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Factors affecting the implementation of Corporate Entrepreneurship in a South African Bank

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Factors affecting the implementation of Corporate Entrepreneurship in a South African Bank

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2012

ABSTRACT

The South African economy has undergone significant change over the past two decades, moving from an isolated state that bred inefficiencies through limited economies of scale and a lack of competition to a much more open environment that has helped reduce price pressures and improve productivity. Apart from significant trade liberalisation, the South African government has followed conservative fiscal policies, introduced inflation targeting, undertaken limited privatisation, eliminated capital controls for foreign investors and reduced exchange controls on residents. The South African economy – in line with many other economies – has become increasingly services orientated (Nedbank Business Review, 2011).

Furthermore, the South African banking and financial services sector plays a critical role in the realisation of the developmental aspirations of any country; it is a catalyst for economic growth as it creates platforms for citizens to transact for goods and services.

Following the aftermath of the most significant financial crisis the world has ever experienced in 2008, one of the insights gained by the South African financial services industry from the crisis is that it needs to take a holistic or system-wide view of the financial sector by considering both the soundness of the institutions within the system and the system as a whole in the process of providing products and services to its customer base.

On the other hand, the competition within this industry is high and organisations need to continuously find new ways to adapt to the rapid changes in the business landscape. Corporate Entrepreneurship has therefore never been more important for any organisation operating in this sector.

An exploratory or qualitative research methodology was employed based on semi-structured interviews with a non-probability sample of 16 respondents. All respondents were existing employees of Bank X operating at senior to middle

management level. The respondents were from both the corporate and retail segment of Bank X and both male and female from all race groups.

The research showed that although Corporate Entrepreneurship exists in Bank X, its translation from being a strategic aspiration of management into clear measurable goals within the organisation is not clear. In its efforts to engage its workforce, Bank X needs to ensure that its vision and strategic goals are clearly communicated throughout the organisation and each division needs to have clearly defined and measurable goals that link back to the vision and mission set out by executive management of Bank X.

Both the literature and research are in agreement that Corporate Entrepreneurship is the way forward for any company operating in the 21st century that aims to remain competitive.

DECLARATION

I, **Marie-Lou Dibwe Okoko**, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Marie-Lou Dibwe Okoko

Signed at ……

On the …… day of …… 2012

DEDICATION

This report is dedicated to Otis, Juanita, Joshua and Hawi Okoko, for the unconditional love you give me which sustained me throughout this journey. Furthermore, the desire to make you proud by completing my Master's degree helped me breakdown some personal barriers which I hope will inspire you in your respective lives.

Glory to God!

ACKNOWLEDGEMENTS

I would like to thank the following people for their assistance and support during the course of my studies:

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- My ‘sister’ Selloane Malie for being a pillar of strength during the MBA program as well as in my personal life. Your friendship, encouragements and overall resourcefulness have greatly assisted me to successfully complete this course.

- My supervisor Dr Kerrin Myres for her valuable guidance and input in this research report.

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TABLE OF CONTENTS

ABSTRACT ..... **II**

DECLARATION ..... **IV**

DEDICATION ..... **V**

ACKNOWLEDGEMENTS ..... **VI**

TABLE OF CONTENTS ..... **VII**

CHAPTER 1: INTRODUCTION **1**

1.1 PURPOSE OF THE STUDY 1
1.2 CONTEXT OF THE STUDY 2
1.3 PROBLEM STATEMENT 4
1.4 SIGNIFICANCE OF THE STUDY 4
1.5 CONCLUSION 6

2 CHAPTER 2: LITERATURE REVIEW **8**

2.1 INTRODUCTION 8
2.2 WHAT IS CORPORATE ENTREPRENEURSHIP? 9
2.3 THE DIFFERENT DEFINITIONS OF CORPORATE ENTREPRENEURSHIP 11
2.4 CORPORATE ENTREPRENEURSHIP THEORIES AND MODELS 16
2.4.1 KEY MODELS ANALYSED BY COVIN AND SLEVIN 17
2.4.2 THE CORPORATE ENTREPRENEURSHIP OF ZAHRA 18
2.4.3 THE CE MODEL OF LUMPKIN AND DESS 19
2.5 FACTORS AFFECTING THE IMPLEMENTATION OF CE 20
2.5.1 CORPORATE ENTREPRENEURSHIP STRATEGY 21
2.5.2 ORGANISATIONAL CULTURE 25
2.5.3 ORGANISATIONAL STRUCTURE/BOUNDARIES 26
2.5.4 REWARDS AND REINFORCEMENTS 28
2.5.5 RESOURCE /TIME AVAILABILITY 29
2.6 FORMS OF CORPORATE ENTREPRENEURSHIP 31

2.6.1 Sustained Regeneration 31
2.6.2 Organisational Rejuvenation 32
2.6.3 Strategic Renewal 32
2.7 Innovation 33
2.7.1 Definition of innovation 34
2.7.2 The process of innovation 35
2.8 Corporate Entrepreneurship in the South African Banking Sector 36
2.9 Conclusion of Literature Review 37
Research Questions 38

CHAPTER 3: RESEARCH METHODOLOGY 40

3.1 Research Methodology and Strategy 40
3.2 Research Design and Instruments 41
3.3 Research Population and Sampling 42
3.3.1 Population 42
3.3.2. Sample and Sampling Method 43
3.4 Research Data Collection Methods 44
3.5 Research Data Analysis Methods 45
3.6 Research Criteria 46
3.7 Research Assumptions and Limitations 48

CHAPTER 4: PRESENTATION OF RESULTS 50

4.1 Introduction 50
4.2 Demographic profile of respondents 50
4.3 Analysis of emerging themes 51
4.3.1 Research Question 1 51
4.3.2 Research Question 2 53
4.3.3 Research Question 3 54
4.3.4 Research Question 4 55
4.3.5 Research Question 5 56

CHAPTER 5: DISCUSSION OF THE RESULTS 57

5.1 Introduction 57
5.2 Discussion pertaining to Research Question 1 57
5.3 Discussion pertaining to Research Question 2 59
5.4 Discussion pertaining to Research Question 3 61
5.5 Discussion pertaining to Research Question 4 62

5.6 DISCUSSION PERTAINING TO RESEARCH QUESTION 5 63
5.7 CONCLUSION 65

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS 66

6.1 INTRODUCTION 66
6.2 SUMMARY OF FINDINGS 66
6.2.1 RECOMMENDATIONS 67
6.3 CONCLUSIONS OF THE STUDY 69
6.5 SUGGESTIONS FOR FURTHER RESEARCH 70

REFERENCES 71

CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research was to understand the merits of Corporate Entrepreneurship in general and in the South African financial services industry in particular and to shed light on how Corporate Entrepreneurship is being implemented within one of the largest South African banking groups.

The study sought to identify the internal factors that existed within a South African Bank (Bank X) and their impact on the fostering of Corporate Entrepreneurship, thus creating a competitive advantage for Bank X. In particular, the researcher focused on the organisational structure, the culture, rewards and resources available within Bank X and how each of these key elements were being utilised to encourage the growth of Corporate Entrepreneurship in that organisation.

Although South Africa has a sophisticated banking system with four big local banks ("the Big Four"), including ABSA, Nedbank, Standard Bank and First National Bank, as well as 13 registered local banks and 30 foreign banks with representative offices, research on Corporate Entrepreneurship in South Africa and within Financial Services is limited (Falkena, Gabriel, Hawkins, Llewellyn, Luss, Masilela, Parr, Pienaar, & Shaw, 2004).

Banking conditions improved moderately in 2010 and early 2011 after two tough years. Total assets (comprising of money, loans and advances, investments, trading positions and non-financial assets) rose to R2 312 billion, after falling to R2 257 billion in 2009 from R3 170 billion at the end of 2008. The legacy of the global economic crisis and the sharp rise in unemployment remain a challenge for this sector which has experienced a decline in overall profitability in recent years (Nedbank, Nedbank Economic Review, 2011).

Despite the deterioration in profitability, most commercial banks held up exceptionally well under difficult circumstances and continued to record profits

albeit at lower levels than in previous years. In the short-term, the local banking industry is likely to become more expansionary, although the underlying credit climate is expected to remain relatively tight, with a strong focus on strengthening risk management and redressing bad debt (Nedbank Business Review, 2011).

Over the medium- to longer-term, the main challenges are to provide greater access to the large non-banked segment of the market and to finance and facilitate broader economic empowerment. Much progress has been made on both these fronts (Nedbank Business Review, 2011)

Following the increase of entrants into the financial services area and the rapid technological advancements experienced in recent years, the competitive landscape in this sector is stronger than in past decades. Typically, players in this industry and banks in particular, would compete in terms of price, innovation in products and services, relationship management and product differentiation (Falkena, et al., 2004) .

Therefore the pressure for any organisation to differentiate itself from the competition is increasing and Corporate Entrepreneurship's importance is proving necessary in order to achieve the long term survival of any firm operating in the 21st Century.

1.2 Context of the study

South African bank charges have historically been a point of contention; in that bank charges are perceived as considerably higher than similar charges levied by counterpart banks in other countries. As a result banks are constantly scrutinised for appearing to charge exorbitant fees, however conclusive evidence to support this perception is not available due to complexity of products and banking systems between countries (Falkena, et al., 2004)

In the past decade, the entry of foreign banks into the South African banking arena has increased competition for South African banks on a global level. Globalisation coupled with ever changing markets, consumers and technology

has forced local banks to rethink how they deliver their services so as to maintain their legacies. The challenge facing the 'Big Four' banks is how to maintain the same profit margins whilst facing an increase in competition from both local and international players within financial services. International players in particular have a reputation for having very efficient processes and being innovative whilst delivering competitively priced products and services to their respective customer bases.

Corporate Entrepreneurship is used in a broad sense to include the development and implementation of new ideas into existing organisations (Hornsby, Naffziger, & Montagno, 1993). The South African banking sector in general is faced with the challenge of creating an environment that is conducive to fostering Corporate Entrepreneurship while under the pressure of operating in a highly regulated and risk adverse environment.

This is particularly pertinent for large organisation operating in the current economic time post the global economic crisis of 2008. These changes in the economic landscape validate the importance of innovation and social development. (Montoro-Sanchez & Soriano, 2011)

In an attempt to protect their clients' interests; financial services institutions need the right risk and compliance controls and regulations in place in order to appropriately mitigate the risk inherent in doing business in this industry. Therefore, any Corporate Entrepreneurship activities in this sector have to take account of these criteria in order to be successful in the implementation process. A growing body of evidence suggests that Corporate Entrepreneurship is critical for organisational survival and growth in the contemporary business environment.

This paper is a case study on one of the major banking groups within South Africa. The research principally intended to explore the barriers to the implementation of Corporate Entrepreneurship in a bid to overcome any such barriers, and build a stronger competitive advantage.

This study also sought to understand the role of management in driving Corporate Entrepreneurship within the company and the historical effectiveness of associated management practices. Consequently this research puts forward a set of recommendations for implementing and managing Corporate Entrepreneurship based on the research findings.

1.3 Problem statement

The purpose of the research was to explore the factors that influence implementation of Corporate Entrepreneurship within a South African bank and how best to overcome these challenges to increase competitiveness within the South African financial services environment.

Furthermore, this research assessed the factors that either promoted or prohibited the implementation of Corporate Entrepreneurship within a South African bank.

1.4 Significance of the study

Corporate Entrepreneurship often fails because large organisations present hostile environments for creative ideas (Sharma & Chrisman, 1999) . This study sought to explore Corporate Entrepreneurship within one of the 'Big Four' South African banks. The bank used in this study was considered an ideal candidate as it is a large financial services group employing a workforce in excess of 30 000 people with operations across South Africa and abroad. Consequently the bank is subject to intense local and international competitive pressure to provide innovative banking solutions to its client base.

This study contributes to the body of knowledge particularly as limited research has been conducted on the nature and management of Corporate Entrepreneurship in organisations operating in South Africa (Scheepers & Hough, 2004). A specific contribution is made as the study focuses on factors affecting the implementation of Corporate Entrepreneurship in a South African bank.

In order to remain competitive in the current business environment, organisations need to continually seek out new ways to do things that promote competitive advantage whilst ensuring that they continue to build on their past success. Derived from entrepreneurship, Corporate Entrepreneurship is the ability of an entrepreneur to gauge the paramount opportunities in an organisation and allocate the relevant resources to optimise value creation (Van Aardt & Van Aardt, 1997).

Corporate Entrepreneurship is a critical business tool for any company operating in South Africa or globally. In recent years, companies that have successfully implemented Corporate Entrepreneurship initiatives have shown exceptional growth (such as, 3M, Google, and Starbucks). Corporate Entrepreneurship is undeniably changing the way organisations conduct business today and will also have a continued impact into the future.

Corporate Entrepreneurship has a direct influence on an organisation's bottom line; which makes it ill-advised for any business to ignore the prospects of Corporate Entrepreneurship if it aims to ensure long term survival (Sambrook & Roberts, 2005).

Following the global economic crisis, the modern business environment has become more competitive than in previous decades as well as more regulated, particularly in the financial services sector. Consequently management's ingenuity in driving business growth and the implementation of new and innovative ideas is a key strategic goal to remain competitive in the 21st century (Drucker, 2002) (Morris, Kuratko, & Covin, 2008). In addition, the rapid technological progress of recent years have rendered many business products and services solutions to customers obsolete faster than experienced in the previous decade (Scheepers, Hough, & Bloom, 2008). Therefore companies need to act faster than in previous decades in the process of implementing Corporate Entrepreneurship initiatives given that the window to differentiate from the competition is limited and requires continuous investment into resources that allow organisations to develop, acquire and adapt to new

technological advancements and to the changing business environment (Scheepers, Hough, & Bloom, 2008).

