

**AN ASSESSMENT OF CORPORATE ENTREPRENEURSHIP IN THE SOUTH
AFRICAN BROADCASTING CORPORATION LIMITED (SABC LTD)**

I DE VILLIERS M. Com (Management Accounting)

**Mini-dissertation submitted in partial fulfilment of the requirements for the degree Masters
in Business Administration at the North-West University**

Study leader: Dr SP van der Merwe

November 2008

Potchefstroom

ABSTRACT

Corporate entrepreneurship is examined with specific reference to the South African Broadcasting Corporation Limited (SABC). As such, a historic overview is given of the SABC followed by a review of the present day situation. Factors which could specifically make corporate entrepreneurship a beneficial strategy should the SABC wish to adopt it, is also discussed in order to set the scene for the literature study to follow. These factors include the fierce competitive environment, the commercial funding model, the internal structures and the strained internal and third party relationships.

The literature review defines entrepreneurship, the individual entrepreneur and corporate entrepreneurship, after which the individual entrepreneur is examined in more detail. Dimensions of corporate entrepreneurship, being new business venturing and innovation, self-renewal and pro-activeness and lastly risk-taking and a growth orientation are also discussed in chapter three.

Chapter four continues the literature review, with a focus on thirteen entrepreneurial constructs identified. A visionary/entrepreneurial leadership needs to be present, as well as management support and sponsors for projects. As entrepreneurship involves experimentation, it is important to be tolerant towards taking risks, as well as making mistakes and sometimes failing, and to treat these as learning opportunity. Such an attitude would also help encourage innovation and creativity. Appropriate rewards and reinforcement – both monetary and non-monetary – can also help establish the correct atmosphere. The vision and strategic intent need to be aligned to day-to-day operations, and on a regular basis, discretionary time for experimentation should be available during work hours. Teams should also be empowered and multi-disciplined, as well as have access to the necessary resources – again, monetary as well as non-monetary resources (for example support) are important. An entrepreneurial organisation should typically also be a learning organisation with a strong customer focus, and lastly a flat organisational structure should also be beneficial in promoting open communication. Chapter four concludes by examining practical manners in which an entrepreneurial climate could be established in an organisation.

The last two chapters deal with the empirical research and the results of the questionnaire. Basic demographic information is dealt with first, after which the self-assessment and the superior-assessment of entrepreneurial characteristics are discussed. The last aspect dealt with is the thirteen entrepreneurial constructs as identified in chapter four.

The study concludes with practical recommendation, a measurement of the achievement of objectives and suggestions for future research.

DEDICATION

DEAN
- Thanks.

ACKNOWLEDGEMENTS

- Thanks to God who gave me the will, the ability and the financial means to do this;
- Thanks to my study leader, Stephan van der Merwe, for his help, guidance and patience;
- Thanks to everyone at the SABC who supported my research idea and who were willing to complete the questionnaire;
- Thanks to all my friends, family and work colleagues who were there for me, supported me and believed in me;
- Thanks for technical assistance from the library and statistical services;
- And thanks, Dean, for always being there, always being supportive, always believing in me.

KEY WORDS

Corporate entrepreneurship *
Entrepreneur
Entrepreneurial climate
Entrepreneurship
Growth
Innovation
Intrapreneur(ship) *

SLEUTELTERME

Korporatiewe entrepreneurskap
Entrepreneur
Entrepreneuriese klimaat
Entrepreneurskap
Groei
Innovasie
Intrapreneur(skap)

* Menzel, Aaltio and Ulijn (2007: 733), amongst others, use the terms “corporate entrepreneur” and “intrapreneur” interchangeably, and as such these terms will be used as synonyms throughout the study.

ABBREVIATIONS

ABC	African Broadcasting Company
ANC	African National Congress
BBC	British Broadcasting Corporation
CEO	Chief Executive Officer
DJ	Disk Jockey
DTT	Digital Terrestrial Transmission
IT	Information technology
MP	Member of Parliament
PBS	Public Broadcasting Service
SA	South Africa
SABC	South African Broadcasting Corporation

TABLE OF CONTENTS

Abstract	i
Dedication	iii
Acknowledgements	iv
Key words/Sleuteltermen	v
Abbreviations	v
List of figures	xiv
List of tables	xvi

CHAPTER 1 – NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION	1
1.2 PROBLEM STATEMENT	2
1.3 OBJECTIVES OF THE STUDY	3
1.3.1 PRIMARY OBJECTIVE	3
1.3.2 SECONDARY OBJECTIVES	3
1.4 SCOPE OF THE STUDY	4
1.4.1 FIELD OF THE STUDY	4
1.4.2 GEOGRAPHICAL DEMARCATION	4
1.5 RESEARCH METHODOLOGY	4
1.5.1 DEVELOPMENT OF A MEASURING INSTRUMENT	5
1.5.1.1 Constructing the questionnaire	5
1.5.1.2 Study population	6
1.5.1.3 Gathering of data	7

1.5.1.4	Statistical analysis	8
1.6	LIMITATIONS OF THE STUDY	8
1.7	LAYOUT OF THE STUDY	9
	CHAPTER 2: OVERVIEW OF THE SABC AND DETERMINANTS OF CORPORATE ENTREPRENEURSHIP	10
	CHAPTER 3: LITERATURE REVIEW OF CORPORATE ENTREPRE- NEURSHIP	10
	CHAPTER 4: LITERATURE REVIEW TO DEFINE AND ESTABLISH AN ENTREPRENEURIAL CLIMATE	11
	CHAPTER 5: EMPIRICAL RESEARCH	12
	CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS	12

CHAPTER 2 – OVERVIEW OF THE SABC

2.1	INTRODUCTION	13
2.2	OVERVIEW OF THE SABC	14
2.2.1	THE ESTABLISHMENT OF THE SABC AND THE EARLY DAYS OF RADIO	14
2.2.2	MOVING ON AND INTRODUCING TELEVISION TO SOUTH AFRICA	15
2.2.3	THE EIGHTIES AND NINETIES	17
2.2.4	THE ROAD TO 2000 AND BEYOND	18
2.2.5	THE PRESENT DAY SITUATION	19
2.2.6	MOVING FORWARD	21
2.2.6.1	A changing environment	21

2.2.6.2	Current status of public broadcasters, with specific reference to the SABC	21
2.2.6.3	The SABC's financial position	22
2.2.6.4	Future investment required	23
2.2.6.5	The SABC as a driver of industry growth	23
2.2.6.6	In closing	24
2.3	CAUSAL FACTORS TO THE STUDY	24
2.3.1	A CHANGING TECHNOLOGICAL ENVIRONMENT	25
2.3.2	FIERCE COMPETITION	28
2.3.3	FUNDING MODEL	32
2.3.4	INTERNAL STRUCTURES	35
2.3.4.1	General comments	36
2.3.4.2	The SABC Board of directors	37
2.3.4.3	SABC's top management	38
2.3.5	STRAINED INTERNAL AND THIRD PARTY RELATIONSHIPS	39
2.4	SUMMARY	41

CHAPTER 3 – LITERATURE REVIEW OF CORPORATE ENTREPRENEURSHIP

3.1	INTRODUCTION	43
3.2	DEFINING CORPORATE ENTREPRENEURSHIP AND RELATED TERMINOLOGY	46
3.2.1	INDIVIDUAL ENTREPRENEUR DEFINED	48
3.2.2	ENTREPRENEURSHIP DEFINED	53
3.2.3	CORPORATE ENTREPRENEURSHIP DEFINED	55

3.2.4	COMBINING THE CONCEPTS OF ENTREPRENEURSHIP AND CORPORATE ENTREPRENEURSHIP	59
3.3	A CLOSER LOOK AT THE INDIVIDUAL ENTREPRENEUR	61
3.4	DIMENSIONS OF CORPORATE ENTREPRENEURSHIP	65
3.4.1	NEW BUSINESS VENTURING AND INNOVATION	67
3.4.2	SELF-RENEWAL AND PRO-ACTIVENESS	69
3.4.3	RISK-TAKING AND A GROWTH ORIENTATION	70
3.5	SUMMARY	71

CHAPTER 4 – LITERATURE REVIEW TO DEFINE AND ESTABLISH AN ENTREPRENEURIAL CLIMATE

4.1	INTRODUCTION	73
4.2	DEFINING AN ENTREPRENEURIAL CLIMATE	74
4.3	CONSTRUCTS OF AN ENTREPRENEURIAL CLIMATE	76
4.3.1	VISIONARY LEADERSHIP/ENTREPRENEURIAL LEADERSHIP	78
4.3.2	MANAGEMENT SUPPORT	80
4.3.3	SPONSORS FOR PROJECTS	81
4.3.4	TOLERANCE FOR RISKS, MISTAKES AND FAILURE	83
4.3.5	INNOVATION AND CREATIVITY – NEW IDEAS ENCOURAGED	85
4.3.6	APPROPRIATE REWARDS AND REINFORCEMENT	87
4.3.7	VISION AND STRATEGIC INTENT	89
4.3.8	DISCRETIONARY TIME DURING WORK HOURS	91

4.3.9	EMPOWERED TEAMS, MULTI-DISCIPLINED TEAMWORK AND DIVERSITY	93
4.3.10	RESOURCE AVAILABILITY AND ACCESSIBILITY	95
4.3.11	CONTINUOUS LEARNING AND CROSS-FUNCTIONAL LEARNING	97
4.3.12	A STRONG CUSTOMER ORIENTATION	100
4.3.13	A FLAT ORGANISATIONAL STRUCTURE	102
4.4	ESTABLISHING AN ENTREPRENEURIAL CLIMATE	104
4.5	SUMMARY	108

CHAPTER 5 – RESULTS AND DISCUSSION OF THE EMPIRICAL RESEARCH

5.1	INTRODUCTION	111
5.2	GATHERING OF DATA	112
5.3	DEMOGRAPHIC INFORMATION	114
5.3.1	GENDER OF PARTICIPANTS	115
5.3.2	AGE OF PARTICIPANTS	116
5.3.3	DIVISION THAT PARTICIPANTS WORK IN	117
5.3.4	MANAGEMENT LEVEL	118
5.3.5	LOCATION OF PARTICIPANTS	119
5.3.6	SUMMARY OF GEOGRAPHICAL RESULTS	121
5.4	ENTREPRENEURIAL CHARACTERISTICS	124
5.4.1	SELF-ASSESSMENT	125

5.4.2	SUPERIOR-ASSESSMENT	128
5.4.3	COMPARISON AND RELATION BETWEEN SELF-ASSESSMENT AND SUPERIOR-ASSESSMENT	132
5.4.3.1	Visual comparison between self-assessment and superior-assessment	133
5.4.3.2	Statistical comparison using the <i>p</i> -values (statistical significance) and <i>d</i> -values (effect size)	134
5.5	RELIABILITY OF THE QUESTIONNAIRE USING THE CRONBACH ALPHA COEFFICIENT	136
5.6	ASSESSMENT OF THE ENTREPRENEURIAL CLIMATE	138
5.7	RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND ENTREPRENEURIAL CONSTRUCTS	140
5.7.1	RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE GENDER OF RESPONDENTS	141
5.7.2	RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE AGE OF RESPONDENTS	144
5.7.3	RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE MANAGERIAL LEVEL OF RESPONDENTS	146
5.7.4	RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE LOCATION OF RESPONDENTS	148
5.8	SUMMARY	150

CHAPTER 6 – CONCLUSIONS AND RECOMMENDATIONS

6.1	INTRODUCTION	152
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6.2	CONCLUSIONS	152
6.2.1	DEMOGRAPHIC INFORMATION	153
6.2.2	ENTREPRENEURIAL CHARACTERISTICS	154
6.2.2.1	Persuasiveness	155
6.2.2.2	A balanced ego development	155
6.2.2.3	Patience	156
6.2.2.4	Good people judgement	156
6.2.2.5	Low support needs	156
6.2.2.6	Thriving on ambiguity	156
6.2.3	CRONBACH ALPHA COEFFICIENT	157
6.2.4	ENTREPRENEURIAL CLIMATE	157
6.2.4.1	Entrepreneurial leadership	158
6.2.4.2	Management support	158
6.2.4.3	Sponsors for projects	159
6.2.4.4	Tolerance for risks, mistakes and failure	159
6.2.4.5	Innovation and creativity/New ideas encouraged	160
6.2.4.6	Appropriate rewards and reinforcement	160
6.2.4.7	Vision and strategic intent	161
6.2.4.8	Discretionary time and work	161
6.2.4.9	Empowered teams/Multi-disciplined teamwork and diversity	161
6.2.4.10	Resource availability and accessibility	162
6.2.4.11	Continuous and cross-functional learning	162
6.2.4.12	A strong customer orientation	163
6.2.4.13	A flat organisational structure and open communication	163
6.2.5	RELATIONSHIPS BETWEEN DEMOGRAPHIC VARIABLES AND ENTREPRENEURIAL CONSTRUCTS	164
6.2.5.1	Male managers versus female managers	164
6.2.5.2	Managers younger than 40, versus managers of 40 and older	165
6.2.5.3	Senior and middle managers versus the lower level managers	165
6.2.5.4	Gauteng managers versus the regionally based managers	166

6.3	RECOMMENDATIONS	167
6.4	ACHIEVEMENT OF OBJECTIVES	171
6.4.1	PRIMARY OBJECTIVE	171
6.4.2	SECONDARY OBJECTIVES	171
6.5	SUGGESTIONS FOR FURTHER RESEARCH	173
6.6	SUMMARY	174
	SOURCE LIST	176
	APPENDIXES	194
	APPENDIX A – QUESTIONNAIRE AS APPLICABLE TO EACH SUB-SECTION	
	APPENDIX B – QUESTIONNAIRE	
	APPENDIX C – EMAIL SENT OUT	
	APPENDIX D – FOLLOW-UP EMAIL SENT OUT	

LIST OF FIGURES

Figure 1.1	Graphical representation of the study	9
Figure 2.1	The basic operation of a DTT system	27
Figure 2.2	Countries included in the television survey	30
Figure 2.3	The extent to which Europe, Australia and the USA are exposed to cable television	31
Figure 2.4	Funding model for the SABC	33
Figure 3.1	Interlinking of corporate entrepreneurship and related terms	46
Figure 3.2	Say's understanding of the entrepreneur	51
Figure 3.3	Graphical representation of the definition of corporate entrepreneurship	56
Figure 3.4	Typical entrepreneurial characteristics	61
Figure 3.5	Various levels of innovation	68
Figure 5.1	Age and gender of respondents completing the questionnaire	116
Figure 5.2	Division and gender of participants completing the questionnaire	118
Figure 5.3	Management level and gender of participants	119
Figure 5.4	Location and gender of participants	120

