aggressively pursue new venture opportunities.

7.2.3 Consequence 1 – Corporate Entrepreneurship

The behaviours of management and their subordinates in the previous section will result in them achieving CE. The manner in which and the intensity with which management influence the constructs will determine the degree to which CE will be achieved. In essence, CE is the result of the behaviours that management can influence (as discussed in the previous section), and is illustrated by the green arrow pointing from *The Organisation* to *CE*.

7.2.4 Consequence 2 – Improved financial performance

The main motivator for management wanting to engage in CE initiatives is to improve their firms' financial performance. This is really one of the main consequences of CE and is illustrated by the green arrow pointing from *CE* to *Improved Financial Performance*. Previous research mentioned in Section 2.5 of Chapter 2 discusses the conventional wisdom that CE leads to superior firm performance (Covin and Miles, 1999). Firms adopt entrepreneurial postures in the hope and under the assumption that the associated behaviours will help to create or sustain a high level of performance (Cornwall and Perlman, 1990). This research paper does not try to prove or disprove this. However, its relevance as a motivator for management to pursue CE initiatives justifies it being included in the diagram.

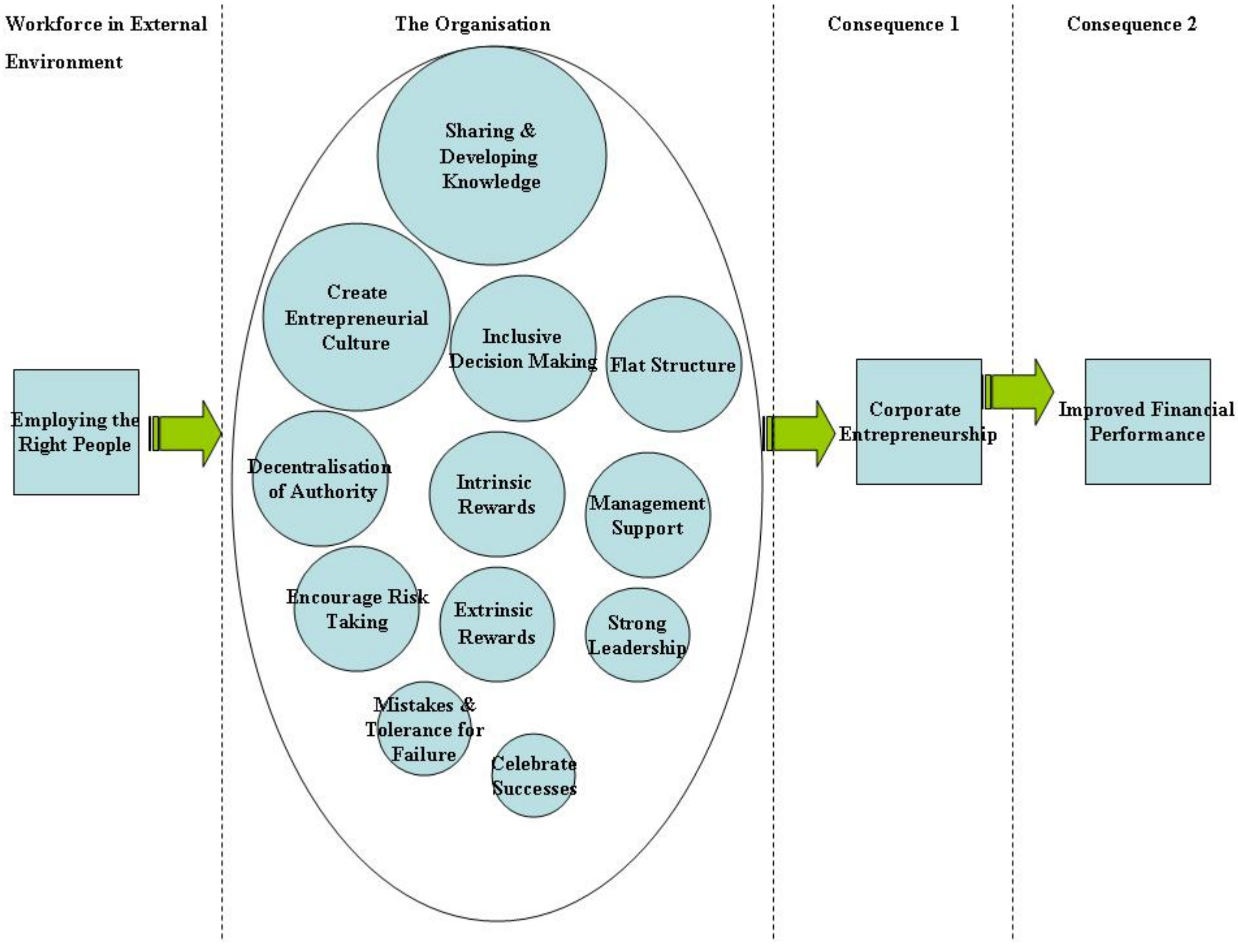

Figure 7.1: Corporate Entrepreneurship management model for organisations

7.3 Specific Recommendations to Certain Stakeholders

Proper sharing and development of knowledge between divisions at RMB is obviously a challenge, as discussed in Section 6.4 of the previous chapter. Perhaps management should create incentives for employees to do so, as suggested by Constant *et al.* (1994) in Section 2.4 of Chapter 2, where knowledge-sharing is based on economic exchange theory. In the same section of Chapter 2, Bock and Kim (2002) suggest that people's knowledge-sharing attitudes are influenced by their expectation of rewards, as well as their expectation of associations. This could probably work well because the third-highest ranking construct for RMB, as illustrated in Table 5.10 of Chapter 5 and discussed in Section 6.3.4 above, is "motivation through extrinsic rewards." Perhaps management could consider linking knowledge-sharing to the lucrative performance bonus schemes.