Corporate Entrepreneurship has been described as the archetype of future organisations (Covin & Miles, 2001); however, the challenge is for organisations to create an environment where innovation is the norm. Furthermore, it is important to note that innovation necessitates Corporate Entrepreneurship through addressing market needs to achieve sustainable financial success (Zahra, 1995). This is particularly relevant for any organisation operating in the South African financial services sector today with the increased competitive landscape (Scheepers, Hough, & Bloom, 2008).

Researchers argued that middle managers at operational level are best positioned to identify, encourage, promote and initiate Corporate Entrepreneurship whilst relying on senior management for support (Hornsby J. , Naffziger, Kuratko, & Montagno, 1993). Consequently this study focused on the influence that both senior and middle management of two divisions of a South African bank had on the implementation of Corporate Entrepreneurship initiatives within that organisation.

This study further provides insights to management teams who seek to be able to identify key elements within their strategy that would either promote or inhibit the implementation of Corporate Entrepreneurship initiatives in their organisations (particularly in the financial services sector) to assist them in making appropriate changes to remain competitive in their respective business environments.

1.5 Conclusion

This chapter put forward the need for Corporate Entrepreneurship research in the South African financial services environment and more specifically the factors that impact the implementation of Corporate Entrepreneurship within one of the large banking groups in South Africa. It also contextualised the

critical need and associated benefits of Corporate Entrepreneurship for organisations operating in the 21st century.

The following chapter explores the principal literature on Corporate Entrepreneurship and develops a contextual argument around the purpose of this research. Additionally clarity is given to pertinent definitions, and the factors that impact the implementation of Corporate Entrepreneurship. Subsequent chapters detail the methodology and research design, as well as express and discuss the results and recommendations made, based on the findings of this study.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

South African organisations like any global organisation, face pressure to retain a competitive advantage in the midst of global competition, and whilst operating in a depressed market environment following the global financial meltdown which started in 2007.

Accumulated research findings in the area of Corporate Entrepreneurship have found that some organisational factors have a direct impact on Corporate Entrepreneurship implementation within the company. These factors include the organisation climate and culture (Kuratko, Ireland, & Hornsby, 2001) (Sathe, 1985), management support (Hisrich & Peters, 2002), organisational structure (Stopford & Baden-Fuller, 1994), appropriate use of rewards (Sathe, 1985), resource availability (Kuratko, Ireland, & Hornsby, 2001) (Sathe, 1985) and clarity of goals (Hornsby, Naffziger, & Montagno, 1993).

However, limited research has been conducted on the nature and management of Corporate Entrepreneurship in organisations operating in South Africa (Scheepers & Hough, 2004) and as a result the salient organisational factors identified in the international Corporate Entrepreneurship literature will be used for the purpose of this study and in so far as they are applicable to the South African context.

The following sections of this chapter review the literature and the various aspects of Corporate Entrepreneurship to create a base from which understanding is gained on what this concept entails, its importance for businesses operating in the 21st Century, including South African organisations and the factors that affect the implementation of Corporate Entrepreneurship. The chapter concludes with a summary of the literature reviewed and the research question explored in this study.

2.2 What is Corporate Entrepreneurship?

By definition, Corporate Entrepreneurship consists of two types of phenomena and processes:

- the birth of new businesses within existing organisations, whether through internal innovation or joint ventures/alliances, and
- the transformation of organisations through strategic renewal, which involves the creation of new wealth through the ingenious use of available resources (Guth & Ginsberg, 1990).

As a result, Corporate Entrepreneurship is considered as a process which enhances a firm's ability to both acquire and utilise the innovative skills and abilities of its workforce (Montoro-Sanchez & Soriano, 2011)

Corporate Entrepreneurship is further described as an organisational process whereby individual's ideas are changed through team collaborative process and whilst managing related uncertainties associated to this process (Nayager & van Vuuren, 2005). Corporate Entrepreneurship occurs through the innovation(s) initiated and successfully implemented by employees within an organisation (Sambrook & Roberts, 2005).

Bringing about strategic renewal requires both sound corporate-level strategies, which relate to addressing product-market scope, and business-level strategies, which relate to identifying sources of sustainable competitive advantage. In the process of meeting the modern organisational challenges, strategic innovation will have to include developing the organisation's anatomy (i.e., goals, formal structure), physiology (i.e., systems and relationships that allow the lifeblood of information to flow through the organisation), and psychology (i.e., the shared norms, values, beliefs that shape the way individual managers think and act) (Goosen, 2002).

In most cases, Corporate Entrepreneurship describes the total process whereby established enterprises act in innovative, risk taking and proactive ways to

improve and sustain a competitive advantage and financial performance (Zahra, 1993) (Dess, Lumpkin, & McGee, 1999) (Bouchard, 2001).

A Corporate Entrepreneurship approach may have various outcomes such as an increase in the organisation's financial performance, increase in employees' morale, a better collaboration between individuals or teams, new organisations being created or it may even involve the restructuring and strategic renewal of existing enterprises (Scheepers, Hough, & Bloom, 2008)

It is important to note that in the early stages, all innovations are defined by uncertainty and Corporate Entrepreneurship is not limited to just creating a new product of service but does involve changing the way an organisation develops, builds, markets and supports its business propositions. Furthermore, this kind of business reengineering would likely not occur quickly and business executives need to be prepared to be flexible and take more risks as Corporate Entrepreneurship is fundamentally a learning process (Wolcott & Lippitz, 2007).

Research has shown that there is merit for companies to adopt a cost leadership and differentiation strategy as the bases to obtain competitive advantage over their competitors (Porter, 1980). In recent years, strategic management scholars have highlighted the need for organisations to act with quick to changes in the market requirement in order to retain a competitive advantage (Covin & Miles, 2001). Each of the bases for advantage potentially could be exploited by firms that engage in sustained regeneration, organisational rejuvenation, strategic renewal, or domain (Scheepers, Hough, & Bloom, 2008).

It is necessary to understand the fundamental definition of Corporate Entrepreneurship in order to correctly assess the necessary elements that would either promote or inhibit its development in the context of this study.

In recent years the concept of Corporate Entrepreneurship has grown in popularity amongst business executives and scholars alike. The list below puts forward a few of the reasons driving the change.

1. To develop cost effective solutions to meet global challenges (Goosen, 2002).

2. To take advantage of the in-house genius (Adonisi, 2003).

3. To innovate and improve flexibility, competitiveness, and reactivity" (Covin & Miles, 2001).

4. To avoid losing business to start-ups in economies; such as in the US where venture capital is available in plenty in the global market place (Sathe, 1985).

5. To "exploit new market opportunities" (Covin & Miles, 2001).

Each one of the reasons detailed above is relevant for Bank X and forms the basis for the organisation's adoption of a Corporate Entrepreneurship strategy.

2.3 The different Definitions of Corporate Entrepreneurship

There is an increasing amount of attention amongst scholars about entrepreneurship activities within existing organisations, or Corporate Entrepreneurship (Zahra, 1996); however, there is equally a lack of consistency in the way the concept is defined by each of them (Sharma & Chrisman, 1999) .

Whilst it is arguably not uncommon in behavioural sciences to have different definitions for a concept and in particular not uncommon in new emerging disciplines, there is expressed concern about this lack of universally acceptable definitions (Stopford & Baden-Fuller, 1994). Table 2-1 below lists some of the common set of definition used as basis in this study.

Table 2-1: Some definitions of Corporate Entrepreneurship (Chaka, 2006)

Authors(s) & Year	Definition suggested
(Burgelman, 1983)	Corporate Entrepreneurship refers to the process whereby firms engage in diversification through the internal development. Such diversification requires new resource combinations to extend the firms activities in areas unrelated, or marginally related, to its current domain of competence and corresponding opportunity.
(Jennings & Lumpkin, 1989)	Corporate Entrepreneurship is defined as the extent to which new products and/or markets are developed. An organisation is entrepreneurial if it develops a higher than average number of new products and or new markets.
(Zahra, 1993)	Corporate Entrepreneurship is a process of organisational renewal that has two distinct but related dimensions innovation and venturing, and strategic renewal.

Authors(s) & Year	Definition suggested
(Chung & Gibbons, 1997)	Corporate Entrepreneurship is an organisational process transforming individual ideas collective actions through management of uncertainties.
(Wolcott & Lippitz, 2007)	Corporate Entrepreneurship is a process whereby teams within an established company conceive, foster, launch and management new business that is distinct from the parent company but leverages off parents' assets, market position, capabilities or other resources.

From the table the commonalities in the various definitions are that Corporate Entrepreneurship essentially is process whereby an individual or a group of individuals within a large organisation bring about a positive change in that organisation through the appropriate use of innovation that eventually creates a renewal in the organisation's value proposition and/or its internal processes.

Three distinctive aspects of Corporate Entrepreneurship were identifies as follows (Covin & Miles, 2001):

- An ' established' organisation entering a new business
- An individual or individuals championing a new product ideas with a corporate context
- A Corporate Entrepreneurship philosophy permeates an entire organisation's outlook and operations

Corporate Entrepreneurship has been described in terms of five dimensions which are namely: autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness. They further disclosed that it was unclear whether all five dimensions will always be present in dimensions must always be present

for any such organisation to be seen as successful in adopting a Corporate Entrepreneurship culture (Lumpkin & Dess, 1996).

Corporate Entrepreneurship has also been defined as the sum of a company's innovation, renewal and venturing efforts whilst encompassing the following aspects (Zahra, 1995) (Zahra, 1996)He further states the following:

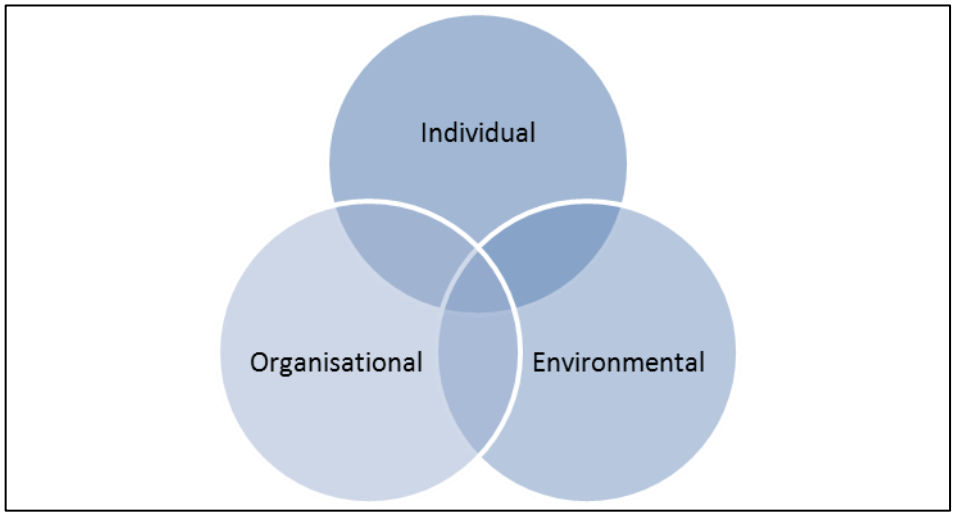
- Innovation involves both the creation and introduction of either products, production processes and/or organisational systems
- Renewal involved the revitalising of an organisation's operations by either altering its scope of its business, competitive approach or both. It also involved the building of new capabilities whilst creatively leveraging off them to increase shareholders' value.

Lastly, venturing refers to firms' operational expansion through forming new businesses in existing markets (Chung & Gibbons, 1997). Furthermore, Corporate Entrepreneurship has also been referred to as an organisational process whereby individual ideas are transformed into collective actions through management of uncertainties. This process has an essential backend statement called innovation in order to function. Innovation involves creating and introducing products, production processes, and organisational systems (Schumpeter, 1934).

In short, Corporate Entrepreneurship is the process whereby an individual or a group of individuals, in association with an existing organisation, create a new organisation or instigate renewal or innovation within that organisation with the objective of increasing its competitiveness and long term survival (Sharma & Chrisman, 1999).In conclusion, a review of these definitions indicates that Corporate Entrepreneurship in our modern times is multi-dimensional. It is used through by medium to large size organisation in the forms of strategic management, corporate planning, research and development, and marketing. Overall, Corporate Entrepreneurship includes factors from individual, organisational and environmental elements and is defined by the innovative

nature of the action performed. Figure 2.1 below diagrammatically depicts the interactive relationship between these three elements:

Figure 2.1: The inter-active relationship between individual, organisational and environmental in Corporate Entrepreneurship



Source: (Amabile, 1999)

The definitions adopted in this study are essentially from (Covin & Slevin, 1991) and (Lumpkin & Dess, 1996) due to the fact that they collectively incorporate the various elements of Corporate Entrepreneurship also found in many of the other definitions on the Corporate Entrepreneurship.

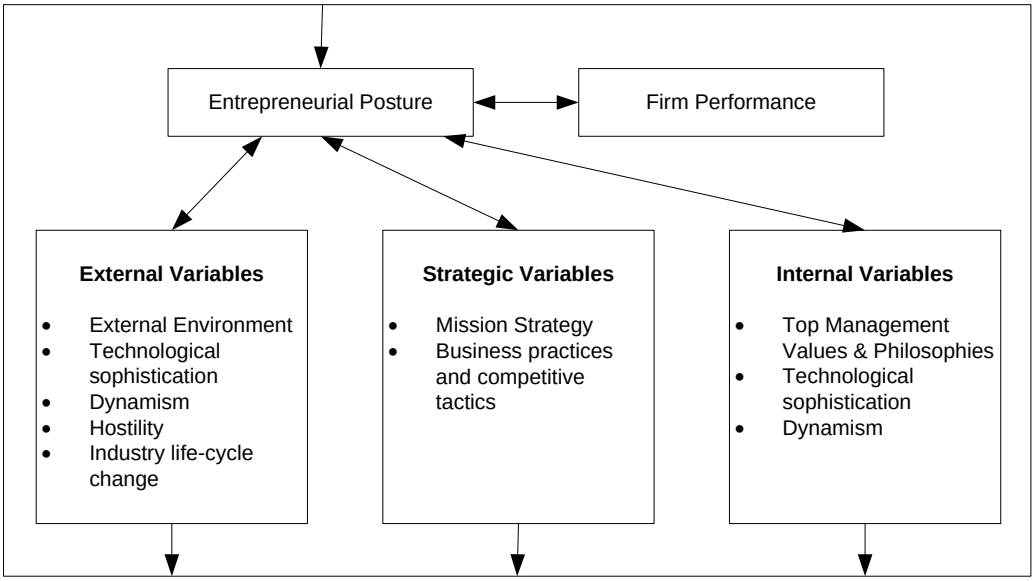
2.4 Corporate Entrepreneurship Theories and Models

The discussion preceding this section gives an overview of contemporary theories and models of Corporate Entrepreneurship with an emphasis on the interrelated relationship between the individual and organisational antecedents as well as their influence on the Corporate Entrepreneurship process (Gartner, 1988).