Figure 5.5	Summary of results for the Johannesburg based managers	121
Figure 5.6	Summary of results for regionally based managers	123
Figure 5.7	Graphical presentation of the process to be followed for the analysis of entrepreneurial characteristics	125
Figure 5.8	Self-assessment of entrepreneurial characteristics arranged from highest to lowest	127
Figure 5.9	Superior-assessment of entrepreneurial characteristics arranged from highest to lowest	130
Figure 5.10	Procedure to follow in order to compare the self-assessment and the superior-assessment	132
Figure 5.11	Comparison between self- and superior-assessment	133
Figure 5.12	Entrepreneurial climate analysis	139
Figure 5.13	Comparison between male and female respondents regarding the entrepreneurial constructs	142
Figure 5.14	Comparison between under 40 versus 40 and older for entrepreneurial constructs	144
Figure 5.15	Comparison between top and middle managers versus lower level managers for entrepreneurial constructs	146
Figure 5.16	Comparison between Gauteng managers versus regionally based managers for entrepreneurial constructs	148

LIST OF TABLES

Table 2.1	ITV network average cost per hour of original programming in 1999	34
Table 3.1	Storey's characteristics approach to entrepreneurship	47
Table 3.2	Key contributions of economic authors on the role of the entrepreneur ..	50
Table 3.3	Seven perspectives on the nature of entrepreneurship	54
Table 3.4	Comparison of the independent entrepreneur, corporate entrepreneur and traditional manager	58
Table 3.5	Comparison between individual entrepreneurship and corporate entrepreneurship	60
Table 4.1	Differences between a corporate entrepreneurial and a non- entrepreneurial organisation	75
Table 4.2	Positive and negative aspects of decisions made by a group	94
Table 4.3	Reasons why DuPont entered into new domains	99
Table 5.1	Gender of respondents completing the questionnaire	115
Table 5.2	Age group of respondents completing the questionnaire	116
Table 5.3	Division where respondents completing the questionnaire are working ..	117
Table 5.4	Management level of respondents completing the questionnaire	119

Table 5.5	Location of respondents completing the questionnaire	120
Table 5.6	Results of the self-assessment of entrepreneurial characteristics	126
Table 5.7	Results of the superior-assessment of entrepreneurial characteristics	129
Table 5.8	Statistical comparison of self-assessment and superior-assessment using <i>p</i>- and <i>d</i>-values	135
Table 5.9	Entrepreneurial climate survey results	137
Table 5.10	Differences in means and standard deviations for male and female respondents in relation to the 13 constructs of an entrepreneurial climate	143
Table 5.11	Differences in means and standard deviations for respondents per age group (under 40 and 40 and over) in relation to the 13 constructs of an entrepreneurial climate	145
Table 5.12	Differences in means and standard deviations for top and middle managers versus lower level managers in relation to the 13 constructs of an entrepreneurial climate	147
Table 5.13	Differences in means and standard deviations for Gauteng based and regionally based managers in relation to the 13 constructs of an entrepreneurial climate	149

CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

Change has become more than just a buzz word in today's business environment. It has become an everyday reality to the extent that creativity and innovation are no longer "nice-to-have's" but have become essential survival tools. Drucker (1999: ix) echoes this sentiment, and he also provides a solution for this – in his view, innovation is a systematic activity which is characteristic of an entrepreneurial organisation. He sees this not as being confined to a small start-up venture, but rather as a mindset which can also be practised by large corporate organisations, as will be explored later on.

The venture capitalist industry is realising a 35 % return on investment by capitalising on ideas which were rejected by large corporations (Seatre, 2001: 13). It is further suggested that these rejections are largely a result of the bureaucratic nature of large organisations, which often means structurally it is difficult to explore innovative ideas. This means that great ideas could go unnoticed, and that employees are often disincentivised to apply innovative actions to the benefit of the organisation. However, the upside to this is that corporate entrepreneurship could help unlock considerable potential within the existing business (Seatre, 2001: 12).

When Seatre's perspective as above is taken into consideration, it can be seen that more likely than not, there is a large resource of untapped ideas in most organisations which, if utilised by the proper organisational culture, could lead to improved profitability and working conditions. It is for this reason that intrapreneurship and the potential benefits related to it, deserves a closer look.

The problem and general environment facing the South African Broadcasting Corporation (SABC) will be stated as a background to the relevance of corporate entrepreneurship. However, this will be addressed in more detail in chapter two. After this, the primary and secondary objectives of the study will be set out and the scope of the study will also be addressed. Lastly,

the research methodology will be dealt with, including limitations to the study. The chapter will conclude by providing an overview of the rest of the dissertation to follow.

1.2 PROBLEM STATEMENT

“A firm that is willing to pursue opportunities, initiate actions rather than react to the actions of others and emphasise new and innovative products and services can be described as an entrepreneurial organisation. These firms practise entrepreneurial skills and approaches within the company in order to ensure continuous organisational innovation (Van Aardt, Van Aardt & Bezuidenhout, 2008: 11).”

During 2007, five companies were granted television broadcasting licences. Of these five potential new entrants, four were expected to potentially enter the market from 2008 onwards, and one retracted (Mametse, 2007). As such, the market is expected to become increasingly competitive for the SABC and the ability to innovate and change could become vital not only for growth, but most probably for survival in the changing landscape.

According to Heinonen (2007: 310), corporate entrepreneurship can assist in aspects such as growth and economic prosperity. This also incorporates aspects such as an innovative approach to problem solving, a high readiness for change, as well as self-confidence and creativity. Corporate entrepreneurship can therefore be seen as a tool to deal with the current challenges and the uncertain future faced by the SABC.

In light of the changing landscape and new challenges still to come, it can be seen that a culture where corporate entrepreneurship is encouraged, could be beneficial to the SABC going forward, and as such the measurement thereof and recommendations as to how such a climate can be bettered or encouraged, should be worthwhile and value-adding.

1.3 OBJECTIVES OF THE STUDY

The goal of this dissertation can be summarised in a primary objective and secondary objectives, as set out below:

1.3.1 PRIMARY OBJECTIVE

The primary objective of this study is to assess the level of corporate entrepreneurship present in the South African Broadcasting environment, with specific reference to the South African Broadcasting Corporation Limited (SABC Ltd). This will be done through measuring the presence of entrepreneurial characteristics in the management team, as well as measuring the current entrepreneurial climate. Recommendations will then be made on ways in which an entrepreneurial climate can be encouraged and promoted in order to reap the benefits associated with corporate entrepreneurship.

1.3.2 SECONDARY OBJECTIVES

The secondary objectives, which will support the primary objective as stated, are:

- To define corporate entrepreneurship;
- To obtain insight into corporate entrepreneurship by means of a literature review;
- To focus on the potential benefits that can be obtained from cultivating an entrepreneurial culture;
- To obtain an overall understanding of the SABC Ltd business environment;
- To assess the entrepreneurial characteristics of the managers at SABC Ltd;
- To validate the reliability of the entrepreneurial climate questionnaire by means of statistical analysis;
- To measure the current entrepreneurial climate at the SABC by use of a questionnaire;

- To examine the relationship between the demographic variables and the entrepreneurial climate constructs; and
- To suggest practical recommendations to ensure and enhance corporate entrepreneurship in the organisation.

1.4 SCOPE OF THE STUDY

The field of the study and the geographical demarcation will be defined.

1.4.1 FIELD OF THE STUDY

The field of study falls within the subject discipline of entrepreneurship and more precisely corporate entrepreneurship.

1.4.2 GEOGRAPHICAL DEMARCATION

The study is limited to the South African Broadcasting Corporation Limited (SABC Ltd), with its head office situated in Auckland Park, Johannesburg and regional offices across South Africa.

1.5 RESEARCH METHODOLOGY

The purpose of this study is to establish the current level of corporate entrepreneurship or lack thereof at the SABC. The level of corporate entrepreneurship present will be measured in terms of entrepreneurial characteristics for managers, as well as the current entrepreneurial climate. These aspects will be measured by use of a questionnaire, and the relevance and potential advantages of a corporate culture at the SABC will also be addressed.

1.5.1 DEVELOPMENT OF A MEASURING INSTRUMENT

A measuring instrument for corporate entrepreneurship was developed in the following manner:

1.5.1.1 Constructing the questionnaire

A questionnaire should consist of questions based on the literature study done, as well as keeping in mind the intended respondents. One should also keep in mind the type of survey, for example electronic, telephone-based or a one-on-one interview. The researcher should furthermore find data on variables that are applicable to the literature study performed (Neumann, 2006: 276).

Tustin, Lighthelm, Martins and Van Wyk (2005: 387-388) state that a questionnaire's purpose is to collect relevant data and compare it within the sample group. The data should be analysed in an objective manner, and could also be compared to an industry standard or benchmark.

In deciding on an appropriate questionnaire to use, the researcher is essentially faced with two options:

- *An existing questionnaire can be used* – The main advantage would be a saving on time and money. However, if a good questionnaire is used, this will already have been tested for validity and reliability. The risk of copyright infringement should be borne in mind (Mouton, 2001: 100). If the view of Tustin *et al.* (2005: 387-388) as above is combined with that of Mouton, a further potential benefit could be that other researchers are enabled to compare two industries with each other.
- *A new questionnaire can be developed* – The newly developed questionnaire would need to be well-designed, as this will have a direct effect on the research results (Mouton, 2001: 100). The greatest challenge would then also lie in the researcher's ability to compile a relevant and accurate questionnaire (Zikmund, 2002: 240).

The questionnaire developed by Oosthuizen (2006: 337-341) as part of his doctoral thesis, has a strong correlation with the current literature study, in that entrepreneurial characteristics, as well

as the 13 characteristics on an entrepreneurial climate identified is tested. The questionnaire is therefore relevant to the literature study which is to follow, and has also already been tested for validity and reliability.

Permission has been obtained from Oosthuizen to reproduce his questionnaire as part of a new study conducted, and it has the added benefit of assisting with a comparison between corporate entrepreneurship in the broadcasting industry (as discussed in this mini-dissertation), and the mining industry, as discussed by Oosthuizen (2006). Although this comparison will not form part of the scope of this study, it should enable future research to a greater extent than a similar questionnaire which will in essence measure the same variables.

Based on the factors as discussed, a new questionnaire was thus not developed, and an existing questionnaire was utilised.

1.5.1.2 Study population

The target population consisted of managers at the SABC, as provided by Human Resources. Not every manager on the list was available on the email address list, and those who were not on the list, were assumed to have left the corporation. The author is, however, aware of several managers who joined SABC shortly before the list was obtained, and they were also included in the population. The list therefore seemed to be relevant and up to date.

Basic geographical data obtained from the list as provided, were:

- Gender (male or female);
- Age (divided in group of up to 29, 30 to 39, 40 to 49, 50 to 59 and 60 and over);
- Level (senior management, middle management or junior management);
- Division (Content Enterprises, News, Radio or Television); and
- Location (Auckland Park or a regional office).

As the basic geographical data was already part of the list obtained and in an effort to keep the questionnaire as short as possible, these questions were not reproduced in the questionnaire, but candidates were asked to write their name on top of the completed questionnaire if a hard copy was returned. Alternatively, the person's email address identified him/her, which enabled the completion of the geographical data.

1.5.1.3 Gathering of data

Even though the questionnaire was done independent from management, the permission of various senior personnel and in particular the Chief Financial Officer, Robin Nicholson, was obtained before the questionnaire was sent out, and the sample was a list of managers obtained from Human Resources.

There were a number of managers who were distrustful of the confidentiality clause, and declined to respond as they did not want to potentially harm themselves in the process. There were also a number of respondents who said that they recently had some negative experiences with the SABC, and as a result thereof, they felt they would be overly critical and should rather not be included in the final survey. It is therefore possible that the sample obtained is not a true reflection of management at the SABC, but since the completion thereof was voluntary, it could not have been approached in a different manner in order to obtain a higher response rate.

The questionnaire was distributed to all managers on the list obtained from Human Resources. The total of this list was 729 managers. Emails were sent out individually to add a personal touch to the questionnaire, confidentiality was guaranteed, and a slab of chocolate was promised as an incentive for cooperation and the time taken to complete the survey.

As the initial response was not satisfactory, a follow-up email was sent as a reminder to all respondents who have not yet completed the questionnaire. A few respondents preferred a face-to-face interview, in which case they completed the questionnaire with the relevant explanations as required. It was ensured that terminology was clarified where required, but no guidance or influencing as to "marks" which should be awarded for questions/statements, was given.

Despite the mentioned obstacles, such as distrust regarding confidentiality or the fact that completion of the questionnaire was totally voluntary, a total of 145 questionnaires were received. Immediate follow-up was done on the completeness of questionnaires as and when they were received. Where certain questions were left out initially, the manager was contacted to supply the missing data, and as such all 145 questionnaires collected and which forms part of the survey was fully completed.

1.5.1.4 Statistical analysis

As already mentioned, an existing questionnaire was used. The original questionnaire consisted of three parts, being:

- Basic biographical information (completed from the list as provided by Human Resources);
- A self-assessment and superior-assessment based on the presence of 20 “typical” entrepreneurial characteristics; and
- A climate questionnaire testing 13 entrepreneurial constructs identified in the literature study.

Respondents had to answer each question/statement based on a basic lickert-type scale where a rating of “1” meant a strong agreement to the relevant statement, and “4” indicated a strong disagreement to the relevant statement. This process is explained in more detail in chapter five which deals with the empirical research process.

Conclusions relating to the results will be done in chapter six.