The construct of "decentralisation of authority and giving people autonomy" is a challenge for TIH. Management could be formally trained by sending them on executive leadership and management courses in order to build up their confidence. However, more drastic measures may be needed which could include hiring more confident managers with high internal loci of control.

Both RMB and BLI tend to motivate their staff well by using extrinsic rewards. However, due to the relatively higher importance assigned to intrinsic rewards than extrinsic rewards, both companies could consider enhancing staff motivation by increasing the emphasis on intrinsic rewards, without decreasing the emphasis on extrinsic rewards.

7.4 Recommendations for Future Research

This paper highlights 14 different constructs that management has the ability to influence in order to stimulate CE. What would be of great interest for further research is the inter-correlation between these various constructs. Essentially, how would these different constructs influence each other? This would probably involve an in-depth quantitative analysis of these constructs.

The focus of this research paper is on the internal organisational factors that management can influence to promote CE. There are certainly external factors that can have both moderating and stimulatory effects on CE initiatives. This research paper ignores the external environment, which may ultimately limit or enhance the success of CE initiatives within a firm. Further studies on the subject could build on this research to include a more holistic approach by looking at environmental factors in conjunction with the internal factors discussed in this study.

7.5 Final Comments

In the light of the highly competitive business environment, it is essential for South African organisations to understand the organisational processes that facilitate entrepreneurial attitudes, thinking and behaviour if they are to remain competitive both domestically and internationally.

This research paper has addressed the research aim of answering the question as to what managers can and should do to create entrepreneurial organisations. A model has been developed which focuses purely on the internal organisational factors that managers can influence in order to promote CE. Certain HRM practices have been suggested which form part of the model, and which help to create new knowledge that becomes the foundation for building new competencies or revitalising existing ones.

Hopefully this research paper will add value to the previous research on the topic of CE.

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APPENDICES

Appendix A – Interviewees

<u>Case Study 1: Blue Label Investments (BLI)</u>

Mark Levy, CEO (34)

David Rivkin, CFO (32)

Mark Pimensky, General Manager (33)

Brett Levy, Chairman (31)

Brett Stonefield, Manager and MD of subsidiary – HOBS (32)

Larry Poga, Manager and CEO of subsidiary –HOBS (32)

<u>Case Study 2: Nandos</u>

Robbie Brozin, CEO (47)

Fernando Duarte, COO (47)

Raul de Lima, International Franchise Director (43)

Kevin Utian, MD South Africa (37)

Jonny Brock, Regional MD of Inland Region (37)

Mark Lachman, Manager (33)

<u>Case Study 3: Telesure</u>

Leon Vermaak, CEO (48)

Tom Creamer, Marketing Director (44)

Lenerd Louw, FD (42)

Graham Geldenhuys, Project Manager (32)

Trygve Wang, Manager (28)

Gareth Masters, Manager (42)

Case Study 4: RMB

Laurie Dippennaar, Non-Executive Director (57)

L P Collet, COO (45)

Rachel Bessinger, HR Director (35)

Caryn Baird, HR Manager (28)

Braam van Heerden, Head of Equities (38)

Raphael Martin, Head of Special Projects International (32)

Appendix B – Definition of Concepts

The following material represents a brief definition of the academic concepts under research. It has been sent to you as pre-reading before the interview and serves the purpose of facilitating a common understanding of the concepts.

Corporate Entrepreneurship

Ireland, Kuratko and Covin (2003) suggest CE to be "…a set of commitments and actions framed around entrepreneurial behaviour and processes that the firm designs and uses to develop current and future competitive advantages in promising technological or product-market arenas." Ireland *et al*. highlight how CE can be used as a strategy that is essentially a fundamental orientation towards pursuing both opportunity and growth, and which exists when it is embraced throughout the organisation and defines the essence of how the organisation functions.

Sharma and Chrisman (1999) define CE as "… the process whereby an individual or a group of individuals, in an association with an existing organisation, create a new organisation, or instigate renewal or innovation within that organisation."

Organisational Structure

Organisational structure refers to the different administrative mechanisms that top management can manipulate in order to influence the perceived interests of the strategic actors at the operational and middle levels in the organisation.

Appendix C – Questionnaire

1. How does your organisation's structure influence the entrepreneurial spirit within the company?

2. How risk averse do you think your organisation is?

3. Why do you think there is this level of risk aversion?

4. How involved are you in important decision-making?

5. How centralised is authority in your company?

6. How are you encouraged to develop and share knowledge?

7. How do you think sharing knowledge could influence entrepreneurial behaviour?

8. What types of behaviour do you see that are having a positive impact on your company's financial performance?

9. How are these behaviours encouraged?