2.4.1 Key models analysed by Covin and Slevin

This model suggested an integrative model that explains the association between a company's posture and its environment, strategy, internal factors and organisational performance (Covin & Slevin, 1991). Their model is shown in Figure 2.2 below.

Figure 2.2: Firm level behavioural model of CE



Source: (Covin & Slevin, 1991)

According to this model, there are external, strategic and internal variables influencing the entrepreneurial posture of an organisation which ultimately impact on the organisation (firm) performance.

Another key feature of this model is that it indicates that the three key variables (i.e., external, strategic and internal variables) have a moderating effect on the relationship between entrepreneurial posture and organisation (firm) performance.

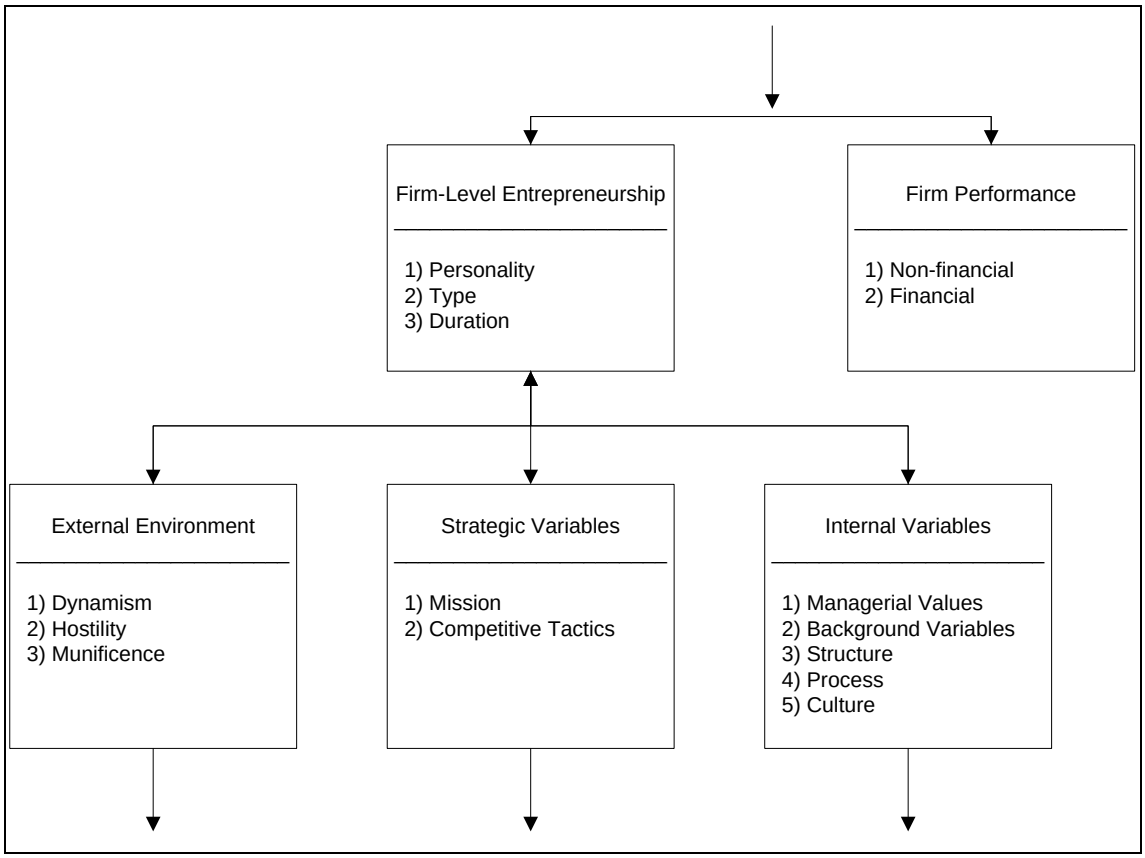
2.4.2 The Corporate Entrepreneurship of Zahra

The model, as represented in figure 2.3 below (Zahra, 1993), suggests a different classification of the environment set than what was suggested by (Covin & Slevin, 1991). He eliminates the technological sophistication which is encapsulated in environmental dynamism.

The model, as represented in figure 2.3 below (Zahra, 1993) criticised (Covin & Slevin, 1991)model, as lacking definition of key Corporate Entrepreneurship constructs such as intensity of behaviour, and formality of entrepreneurial activities undertaken by the firm. The argument of the model represented in figure 2.3 was that these constructs are distinct from one another even though they are closely related.

In defining entrepreneurial behaviour and according to the model represented in figure 2.3, there was emphasis in the need to consider domestic as well as international entrepreneurial activities and this model further argues that managerial values and background, organisational structure, managerial process and organisational culture should be considered in developing Corporate Entrepreneurship models.

Figure 2.3: Zahra's Corporate Entrepreneurship Model



Source: (Zahra, 1993)

This study has taken cognisance of the importance of a more prudent classification system and many of the variables mentioned in this model have been discussed in this study.

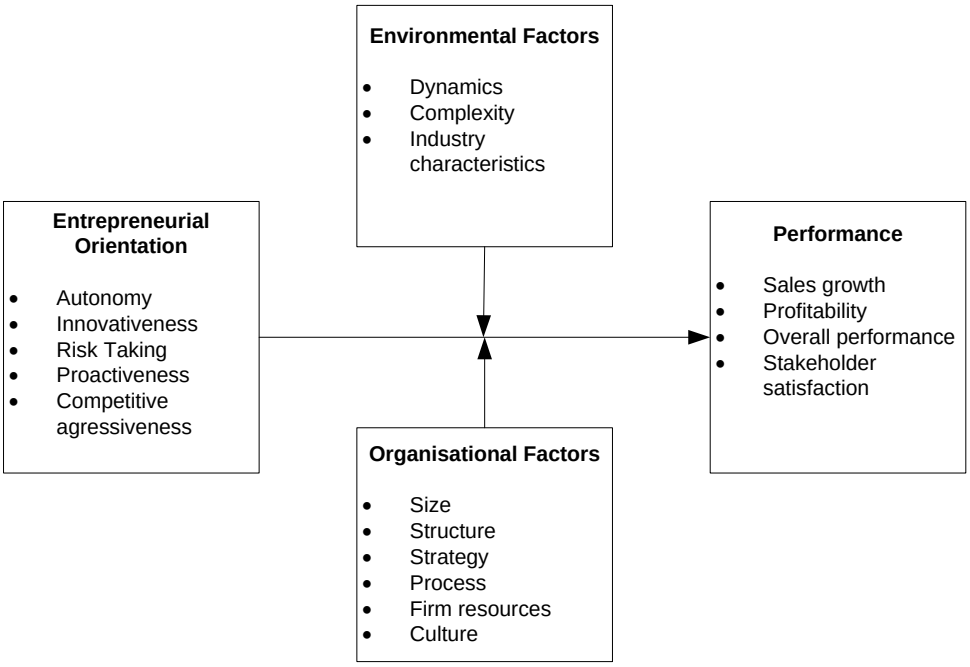
The Corporate Entrepreneurship models developed by researchers depict the organisation system elements that relate to entrepreneurial behaviour among larger, established firms.

2.4.3 The CE Model of Lumpkin and Dess

According to this model, I, there are essentially five Corporate Entrepreneurship orientation dimensions which are autonomy; innovativeness; risk taking; proactiveness and competitive aggressiveness. Organisations which have

adopted a Corporate Entrepreneurship strategy would generally act autonomously, have a willingness to innovate and take risks.

Figure 2.4: A Graphical Demonstration of Lumpkin and Dess model



Source: (Lumpkin & Dess, 1996)

2.5 Factors affecting the implementation of CE

Literature suggests that there are two broad dimensions supporting corporate entrepreneurship which are namely, environmental factors and individual charateristics represented by the employees orientation toward Corporate Entrepreneurship (Srivastava & Agrawal, 2010). The environment factors consist of the following four variables as identified in the literature as being necessary for the successful implementation of Corporate Entrepreneurship within any organisation:

- Corporate Entrepreneurship Strategy
- Organisational Culture

- Organisational Structure
- Availability of Resources

For greater insights, each of the aforementioned variables are analysed in further detail below.

2.5.1 Corporate Entrepreneurship Strategy

Corporate Entrepreneurship strategy requires for management to incorporate its strategy with its policy making decisions to achieve a competitive advantage (Russel, 1999). Furthermore, this strategy encourages the organisation to adopt more unconventional methods, such as outcome-based objectives or behaviour controlled regulations in order to support a Corporate Entrepreneurship strategy (Russel, 1999).

The main purpose of organisation for adopting a Corporate Entrepreneurship strategy is to create the internal environment necessary for stimulating innovation by co-creating with the client with the result of enhancing their competitive position in the market in which they operate (Bhardwaj, Sushil, & Momaya, 2011).

Essentially, management has the following three options available in its objective to adopt a Corporate Entrepreneurial strategy (Russel, 1999):

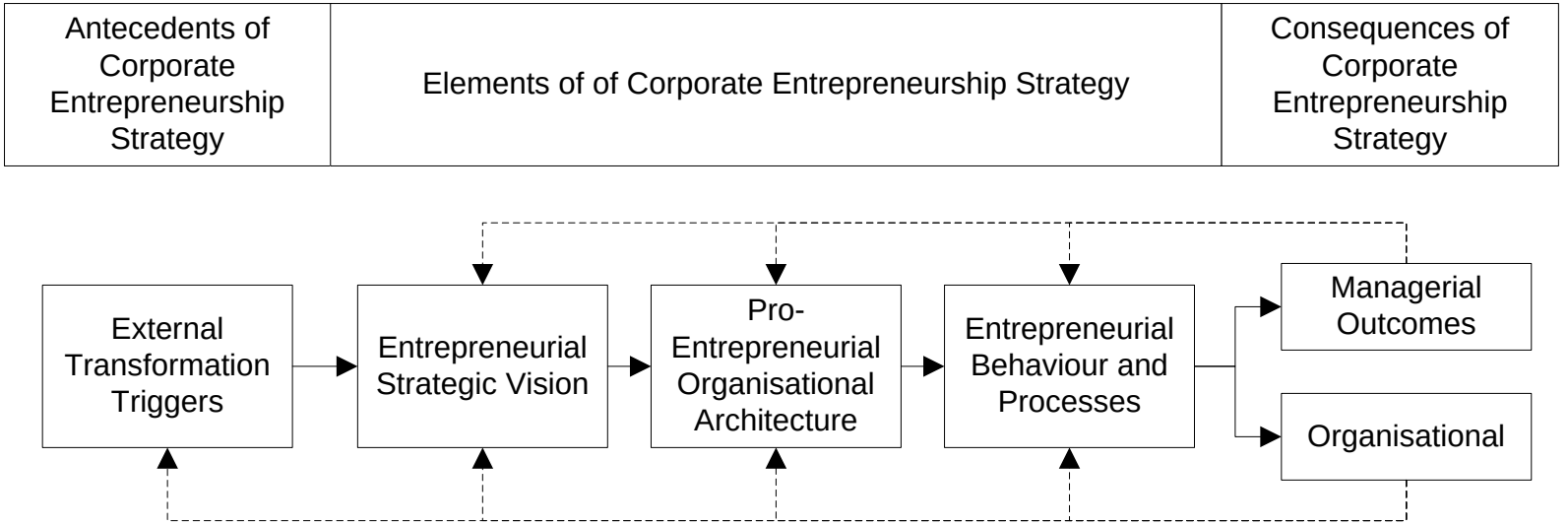
- The design of an organisation fosters the autonomous generation of entrepreneurial activities (i.e., through the creation of structures and a culture that facilitate the development of Corporate Entrepreneurship activities)
- Providing a sense of overall direction for innovative initiatives through a Corporate Entrepreneurship vision and strategy.
- Ensuring that promising ventures receive the necessary resources to get developed rapidly even though new ventures confront uncertainties at the inception. In the current business environment, organisations need to

have specific goals and strategies relating to Corporate Entrepreneurship and not hope that innovation within its business would occur by chance or haphazardly (Nayager & van Vuuren, 2005)

Some of the CE strategy model can be used by both medium and large organisations (see figure 2.5)as it proposes that senior level managers in an organisation establish a Corporate Entrepreneurship strategic vision and guide the emergence of pro-Corporate Entrepreneurship organisational structures (Ireland, Kuratko, & Covin, 2003).

A model of Corporate Entrepreneurship Strategy (See Fig 2.5 below) is highlighted below:

Figure 2.5: A Model of Corporate Entrepreneurship Strategy



Source: (Ireland, Kuratko, & Covin, 2003)

This model indicates that the presence of often related environmental triggers intense competition which ultimately shortens the product or services life cycles (Ireland, Kuratko, & Covin, 2003).