1.6 LIMITATIONS OF THE STUDY

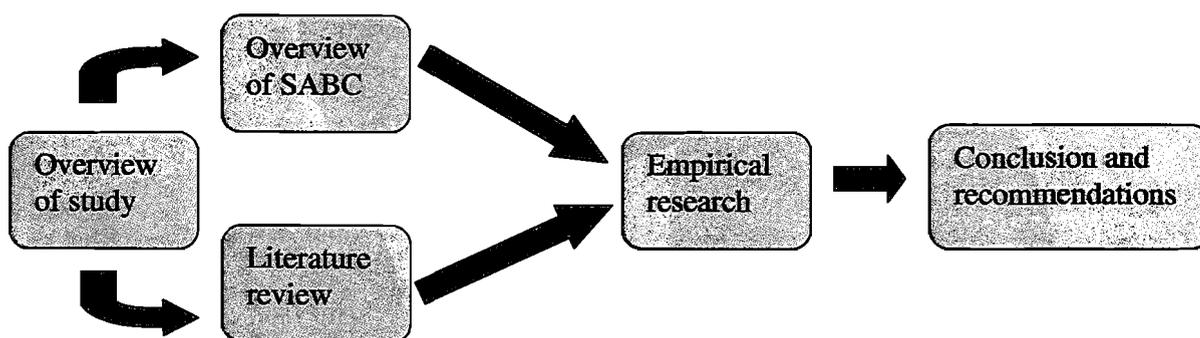
Limitations of the study include a focus on the internal environment of the SABC, with limited focus on the external environment, although this certainly also has an influence on the way in which business is conducted. It also means that the results might not necessarily be relevant to other industries, or might even be different for other companies within the broadcasting industry.

Results of the questionnaire are also limited to managers who were willing to complete the survey. Although the original sample of 729 managers was seen to be representative of the business, only 145 managers completed it. This is seen as a sufficient number of respondents to be a statistically valid sample, but it does limit the use of advanced statistical techniques such as scale validation or structural equation modelling. The voluntary nature of completion of the survey might also mean that the sample is not representative of managers at the SABC.

1.7 LAYOUT OF THE STUDY

Graphically, the study can be represented in the following manner:

Figure 1.1: Graphical representation of the study



Source: Author's own view

An overview of the study will be given in the first chapter, as was done on the previous pages. Chapter two will provide a general overview of SABC, with specific reference to those factors which creates the potential for corporate entrepreneurship to be value-adding to the corporation.

Chapters three and four will be a literature review, and will also form the basis of the questionnaire which will be analysed in chapters five and six. The detail in relation to each chapter is as follows:

CHAPTER 2: OVERVIEW OF THE SABC AND DETERMINANTS OF CORPORATE ENTREPRENEURSHIP

An overview of SABC Ltd will be given in order to understand the specific environment and to try and understand the status quo and how this potentially relates to the theoretical base which will be set in chapters three and four.

The establishment of the SABC and the early day of radio will be reviewed, after which the introduction of television to South African audiences will be followed by an overview of the eighties and nineties. The present day situation including the changing environment, the current status of public broadcasters globally, the SABC's financial position, and future investments required will be addressed.

The chapter will conclude by addressing specific causal factors to the study which highlight both the need and the potential benefit of corporate entrepreneurship at the SABC. These factors will be addressed under the following headings:

- A changing technological environment;
- Fierce competition;
- Funding model;
- Internal structures; and
- Strained internal and third party relationships.

CHAPTER 3: LITERATURE REVIEW OF CORPORATE ENTREPRENEURSHIP

This chapter will start by defining the terms of "individual entrepreneur," "entrepreneurship" and "corporate entrepreneurship." The interlinking of the terminology will also be addressed.

The individual entrepreneur will be examined in more detail, with specific reference to the typical characteristics or attributes one might expect to find present in such a person. This will also set the scene for section A of the questionnaire to follow.

The chapter will conclude by identifying and discussing dimensions of corporate entrepreneurship, being:

- New business venturing and innovation;
- Self-renewal and pro-activeness; and
- Risk-taking and a growth orientation.

CHAPTER 4: LITERATURE REVIEW TO DEFINE AND ESTABLISH AN ENTREPRENEURIAL CLIMATE

This chapter will define an entrepreneurial climate, after which 13 constructs of an entrepreneurial climate will be identified and individually discussed. These 13 constructs are:

1. Visionary leadership/entrepreneurial leadership;
2. Management support;
3. Sponsors or champions for projects;
4. A tolerance for risks, mistakes and failure;
5. Innovation, creativity and the encouragement of new ideas;
6. Appropriate rewards for and reinforcement of entrepreneurial behaviour;
7. Vision and strategic intent;
8. Discretionary time (for experimentation) during work hours;
9. Empowered teams, multi-disciplined teamwork and harnessing diversity;
10. The availability and accessibility of resources;
11. Continuous learning and cross-functional learning;
12. A strong customer orientation; and
13. A flat organisational structure with open communication channels and a strong sense of belonging.

The chapter concludes by suggesting practical ways in which an entrepreneurial climate can be established at an organisation such as the SABC.

CHAPTER 5: EMPIRICAL RESEARCH

In this chapter, the gathering process of the data will be discussed, which will include a review on the structure of the questionnaire.

Demographic information of respondents will be analysed (gender, age, division, managerial level and location). This will be followed by an analysis of the 20 entrepreneurial characteristics identified in the literature review of chapter four – the self-assessment will be discussed first, and then the superior-assessment, after which the results for both the self-assessment and the superior-assessment will be compared.

The reliability of the entrepreneurial climate questionnaire will be tested and established by means of the Cronbach Alpha Coefficient, after which the entrepreneurial climate will be analysed and assessed.

The last section of this chapter will analyse and examine the entrepreneurial constructs in terms of the demographic variables of gender, age, managerial level and location.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

This chapter will conclude on:

- The demographic information;
- The entrepreneurial characteristics for both the self-assessment and the superior-assessment;
- The use of the Chronbach Alpha Coefficient and the reliability of the questionnaire;
- The entrepreneurial climate at the SABC; and
- The relationship between the entrepreneurial climate and the demographic information.

Recommendations will be made based on the conclusions reached, after which the achievement of the objectives as set earlier in this chapter on pages three and four will be tested. The chapter will conclude by making suggestions for possible further research.

CHAPTER 2

OVERVIEW OF THE SABC

2.1 INTRODUCTION

“The South African Broadcasting Corporation (SABC) exists to support, sustain and advance the democracy we live in, in a country rich in diversity. The SABC is more than a broadcaster. It is the electronic memory and consciousness of the South African nation. It is the archive and repository of the hopes, dreams and aspirations of millions of South Africans. This is where South Africa “happens,” where our history occurs, this is the keeper of the South African story – past, present and future” (SABC, 2007,i).

Based on the above quote, the SABC holds themselves accountable to very high standards. This is, however, not unique to a public broadcaster, and the BBC claim in their 2008 annual report that “we serve the public and nothing matters more than honesty and integrity in our dealing with them” (BBC, 2008: 1).

The mere visibility of a public broadcaster – and in particular in South Africa where the audience share for SABC television is over 60 % and for SABC’s radio stations even higher at over 80 % (SABC, 2006: 22), almost forces one to take note of their existence and actions. At the time of writing the SABC also made political headlines, which makes it a very relevant company to study in the South African context.

This chapter will provide an overview of the SABC. The SABC’s history and origin will be examined briefly, after which the current situation will place the rest of the study in context. Unique causal factors which ensure that the SABC is a very good fit for the incorporation of a potential entrepreneurial climate, will also be addressed.

2.2 OVERVIEW OF THE SABC

2.2.1 THE ESTABLISHMENT OF THE SABC AND THE EARLY DAYS OF RADIO

Broadcasting in South Africa started in 1923 with the “wireless” broadcasting of concerts done by the Broadcasting Committee of the South African Railways. By 1924 regular broadcasting under license from the Postmaster-General was done from Johannesburg, Cape Town and Durban, and license fees were collected from listeners within a specified radius of the broadcasting stations (Naudé, 1970: 527-528).

By 1934 the state realised the potential importance of broadcasting, and the then Prime Minister, General Hertzog, invited the Director-General of the British Broadcasting Corporation (BBC), Sir John Reith, to visit the Union and advise on the future of broadcasting in South Africa. Sir Reith recommended that broadcasting should be done by a public entity, and conducted in the interest of the country as a whole (Naudé, 1970: 528). Based on this recommendation, the South African Broadcasting Corporation (SABC) was set up in terms of the Broadcasting Act (No. 22 of 1936) to take over the broadcasting activity in South Africa. The SABC paid £150 000 to acquire the broadcasting rights from the African Broadcasting Company (ABC) (SABC, 1996: 20, 198).

An initial observation made by Reith in 1934, was that he expressed distaste with the commercial activities of the ABC who controlled radio broadcasting at the time. He believed that the use of a transmitter to promote the products of a profit oriented company, or for the benefit of state propaganda, led to a reduction of intellectual and ethical standards. It is also interesting to note that at the time of incorporating the SABC, provision was initially made for television, but it was not considered to be a practical policy and was therefore shelved and to be reviewed at regular intervals (SABC, 1996: 19-20).

After the ABC was taken over and the SABC was formed, staff complement was increased in order to provide a better service, and by 1936 the total number of staff grew from 162 to an all time high of 272, including the orchestras. Censorship was very strict so as to not offend

sensitive listeners - even to the extent where all political speeches, charity appeals and controversial religious services were banned (SABC, 1996: 20).

Initially, radio broadcasting focused mostly on a variety of music, but also included plays and comedies. A school program was also started in the first year and before the outbreak of the war to broadcast school lessons to children in rural areas who could not attend a school, and to schools where there was an inadequate number of staff. An estimated 600 schools in the Cape Province benefited from this service (SABC, 1996: 22).

Even in the early days, the first annual report in December 1937 noted that there were 180 227 official radio license holders, as transmission only covered a 250 mile radius around certain centres. However, there were “considerably more” than 750 000 regular listeners (SABC, 1996: 23).

2.2.2 MOVING ON AND INTRODUCING TELEVISION TO SOUTH AFRICA

At first, the new national radio service was broadcasted in English only, but the Broadcasting Act prescribed that there had to be an Afrikaans service as well, and in 1937 transmission in both official languages started (SABC, 1996: 5).

African languages had to be addressed next, and in 1940 the first direct transmission in these languages were made using telephone lines. In 1942 this was done using medium wave technology. A bilingual commercial radio service, Springbok Radio, was introduced in 1950 (SABC, 1996: 5).

The possibility of television was already researched in the 1950's, but although it was popular in the United States of America and Great Britain, it was too expensive and not a viable service to be supported by a population as small as South Africa's. The policy was to be reviewed every couple of years until such time that it would become financially viable (SABC, 1996: 102).

During the 1960's, the SABC was an illustrious organisation, but still only involved in radio broadcasting, which they did via a comprehensive FM network that was started in 1961 (SABC, 1996: 5). They even boasted their own symphony orchestra and employed a full time conductor. An engineering department manufactured nearly all studio equipment and the SABC became one of the first broadcasting organisations globally to use complete transistorised equipment that was fully self-manufactured. The SABC was the largest radio organisation in the country, broadcasting in English, Afrikaans and eleven black languages, and by the end of 1968, they employed 2 353 full-time staff (Naudé, 1970: 528-529).

Financially, the SABC was also a solid organisation in the late 1960's. By 1968, the assets of the SABC were at least R55 million, and they had 1.7 million listeners. Income for the year was R15 million, with the two main sources of income being license fees which contributed R7 million (at R5.50 per license) and commercial advertising which contributed another R5 million. The state also provided loan funds for capital works such as the transition to FM transmission as mentioned above (Naudé, 1970: 531).

In the early 1970's, South Africa could finally start planning for their own television service, and developments were put in place to start transmission on 5 May 1975. As preparations for debut television were done, the "Fox Street Siege" happened, and the news crew covered it from the Carlton Centre and could show a review of what happened that same night. A test pattern was also shown, as well as a shot of gold fish swimming around, and South Africans crowded shop windows to have a look at the gold fish. The first documentary aired covered the "fascinating" topic of seaweed (SABC, 1996: 103).

Test transmissions were initially for an hour a day between 13.00 pm and 14.00 pm, but were so popular that it was extended by another hour between 19.30 pm and 20.30 pm. More variety was also added, and the first ever sitcom on South African television was "The Brady Bunch," after which local productions, mostly music entertainment, also started (SABC, 1996: 103-104).

Television was officially launched on 6 January 1976, and broadcasted for 37 hours a week between 18.00 pm and 23.00 pm (SABC, 1996: 104), and with this, South Africa became the “last industrialised, Western country in the world to introduce television” (Van Vuuren, 2004: 1).

2.2.3 THE EIGHTIES AND NINETIES

Radio continued to expand, and more variety and languages were accommodated. This included a radio station specifically for Indian listeners. The English and Afrikaans service of Springbok radio was discontinued in 1985 and replaced in 1986 by two new national commercial services – one in each language. Community radio was also introduced in 1986 (SABC, 1996: 5).

Television also proved to be very popular, and by 1981 a second channel, TV2/3, was launched. This was a commercial channel, transmitting about 27 hours a week, with airtime being shared equally between TV2, the Nguni service, and TV3, the Sotho service. This became two separate services in 1982, and in 1985 a fourth television channel, TV4, was introduced. This channel provided mainly entertainment and sports coverage and initially transmitted for about 28 hours a week. The late eighties also saw the introduction of simulcasts on television and radio (SABC, 1996: 106-108).

In line with the changes happening in South African in the nineties, the SABC also had to change, and part of this was consolidating the TV2, TV3 and TV4 channels into one multicultural channel. In 1992 the new stations, called SABC1, SABC2 and SABC3, were launched. This formalised the SABC’s change from a state broadcaster to a public service broadcaster, and also marked the move from the apartheid era to democracy, where television represented and reflected the people of South Africa (SABC, 1996: 109).

2.2.4 THE ROAD TO 2000 AND BEYOND

Extra-ordinary changes happened since the SABC first started broadcasting, including a world war, a man walking on the moon, and the introduction of television to South African audiences. This meant a change in the competitive environment as well, and towards the end of the 20th century, the SABC was experiencing budget cuts, while simultaneously experiencing increased commercial competition which they never had to deal with in the past. This being a world-wide trend, the SABC had to become leaner and more cost effective, as well as restructure the Corporation. They had to critically look at the sustainability of affording and retaining all of their facilities, or face the possibility of becoming a part of history. To this end, they appointed the consulting group McKinsey to assist them with a turnaround strategy and help turn around their financial situation, which reflected a deficit (SABC, 1996: 190-191).

In a review of audience trends from 1996 to 2001, Kiefl (2003: 1) confirmed that increased competition is a global reality and not only applicable to the SABC and South Africa. Audience fragmentation of television audiences started to have an effect on almost every country. Another trend was that domestically produced content dominated in at least 50 % of prime time, as for South Africa. However, this content is significantly more expensive than purchased programmes (Kiefl, 2003: 2).

In Europe, public television accounted for about 30 % of the audience share in the late 1990's and early 2000's (Kiefl, 2003: 2), while during the same time the SABC had a market share of about 70 %. It can therefore be seen that the SABC had a lot of territory that needed defending if compared to the global picture, and that they were in a position where they had a lot of viewers to potentially lose if they did not "get it right."

2.2.5 THE PRESENT DAY SITUATION

SABC currently runs three television stations – SABC1 and SABC2 are the public broadcasting stations, and SABC3 is a commercial television station. There are also eighteen radio stations, of which fifteen are public radio stations (CKI-FM, Ligwalagwala FM, Thobela FM, Ukhozi FM, Phalaphala FM, Ikwewezi FM, Lesedi FM, Lotus FM, Motswedding FM, Munghana Lonene FM, R2000, RSG, SAFM, Umhlobo Wenene FM and X-K FM), and the other three radio stations, Good Hope FM, 5FM and Metro FM are commercial in nature (SABC, 2007: 62-63, 68-70).

A basic interpretation of the concept of public broadcasting is given by Fourie (2003: 148) in terms of the values a public broadcaster should stand for. These values are:

- A public broadcaster should provide an impartial space for free expression and open debate;
- Provision should be made for all interests and tastes;
- This provision should include minority groups;
- There should be a concern for the national identity and community;
- The competitive element should be to provide better quality programming rather than to attract a larger number of viewers;
- Programme makers should be liberated rather than restricted;
- Programmes should be universally accessible; and
- Audiences should be addressed in their capacity as citizens rather than consumers (Fourie, 2003: 148).

The public television and radio stations also have much stronger regulatory requirements they need to adhere to, and they are also partially funded by license fees. Especially some of the radio stations do not have a commercial sustainability, but is done “for the public good” and to ensure that each South African has access to programming in his or her mother tongue. These radio stations are also in line with the public broadcasting value of addressing minority groups rather than commercially viable groups only. Commercial stations are more profit orientated with less strict requirements they need to adhere to (SABC, 2007: 62, 65).

The SABC is governed by the Broadcasting Charter, and as already alluded to, there are strict mandate requirements on television that need to be adhered to as a public broadcaster. These mandate conditions also have cost implications (local productions are far more expensive than programmes purchased from overseas), and include:

- *Language quotas* – this has an impact on audience fragmentation, especially on SABC2, as one language group is often exclusive of another language group (for example Sotho and Afrikaans audiences).
- *Genre quotas* – Certain unprofitable genres such as sport, education or religion, has to be broadcast as part of the “public service” component and in order for the SABC to retain their broadcasting license. However, commercially this might not always be viable.
- *Local content* – Quotas require a certain number of hours to be originally produced local content, broadcasted for the first time.
- *Prime time quotas* – The language, genre and local content quotas not only apply to time on television, but a lot of these requirements also need to be adhered to during prime time (between 18.00 pm and 22.00 pm) (SABC, 2007: 6). This can be restrictive on planning a broadcasting schedule.

On public radio stations, the SABC also had to adhere to programming requirements for the first time since 2007 going forward. These requirements stipulated a minimum amount of programming to be delivered across five genres as predetermined by the Regulator, and also included African language and minority language quotas (SABC, 2007: 42).

The mandate requirements are managed, among other things, through the establishment of Content Enterprises. This division was formed in 2005 as a specialist in-house unit for content creation, acquisition, aggregation, distribution and exploitation. This helps in the acquisition of both local and international content as required (SABC, 2007: 77).

Given the mandate restrictions, the SABC has also embedded in their corporate goals that they need to create a financially sound corporation built on a sustainable business model (SABC, 2007: 6), and to this end the days when advertising were seen to lead to a reduction in intellectual

and ethical standards, are long forgotten. The SABC is now in a position where they need to rely mainly on advertising/commercial funding as a source of revenue. The SABC's funding structure will be addressed in more detail in section 2.3.3 on pages 32 to 35.

2.2.6 MOVING FORWARD

Going forward, the SABC faces numerous challenges, and these will be discussed in broad terms to provide an overview of the "as is" situation, as well as introduce the causal factors to this study, which will be addressed in more detail in section 2.3 from page 24. The situation faced by the SABC will be discussed under the following sub-headings:

- A changing environment;
- Current status of public broadcasters, with specific reference to the SABC;
- The SABC's financial position;
- Future investment required;
- The SABC as a driver of industry growth; and
- In closing.

2.2.6.1 A changing environment

Since inception in 1936, there have been numerous changes at the SABC, of which, in their own view, the biggest was the transformation from being a state broadcaster to being a public broadcaster. As a public broadcaster, it is the SABC's primary focus to ensure that every citizen is empowered through the programming provided (SABC, 2006: 20), and this is echoed in the vision – "Broadcasting for Total Citizen Empowerment" (SABC, 2007: 1).

2.2.6.2 Current status of public broadcasters, with specific reference to the SABC

Public broadcasting, however, faces criticism and the need thereof is being questioned globally. Arguments against an enforced license fee to fund a public broadcaster, reflects the changing technological situation where spectrum scarcity and therefore a forced restriction on the number

of channels are no longer an issue. Although there are still arguments in favour of the need for a public broadcaster, such as delivering value to all citizens, this particular model has never before been under so much scrutiny given fee market conditions (Doyle, 2006: 67-68).

Public broadcasters, including the SABC, face monetary challenges as well. Decisions made by broadcasters worldwide are influenced to a greater or lesser extent by their available resources and financial issues (Doyle, 2006: 1). While it is the duty of a public broadcaster to inform, educate and entertain with quality programming, this has moved to an increased emphasis on satisfying commercial interest by providing the public with what they want. This has to be done in an attempt to maximise audience figures and therefore also advertising revenue, but at the same time this can lead to less depth and diversity of the programme offerings, which is in contrast with what a public broadcaster should aim for (Fourie, 2003: 150).

The above dilemma can be summarised as follows:

- If public broadcasters, such as the SABC, concentrate their efforts on popular programmes which will drive audiences, they can be accused of neglecting their public service duty.
- However, if they fully focus on their public service duties and in the process fail to rise to technological and competitive challenges, then in time they will lose their audiences and not be in a position to have adequate funding for their public service obligations (Fourie, 2003: 152).

Doyle (2006: 67) agrees that advertising is a faulty funding mechanism which incentivises a public broadcaster to focus on larger audiences rather than increased programme quality and diversity.

2.2.6.3 The SABC's financial position

The SABC was in a strong financial position, with the 2006 financial year delivering a record-breaking R383 million profit (versus R194 million in 2005) (SABC, 2006: 22) and again a decline to R183 million in 2007 – revenue is in the region of R4 billion (SABC, 2007: 108). The

SABC's market presence is also strong, although threatened by new market entrants going forward. In 2006, SABC radio had a market share of 81.3 % (up from 81.7 % in 2005), and television commanded 64.2 % of audiences, up from 63.6 % the year before (SABC, 2006: 22). In 2007, television audiences decreased by 0.6 % (SABC, 2007: 12).

The Financial Mail reviewed the SABC's 2008 results (Motlounge, 2008: 54), and started off by stating that "if the SABC was a listed company, its shareholders would have abandoned it long ago. A culture of wasteful expenditure, misappropriation of funds, theft and rocketing costs appears to have become entrenched." They are unfortunately not alone in their negative view of the SABC, which will be addressed in more detail in the rest of the chapter, and which gives the impression that the impressive financial results of 2006 might not be sustainable going forward. To this end, Motlounge (2008: 54) also reported that "profits for the year to end-March 2008 fell... to an embarrassing R38.4 million before tax."

2.2.6.4 Future investment required

Although recent profits might seem significant, this fails to take into account future capital investment required. Capital expenditure is forecast to increase dramatically, as the SABC has to switch over from analogue television broadcasting to a Digital Terrestrial Transmission (DTT) system in line with world-wide trends. Although the cash and near cash reserves of the Company are adequate to meet current needs, Government support will be needed to fund the technology requirements (SABC, 2007: 27) – the cost of this conversion is estimated to be in excess of R2 billion (Skosana, 2008: 29).

2.2.6.5 The SABC as a driver of industry growth

The SABC regards itself as a major driver of growth in the industry, as can be seen from their own assessment in the 2006 annual report. In the SABC's view and based on their meetings and discussions with stakeholders, the mandate requirements for local content represents a major opportunity for local scriptwriters, producers and actors (SABC, 2006: 11). However, the industry does not always share this same optimistic approach. Expectations are that three new

broadcasters will most probably enter the South African market towards the end of 2008, and an anonymous film maker hopes that this will be “a shot in the arm for the dead hand SABC-dominated sector.” The film maker also expressed the hope that the new market entrants could “restore power to producers when they negotiate licences for their content” (Anon., 2008a: 30). It can therefore be seen that the new market entrants could “change the game” for the SABC going forward, and that they are about to enter an era of tremendous change.

2.2.6.6 In closing

The SABC not only covers the news, but also regularly features in it. However, a brief overview has been given of the picture going forward, and current press coverage will be dealt with in more detail in the next section, which will illustrate the causal factors to the study and the need or potential benefit of incorporating an entrepreneurial climate at the SABC.

2.3 CAUSAL FACTORS TO THE STUDY

Causal factors to the study, which highlight the need and potential benefits of incorporating an entrepreneurial climate within the SABC, are based on an understanding of the business and the environment within which the SABC operates, as well as an understanding of corporate entrepreneurship and its potential benefits.

The broad situation is summarised by Fraser (2008: 2):

“Public broadcasters all over the world are in crisis, suffering from lack of funds and lacking confidence in what they do.”

These causal factors identified are supported by relevant literature as quoted, and these factors are:

- *A changing technological environment* - The SABC is operating in a rapidly changing environment. This is due to a number of factors, but will focus on the transition from analogue broadcasting to digital television broadcasting.
- *Fierce competition* - The evolution from a near-monopoly a few years ago, to fierce competition which is driven by a combination of “pay-tv” channels such as DSTV and M-Net, as well as “free-to-air” offerings such as ETV will be addressed. This excludes the new market entrants who will also feature going forward.
- *Funding model* – The SABC’s funding model is under question, as they used to be publicly funded, but are now in a situation where they need to be more and more self-sustainable and have to rely on commercial funding. This is despite the onerous mandate requirements as already discussed on page 20.
- *Internal structures* – These structures are important in understanding the political tensions and the environment in which the SABC operates, and will be discussed under the sub-headings of general comments, a discussion of the Board of directors and a discussion of SABC’s top management.
- *Strained internal and third party relationships* – The SABC does not only deal with internal problems, but also external, and these relationships and some of the problems related to it will be addressed in this section.

2.3.1 A CHANGING TECHNOLOGICAL ENVIRONMENT

From a literature perspective, Hayton (2005: 137) views corporate entrepreneurship to be especially beneficial to firms operating in rapidly changing and highly competitive environments. Based on this view, the technological changes taking place at the SABC and which makes them suitable as a candidate to benefit from the incorporation of corporate entrepreneurship, will subsequently be examined.

The SABC’s future capital expenditure is expected to increase significantly due to the expected

implementation of Digital Terrestrial Transmission (DTT) (SABC, 2007: 27). This is seen as a major change for the SABC going forward.

According to RTE NL (2008), a communication network operator in Ireland, the benefits of changing over to DTT include:

- The delivery of high quality pictures and sound;
- An improved teletext service;
- The ability to offer more television services which increases the viewers' choice (a more narrow bandwidth is used for transmission than on the current analogue system);
- New features such as an on-screen television menu (as DSTV already offers) can be offered to the viewer; and
- The capability to deliver interactive services.

A uniquely South African advantage is that digital broadcasting will make allowance for more channels targeting language groups not catered for adequately (Mametse, 2008a: 18). This would be as DTT would enable one visual image to be broadcasted with for example four different audio streams. The viewer can then select his or her language of choice from an on-screen menu.

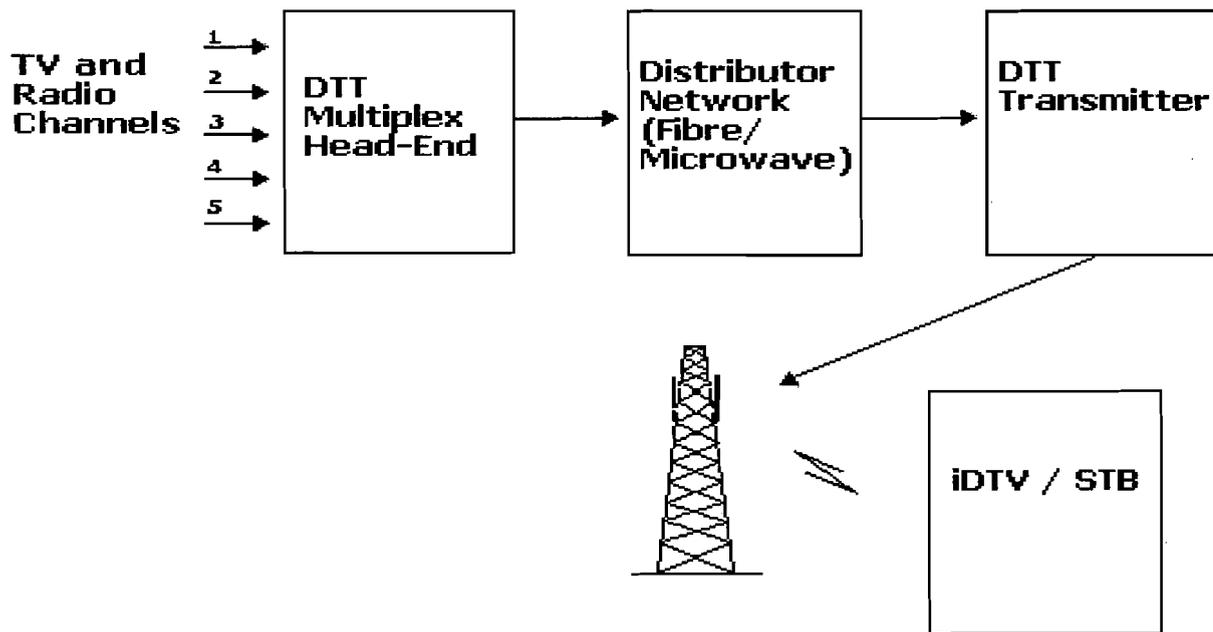
Although the process of digitisation is complex, the basic approach can be summarised according to figure 2.1 on the next page.