Furthermore, the following three key elements of Corporate Entrepreneurship strategy are articulated as follows:

- Corporate Entrepreneurship Strategic Vision: This element relates to the entrepreneurial mind-set or in other words the way of way of thinking about business that encapsulate the advantages of effectively dealing with uncertainty (McGrath & MacMillan, 2000). An entrepreneurial vision is set by top management for the organisation. For this vision to be meaningful, it needs to highlight the organisation commitments towards product, process and market innovation and also create a cultural glue within this workforce which will act as a catalyst that binds people together, encourage knowledge sharing in competitive ways (Bhardwaj, Sushil, & Momaya, 2011).Pro-Corporate Entrepreneurship Architecture: This relates to the context in which an organisation, through its structure, systems, culture, and resources would promote the growth of entrepreneurial behaviour within that organisation (Morris & Kuratko, 2002). Whilst It is important for organisational structure to support the entrepreneurial vision of the company, the challenge, however, is to align the organisation functions with the new performance standards of non-financial gains which require other kinds of coordination. For instance, organisations whould need to adopt an entrepreneurial mindset and cultivate an entrepreneurial environment that enables for radical organisational transformation (Bhardwaj, Sushil, & Momaya, 2011).

- Corporate Entrepreneurship Behaviour and Processes: this incorporates both an organisational and an individual-level phenomenon that is based on three key elements: innovativeness, risk-taking and pro-activeness (Scheepers, Hough, & Bloom, 2008)

Research found that Corporate Entrepreneurship has two different types of outcome and consequences for adopting a Corporate Strategy (Ireland, Kuratko, & Covin, 2003):

- Managerial Outcome and Consequences: The managerial outcome is associated with entrepreneurial behaviour which takes into account both individual knowledge and skills development necessary in the implementation of Corporate Entrepreneurship strategy. Managers at all levels of an organisation play a critical role in the promotion of Corporate Entrepreneurship (Bhardwaj, Sushil, & Momaya, 2011).

- Organisational Outcome and Consequences: This includes things like organisational learning, strategic positioning and competence development which are all direct results of successfully implementing a Corporate Entrepreneurship strategy.

This model is applicable for South African organisations and particularly banks that are keen to adopt a Corporate Entrepreneurship strategy and gain the benefits suggested in the model. In line with the literature and due to the rapid changes in the current business environment, South African companies need to consciously design organisational structure that favours Corporate Entrepreneurship (Morris & Kuratko, 2002). Particularly with banks being generally risk adverse environments, management should consider allowing different processes or structures specific to Corporate Entrepreneurship to run parallel to their standard process in order to foster the implementation of Corporate Entrepreneurship more successfully.

2.5.2 Organisational Culture

Organisational culture plays a critical role in motivating and shaping entrepreneurial activity within an organisation (Kiss, Wade, & Cavusgil, 2012) (Narayanan, Yi, & Zahra, 2009) (Russel, 1999).These authors further expressed that formal, bureaucratic methods of control associated with organisational

structure are inefficient in managing Corporate Entrepreneurship activities given uncertainties inherent in innovation.

Organisational culture can be defined as the shared set of values, beliefs, attitudes, expectations and assumptions passed from one generation of employees to the next that determine the norms for appropriate behaviour in the organisation (Nayager & van Vuuren, 2005). It touches and influences everything that people do. Positive cultures are ones that are in line with an organisation's vision, mission and strategies (Floyd & Wooldridge, 1999).

Research describes culture is a key determinant of Corporate Entrepreneurship activity, and the first step in fostering Corporate Entrepreneurship activity within an organisation (Cornwall & Perlman, 1990). In organisations where Corporate Entrepreneurship is not a strategic goal, the culture does not support risk taking, searching for opportunities and innovation (Cornwall & Perlman, 1990).

Therefore the culture plays an important role in influencing employees' willingness to accept change overall but also specifically intended to foster Corporate Entrepreneurship (Floyd & Wooldridge, 1999). Furthermore some researchers emphasised that organisational culture can be a source of sustained competitive advantage (Barney, 1991) (Narayanan, Yi, & Zahra, 2009). Culture allows organisations to develop a core set of assumptions, understandings and implicit rules that govern the day-to-day behaviour in the workplace (Acharya, Amihud, & Litov, 2011) (CE can thus be sustained in the organisation if it is embedded in the culture of the organisation (Nayager & van Vuuren, 2005).

2.5.3 Organisational structure/boundaries

The concept of organisational structure and its relationship to innovation has been broadly interpreted through a many different variables (Nayager & van Vuuren, 2005)and it is outside the scope of this study to review all the variables. However, both the literature on innovation and Corporate Entrepreneurship are in consensus in associating a greater level of innovative venturing with organic

versus mechanistic structures (Burgelman, 1983) (Covin & Slevin, 1991); (Misati & Nyamongo, 2011).

Positive associations between a decentralised structure (at the level of the business unit) and innovation have been explained in terms of increased autonomy and control over resources, which enables managers to initiate and test more innovative ventures (Kanter, 1983). Moreover, decentralisation implies that managers have a greater degree of participation in the decisions making process, which relating to Corporate Entrepreneurship initiatives, results in an increase in the level of employees' commitment towards this strategy which renders its implementation simpler (Russel, 1999) .

Formalised structures have been found to be negatively correlated with innovation (Kanter, 1983). A presumed reason for this finding is that in a formalised contact, work-related behaviours are largely controlled by strict rules and procedures allowing as a result little opportunity for creativity and innovation. Informal structures on the other hand, tend to be characterised by low emphasis on work rules and formal procedures, providing increased autonomy to experiment with innovative solutions and permitting relatively easy exchange of information across organisational boundaries (Russel, 1999) (April, 2010). This characteristic is likely to facilitate the openness and exchange of ideas and information amongst organisational participants that is required for the successful development of innovative ventures (Kanter, 1983).

Traditional organisational models, built around rigid hierarchies and clearly defined boundaries, are thought to be poorly suited to today's Corporate Entrepreneurship centred organisations. Such models are prevalent in larger organisations such as Bank X, with their inherent bureaucracies, have been criticised for their tendency to limit flexibility and stifle communications (Scheepers, Hough, & Bloom, 2008) and require both strong change and stakeholder management abilities. In response, many companies are experimenting with innovative organisation designs that embrace the concept of boundarylessness (Kanter, 1983).

Corporate Entrepreneurship would flourish in an organisation whereby a deliberate effort is made by management to replace the rigid and traditional organisation boundaries delineated with more fluid boundaries (Lumpkin & Dess, 1996); (Scheepers, Hough, & Bloom, 2008).

2.5.4 Rewards and reinforcements

Reward and reinforcement systems are one of the most visible indicators of the organisation's motivation as they tend to influence employees' work efforts which in turn have an impact in the organisation overall competitiveness. Rewards and reinforcement include; salaries, wages, bonuses, intrinsic and psychic compensation. From The literature, there are three main categories of rewards and reinforcements (Bhardwaj, Sushil, & Momaya, 2011):

- Indirect pay (benefits and services)
- Direct pay (base pay, merit, incentives and cost of living adjustments)
- Relational form (recognition, status, security, challenging work and learning opportunities)

  Literature suggests that rewards and reinforcement are one of the key drivers of Corporate Entrepreneurship. The design of a rewards and reinforcement program is a top-down process (Bhardwaj, Sushil, & Momaya, 2011).

Corporate Entrepreneurship cannot happen in the absence of individuals or team of individuals being involved in the process. As discussed in preceding paragraphs the dynamic iteration between creativity, invention and innovation needs to be understood in dealing with the human element of this process.

In this context, the role of human resource becomes a vital factor in the organisational structure and particularly as entrepreneurial activities are often initiated and carried out by individuals within that particular organisation (Montoro-Sanchez & Soriano, 2011). Other important factor in adopting human resources practices which promote Corporate Entrepreneurship is the ability to transfer knowledge within the origination which can be a source for gaining

competitive advantage. This is true as competitive advantage, in recent decades, is increasingly based on strategic assets, such as knowledge and resources that are necessary to manage and transfer (Montoro-Sanchez & Soriano, 2011)

It is therefore important for the human resource function within an organisation to adopt practices that promote Corporate Entrepreneurship. Employees capable of innovating, taking risks and exchanging knowledge are necessary, accompanied by reward systems that encourage this type of behaviour (Montoro-Sanchez & Soriano, 2011)Rewards and reinforcement generally occur in the forms of recognition and incentives within an organisation. Recognition is an act which occurs after a demonstrable innovation has been identified whilst by contrast; incentive occurs before an innovation and is a reward linked to performance measures and rewards (Davila, Epstein, & Shelton, 2006).

Further literature on Corporate Entrepreneurship shows that an effective rewards system needs to motive the engagement of employees to act in innovative ways whereby a heightened sense of creativity, invention and overall innovation is achieved. Executive management also needs to consider goals, feedback, individual responsibility, training and development strategies and results-base incentives or rewards (Davila, Epstein, & Shelton, 2006).

Rewards and reinforcement do not only have to occur in a formal setting by management, it can occur informally such as through praise in the passage, over a cup of coffee and peer recognition (Gantsho, 2006).

2.5.5 Resource /Time Availability

Organisational resources are the fourth of the key organisational factors that nurture Corporate Entrepreneurship and availability of this component is critical to the implementation of Corporate Entrepreneurship specifically. Resources are broadly defined to include money, time, people, equipment and

competencies (Russel, 1999). Aside from the people and money element which are the key resources necessary to start a Corporate Entrepreneurship initiative, time is equally as important in the process. Particularly for new and innovative ideas to thrive, idea originators need a reasonable amount of time available to incubate their ideas (Scheepers, Hough, & Bloom, 2008). Therefore organisation that have adopted a Corporate Entrepreneurship strategy need to be sensible in the way their assign workload of their employees and allow employees time to work with others or individually to solve long-term problems (Hornsby, Naffziger, & Montagno, 1993).

Corporate Entrepreneurship initiatives are known to be resource-consuming activities whilst providing a limited amount of certainty that the resources utilised will be recuperated or bring about the desired outcome set out by the organisation which is part of the management commitment in adopting this strategy (Covin & Slevin, 1991).

In conclusion, an organisation's ability to pursue a Corporate Entrepreneurship strategy is dependent on management's ability to ensure that its culture, structure and resources are designed or deployed in line with this strategy.

In respect of individual characteristic of employees toward Corporate Entrepreneurship, various researchers have identified a few characterics but not limited to for instance, the fact that some entrepreneurs prefer to take moderate and calculated risks. They are also found to be motivated by achievement, the need for autonomy, the desire to build something of their own (Srivastava & Agrawal, 2010).

The literature further reflects that the importance of organisational system, management support, team spirit and empowerment are all important factors promoting the effective implementation of Corporate Entrepreneurship within an organisation (Srivastava & Agrawal, 2010).

2.6 Forms of Corporate Entrepreneurship

The literature, discuss four main forms of Corporate Entrepreneurship available for organisation to follow. These are as follows:

- Sustained regeneration
- Organisational rejuvenation
- Strategic renewal and
- Domain redefinition

For the purpose of this study, each form of Corporate Entrepreneurship was explored separately and in details in the preceding paragraphs. However, it is possible for any one of these forms of Corporate Entrepreneurship to be present either individually or collectively in organisations that have adopted a corporate strategy as a business imperative.

2.6.1 Sustained Regeneration

Sustained regeneration is a form of Corporate Entrepreneurship that is, commonly known as firm-level of entrepreneurial activity. Firms that engage in sustained regeneration are those that regularly and continuously introduce new products and services or enter new markets (Chaka, 2006).

Firms engaging in sustained regeneration tend to have cultures, structures, and systems supportive of innovation. They also tend to be learning organisations that embrace change and willingly challenge competitors for market share (Chaka, 2006).

Significantly they view their capacities for innovation as essential core competencies that must be protected, nourished, and leveraged through corporate strategies of continual product or service development (Stopford & Baden-Fuller, 1994).

The typical firms that are known to use sustained regeneration as a business strategy often have a reputation of being innovation machines (such as Motorola and 3M).

2.6.2 Organisational Rejuvenation

The terminology organisational rejuvenation is used to refer to the CE practice whereby the organisation seeks to sustain or improve its competitive standing by altering its internal processes, structures and / or capabilities (Stopford & Baden-Fuller, 1994). It is important to recognise that firms do not need to change their strategies in order to be entrepreneurial (Covin & Miles, 2001); rather Corporate Entrepreneurship may involve efforts to sustain or increase competitiveness through the improved execution of particular pre-existing business strategies.

2.6.3 Strategic Renewal

The term strategic renewal is used to refer to the CE phenomenon whereby the organisation seeks to redefine its relationship with its markets or industry competitors by fundamentally altering how it competes. This form of CE may also facilitate the maintenance of competitive superiority among industry leaders (Stopford & Baden-Fuller, 1994).

2.2.4 Domain Redefinition

Domain redefinition is a term used to refer to the CE phenomenon whereby the organisation proactively creates a new product market arena that others have not recognised or actively sought to exploit. Under such a scenario, the entrepreneurial firm may be able to create the industry standard or define the benchmark against which later entrants are judged (Stopford & Baden-Fuller, 1994).

Enterprises with well-developed Corporate Entrepreneurship capabilities are able to sustain growth and innovation, which are critical competitive advantages in the 21st century (Scheepers, Hough, & Bloom, 2008). The reason being that in the previous decades, the business cycles were long enough and businesses could content themselves to either being followers of innovators (i.e., observe someone else's innovation and replicate it as accurately as possible) and still be able to achieve profits.

However, in modern times, many industries have had an accelerated process of creative destruction (the rate at which new, effective and efficient industry replaces the old industry) which is compounded by an increased number of competitors on a global scale (Scheepers, Hough, & Bloom, 2008) (Acharya, Amihud, & Litov, 2011). This has resulted in new concepts and models being produced faster than ever before and created a problem for strategic followers (in its historic form) as this strategy is becoming fundamentally uneconomical because followers have a smaller window to make their investment pay off (Scheepers, Hough, & Bloom, 2008)(Zahra, Gedajilovic, Neubaum, & Shulman, 2009).