DTT can be used for both radio and television transmission, which will have to be “interpreted” with a multiplex or set top box (similar to a DSTV decoder). This will have to be purchased in addition to the existing television set, although new television sets will probably have this “built in.”

The basic approach that the SABC is planning to follow is to switch on digital transmission in November 2008. There will then be dual transmission (both digital and analogue) until such time as when the analogue signal will be switched off. This is planned for November 2011, after

which people who did not purchase new television sets or set top boxes, will not receive television transmission any more (Warby, 2008: 8).

Figure 2.1: The basic operation of a DTT system



Source: RTE NL (2008)

Some specific challenges that will be encountered with the change-over to DTT technology, as well as aspects that need to be kept in mind, according to Warby (2008: 8) are:

- Access for poorer communities could prove problematic, as there is a cost factor involved in the change-over process;
- Huge amounts of money will have to be invested to improve general infrastructure in the country;
- Experience in other countries which already incorporated DTT showed that, if the proper infrastructure investment is not made, the quality of communication is likely to decrease to unacceptably low levels which, in turn, will negatively impact on economic growth;
- This focus on information technology (IT) is essential in the next three years if South Africa wishes to be compared with the best;

- In an effort to lower the costs, government has proposed that an under seas cable be laid on the east coast of Africa, but this involves cooperation with other African countries;
- The planned under seas cable should ensure a sustainable competitive position for South African if their band width is compared to international standards;
- A stable communications- and IT-infrastructure should increase investor confidence in the country;
- It is imperative that the extent of the role the SABC will play in this process be reviewed and finalised, and independence is a matter which specifically need to be addressed; and
- As part of the massive process of DTT migration, the minister of communications, Doctor Ivy Matsepe-Casaburri, asked for an investigation and inquiry into the internal and administrative difficulties currently experienced at the SABC, as it will be risky to let this interfere with such a huge project (Warby, 2008: 8).

It can be seen that the SABC will have to adapt very fast and efficient technologically, which is a typical characteristic of an entrepreneurial firm. With regard to the necessary technological changes facing the Corporation, corporate entrepreneurship will therefore be almost a perfect fit as a potential strategy to deal and cope with changes going forward.

2.3.2 FIERCE COMPETITION

Kuratko, Ireland and Hornsby (2001a: 60) allege that entrepreneurial actions are a medium through which the competitive environment can be changed for the better and to the firms' advantage. In this context entrepreneurial actions can be viewed as new behaviour to exploit opportunities which might not be noticed or pursued by the other market players. It can also mean identifying new resources, customers, markets or a combination of these three. Given the increased competition the SABC is facing, as will be discussed in the rest of section 2.3.2 to follow, this helps to shape the SABC into the ideal type of environment where corporate entrepreneurship can be of benefit.

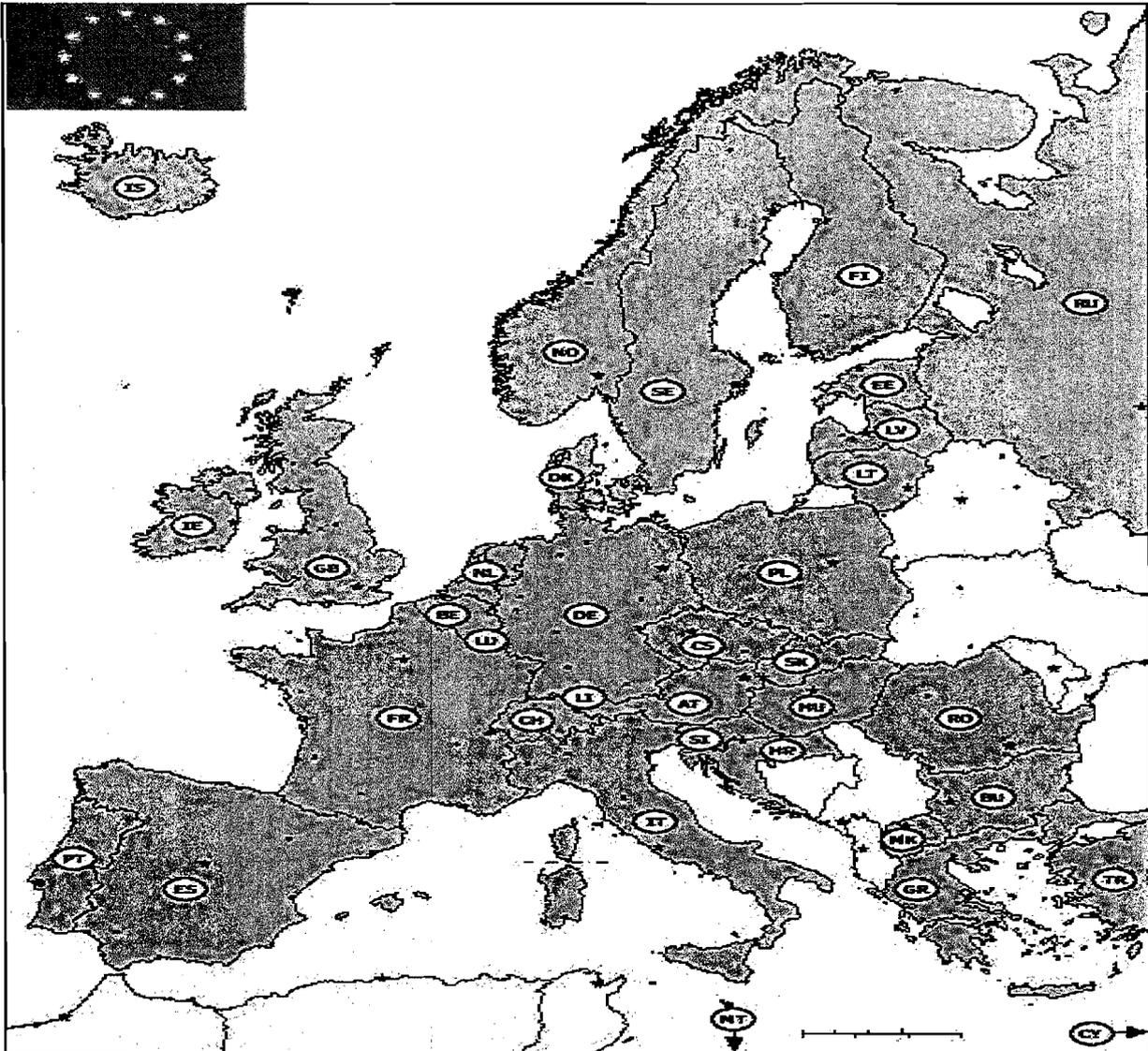
The SABC has been a monopoly broadcaster for more than four decades, and now has to compete with fourteen private radio stations, one free-to-air terrestrial television channel, ETV, as well as MultiChoice, which includes M-Net and DSTV. There are also about 80 operational community radio stations (Fourie, 2003: 155-156). However, this situation is about to become even worse for the SABC.

In 2007, On Digital Media, Telkom Media, Walking on Water, e.Sat and Multichoice were awarded pay-TV licences. Although e.Sat has pulled out subsequently, they have decided to become a content provider and they plan to launch a 24-hour news channel which will be broadcast on DSTV (Mametse, 2008b: 19).

Technology further increases competition, and Telkom Media initially planned to introduce Internet Protocol Television (IPTV) to South Africa towards the end of 2008. It is basically a system where digital television is delivered to users via the internet, and this gives the viewer the option to decide what they want to watch and when (Mametse, 2008a: 18). Although the original timeline will not be met, IPTV is still a possibility regarding future competition for the SABC.

Worldwide, Cable television is also becoming more and more of a competitive force that public broadcasters need to deal with, as can be seen from figures 2.2 and 2.3 on the next two pages.

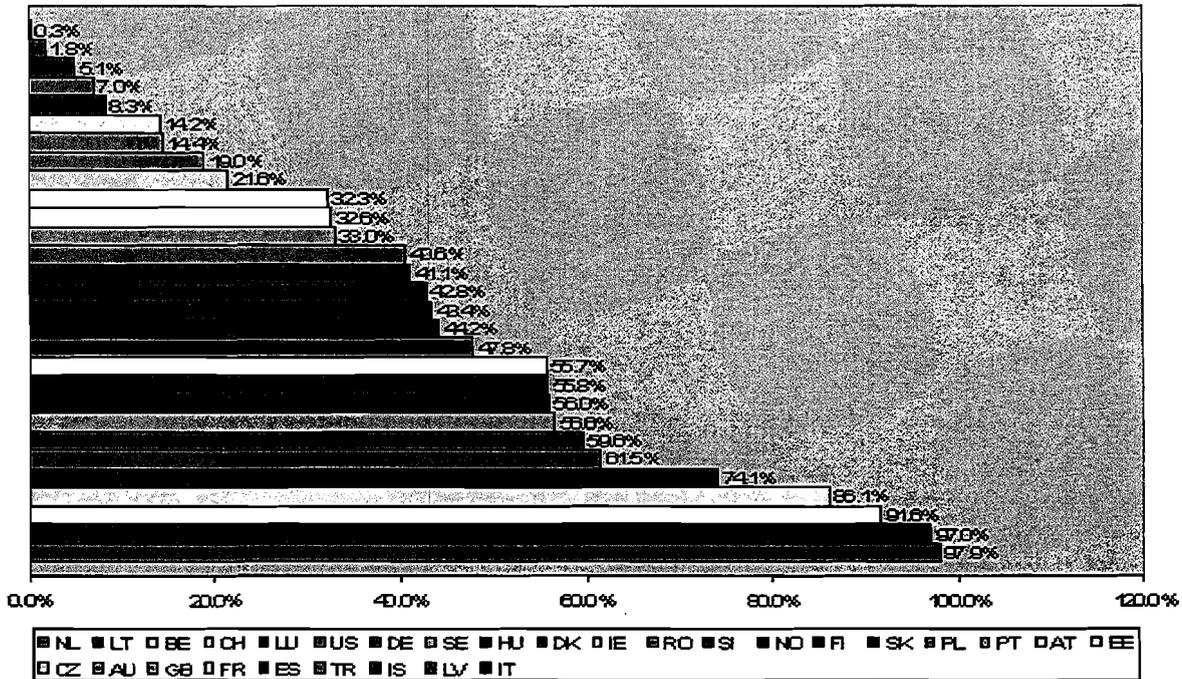
Figure 2.2: Countries included in the television survey



Source: Kiefl (2003: 7)

The countries as indicated above formed part of the television survey of which the cable television exposure is depicted in figure 2.3 to follow. This map and the abbreviations used will be the “key” to interpreting figure 2.3 to follow, and in order to be able to know which abbreviation represents which country.

Figure 2.3: The extent to which Europe, Australia and the USA are exposed to cable television



Source: Kiefl (2003: 9)

Cable television is used as an example of competition to the public broadcaster, and as can be seen in figure 2.3 above, this is not equally threatening in all countries. Some countries, such as Italy, Turkey and Spain, only show single-digit penetration. In other countries, such as Belgium, Lithuania and the Netherlands, over 90 % of households are subscribed to cable television. A total of 61.5 % of United States households are subscribed to cable television (Kiefl, 2003: 8).

Direct-to-home satellite television is not as popular as cable television, and will not be examined in detail. However, this has increased significantly in the past couple of years in Europe and is yet another competitor to the viewers of the public television broadcaster (Kiefl, 2003: 9).

2.3.3 FUNDING MODEL

As could be seen in section 2.2.1 on page 14, the SABC was originally modelled after the BBC. When facing changes, the SABC still turns to other broadcasters worldwide – especially public broadcasters – in order to obtain “best practice” advice on how to deal with a particular problem or situation. However, as will be seen in the rest of this section, the funding model coupled with the expensive mandate requirements places the SABC in a unique situation in which they are not able to “borrow” or adapt a solution from another broadcaster. As such, they will need to be creative in facing the challenge and finding a solution.

Corporate entrepreneurship is a process through which creative and new solutions are sought to challenges which faces the firm. Solutions could include the development or enhancement of old or new products, services, administrative techniques and technologies. Changes to strategies, structures and systems can also form part of implementing corporate entrepreneurship as part of the solution to unique problems (Bhardwaj, Sushil & Momaya, 2007a: 49). As such, corporate entrepreneurship can be seen as a potential solution to the very real crisis of funding the organisation which will be discussed subsequently.

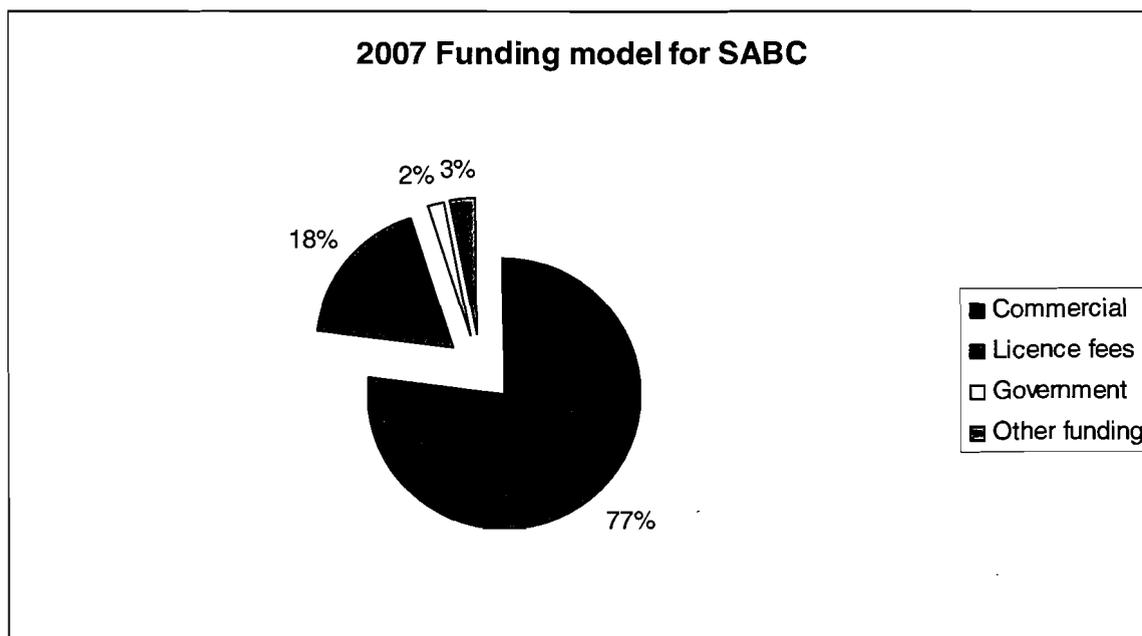
The SABC’s funding model is one of the main challenges faced by the organisation – to the extent that, in the 2006 annual report, the quotation which was highlighted in the Chief Financial Officer’s report reads:

“The main aim of the PBS (Public Broadcasting Service) Colloquium held in March 2006 was to examine various funding models to achieve a better understanding of the challenges facing public broadcasters in general, to find guiding principles for a future funding model....” (SABC, 2006: 34).