2.7 Innovation

Closely related to Corporate Entrepreneurship is the concept of innovation and according to the literature on Corporate Entrepreneurship; innovation is listed as a critical component. Consequently innovation is analysed in the proceeding paragraphs.

Innovation is the "heart of Corporate Entrepreneurship" (Stevenson & Jarillo, 1990). Furthermore, innovation is no longer an option for success; it is a prerequisite which poses a number of challenges for today's organisations and their workforces. Employees are required to develop new capabilities to produce the innovation that complements the dynamic and rapidly changing business environment.

Innovation results from two major sources: (1) internal Research and Development (R&D) that draws on the firm's accumulated knowledge, and (2) imitation of the innovations of other firms (Davila, Epstein, & Shelton, 2006). Aside from being involved in the development of new products and services, R&D assists in the process of opening new markets for an organisation to effectively service their target market and retain a competitive advantage (Schumpeter, 1934).

Innovation is typically used by entrepreneurs as tool to reform or revolutionise the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new invention or changing the way a commodity is produced with the aim of being more effective in the process (Schumpeter, 1934).

2.7.1 Definition of innovation

The phenomenon of exploiting an invention is what is described as innovation and through new invention, unique product; service or process will be developed. Furthermore, innovation process is the result of entrepreneurs' ideas being commercialised (Antonites & van Vuuren, 2005).

Corporate Entrepreneurship and innovation are not only about creation and conceptualising, but rather about the skill to consider all the elements that form part of the environment in the process of bringing about innovation (Hisrich & Peters, 2002).

Differences/similarities between creativity versus innovation

Creativity involves either the conscious and unconscious mental processes used by individuals in order to generate an idea or make something happen as a result. It is comprised of key features such as newness, novelty, surprise, uniqueness and utility (Gantsho, 2006). Creativity is a necessary condition for inventions and innovation as whilst it produced the idea, it also provides

possible solutions for successfully implementing this new idea (Lumsdaine & Binks, 2003).

As opposed to the fact that creativity originates in an individual's mind, the innovation process often includes a team and subsequently a wider organisation. Furthermore, creativity brings forward new ideas, which innovation then assists in converting into tangible new products or processes (Gantsho, 2006).

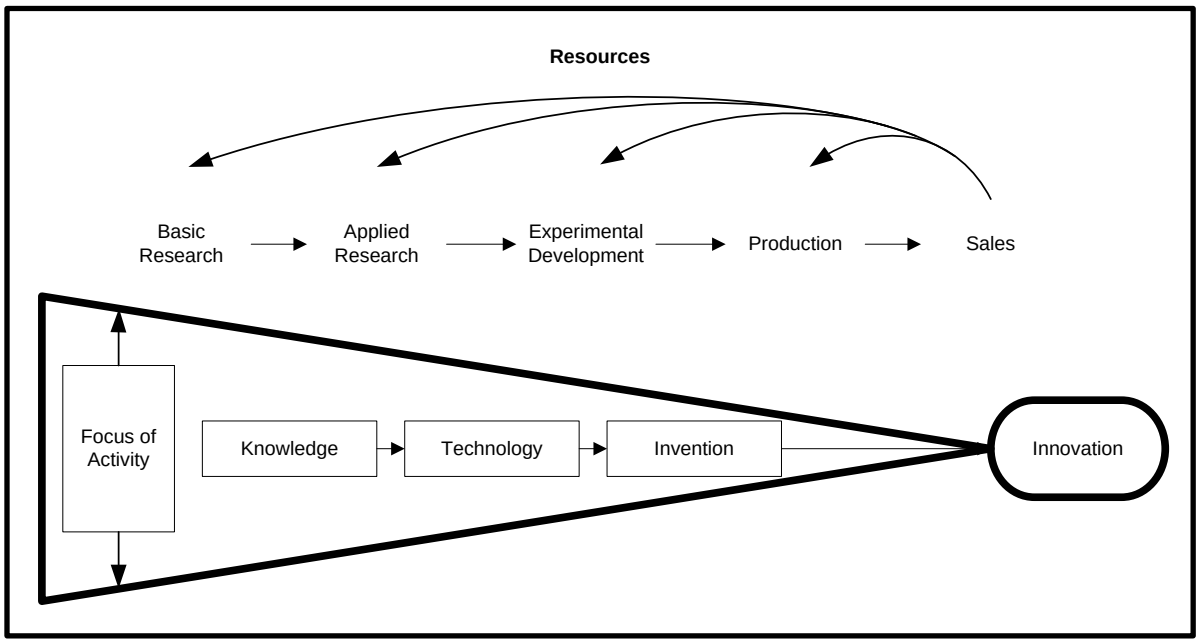
Differences/similarities between invention and innovation

Invention generally refers to something that is unknown at the time of their development (Christensen, 2003) (Horwitch & Mulloth, 2010). It is therefore different to innovation in the sense that the innovation process occurs through existence of known channels such as a known customer needs. It further presupposes that innovation follows invention (Christensen, 2003). Successful entrepreneurs are generally motivated by money, power and curiosity which are important individual traits that promote innovation. Understanding the dynamic relationship between innovation, invention and creativity is relevant to this study as it deals with the human aspects that have strong influences on the Corporate Entrepreneurship process (Morris, Kuratko, & Covin, 2008).

2.7.2 The process of innovation

The catalyst of innovation in any economy or organisation is facilitated by a Corporate Entrepreneurial orientation and the presence of entrepreneurs within these organisations. The existence of entrepreneurial orientation or culture within an organisation is defined as intrapreneurship, Corporate Entrepreneurship or corporate venturing (Antonites, 2003).

Figure 2.6: Simple Model of the Innovation Process



Source: (Von Braun, 1997)

As depicted in figure 2.6 above, the process of innovation comprises of a series of distinct steps utilised in the transformation of new products or processes. In better understanding this model, creativity may be substituted for knowledge and both technology and invention can be referred as invention (Gantsho, 2006).

Although depicted as such, the steps on the model are not always sequential as the process of innovation is interactive and can be influenced by both internal and external forces at any given time (Von Braun, 1997).

2.8 Corporate Entrepreneurship in the South African Banking Sector

As evidence in the earlier paragraphs, a Corporate Entrepreneurship strategy is a necessity in the pursuit of opportunity and growth and needs to exist across the whole organisation (Russel, 1999).

In 2004, the major South African banks successfully launched special savings and transaction accounts, called Mzansi, for low-income earners, while new products such as money-transfer and debit-order facilities have also been introduced in recent years and transactional mobility has been greatly improved through the use of cellular phone banking and other technologies. The banking sector has also made progress in changing procurement practices and improving the racial composition of all management levels. The “Big Four” banks have concluded empowerment deals and there has been a sharp increase in Black Economic Empowerment (BEE) transaction financing to date (Nedbank Business Review, 2011).

As a result, the practice of Corporate Entrepreneurship has become the focus of increasing attention from managers and academics alike as the ability to create innovation has assumed critical importance for organisations competing in rapidly evolving industries like the South African financial industry in recent years (Adonisi, 2003). Fostering Corporate Entrepreneurship behaviours and practices is at the forefront of many organisational strategies through enabling innovation to ultimately maintain a competitive advantage in an increasingly competitive business environment (Russel, 1999).

Another reason for the increased focus on Corporate Entrepreneurship is that following the global financial meltdown which started in in late 2007, the South African financial sector and in particular banks have had to embark on a strategic transformation in order to remain competitive (Nedbank Business Review, 2011) which requires a change or improvement of certain generally accepted banking practices.

2.9 Conclusion of Literature Review

Research on Corporate Entrepreneurship has grown rapidly over the past decade. Although scholars generally agree on the nature of entrepreneurial activities within existing firms, differences in the terminology have created some

confusion. The literature converges on the fact that innovation, broadly defined, is a common theme underlying all forms of Corporate Entrepreneurship.

A Corporate Entrepreneurship strategy is fundamental for the pursuit of opportunity and growth that exists when embraced throughout the organisation and defines the essence of a firms functioning. There is a strong inter-active relationship that exists between individual, organisation and the external environment that needs to be managed appropriately as this has an overall impact on Corporate Entrepreneurship.

The consequences of Corporate Entrepreneurship have been observed through the litereature as to lead to product and process innovation and market development. Innovation is at the core of adopting a Corporate Entrepreneurship strategy and through this process the organisation is able to expand and grow and thus retain its competitiveness and promote a climate conducive for high achievement (Srivastava & Agrawal, 2010).

In summary, adaptability, flexibility, speed, aggressiveness and innovativeness are essential ingredients for any Corporate Entrepreneurship oriented organisation planning to remain competitive in the 21st Century.

Research Questions

This research study sought to investigate the merit of Corporate Entrepreneurship in South Africa and globally and also to identify the factors that impacted on the implementation of Corporate Entrepreneurship within one of the Big Four" South African Bank (Bank X).

In pursuit of this objective, the following research questions were investigated:

Question 1:

What role does top management play in the process of implementation of CE and particularly to what extent is strategic leadership and support

apparent in Bank X given that it is a precursor for effectively fostering Corporate Entrepreneurship?

Question 2:

To what extent does management allow its employees some autonomy in the process of promoting a Corporate Entrepreneurship culture?

Question 3:

What is the impact of rewards and recognitions used by Bank X to motivate staff towards the adoption of a Corporate Entrepreneurship culture and implementation of Corporate Entrepreneurship initiatives?

Question 4:

How are time and resources allocated in the process of ensuring an effective implementation of Corporate Entrepreneurship initiatives within Bank X?

Question 5:

To what extent do organisational boundaries/structures impact on the implementation of Corporate Entrepreneurship initiative within Bank X?

CHAPTER 3: RESEARCH METHODOLOGY

This section provides an overview of the methodology used to conduct this empirical research. After discussing the literature around qualitative research, the research design and research instrument are presented. Issues around the data collection and analysis with regards to this study are highlighted as well as comments on validity and reliability of this research project.

3.1 Research Methodology and Strategy

There are indications that the “research strategy is a plan for undertaking a systematic exploration of a phenomenon of interest” (Marshall & Rossman, 2006). This research was an exploratory, qualitative study and was carried out to determine the factors affecting the implementation of Corporate Entrepreneurship in a South African bank. The main purpose of exploratory research is to determine if the phenomenon exists and if it does, gain familiarity with it (Welman, 2005). Furthermore, there is further indication that exploratory research methods are usually used to generate new ideas and findings discovered through exploratory research would enable the researcher to emphasise further learning on the findings in subsequent conclusive or quantitative research (Zikmund, 2003).

Qualitative research is used to study the world ‘out there’ (not in confined spaces such as laboratories) and to understand and describe social phenomena in a number of different ways, such as analysing experiences of individuals, analysing interactions and communications as well as analysing documents (Flick, 2007). It is also concerned with understanding the processes, which underlie various behavioural patterns and why people act in the way they do. This is a useful tool in studies around corporate strategy. Qualitative research is dedicated to smaller but focussed samples to gain in-depth information (Denzin & Lincoln, 2005).

Another benefit of a qualitative research method is that it offers an interactive platform which allows the interviewer to probe further (Zikmund, 2003). Qualitative research methods focused on the individual lived experiences and are usually are carried out by employing an in-depth interview strategy (Marshall & Rossman, 2006) .

In using a qualitative research method, the researcher was able to analyse the factors impacting the implementation of Corporate Entrepreneurship in one of the South African “Big Four” banks.

3.2 Research Design and Instruments

The purpose of a research design is to provide a framework for the collection and analysis of data (Bryman & Bell, 2007), in this case a basic interpretive qualitative study was used as the research intended to understand how participants make meaning of a situation or phenomenon data is collected through interviews and analysed to identify the recurring themes from the data. Basic interpretive qualitative studies produce a descriptive outcome that outlines a phenomenon, a process, the perspectives and the people involved and/or a combination of these. In this study, a detailed description of the findings was presented which made reference to the literature which originally framed this study.

In order to answer the research questions found in chapter 2, data was collected through in-depth face-to-face interviews which each lasted an average of 45 minutes. During the interviews, all respondents had the opportunity to express their views and opinions to the interviewer using their own words and lingo. Both the interviewer and interviewees were able to ask clarifying questions which positively affected the outcome of this study.

Whilst open-ended questions were used to prompt responses from the respondents, the interviews were semi-structured to ensure that useful data was collected (Cresswell, 2003). Semi-structured interviews are defined as

interviews where the interviewer has a list of questions or specific topics to be covered, usually referred to as an interview guide (Horton, Macve, & Struyven, 2004).

These semi-structured interviews were supported by an interview guide which covered questions around the key factors affecting the implementation of Corporate Entrepreneurship. Furthremore, they allowed for an adaptive interview flow in order to maximise the insights from this exercise.

Approvals by the relevant division for these interviews were done in writing which can be found in the appendix. The advantages of interviews include; being face-to-face with the interviewee in order to clear up any misunderstandings immediately, the interviewer and interviewee can check on what they did not understand, the interviewer can re-word or re-order the questions if anything unexpected happens (White, 2002). However, the following disadavantages are associated with this method; interviews are time consuming and therefore one needs to take into account the length of the interviews, travelling to and from interviews, recording of interviews and taking notes (White, 2002).

In a qualitative study, the researcher is viewed as the data primary collector and analyser (Punch K. , 2007) furthermore, in this type of research, data is collected through this human instrument, rather than through other instruments and in line with the literature, this study was conducted by the researcher through semi-structured face to face interviews (Cresswell, 2003).

3.3 Research Population and Sampling

3.3.1 Population

The population of this research study was senior and middle executives employed by one of the “Big Four” South African banks. These executives were from two major division of the bank, namely the Corporate and Retail divisions.

Lastly, these executives were responsible for driving the Bank's business strategies within their respective business units.

3.3.2. Sample and Sampling Method

The bank used in this study was considered an ideal candidate as it is a large financial services group which is listed on the Johannesburg Stock Exchange. Bank X employs a workforce in excess of 30 000 people with operations across South Africa and abroad. Consequently the bank is subject to intense local and international competitive pressure to provide innovative banking solutions to its client base on a continuous basis.

Furthermore, Bank X delivers its products and services through three main divisions, namely the Corporate, Capital and Retail divisions. Both the Corporate and Capital divisions service corporate entities whilst the Retail division looks after individuals, hence the reason why only respondents from both the Corporate and Retail were sought in this study.

Senior and middle executives from both Corporate and Retail division of Bank X were identified and selected for the interviews, based on their roles, experience in financial services and the number of employees under management. These interviews were made upon request by the researcher both telephonically and via e-mail and the participation of all participants had been approved by the respecting divisions of Bank X. Qualitative research seeks depth rather than breadth, and draws on smaller samples in order to acquire in-depth and intimate information about this small group of people (Ambert, Adler, & Detzner, 1995).

The sample size was determined largely by considerations of accessibility and the fairly limited number of executives available for this purpose in Bank X. In total 16 interviews were conducted. Convergence, repetitive and redundant answers were found after these interviews and therefore 16 interviews were deemed sufficient for the purpose of this study. For confidentiality purposes, the identity of each respondent is not disclosed in this report.

3.4 Research Data Collection Methods

The interviews took the form of pre-arranged 45 minutes face to face meetings with the identified senior and middle executives of Bank X. Preferred interviews times were either in the early morning or late afternoon to decrease the chance of the need to hurry the interview in order to deal with urgent business related matters. Peak business hours were avoided when scheduling these interviews.

In order to maximise the quality of data, and to deal with the related issues of access and ethics, the data collection method should be organised (Punch K. , 2007). In order to collect the data, have access to the data and clear all ethical issues, the researcher sent emails (with a letter attachment – Appendix A) to 30 executives of Bank X (senior or middle management level only) requesting their permission to be interviewed and outlining the nature and purpose of the research, as well as how the findings may be useful to the respondents' and their organisation. The email also requested the mail recipients to forward the same request to other executives who met the sample profile in order to increase the hit rate (Saunders, Lewis, & Thornhill, 2009).

Furthermore, encouraging non-eligible addressees to transmit the questionnaire to others improved the response rate (Etter & Perneger, 2000). On receipt of positive responses, the researcher then set up appointments in order to conduct face-to-face interviews with the respondents at their preferred location and time. At the interviews, the researcher informed the interviewees about the structure of the questionnaire and requested permission to use an electronic recorder to record the interview in its entirety from which detailed notes were made to conduct the analysis for this study. None of the respondents objected to the interviews being recorded whilst handwritten notes were also taken during the interviews. The researcher encouraged openness and honesty by informing the interviewees that the recorder could be switched off for any comments they would want to make off the record (Saunders, Lewis, & Thornhill, 2009).

The interview schedule had five parts, with the first part addressing demographics of the respondents and the subsequent four parts representing the four research questions as reflected below:

- Demographics of the respondents: Question 1-10
- Research Question 1: What role does top management have in the process of implementation of CE and particularly to what extent is strategic leadership and support apparent in Bank X?: Questions 12 to 18
- Research Question 2: To what extent does management allow its employees some autonomy in the process of promoting a Corporate Entrepreneurship culture?: Questions 19 to 24
- Research Question 3: What is the impact of rewards and recognitions used by Bank X to motivate staff towards the adoption of a Corporate Entrepreneurship culture and implementation of CE initiatives? Questions 25 to 27
- Research Question 4: How are time and resources allocated in the process of ensuring an effective implementation of CE initiatives within Bank X?: Questions 28 to 29
- Research Question 5: To what extent do organisational boundaries/structures impact on the implementation of CE initiative within Bank X? Questions 30 to 33

3.5 Research Data Analysis Methods

Data analysis is a process of reasoning in order to understand and interpret data that has been collected. Furthermore, data analysis is generally about making sense of the data that has been collected (Zikmund, 2003) . It involves

preparing the data for analysis in a way that would assist the researcher in its analysis of the data, moving deeper into understanding the data, representing the data, and making an interpretation of the larger meaning of the data (Cresswell, 2003). A content analysis to identify themes was applied. The qualitative data analysis was according to the data management process (Miles & Huberman, 1994).

The components of this process included (1) data reduction; (2) data display and (3) conclusion drawing/verification. In this study the use of both Data reduction and Conclusion was used. Data reduction entailed summary or paraphrasing of the actual data collected in order to assist the researcher with condensed information for the purpose of drawing final conclusions to be drawn and/or verified. Conclusion drawing and verification was the phase where the researcher began to decide what things meant by noting regularities, patterns (differences/similarities), explanations, possible configurations, causal flows, and propositions (Miles & Huberman, 1994).

3.6 Research Criteria

Reliability, replication and validity must be considered when evaluating business and management research (Bryman & Bell, 2007). They refer to reliability as the question of whether the results of the study are repeatable. In order to reduce the possibility of getting the research answer wrong, research design has to pay particular emphasis on reliability and validity (Saunders, Lewis, & Thornhill, 2009).

Reliability refers to the extent to which the data collection techniques or analysis procedures are consistent with findings (Saunders, Lewis, & Thornhill, 2009). However, it is important to note that in qualitative research, some inherent threats which can affect the reliability of the data collection are: participant error, participant bias, observer error and observer bias (Saunders, Lewis, & Thornhill, 2009). The data was collected via interviews and may be less reliable as they might contain an element of participant bias (Saunders, Lewis, & Thornhill,

2009). This risk was mitigated by reaffirming the confidentiality, and anonymity of findings as well as switching off the recorder when the interviewee requested an off the record conversation. Observer bias may exist because there are different ways of interpreting an answer and this was minimised by recording interviews in order to listen to the interviews more than once.

The validity criteria of the research is concerned with the integrity of the conclusions that are generated from a piece of research, it seeks to link the findings with the purpose of the research (Bryman & Bell, Business research methods, 2007). In this study the interviews were be recorded so that the researcher could refer to them more than once if required. Some further defined validity as internal validity, or the degree to which a match exists between the researcher's observations and the theoretical ideas they develop, and external validity or the degree to which findings can be generalised across social settings (Le Compte & Goetz, 1982).

External validity is further defined as the generalisation of results from a research situation to other situations whilst Internal validity tends to be the strength of qualitative research (Bryman & Bell, 2007). External validity is usually weak due to the generally small samples in these studies (Bryman & Bell, 2007). The reformulation of reliability describes to instances when qualitative data makes data more transparent so that researchers can cross-check the statement of the interviewee against the interpretation by the researcher (Flick, 2007). In instances whereby reliability is defined in relation to qualitative research as external reliability, or the degree to which a study can be replicated, and internal reliability or the consistency of observations between two or more observers (Le Compte & Goetz, 1982).

Other researchers have suggested other research criteria for judging qualitative research such as trustworthiness, credibility, dependability, transferability and confirmability (Flick, 2007).

The credibility criterion establishes that the research findings are believable from the participants' perspective and, in order to satisfy this requirement, the researcher will sent a copy of the final report to all the participants once the examination process has been completed (Trochim, 2006).

Transferability criterion refers to the degree to which the research findings can be transferred to other contexts and situations (Trochim, 2006).

Dependability criterion is referred to as reliability in quantitative studies and emphasises the need for the researcher to account for ever changing context within which research occurs. The studies over the years were therefore taken into consideration during this study and complete records of all the research phases are kept in the form of recordings and paper based information (Trochim, 2006). Conformability refers to the degree to which the research findings could be confirmed by others and not influenced by the researcher's biases (Bryman & Bell, 2007). In the research the researcher attempted to limit personal biases impact on the research findings. This was achieved through self-awareness and self-objectivity during interviews as well as during the write-up process (April, 2010).

3.7 Research Assumptions and Limitations

An assumption made for this study was that the selected respondents are executives and they could identify with the challenges identified in the literature.

The use of interviews as a data collection method may have proved a limitation in a sense that interviewer bias could have been present (White, 2002). It was assumed that the researcher's perspective and assumptions did not have a negative influence on the research, the interpretation of findings and the theory that emerged from the research (Saunders, Lewis, & Thornhill, 2009) . In qualitative research suggested that interviewer bias becomes an issue when the researcher is investigating political issues, or moral issues on which people have strongly held convictions (Trochim, 2006). In this research study, the

researcher was an employee of Bank in a senior management role and therefore her personal bias and mental models, constructed through experience in the sector, and may have had an impact on the report (Flick, 2007).

Content analysis alone can be a limitation because of the fact that a large amount of data may be lost if certain words and phrases are the only ones recorded. This was avoided by recording the interviews. Academic research currently available is largely on related topics of Corporate Entrepreneurship in other industries and not specifically enough in companies in financial services (Hussey & Hussey, 1997).

The other limitation may be the fact that the sample was made up of executives from one of the “Big Four” South African bank only, excluding other financial services companies and other industries where executives may have different experiences and challenges.

In-depth, face-to-face interviews pose a risk of the interviewees trying to be politically correct or telling the interviewer what they think he/she wants to hear (White, 2002). This may have occurred in this study because face-to-face, semi-structured interviews were used to collect data in particular as the researcher was employed by Bank X at the time of conducting the research.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the data gathered from interviews with 16 senior to middle executives employed by Bank X. An interview schedule, attached as Appendix B, was used as a guide for the interviews.

4.2 Demographic profile of respondents

The following section reports the demographic make-up of the sample. Demographics were classified under gender, age, race, marital status, number of children, professional qualifications, areas of the bank X in which they worked, years of experience in the financial services sector, years of service in financial services, their current managerial levels, the assets under management and the size of their respective teams.

In this research study the focus was based on the seniority of the respondents, the number of employees under their management and number of years' experience in the financial services sector in line with the literature review which indicated the influence by senior management on fostering Corporate Entrepreneurship within an organisation such as a Bank

The vast majority of respondents (89%) had worked in financial services for 'ten or more years'. The second most occurring frequency was 'six to ten years' which accounted for 11% of the sample.

There were no respondents in the sample who had worked for either 'a year or less' or 'two to five years'. The sample was thus dominated by respondents who had a considerable amount of work experience in financial services; whereas the sample did not capture responses from those with less work experience.

the number of people under management by each of the respondents reveals that the majority of respondents (44%) had ‘in excess of 100 employees’ under management. It was found that the sample was thus in favour of respondents who had ‘between 10-20 employees’ (accounting for 34% of the sample) and respondents who had ‘in excess of 100 employees’ (44% of sample) under management.

Lastly, with regard to the positions held by respondents; the majority of the sample (56%) held ‘Senior Manager / Head of Division’ positions, whereas 44% of the sample held ‘Executive Director’ positions. None of the sample held ‘Chief Executive’ positions.

The sample therefore underrepresented ‘Chief Executive’ positions. However ‘Senior manager / Head of Division’ and ‘Executive Director’ positions were considered appropriately represented.

4.3 Analysis of emerging themes

This section of the chapter focuses on the five research questions listed in chapter 2.

4.3.1 Research Question 1

Research question: What role does top management have in the process of implementation of Corporate Entrepreneurship and particularly to what extent is strategic leadership and support apparent in Bank X?

To answer question 1, respondents were asked 6 questions. These questions 12 to 18 are shown in the interview schedule (Refer to Appendix B).

Respondents all felt that Corporate Entrepreneurship needed to be driven from top down and therefore they all believed that top management played a significant role in driving Corporate Entrepreneurship within the organisation. All respondents felt that at Bank X, the executive management had clearly

expressed their support for Corporate Entrepreneurship through its vision, mission statement and overall strategic goals which fully supported it. From a strategic leadership perspective, the majority of the respondents felt that management needed to be more specific with its strategy to drive Corporate Entrepreneurship within Bank X.

Historically Bank X had adopted a product centred strategy and therefore the product houses were measured in terms of the profitability of each product they sold to clients. This strategy was particularly relevant at the time in which it was implemented as Bank X, as the company was in financial trouble and needed to ensure the survival of the company through profitably positioning each product they supplied to the market. However, following this "turnaround" strategy, Bank X has understood the need to change this strategy from being products focussed to becoming client centred since the new source of growth will likely come from effectively matching products to customers demand in this highly competitive environment. Although the respondents noted that the executives team of Bank had had formulated the new strategic direction as per the Bank's "dagwood" whereby its vision, mission and strategic intent were clearly expressed and made available to all employees in various forms, more efforts to effectively champion the implementation of Corporate Entrepreneurship by Bank X executive management needed to be felt throughout the organisation. In particular, most respondents felt that what was lacking was to have a champion within the executive team of Bank X that would be responsible and held accountable to efficiently drive this initiative throughout Bank X.

Being responsible and accountable would entail having specific business deliverables assigned to that particular executive geared towards successfully implementing a clearly defined Corporate Entrepreneurship strategy for the organisation; while using measurable goals that would be assessed on a semi-annual basis in line with Bank X's performance measurements guideline or balance scorecards.

In the current competitive business environment, an organisation such as Bank X cannot rely on Corporate Entrepreneurship to occur without setting clearly definite goals and strategies specifically designed to foster Corporate Entrepreneurship and therefore executives of Bank X need to be intentional in the implementation of these goals and strategies to have the best chance of success (Nayager & van Vuuren, 2005).

All respondents felt that Bank X's existing Corporate Entrepreneurship strategy was clear and embedded in the company's dagwood and adequately communicated throughout the whole organisation. Furthermore, the majority of respondents felt that executive management's role was to paint the landscape or point towards the direction the bank wanted to take and from there establish the parameter for the other parts of Bank X to develop their own business strategies that would ensure that the executive management's strategic goals were achieved.