This remained a challenge in the 2007 financial year, and the Chief Executive Officer (CEO), Advocate Dali Mpofu, regarded the over-reliance of the SABC on commercial funding in relation to other sources as the “single most important issue facing the corporation and all those who care for a true public service broadcaster” (SABC, 2007: 15).

The 2007 funding mix is indicated in figure 2.4 below (SABC, 2007: 15-16).

Figure 2.4: Funding model for the SABC



Source: Adapted from SABC (2007: 16)

As can be seen from figure 2.4 above, the SABC has become largely dependent on commercial funding, which constitutes 77 % of the funding mix. The 2007 funding model can be regarded as a “typical” and representative funding model, and this is in contrast with world-wide public broadcasters. As an example, France Television only collects about one third of their revenue from advertising and sponsorship (Morrison, 2008), which means they are funded two thirds from license fees. The BBC is in an even better position – in the 2008 financial year, their total revenues were £4 415 million, of which £3 369 million or 76 % was from license fee revenue (BBC, 2008: 85). South Africa and the SABC therefore have unique challenges in that their language mandate incorporates all eleven official languages, as well as the !Xu and Kwe languages (SABC, 2006: 11), which also has cost implications and sometimes caters for minority groups (less viewers and less attractive to advertisers) – yet their funding model is much more dependent on commercial funding than public broadcasters globally.

As already discussed in section 2.2.5 on page 20, mandate requirements, which are most prevalent on SABC1 and SABC2, require certain genres as well as original local content to be produced and broadcasted in order to retain the broadcasting license. Although the average cost of programmes for the SABC is sensitive information which might be used by competitors, Doyle (2006: 81) provided a comparison of the costs for different genres as applicable to ITV in the United Kingdom. These costs are replicated in table 2.1 below, and will give a very good indication of the type of costs the SABC needs to deal with.

Table 2.1: ITV network average cost per hour of original programming in 1999

Genre	Cost per hour
Drama	£398 000
Entertainment	£236 000
Documentaries	£163 000
Arts and education	£135 000
Children's	£ 79 000
Late night	£ 51 000
Religion	£ 37 000
Daytime	£ 18 000

Source: Doyle (2006: 81)

Although the SABC's costs to produce local content are not quite as high as the costs indicated in table 2.1 above, foreign content are much cheaper – typically between R30 000 and R40 000 for a one-hour programme (excluding movies), although these costs are also set to increase as the demand for content increase with the entrance of more players to the market (De Villiers, 2008). As can be seen, it is significantly more expensive to produce local content than to acquire “off the shelf” content from overseas.

Despite the unfavourable comparison to international standards, the funding situation is unlikely to change for the SABC. The 2010 World Cup soccer is a big event not only for the country, but also for the SABC, and while it is possible that the SABC might receive some additional funding specifically relating to this event, Hunter (2006: 38) reckons that South Africa has too many other social responsibilities to expect the government to extend funding in the longer term. The only realistic alternative for the SABC seems to be the current advertiser-funded model.

2.3.4 INTERNAL STRUCTURES

Bhardwaj *et al.* (2007a: 48) claim that the proper internal structures can play a major role in encouraging corporate entrepreneurship. By putting the appropriate structures in place, a company would be able to gain a competitive advantage. Bhardwaj *et al.* (2007a: 48) continue to state that some authors believe that the failure to utilise the benefits associated with corporate entrepreneurship can greatly reduce the probability of being successful. As will be seen, internal structures are currently at a stage where it could be improved, but this again underscore the relevance and validity of considering corporate entrepreneurship as an ongoing solution and process when changes are made. As changes will have to be made going forward, this could be the ideal opportunity for these changes to be designed in a beneficial manner.

Jarna and Jouko (2007: 168) also reiterate that managers at all levels are very important when establishing entrepreneurial behaviour, which again supports the view that the changes the SABC is undergoing could help them to be ready for an entrepreneurial approach should they choose to benefit from it.

The internal structures at the SABC will be addressed using the following sub-sections:

- General comments;
- SABC Board of directors; and
- SABC's top management.

2.3.4.1 General comments

As pointed out at the end of section 2.2.3 on page 17, the SABC was transformed from a state-owned and -controlled broadcaster to a public broadcaster. However, this does not mean perceptions have necessarily been changed, and one of the quotes that capture this perception very well is that of Mthombothi (2008: 8) in a review of the SABC:

“An organisation that held so much promise at the dawn of our democracy has descended into an unamusing circus, at the beck and call of whoever holds (or is seen to hold) political sway... Skills and competence don't matter any more; political connectivity is everything in landing a cushy job.”

The perception that the SABC as a public broadcaster has not yet shed their reputation as a state-controlled organisation is also shared by Hunter (2006: 38). In reaction to the SABC's new policy of “total citizen empowerment,” the stated policy is difficult to understand, ambitious and very unrealistic – unless viewed politically. According to Hunter it seems that the SABC's entire existence is driven and tainted by political affiliations and expectations from government.

Mohau (2008a: 30) embraces a similar view, and reckons that the SABC's top structure in the form of Dali Mpofu (CEO) and Snuki Zikalala (head of news) are products of president Thabo Mbeki's attempt to seek control over the media, and Green (2008: 10) reckons it is sad to see “an institution that should be a foundation of democracy crumble because of factional political battles.” Mohau (2008b: 12) also continues to state that Snuki Zikalala banned commentators and journalists who were perceived as being too critical of the then President of the ANC, Thabo Mbeki.

Adding to the political connections and undertones, Fourie (2003: 153) noted that, among other things, the SABC is guilty of mismanagement, corruption and nepotism, as well as a drop in the quality of their news and documentaries. There is also a rising discontent with the public broadcaster which is seen to not fulfil its public duties.

The deputy chairperson of the Board, Christine Qunta, also alleged that it was the Boards' duty to investigate claims relating to financial irregularities, and that the SABC had to act before they reached a "financial and governance crisis" (Mkhabela & Malefane, 2008: 11). This reinforces that Fourie as quoted on the previous page is not alone in his view that all is not adding up at the public broadcaster.

2.3.4.2 The SABC Board of directors

One of the harsher descriptions of the SABC Board was done by the Citizen Editor:

"The inept Board... limps from one crisis to the next... Bereft of technical or professional broadcasting expertise, the Board is also pretty hopeless at legal matters and, apparently, rules of common business practice." (Anon., 2008b: 12)

Keke (2008: 7) is of the opinion that the drama relating to the SABC Board and top structure at the time of writing could be attributed to the endorsement of the Board by the former president of the ANC, Thabo Mbeki. Therefore supporters of Jacob Zuma, the new president of the ANC, will oppose the Board representation of the SABC in principle. However, there are plenty of opinions to indicate that the criticism might have more substance than simply the wrong political allegiances.

In April 2008, Kgosana (2008: 4) reported that the ANC was in favour of axing three SABC Board members in order to replace them with candidates who would be more acceptable to Cosatu, and that a fourth Board member's position on the Board was questioned based on contract work he did with the Department of Minerals and Energy.

The ANC MP's (Members of Parliament) passed a vote of no confidence in the SABC Board in May 2008 (Saunderson-Meyer, 2008: 14). This process was started by the National Assembly's communication committee, and subsequently the SA Communist Party, and ANC Youth League and Cosatu all called for the Board to resign (Rondganger, 2008a: 5). Mtshweni (2008: 12) is of the opinion that this saga tested the Board's leadership capabilities, and that they fell short. They

should therefore do the “honourable thing by resigning.”

In the drama surrounding the suspension and reinstatement of the SABC CEO, Dali Mpofu, which took off in May 2008, he was reinstated based on the inappropriate conduct of a Board member, which should have included “fidelity, honesty and acting in the best interest of the SABC” but failed short of such expectations (Naidu, 2008a: 2). It is alleged that the directors committed “at least 30 breaches of corporate governance” (Naidu, 2008b: 2).

2.3.4.3 SABC’s top management

In May 2008 the SABC management grabbed the news headlines for all the wrong reasons – in a 12-hour period, the head of news, Snuki Zikalala, was suspended, followed by the group CEO Dali Mpofu, who was suspended by the Board. Shortly afterwards, the portfolio committee on communications, requested parliament to institute a vote of “no-confidence” in the Board (Green, 2008: 10).

Saunderson-Meyer (2008: 14) stated that a move which would have caused chaos anywhere else in the world, being the suspension of two of the top figures at SABC (the CEO and the head of news) was welcomed by every political party in the country. This was based on the belief that it would be hard for things to get worse.

Mkhabela and Malefane (2008: 11) describe Advocate Dali Mpofu as the man “who is known for leading the corporation’s pro-Mbeki stance” and it can therefore be seen that the level of political involvement is more than the “typical” political ties of executives at other companies.

In June 2008 the drama continued as Mpofu challenged his third suspension by the SABC Board. Allegations were, among other things, that he oversaw “massive financial mismanagement,” as well as ignored the Board and lost broadcasting rights (Rondganger, 2008b: 3). These allegations were also confirmed by Flanagan (2008: 1). Other accusations included that he had been a poor executive and that he supervised a steep decline in broadcasting and journalist standards (Anon., 2008b: 12). There are also various sources such as Van Wyk (2008: 6) who believes that

Mpofu's suspension was because he dared to fire the head of news, Doctor Snuki Zikalala.

Even within the organisation, the drama caused was enough for seven SABC executives to sign a letter which they sent to the media and other third parties, calling on the Board to resign with immediate effect (Tsumele & Naki, 2008: 5).

Three months after the initial suspension, Doctor Snuki Zikalala was exonerated and returned to work (Ncana, 2008: 12).

Wider than the two executives discussed, the view is not always positive either. An external US programming specialist (Eastman, 2003: 74) commented:

“Through enforced retirement and political hiring, the SABC's highest executive levels have largely been replaced by non-white executives, many relatively inexperienced in electronic media management.”

The SABC is therefore clearly an organisation where the top management, who is supposed to guide the organisation, appears to be in a position where they first need to sort out their own political issues before being able to properly attend to the organisation at large.

2.3.5 STRAINED INTERNAL AND THIRD PARTY RELATIONSHIPS

Corporate entrepreneurship always places the customer – both internal and external – at the centre of the process. Relationships are seen to be all-important and therefore need to be nurtured (Kuratko & Hodgetts, 2001: 137). As will be seen from the examples to follow, the incorporation of a culture of corporate entrepreneurship where stakeholders are highly valued could benefit the SABC going forward.

In 2003, Eastman (2003: 76) proposed that the SABC could increase their competitive position in television if the three channels viewed themselves as one unit rather than competition to each other. Although big strides have been made in this regard, some level of internal competition

and/or conflict is still prevalent. This is apparent in the proposal made by the Minister of Communication, Matsepe-Casaburri that steps need to be taken urgently to correct the internal management and administrative issues within the SABC (Botha, 2008: 9).

Internal and administrative difficulties are also apparent when the allegations against the group CEO, Dali Mpfu, are examined. Among other things he is accused of having spent R144 million between April 2006 and March 2008 without the proper contracts being in place. He also allegedly paid an amount of R7 million to Siemens before a signed contract was in place (Flanagan, 2008: 1) – although the administrative difficulties are more often than not the cause of people *not* being paid, as with the examples of the disk jockey's (DJ's) at the bottom of the page, this does reflect a troubled organisation where certain basic aspects still need to be sorted.

Towards the end of 2007, the SABC increased their advertising rates significantly (by about 30 %) and this brought about public criticism. The increase was viewed as arrogant and desperate, and the issue was not so much the rate hike as the manner in which this was done – without consulting any of their major clients. Van Eyk (2007: 38) noted that there were consultation in the industry afterwards, but likened this to the behaviour of a man who seeks praise from his peers because he stopped beating his wife. Overall, this was viewed as the SABC abusing their dominant market position (Van Eyk, 2007: 38-39).

In an external review of the SABC as done by a BBC editor, Fraser (2008: 2) remarked that there appears to be a “concerted policy of refusing to work with certain companies and treating others as favourites” – especially along racial lines. He also notes that producers do not speak out openly, as they are afraid, and even though preference seems to be given to black producers, a frustration held by a black producer he knows, is the “laziness and lack of ambition at the SABC.” Although relationship problems abound all-round and can be found in any company, this hardly paints a pretty picture.

In early June 2008, “system errors” caused the DJs of Metro FM (a radio station) to not be paid their salaries for two months. One DJ spoke to the press on the condition of anonymity, after which a promise was made to pay them later in that same week (Madikwa, 2008: 3).

2.4 SUMMARY

A brief overview of the SABC was provided, starting with the initial establishment of the organisation in 1934, the introduction of television to South Africa in 1976 and the transformation along with the political democracy after 1994.

The present day situation was described in order to provide a framework for the causal factors relating to the study to follow. Then the issues the SABC faces going forward, such as the changing environment, the difficulties faced by public broadcasters globally and their financial position and future technological investments required were dealt with briefly.

The most important section of this chapter, being the causal factors which gave rise to this study, was examined in section 2.3. These factors are:

- *A changing technological environment* - The SABC is operating in a rapidly changing environment. This is due to a number of factors, but the focus area for this study was on the transition from analogue broadcasting to digital television broadcasting.
- *Fierce competition* - The evolution from a near-monopoly a few years ago, to fierce competition which is driven by a combination of “pay-tv” channels such as DSTV and M-Net, as well as “free-to-air” offerings such as Etv, as well as the expectation of new market entrants, was addressed.
- *Funding model* – The SABC’s funding model is under question, as they used to be publicly funded, but are now in a situation where they need to be more and more self-sustainable and have to rely on commercial funding. This is despite having to adhere to onerous and costly mandate requirements.
- *Internal structures* – These structures are important in understanding the political tensions and the environment in which the SABC operates, and were discussed under the sub-headings of general comments, a discussion of the Board of directors and a discussion relating to the top management.