They were also asked to assess whether their respective divisions had done enough to promote the level of Corporate Entrepreneurship within Bank X. To this question all respondents were unanimous in that the bank needed to do much more than what had been achieved in the past. They needed to ensure that they was a clear link between the Corporate Entrepreneurship strategy that executives formulated and the day to day deliverables of each employees in so far as having this as a key performance area in all balance scorecards of all employees of Bank X.

4.3.2 Research Question 2

To what extent does management allow its employees some independence in the process of promoting a Corporate Entrepreneurship culture? To answer question 2, respondents were asked 4 questions. These were Questions 19 to 24 as shown in the interview schedule (Annexure X)

The majority of the respondents expressed that whilst the bank did afford its employees some level of independence it also needed to ensure that through its

internal process there was accountability taken by senior management in any major decision taken within the bank. For instance, in the process of granting a credit facility, this decision would typically not vest with one individual only but across various teams which would include senior executives as well. Furthermore, the level of independence provided by Bank X often went according to the seniority level of an individual. Some of the respondents also expressed the need to adopt different leadership technics to get the best results out of each team or individual under their respective management.

They also expressed that the more experience a person had in their respective area, either through formal training of working experience within the financial services, they would typically be afforded that a greater level of independence in the Bank. Furthermore, the more experienced employees were, the better their ability to think of new ways to service clients both internally or externally. This created a natural spill over towards fostering Corporate Entrepreneurship within the bank.

All respondents also acknowledged that as more independence was given to an employee more accountability was expected by the bank in return. In a risk averse environment, this accountability created an added pressure for that employee.

4.3.3 Research Question 3

What is the impact of rewards and recognitions used by Bank X to motivate staff towards the adoption of a Corporate Entrepreneurship and implementation of CE initiatives? Questions 25 to 27 were applicable in trying to answer question 3.

Although all respondents felt that the current rewards and recognition process undertaken by Bank X was adequate and in line with industry norms, more could be done to motivate employees specifically towards the adoption of a more Corporate Entrepreneurship driven culture. In addition to providing their employees with performance based bonus incentives, the bank had both formal

and informal recognition events throughout the year. At the end of each year there were a few overall winners that would go on an overseas trip all expenses paid by the bank for their outstanding contributions for that particular year.

What needed to be different with regards to the rewards and recognitions was to put in place clear measurements for each employee that were specifically linked to Bank X Corporate Entrepreneurship strategy and reward these initiatives separately.

4.3.4 Research Question 4

How are time and resources allocated in the process of ensuring an effective implementation of Corporate Entrepreneurship initiatives within Bank X? Questions 28 to 29 aimed to answer question 4.

Whilst the generation of ideas is important in order to grow or introduce new innovations within an organisation, equally critical are the necessary resources needed to implement such ideas. Having the right people, tools and budget to bring to fruition a strategic intend or goal is vital.

The majority of respondents felt that there were no clear or standardised channels within Bank X that effectively supported the generation of ideas. Additionally there were no areas where idea originators could get assistance in effectively promoting their innovations. As a result, idea originators needed to do a fair amount of lobbying to get the right attention from the various stakeholders until the idea was approved as a business case.

In general, all the respondents felt that the process from idea origination to approval by the relevant key stakeholder as a business case for bank X was very laborious. This was largely due to fact that Bank X is a large organisation and decision making often requires many levels of approvals before any decision is taken. This process however, has the ability to deflate originators as a result.

Once an idea was approved as a business case by senior management, the rest of the process is usually very fast and the resources required in the process would be deployed to ensure that the innovation was successfully implemented.

On the downside, all respondents agreed that once a new innovation had been implemented, Bank X management was lacking at assessing the project from a perspective of what was originally intended, particularly innovation versus what was actually achieved. This final step in the process was particularly important for the respondents in building on future successes for Bank X.

4.3.5 Research Question 5

To what extent do organisational boundaries/structures impact on the implementation of CE initiative within Bank X? Questions 30 to 33.

All respondents agreed that the present organisational boundaries and structure negatively impacted the promotion of Corporate Entrepreneurship within Bank X. The process of implementing new projects was longer than in smaller organisations and stakeholder management as well as change management was a critical factor for any project implementation within Bank X.

Some areas, particularly between the retail and business banking division which previously ran as silos were recently merged under one senior executive's authority. This realignment has allowed these divisions to take advantage of existing synergies between them and results are being achieved. Bank X continues to work on bringing more of its businesses together and recently managed to relocate one of its divisions and the corresponding supporting business units under the same roof to facilitate collaboration between them.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

In this chapter the results of the study are evaluated and interpreted relative to the literature.

5.2 Discussion pertaining to Research Question 1

The first research question related to the roles that top management has in the process of implementation and particularly to what extent strategic leadership and support for Corporate Entrepreneurship is apparent in Bank X.

The initial stage in introducing a Corporate Entrepreneurship strategy is for executive management to be fully committed behind this process and only after that can the concept or strategy be introduced throughout the rest of the organisation (Hisrich & Peters, 2002).

The challenge faced by Bank X executive is to challenge their own paradigms in terms of their entrepreneurial ethos, and then to utilise the models available as discussed in chapter 2 of this study and infuse a reinvigorated drive towards Corporate Entrepreneurship within the organisation as a whole.The majority of respondents agreed that top management needs to set the framework through setting out the vision, mission and strategic goals for the organisation which then creates a catalyst behind which implementation of Corporate Entrepreneurship initiatives can take place. Furthermore, Bank X top management needs to have a clear Corporate Entrepreneurship strategy that is communicated and understood throughout the organisation.

In instances whereby Corporate Entrepreneurship strategy is clearly communicated and that if employees at all levels of the organisation buy into this strategy, there is a strong link for such an organisation to gain a competitive advance over its competitors (Kuratko, Ireland, & Hornsby, 2001). Additionally all

of the respondents further agreed that Corporate Entrepreneurship can only be achieved through a top down approach and therefore management has to believe in the value of cultivating a Corporate Entrepreneurship culture within Bank X. This approach would involve granting employees the ability to take calculated risks without fear of being victimised or shamed for mistakes that may result- in the process.

Furthermore management should put in place clear enough guidelines, particularly due to the nature of the banking sector, for areas where Corporate Entrepreneurship initiatives could be encouraged and where these types of initiatives should be avoided in the pursuit of protecting Bank X's stakeholders. Corporate Entrepreneurship will not happen haphazardly and needs management commitment and intent to ensure that it is effectively implement throughout the organisation (Nayager & van Vuuren, 2005) (Acharya, Amihud, & Litov, 2011).

The findings further revealed that all the respondents believed that all levels of management needs to drive the Corporate Entrepreneurship agenda within the organisation (not only top management) as each layer of management plays a key role in encouraging employees to believe that innovation is expected of all the members of the organisation. This factor can be captured in the encouragement and willingness of a manager to facilitate Corporate Entrepreneurship activities within an organisation (Hornsby J. , Naffziger, Kuratko, & Montagno, 1993) .

As detailed in chapter 2 above, management support towards Corporate Entrepreneurship can be undertaken through various channels such as championing innovative ideas, recognition of idea-originators/inventors, providing the necessary resources or expertise, such as seed money to kick-start ideas or institutionalising the entrepreneurial activities within the organisation's systems and processes (Scheepers, Hough, & Bloom, 2008). At Bank X, idea generation is typically generated from individual networks and once a concept is identified the process is handled by a separate department and in some circumstances the

originator of the idea remains involved until the innovation is finalised and ready for implementation.

From the research, it can be concluded that Bank X needs to continue with its efforts to better articulate its Corporate Entrepreneurship strategy in a manner that is clearly understood throughout the whole organisation.

It was observed that between setting the vision and the implementation of Corporate Entrepreneurship strategy throughout the organisation the message was being lost downward. As a result there was no clear linkage between the two which made any strategic Corporate Entrepreneurship goals set by management not effectively monitored nor measured and therefore the success or failure of each Corporate Entrepreneurship initiative not clearly identifiable.

5.3 Discussion pertaining to Research Question 2

Research Question 2: addressed the extent to which management allowed its employees independence in order to promote a Corporate Entrepreneurship driven culture within Bank X.

All entrepreneurial events originate from the creative acts of individuals but the development/implementation of a creative idea into a successful innovation in an organisational context also requires the presence of organisational support systems that provide resources, autonomy and emotional support to those individuals (Kanter, 1983).

In organisations that have adopted a Corporate Entrepreneurship strategy, employees are generally afforded a greater sense of autonomy and with management understanding of the level of uncertainties associated in this process, employees are generally seldom condemned for failures during the innovation process (Scheepers, Hough, & Bloom, 2008). This tolerance for failure should breed innovative, proactive and risk-taking behaviours among employees. The research revealed that the majority of respondents felt that in

the banking environment which is highly regulated but also where other people's investments are a concern; generally a low tolerance for errors was observed. Similarly the industry as a whole is seen as more risk averse than other industries. However, taking into account the strategic goals of Bank X, such as being a leader in the market and expanding to new markets; it cannot but allow for an incremental level of risk taking to allow for the constant flow of innovation that is crucial to remaining competitive. Furthermore, dynamic environments stimulate firms to engage in entrepreneurial ventures in order to take advantage of emerging market opportunities and to pre-empt industry rivals (Burgelman, 1983).

The results of this research indicated that a third of respondents felt that there are basic processes that were crucial to allow the bank to counter risks associated with its day to day activities and that those processes should be allowed to continue to run without any interference. However processes that did not fit into that criteria could be looked into and potentially benefit from innovative thinking and creativity (Zahra, Gedajilovic, Neubaum, & Shulman, 2009). Thus innovative ideas in this area should follow a different process and in instances be fast tracked to take maximum advantage of these opportunities.

It is important to note that approximately 5 years ago; Bank X underwent a major internal financial crisis which almost permanently crippled the business. However through a series of cost controls the situation was alleviated. Post crisis the workforce needed to move back in to the growth mind set which inherently was accompanied with risk taking. Currently Bank X is still lagging behind some of its competitors from an innovation perspective due these legacy issues.

During the hard financial times Bank X adopted a strategy of being a fast follower. This strategy was communicated throughout the organisation. Now that the organisation is attempting to become a leader in innovation, a strong and continuous communication approach to CE strategy needs to be adopted in order to change behavioural patterns in the workforce.

This study indicates that dynamic, hostile and heterogeneous environments intensify Corporate Entrepreneurial initiatives (Zahra, 1993).

5.4 Discussion pertaining to Research Question 3

Research Question 3: the researcher investigated the impact of rewards and recognitions used by Bank X to motivate staff towards the implementation of CE initiatives.

Rewards and reinforcement develop the motivation of individuals to engage in innovative, proactive and moderate risk-taking behaviour (Kanter, 1983). Innovative organisations are characterised by providing rewards based on performance, offering challenges, increasing responsibilities and promoting the ideas of innovative people throughout the organisation (Kuratko, Ireland, & Hornsby, 2001).

All of the respondents in this study felt that the use of reward and recognition was very important in the promotion of a Corporate Entrepreneurship culture within the organisation. Bank X has a standard recognition policy gearing more towards exceeding work requirements but not necessarily towards innovation. Of the respondents, 50% argued that they believed that informal types of recognition had a greater impact than formal process and particularly where the recognition was from peers.

The findings also revealed that Bank X used a robust training and skills development program to keep its workforce engaged and promote a feeling of being incentivised. Up skilling its workforce is a strategic objective as the benefits of exposing employees to training development programs is recognised especially in their ability to generate new ideas through the adoption of new knowledge (Drucker, 2002).

Furthermore all of the respondents believed that incentives such as flexi-time, generous maternity benefits, preferential banking rates, top achiever awards

that were accessible to all staff, were positive contributing factors to rewarding staff and promoting engagement with CE culture at Bank X.

Aside from the monetary benefits needed to keep staff motivated towards adopting a culture of Corporate Entrepreneurship, 80% of the respondents felt that staff members needed to be more engaged and that management needed to make a more concerted effort to ensure that this happened.

Respondents suggested the following methods to promote engagement within Bank X. All respondents felt that successes in the areas of CE initiative in particular needed to be better advertised to increase awareness of the subject matter within the organisation. All respondents also felt that the company was not able to provide adequate feedback as to what was happened to their innovative initiatives once logged and therefore the enthusiasm of idea generation quickly dissipated and in the process the innovation was often lost.

5.5 Discussion pertaining to Research Question 4

Research Question 4: the researcher sought to understand how time and resources were being allocation in the process of ensuring effective implementation of Corporate Entrepreneurship initiatives within Bank X. To consider engaging in innovative ways, employees need to perceive resources as accessible for Corporate Entrepreneurship activities (Covin & Slevin, 1991).

In this study there were strong differences in responses between the corporate and retail divisions. In the corporate division all respondents agreed that there was almost no time allocated to think creatively and the daily requirements of the job took priority. The absence of a dedicated innovation department further compounded the problem. The main medium of communication with regards to the respective divisional strategy, in line with yearly budgeting requirements, was the yearly management strategy session that would set out the framework and targets for the year and from this session each of the units would then formulate business unit strategies in line with the key strategic goals set out.

Additionally the research findings suggested that due to the corporate market being a more mature market in general, a lesser amount of resources were allocated towards CE initiatives. The norm within the corporate division was to align strategy with the financial goals that the division wanted to achieve primarily, with few resources being put towards innovation or creating new ventures within that division.

Conversely, the retail division of Bank X is buoyant with various units that are geared towards innovation and creativity and in particular through the use of technology. Each new project or innovation is being provisioned with adequate resources once approved as a business case by the relevant stakeholders to ensure successful implementation. In addition, the Retail division had a dedicated innovation department focusing on creating innovative solutions geared towards their target market. Technological innovation was a key focus in this division in line with the market demands and competition and due to the rapid changes that have been occurring in recent times.

The majority of respondents confirmed that there was no budget set aside for corporate entrepreneurship initiatives specifically and that both informal and formal networks were used by employees to get new projects approved.

5.6 Discussion pertaining to Research Question 5

Research Question 5: the researcher focused on the extent of organisational boundaries/structures impact on the implementation of CE initiative within Bank X.

A supportive organisational structure provides the administrative means by which ideas are appraised, selected and executed (Narayanan, Yi, & Zahra, 2009). However a bureaucratic organisational culture leads to perceived boundaries, creating obstacles to CE initiatives.

Of the respondents most viewed their structure as factor that prohibited the flow of innovation. They felt that the current structures and policies did not encourage people to look at the organisation holistically but rather foster a “silo mentality” which was not conductive to creating a Corporate Entrepreneurship culture in Bank X. The process from idea generation to implementation is tedious for idea generators. This is typical for large organisation such as Bank X and both change management and stakeholder management are crucial elements for the effective implementation of Corporate Entrepreneurship initiatives.

Although it is an imperative of top management to ensure greater opportunity for collaboration between the various teams structures within the organisation; the current structural boundaries in Bank X and different reward systems are not geared toward fostering a Corporate Entrepreneurship culture. This approach is recognised as counterproductive to the generation of new ideas and innovation which thus hampers top management’s efforts toward implementing its Corporate Entrepreneurship strategy.

Of the respondents, half mentioned that there were pockets of excellence within the organisation and those areas were easily identified, as people with similar personal traits would gravitate towards each other in an informal manner and new idea were likely to germinate through these informal interactions.

Aside from idea sharing and generation, a major stumbling block was that the individual responsible for generating the idea would often not end up as the project owner of the approved business case generated based on his/her idea. This flaw was noted as a common reason why new projects failed to be successfully implemented. It has been found that there was a strong correlation between supportive organisational values and successful Corporate Entrepreneurship focused strategies (Russel, 1999).

In the case of Bank X, the majority of respondents felt that structural boundaries fostered operational inefficiencies and thus hampered the collaborative efforts

cross-division, critically needed to encourage a Corporate Entrepreneurship culture within the organisation. For instance, a product may be developed within the corporate division of the bank and although easily replicable within the retail environment, the information would not necessarily be shared on this new product. Each division is thus generating its own versions of similar products rather than collaborating.

5.7 Conclusion

Translating strategy into implementation is one of the challenges that were apparent in the research. Although Bank X has a clear Corporate Entrepreneurship strategy in place, the business units each have the responsibility of formulating their own implementation plans while this approach is theoretically sound, practically this does not occur throughout the organisation and Corporate Entrepreneurship initiatives are often performed on a haphazard basis across Bank X's divisions.

Furthermore the fact that Bank X is a large organisation operating in the financial services sector, the propensity to act swiftly to changes in the market is low, with a high focus on mitigating risks.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

As discussed in Chapter 1; competition in the South African financial services sector has intensified in recent years following rapid technological progress, globalisation and the 2008 financial economic crisis. It is therefore even more imperative for any organisation operating in this highly dynamic environment to continuously look for ways to retain a competitive advantage against its competitors. Corporate Entrepreneurship presents a viable strategy for maintaining strategic and competitive advantage while securing long term survival.

6.2 Summary of findings

As discussed in Chapter 4 and 5 of this research report, the management of Bank X has a strategic intent fostering Corporate Entrepreneurship in the organisation and some of the key findings of this study as detailed below.

Bank X's executive management has articulated its strategic from (the 'Dagwood") or internal mantra and continues to support innovative projects throughout the organisation. Through the annual strategic meetings occurring throughout the organisation, management articulate the key focus areas and ensure that the available resources are deployed to achieve each of those key objectives. In a nutshell, the framework laid out by Bank X management provides guidelines for executives which encourage Corporate Entrepreneurship.

Management support, work discretion, rewards/reinforcement, time availability and organisational boundaries are not used sufficiently to promote Corporate Entrepreneurship within Bank X. There is particularly a disconnect between the

strategic intent of executive management to foster Corporate Entrepreneurship and the way that these initiatives are measured within Bank X.

There is no executive management championing Corporate Entrepreneurship specifically within Bank X which does impact on the importance it is awarded amongst the other business imperatives of Bank X.

There is a silo approach between the divisions on the implementation strategy directed towards fostering Corporate Entrepreneurship within Bank X and in particular the Corporate Banking division lags behind the Retail division in the frequency of Corporate Entrepreneurship activities undertaken and the lack of an innovation department within that division further contributes to this situation.

6.2.1 Recommendations

Corporate Entrepreneurship is a strategic business tool for any organisation operating in the 21st Century. A strategy of being fast follower is no longer adequate due to the rapid technological changes experienced in recent times.

In an effort to promote growth at Bank X and achieve competitiveness in the South African and African banking landscape; a greater emphasis needs to be placed on achieving ‘leader’ status on various products and services. Thus moving away from the ‘fast follower’ strategy adopted several years ago. This approach requires that the organisation embrace a Corporate Entrepreneurship orientation as a source of competitive advantage.

Essentially the organisation should develop a more proactive posture that is geared towards aggressively exploiting product and market opportunities and move beyond reactive and periodic incremental change, and favour the following elements or organisational characteristics:

Pro-activeness: This implies seeking new opportunities that my or may not ebe related to the present line of operation and/or introducing new products and

brands ahead of the competition and/or strategically eliminating operations that are in the mature or declining stages of the life cycle.

Investigation and Design: This is where ideas are analysed, tested and selected according to priority and potential. The process to be followed depends on the costs and priority, and this determines the level of approval required (i.e., Management Committee or Board level approvals before a decision is made).

Implementation and commercialisation: Management at this stage has a responsibility to align and integrate all the major organisational processes (e.g., human resources, finance, operations, marketing and risk management) to ensure effective implementation or commercialisation in order to maximise value creation from innovation. Real value creation is a key component of the innovation capability and at Bank X is done by the project teams working with the product team. Once the product is designed, it is piloted and if the pilot is successful then the product houses sell the products to the business units (corporate banking) who in turn sell them to the end user clients.In summary, the executive management of Bank X have to institutionalise elements of entrepreneurship if they are to remain competitive and this cannot happen without specific goals which are measurable.

Adopting a Corporate Entrepreneurship strategy as a primary means of strategic adaptation reflects the organisation's decision to increase its level of competitiveness through the use of innovation on an on-going basis. In order to facilitate the implementation of Corporate Entrepreneurship within Bank X, its senior and middle management executives need to encourage the emergence of a Corporate Entrepreneurship culture (e.g, by increasing the risk-taking ability of staff or tolerance), set aside adequate rewards and measurements specifically linked to innovation and remove organisational boundaries that inhibit collaboration between business units through the sharing of ideas within Bank X.

Middle management in particular, as they are the interface between employees and senior management, need to be empowered and encouraged to foster Corporate Entrepreneurship within their respective Business Units. This entails putting aside time towards engaging in Corporate Entrepreneurship activities. Unwavering support towards Corporate Entrepreneurship initiatives has to come from top management because that is the only way it can cascade downwards toward the whole organisation.

Culture plays a major role in the process of fostering Corporate Entrepreneurship as mentioned in Chapter 2 of this research report and therefore management needs to encourage and excite its staff towards adopting more innovative ways of doing things. This would be best achieved by including a measurement for innovation in staff balance scorecards as well as through both formal and information recognition mechanisms.

Bank X needs to continue to pay attention to the following factors that impact the promotion of a CE culture in an organisation:

- The appropriate use of rewards
- Continued top management support
- Resource availability for CE initiatives
- Supportive organisational structure
- Risk taking and tolerance for failure

6.3 Conclusions of the study

Bringing about strategic renewal requires both sound corporate-level strategies (such as, addressing product-market scope) and business-level strategies (such as, identifying sources of sustainable competitive advantage). There are essential organisational challenges for strategic innovation, including developing the organisation's anatomy (goals, formal structure), physiology (systems and relationships that allow the lifeblood of information to flow through

the organisation), and psychology (the shared norms, values, beliefs that shape the way individual managers think and act) (Goosen, 2002).

Corporate Entrepreneurship strategy is a fundamental orientation toward the pursuit of opportunity and growth that exists when embraced throughout the organisation and defines the essence of a firms functioning. Thus Corporate Entrepreneurship strategy is not to be 'found' at one level or place within the organisation but it must be reflected across the whole organisation. The challenge for Bank X executive is to examine their paradigms in terms of their entrepreneurial ethos, and then to utilise the models available to infuse a reinvigorated drive towards Corporate Entrepreneurship within the organisation as a whole.

6.5 Suggestions for further research

Firstly, the study should be extended to the entire South African financial services industry to establish whether the findings of this research report can be applied in a generic manner across sectors.

Secondly, a study on how the socio-cultural conditioning of the South African population can be influenced to increase the level of entrepreneurship and Corporate Entrepreneurship within large organisations.

Thirdly, the results of this study can be used in follow up research that explores the effects of introducing programs within companies that will assist business executives with better mechanism to promote Corporate Entrepreneurship as identified in this study.

Lastly, research on how to manage structural issues that exist in an effort to alleviate the challenges faced by large corporation in dealing with factors affecting the implementation of Corporate Entrepreneurship.

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Appendix A

Letter to Participants

To Whom It May Concern:

I am completing my MBA at the Business School of the University of Witwatersrand (Wits). My MBA thesis is on the factors affecting the implementation of Corporate Entrepreneurship in a South African bank.

The information gathered by me in for this research, will be held in strictest confidence and both the identity of the South African Bank analysed for this research and all respondents will be kept anonymous in my final research report.

I am therefore requesting your participation in this study in the form of a semi-structured interview which is expected to last about an hour.

The interview and the study will help me to have a better understanding regarding the factors affecting the implementation of Corporate Entrepreneurship in a Bank and make recommendation to mitigate these challenges through my findings.

Your participation in this study is voluntary and once again note that all data will be kept anonymous. However, it is expected that this research will be useful in not only adding to the academic body of knowledge, but also in assisting business and community in understanding the challenges that affect the implementation of Corporate Entrepreneurship in a South African Bank and how to mitigate them.

Please respond at your earliest convenience to any of my details below and I will contact you to set up an appointment.

Researcher:

Name: Marie-Lou Okoko

Email: marie-louo@nedbank.co.za or marielou75@gmail.com

Mobile phone: 082 870 3603

Supervisor:

Name: Dr. Kerrin Myres

Appendix B

Interview Schedule

TOPIC: FACTORS AFFECTING THE IMPLEMENTATION OF CORPORATE ENTREPRENEURSHIP IN A SOUTH AFRICAN BANK

Gender

Female

Male

Age

20 – 30

30 – 40

40 – 50

50 and older

3 Race Group

African

White

Coloured

Indian

4 Marital Status

Single

Married

Divorced

5 Number of Children

None

One

Two

More than two

6 Highest qualification

Matric

Post Matric Certificate

Diploma

Degree

Post Graduate Diploma

Honours Degree

Masters Degree

Doctorate

7 In which division of the Bank do you work in?

Corporate/Capital Division

Retail Division

8 How long have you worked in the financial services?

A year or less

Two to five years

Six to ten years

Ten or more years

9 What is your role in the company?

Senior Manager/Head of a division

Executive Director

Chief Executive

10 How many employees are under your management?

Between 10-20 employees

Between 20-50 employees

Between 50-100 employees

In excess of 100 employees

11 In Rand value, what is the size of the assets under your management?

Between R 100million –R 500 million

Between R 500 million – R 1.0 billion

Between R 1.0 billion – R 1.5 billion

In excess of R 1.5 billion

12 Would you say that there is a clear space for the promotion of Corporate Entrepreneurship from your company's strategic goals? Please elaborate.

13 From your perspective is top management championing the promotion of an entrepreneurial culture within the organisation? Please elaborate.

14 Do you believe this division has done enough to promote an entrepreneurial culture? Please elaborate.

15 How is this process communicated to the division in order to obtain their cooperation and keep it "top of mind" in their daily activities? Please elaborate.

16 What is the role of top management in driving Corporate Entrepreneurship? Please elaborate.

17 What advice would you give to current executives aspiring to increase the level of entrepreneurial activities within this organisation?

18 Do you think that your competitors are faced with the same challenges in respect of implementing CE in their organisation?

19 according to you, what type of organisation culture is favourable in creating an environment that promotes an entrepreneurial culture? Please elaborate.

20 From your perspective, is there a clear process through which new ideas/innovations are collected by the division? If yes, how efficient do you think it is?

21 Do you think that skills development and training impact the promotion of an entrepreneurial culture within your division and what challenges do you face in the process? Please elaborate.

22 How is the sharing of ideas promoted between divisions in your organisation? Is this encouraged or what challenges are faced in this process? Please elaborate.

23 What behaviours and attitudes do you think are best suited to promote Corporate Entrepreneurship within your division/organisation?

24 Do you believe that your organisation has a reasonable tolerance for mistakes on the job? What type of repercussion exist for individuals making them within your organisation?

25 Do you believe that rewards and recognition drives skills development and training budgeted for and subsequently implemented within your division? Please elaborate.

26 Recognising that all innovation needs a human factor to bring it to fruition, how do you go about motivating your workforce to be more innovative? Please elaborate.

27 What rewards and recognition polity exist within Bank X?

28 How are resource allocated to cultivate all the innovation within the organisation/division and is there a top executive assigned to promote and monitor this process? Please elaborate.

29 How much time is made available to employees to incubate new idea and collaborate with other business divisions? Is this a business imperative? Please elaborate.

30` How does information sharing occurs within the organisations? Are regulatory/legal matters a major stumbling block in this process? Please elaborate.

31 Do you believe government policies and legislation within the financial services industry are potential inhibiting factors for information sharing between people/division? Please elaborate.

32 Are your organisational policies assist you in the implementation of a Corporate Entrepreneurship culture?

33 Is there anything else you would like to contribute towards understanding the factors that are affecting the implementation of Corporate Entrepreneurship within your organisation?

THANK YOU FOR YOUR TIME AND PARTCIPATION.