- *Strained internal and third party relationships* – The SABC does not only deal with internal problems, but also external, and these relationships and some of the problems associated with it were addressed in this section.

All of the causal factors as discussed set the scene for the literature review of chapters three and four to follow. Not only is the SABC a relevant organisation to study in the South African context, but for various reasons as pointed out, they are one of the most relevant organisations to potentially benefit from the implementation of entrepreneurial principles and the establishment of an entrepreneurial climate.

CHAPTER 3

LITERATURE REVIEW OF CORPORATE ENTREPRENEURSHIP

3.1 INTRODUCTION

Today's business environment has become increasingly complex and dynamic, and in response to this, it has become vital for businesses to respond faster than the competition. One way this can be achieved, is by encouraging entrepreneurial behaviour. Such behaviour has the ability to create new knowledge that can be transformed into marketable products and services (Brundin, Patzels & Shepherd, 2008: 222, 225). Innovation, as required by corporate entrepreneurship, can incorporate new ways of doing business, developing new technologies and products, and even entering new markets in new organisational forms if required (Teng, 2007: 119). Entrepreneurship is even viewed as a primary driving force of productivity and growth (Federal Planning Bureau, 2008).

On a broad level, entrepreneurship is recognised as being of fundamental importance to economic growth. By creating new ideas, enterprises and jobs, it nurtures the economy as a whole (Heinonen & Poikkijoki, 2006: 80). According to Timmons and Spinelli (2007: 51), entrepreneurial firms account for employment growth of at least 20 percent per year in the United States of America.

Gurol and Atsan (2006: 25-26) have a similar opinion, as they view the role of entrepreneurship in developed countries as one of revitalisation and job creation, as well as an incubator for technological progress, product innovation and market innovation. In developing countries, this role becomes even more critical. Entrepreneurship is regarded as the engine of economic progress, job creation and social adjustment (Gurol & Atsan, 2006: 25-26). As a developing country, the crucial role of entrepreneurship would also be applicable to South Africa, and is also a vital driving force in the economy. The 2006 Global Entrepreneurship Monitor report (GEM report) highlights that the early-stage entrepreneurial activities in South Africa is currently lacking if South Africa wants to sustain the type of economic growth rates that will create wealth for all (Maas & Herrington, 2006: 7).

As the creation of new business opportunities continue to gain importance, corporate entrepreneurship has become a crucial tool in enhancing a firm's ability to change and create these opportunities (Van de Vrande, Venhaverbeke & Duysters, 2008: 1-2).

Hornsby, Kuratko and Zahra (2002: 254) concur, and in their view firms would venture into corporate entrepreneurship mainly to increase their profitability. However, there could also be secondary advantages such as strategic renewal, increased innovation, gaining knowledge of potential future revenue streams and international success (Hornsby *et al.*, 2002: 254).

Despite the benefits of entrepreneurship within an established organisation as discussed above, not all scholars are in agreement. Abetti (2002: 85) is of the opinion that entrepreneurs should become independent from the corporate organisation. As soon as entrepreneurs have gained enough resources and credibility, they should create their own companies, as their interests inherently would be in high-risk, innovative products which will be in conflict with the interest of established companies. Abetti (2002: 93) also cites that entrepreneurs will experience freedom and excitement if they run their own company, versus having to deal with bureaucracy in a corporate environment.

Covin, Slevin and Heeley (2000: 177) echo the above sentiment, in that they find that it is often not good to be a market pioneer – in their view one of the ways in which corporate entrepreneurship can be manifested. Covin *et al.* (2000: 178) argue that market pioneers are often outperformed by later entrants, although they do make it clear that this should be considered within an environmental context. There are therefore no clear-cut “right” or “wrong” answers as to whether it will benefit the organisation to act entrepreneurially or not, which might lead one to question the effort needed for corporate entrepreneurship.

Although opposing views which questions the advantages of corporate entrepreneurship are mentioned, this study will focus on the potential benefits which were also discussed, and it will be done based on the following reasons:

- In the author's view, the potential benefits as discussed at the start of the chapter on pages 43 and 44, far outweighs the negative aspects or possible lack of results;
- Every management style, innovation or strategy has both its supporters and its opponents, and corporate entrepreneurship proves to be no exception;
- The benefits as already touched on, should be realised if corporate entrepreneurship is correctly implemented;
- Although not every organisation is in a position where it could benefit from corporate entrepreneurship, it has been illustrated in chapter two on pages 24 to 41, that the South African Broadcasting Corporation (SABC) is a primary example of the type of organisation which should be able to reap substantial benefits from a properly implemented corporate entrepreneurial strategy; and
- There are ample research to support the view that entrepreneurial ventures which remain within an existing organisation can and should benefit both the organisation and the entrepreneur if managed properly. Various such examples will be discussed in the next chapter.

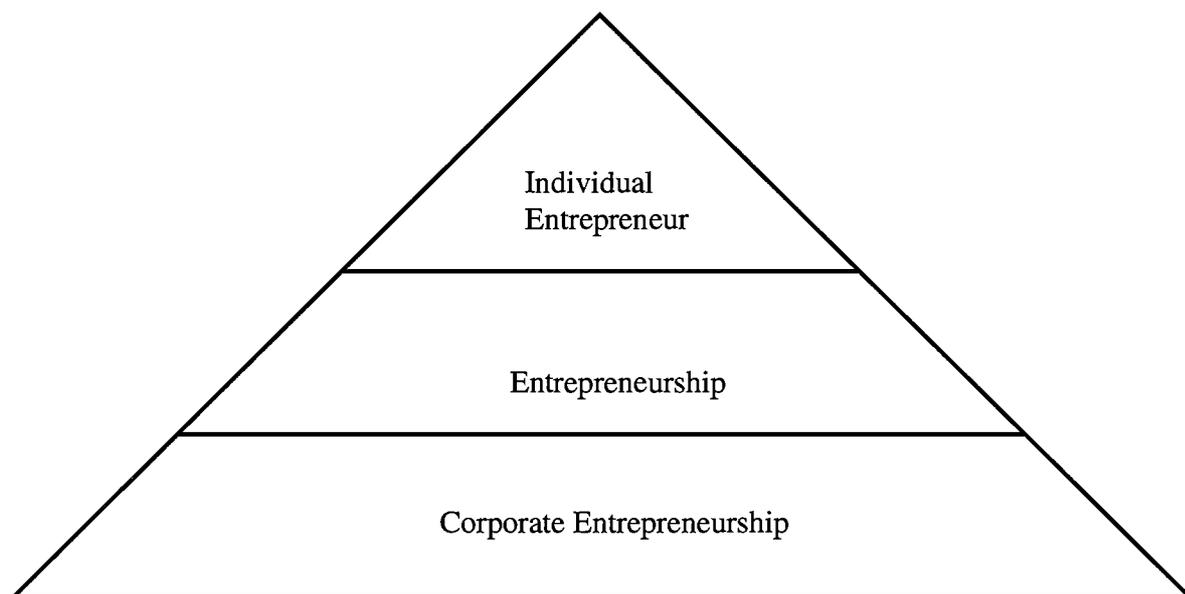
The rest of this chapter will define the relevant terminology – being corporate entrepreneurship, entrepreneurship and the individual entrepreneur. The interlinking of these concepts will also be presented, and the individual entrepreneur, in particular his “typical” characteristics, will be examined more closely.

After the “scene has been set” with the terminology clearly defined and explained, the various dimensions or essential elements of corporate entrepreneurship will be identified and discussed in order to conclude the literature review specifically relating to corporate entrepreneurship. This will also then serve as a basis for chapter four where the definition and establishment of an entrepreneurial climate will be considered in more detail.

3.2 DEFINING CORPORATE ENTREPRENEURSHIP AND RELATED TERMINOLOGY

Corporate entrepreneurship is interlinked with both *entrepreneurship* and the *individual entrepreneur*. In order to view the literature study to follow as a complete unit, it is necessary to understand the interlinking of these three concepts, which can be graphically represented by figure 3.1 below.

Figure 3.1: Interlinking of corporate entrepreneurship and related terms



Source: Interpretation of interlinking terminology (own compilation)

As can be seen from figure 3.1 above, the process needs to start with the individual entrepreneur. If an entrepreneurial type of person is not employed within the organisation, entrepreneurship will never be present, and no amount of company culture or motivation could result in achieving corporate entrepreneurship.

If the right type of person is employed within the organisation, then entrepreneurship and certain types of behaviour such as innovation should be present. However, it is possible for an entrepreneurial individual to be so restrained by rules, regulations and rigid procedures, that, even

though in essence he or she might be entrepreneurial, they will never act in that manner and therefore entrepreneurship will not be present. The presence of an entrepreneurial person is therefore no guarantee of entrepreneurial behaviour.

Once both entrepreneurial employees and entrepreneurial behaviour have been established, corporate entrepreneurship can be fostered given sufficient encouragement and the right type of organisation, as will be discussed in the rest of this chapter as well as chapter four to follow.

The “characteristic approach” as proposed by Deakins and Freel (2006: 167-174) also supports the approach of interlinking concepts all working together and enhancing each other to enable growth in a firm. The basic approach is set out below in table 3.1.

Table 3.1: Storey’s characteristics approach to entrepreneurship

The entrepreneur	The firm	The strategy
Motivation	Age	External equity
Education	Legal form	Market positioning
Managerial Experience	Location	New product introduction
Teams	Size	Management recruitment
Age	Market/sector	
	Ownership	

Source: Deakins and Freel (2006: 167)

Three primary components – being the entrepreneur (pre-start), the characteristics of the firm (identifiable at the start) and the characteristics of the corporate strategy (identifiable post-start), need to be present and work in unison.

The entrepreneur is mostly a motivated and educated individual with management experience, as his main task is likely to be one of co-ordination of various activities. As various skills will be needed, entrepreneurship is easier within teams where a variety of skills is available and most of these team members should be aged between 35 and 44, in order to have both enough energy and enough experience (Deakins & Freel, 2006: 168-169).

The second component, the firm, is mostly likely to be a company. The more established and bigger this firm is, the more likely it is to survive, as failure rates are fairly high on small new ventures. The entrepreneurial growth-firm is likely to be in a physical location where they have access to the relevant skills (to employ the correct people) as well as easy access to their markets. There is no specific market or sector which is seen to benefit from entrepreneurship, but innovation is likely to be present. With the last aspect, ownership, it is likely that there has been growth through mergers and acquisitions (Deakins & Freel, 2006: 169-170).

The third and last crucial component which needs to support entrepreneurship is the overall strategy of the firm. External financing will often enable growth if the entrepreneurial firm's own funds are not sufficient. The market positioning will probably be innovative so as to be less vulnerable to price discretion, which will often be reflected in the products they might introduce to the market. The recruitment of new managers to help sustain the growth will also be in line with the company culture and innovation (Deakins & Freel, 2006: 170-174).

The terminology for an individual entrepreneur, entrepreneurship and corporate entrepreneurship will be defined in the rest of this section, after which the individual entrepreneur will be examined in more detail by means of typical personality traits which one could expect to find in such a person. This will be done in the next section, section 3.3.

3.2.1 INDIVIDUAL ENTREPRENEUR DEFINED

Chell, Haworth and Brearley (1991: 23) stated that there is no single standard or universally accepted definition of the individual entrepreneur, and as such the term will be clarified in terms of its origin, history and various perspectives, as well as examining a few definitions.

The term "entrepreneur" has a French origin and translated it means "one who takes between" (Deakins & Freel, 2006: 3). Kuratko and Hodgetts (2004: 28) also support the French origin of the term "entrepreneur," and Long (1983: 52) states that entrepreneur stems from the verb "entreprendre," which means to do something different. The entrepreneur is therefore the person

who will bring everything together to work as a unit, and this is often done in an innovative manner.

The French origin was only a start, and Hisrich, Peters and Shepherd (2008: 6-8) provide a timeline of the development of the term “entrepreneur:”

- *Origin* – French origin where the entrepreneur is a “go-between,” such as the person facilitating transactions on trade routes;
- *Middle ages* – An actor or a person who would manage large government projects or productions with the resources provided;
- *17th century* – A fixed contract was undertaken with the government, and the entrepreneur would take the risk in the form of a profit or loss;
- *18th century* – The person who needed capital (for example the inventor) was separated from the person supplying the capital;
- *19th and 20th centuries* – The entrepreneur and manager are often viewed as synonymous, and is seen as a person who will organise and operate an enterprise for personal gain;
- *Middle of 20th century* – Innovation is now added to the definition, and the entrepreneur has the task of adding something new to the process; and
- *Current* – The entrepreneur today is viewed in terms of business, managerial skills and a personal perspective (Hisrich *et al.*, 2008: 6-8).

Deakins and Freel (2006: 3) note that the early economic theories attributed very little significance or attention to the role of the entrepreneur, and as such the concept of the entrepreneur has been developed mainly outside of mainstream economics. This development is summarised in table 3.2 to follow.

Table 3.2: Key contributions of economic authors on the role of the entrepreneur

Writer	Key role of the entrepreneur	Additional insights
Say	Organiser of factors of production	Catalyst for economic change
Cantillon	Organiser of factors of production	Catalyst for economic change
Kirzner	Ability to spot opportunity	Entrepreneur's key ability is "creative" alertness
Schumpeter	Innovator	Entrepreneur as a "hero" figure
Knight	Risk-taker	Profit is the reward for risk-taking
Casson	Organiser of resources	Key influence of the environment
Shackle	Creativity	Uncertainty creates opportunities for profit

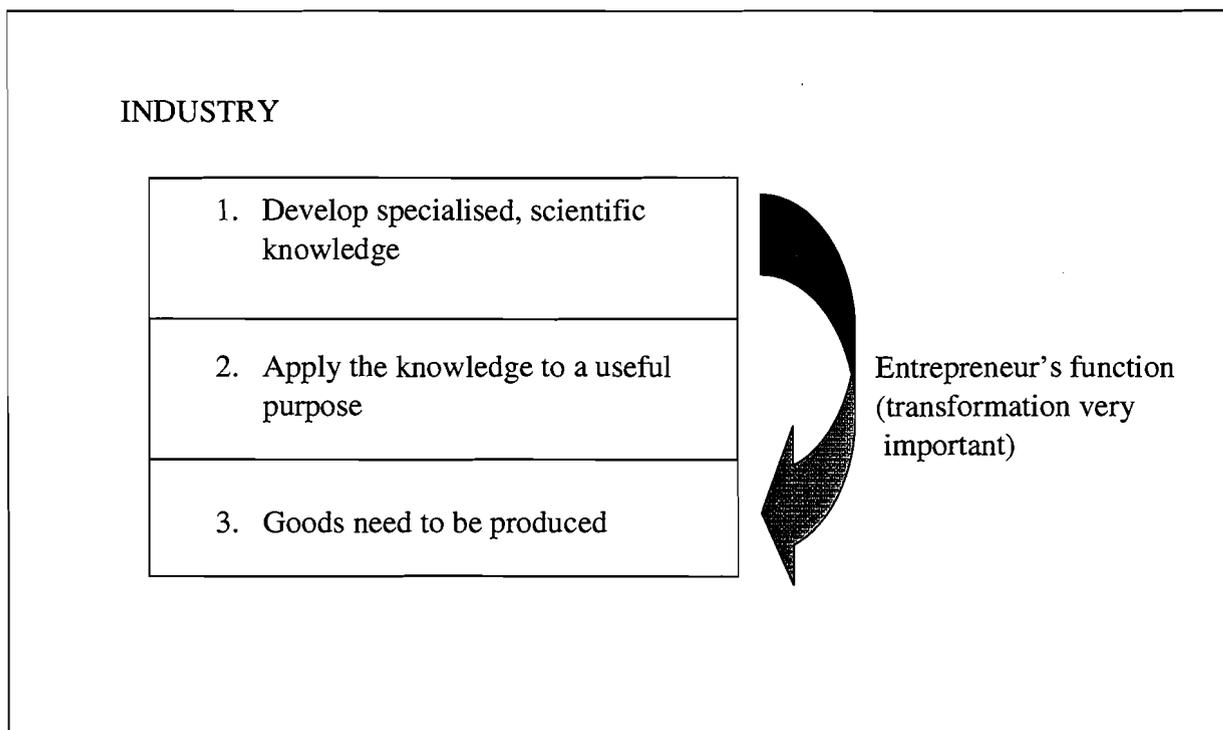
Source: Deakins and Freel (2006: 3)

The first writers to start with the concept of the individual entrepreneur were Cantillon and Say, who both regarded the entrepreneur as central in economic development. However, their views were initially not seen as very relevant to nineteenth-century economics (Deakins & Freel, 2006: 4).

Cantillon regarded the entrepreneur as a pivotal figure operating within a set of economic markets, and he was also the first to describe the entrepreneur as a self-employed risk-taker who has the foresight to recognise an opportunity and then take the necessary action to realise a profit, while at the same time being aware of the possibility of a loss (Herbert & Link, 1988: 52). Cantillon was more interested in the economic function of entrepreneurs, who acted as a balance for supply and demand, and as such he even regarded chimney sweeps, beggars and robbers as entrepreneurs (Herbert & Link, 1988: 56).

The view of Say is grounded on work done by Cantillon, and can be summarised in figure 3.2 below:

Figure 3.2: Say's understanding of the entrepreneur



Source: Adapted from Drucker (2006: 58)

As indicated in figure 3.2 above, the industry has three main contributions, being to develop knowledge, to apply this knowledge and then to produce goods. The entrepreneurs' function is one of transformation, where the knowledge needs to become a marketable product. In order to achieve this, the entrepreneur also needs to be able to supervise and handle administration effectively (Drucker, 2006: 58-60).

The review of some modern-day definitions of the entrepreneur will start off with the view of Carland and Carland (1997: 38). They divided the entrepreneur in three categories, being macro-entrepreneurs, micro-entrepreneurs in the middle-group, who is simply defined as entrepreneurs. These three distinct groupings also help explain the sometimes conflicting literature on entrepreneurs.

The first group, the macro-entrepreneur, is a highly driven individual who views his involvement with his business as the principal method for achieving self-actualisation. The macro-entrepreneur will measure his success in terms of changing the world or creating something that no one else has been able to do. This person has a high risk-taking threshold, is innovative and creative, and will dream big and continue competing even after being successful and wealthy by other people's standards (Carland & Carland, 1997: 39-40).

Micro-entrepreneurs are in most ways opposite to the macro-entrepreneur described above, and their view of success is measured in freedom. Their own business will primarily be a source of family income, a means of creating family employment, and a way in which to achieve freedom. Although the business is very important, the micro-entrepreneur will not be consumed by it, and will typically measure his success by his ability to pay the bills (Carland & Carland, 1997: 40-42).

The middle-group, simply defined as the entrepreneur, is where most entrepreneurial individuals can be classified. A great deal of the entrepreneurs' self-perception is connected to his business, and he will aspire to achieve recognition, advancement, wealth, admiration and financial success. Although he will enjoy his work, the entrepreneur in this middle-category is not consumed by it, and he will avoid risks that might jeopardise the established business (Carland & Carland, 1997: 43). As will be seen in the rest of the literature study, this is the group which could potentially benefit a corporate organisation and for whom the right environment and opportunities need to be created.

Rwigame and Venter (2004: 6) define the entrepreneur as the person who conceptualises, organises, launches and nurtures a business opportunity through innovation and into a potentially high growth venture amid complex and unstable circumstances.

In summary, the combined views of Burch (1986: 4), Cornwall and Perlman (1990: 4), Drucker (2006: 25), Hisrich and Peters (2002: 9), Kuratko and Hodges (1998: 31), Mare (1996: 3) and Van Praag (1996: 3), among others, define the entrepreneur as an individual with the potential to create a vision from minimum resources through using his own creativity. The entrepreneur will

invest his energy, time, actions and willingness to take on a calculated risk. This risk is not only financial, but also personal, social and psychological, and as such the entrepreneur will do everything within his power to achieve success and to avoid failure. A distinguishing feature of the entrepreneur is that he will be able to identify the opportunity where the “normal” person might only see chaos, contradiction and confusion.

3.2.2 ENTREPRENEURSHIP DEFINED

A comprehensive definition of entrepreneurship is given by Timmons and Spinelli (2007: 79), who view it as a way of thinking, behaving and acting that is obsessed with the entrepreneurial opportunity, but which also takes into account a holistic approach and a balanced leadership style. An entrepreneurial type of person will always strive for innovation and value-creation, and in order to achieve this, he/she would be willing to take on calculated risks.

Oosthuizen (2006: 52) summarises the view of what entrepreneurship is as a life orientation that recognises opportunity and exploits it by integrating all the parts of the whole. Entrepreneurship is also a method of influencing the creative process so that it can ultimately result in the creation of value.

Ndlebe (2004: 10), as well as Darling, Gabrielsson and Seristo (2007: 4-5), add to the aforementioned views on entrepreneurship by emphasising the innovation associated with entrepreneurship. This innovation will often lead to new discoveries or uncovering a need, and there would regularly be some degree of risk involved in the process. Darling *et al.* (2007: 5) argue that the innovative thinking pattern required for entrepreneurship also has to be adopted by doctors, attorneys and other professionals to enable them to build better practices and organisations.

Hisrich *et al.* (2008: 8) identify entrepreneurship as the process of creating something new which adds value. This is done by devoting the necessary time and effort, while at the same time assuming the necessary financial, psychic and social risks in exchange for the rewards of monetary and personal satisfaction and independence.

The definition as done by Hisrich *et al.* (2008: 8) focuses on four distinct concepts involved in the definition of entrepreneurship:

1. There has to be a creation process;
2. Time and effort is required;
3. The entrepreneur receives rewards in terms of money, independence and personal satisfaction; and
4. In the above process, the entrepreneur has to assume some degree of risk and uncertainty.

Morris and Kuratko (2002: 23) identified seven perspectives on the nature of entrepreneurship, as depicted below in table 3.3.

Table 3.3: Seven perspectives on the nature of entrepreneurship

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

Source: Morris and Kuratko (2002: 23)

Morris and Kuratko (2002: 23) reiterate the broad nature of entrepreneurship, and that, for example, it is not only concerned with creating financial wealth, but also the creation of wealth on a personal level. On this same note, innovation in itself is not enough, but needs to be the precedent to change, growth and the creation of value.

From all of the aforementioned perspectives, it can be seen that entrepreneurship is a broad concept which includes a way of thinking, but also taking on risk in exchange for the expected rewards. It is almost impossible to define entrepreneurship in narrow terms, and it is possible for this concept to have different characteristics or a different emphasis in different circumstances, as practiced by different individuals or as applied by different enterprises.

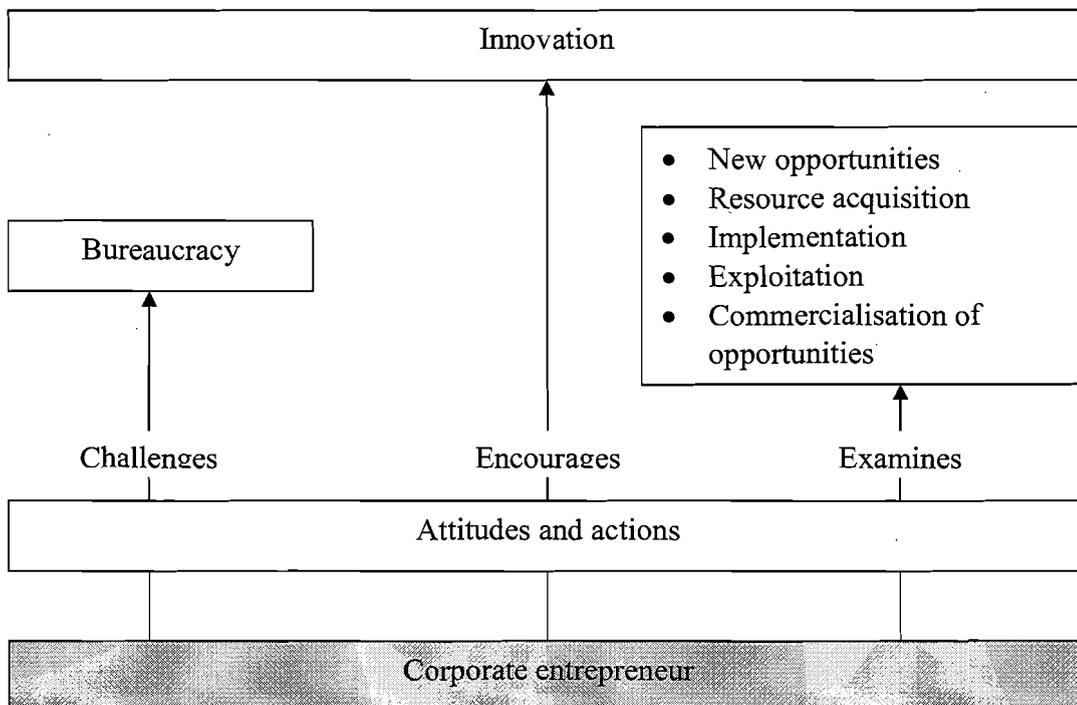
3.2.3 CORPORATE ENTREPRENEURSHIP DEFINED

Fattal (2003: 14) defines corporate entrepreneurship as the launch and management of new and innovative opportunities within large and existing organisations. From this it is evident that corporate entrepreneurship is basically entrepreneurship (as defined in the previous sub-section) within a corporate environment. It can be used as a method to bridge the gap between science and the marketplace, as the existing organisation will have the resources and structures in place to support a new venture (Hisrich *et al.*, 2008: 16).

In a more comprehensive view, corporate entrepreneurship can be defined as a company's commitment to renew itself and act in an innovative manner, as well as to take on calculated risks and pursue new and appropriate opportunities. These actions should then provide the basis for a strategic response to various environmental changes which are faced (Brundin *et al.*, 2008: 223). There is a striking similarity between this definition of corporate entrepreneurship above, and the previous definition of individual entrepreneurship as given by Timmons and Spinelli (2007: 79), which further strengthens the argument that corporate entrepreneurship is in essence individual entrepreneurship within a corporate environment.

McFadzean, O'Loughlin and Shaw (2005: 352) describe corporate entrepreneurship as the effort to promote innovation from an internal perspective. This is done through assessing potential new opportunities, aligning resources and exploiting commercialisation of opportunities. McFadzean *et al.* (2005: 352) continue to graphically present the definition as indicated in figure 3.3 below.

Figure 3.3: Graphical representation of the definition of corporate entrepreneurship



Source: McFadzean *et al.* (2005: 352)

The corporate entrepreneur forms the basis of corporate entrepreneurship, and can be seen as the essential starting point without which no innovation (the end result of corporate entrepreneurship) will take place. Through his attitudes and actions, the entrepreneurial individual will challenge structural barriers to the process (bureaucracy), examine and exploit opportunities, and also help create a culture where innovation is encouraged.

The definition as illustrated by McFadzean *et al.* (2005: 352) in figure 3.3 is supported by Morris and Kuratko (2002: 22-24). This is a particularly useful definition, as it mainly defines the entrepreneur, but it is also a perfect fit for the view of corporate entrepreneurship. In their view, corporate entrepreneurship encompasses four dimensions:

1. It is a continuous process which can be adapted, broken down in steps and applied to any organisation;
2. Value is created in both the organisation and the market place;
3. An entrepreneur has the ability to combine resources in a unique way – from the financial aspect right through to packaging and distribution; and
4. All of the above is driven by opportunity where resource constraints are not always taken into account.

A final and helpful way, in which the term of corporate entrepreneurship can be more clearly understood, is through comparing it with traditional management and independent entrepreneurs as done by Hisrich *et al.* (2008: 71) and reproduced in table 3.4 on the next page.

Table 3.4: Comparison of the independent entrepreneur, corporate entrepreneur and traditional manager

TRADITIONAL MANAGER	INDEPENDENT ENTREPRENEUR	CORPORATE ENTREPRENEUR
Primary motives		
Promotion and other traditional corporate rewards, such as office, staff and power.	Independence, opportunity to create and money.	Independence and ability to advance in terms of corporate rewards.
Time orientation		
Short term – meeting quotas and budgets, weekly, monthly, quarterly, and the annual planning horizon.	Survival and achieving 5- to 10-year growth of business.	Between independent entrepreneurs and traditional managers, depending on urgency to meet self-imposed and corporate timetable.
Activity		
Delegates and supervises more than direct involvement.	Direct involvement.	Direct involvement more than delegation.
Risk		
Careful.	Moderate risk taker.	Moderate risk taker.
Status		
Concerned about status symbols.	Not concerned about status symbols.	Not concerned about traditional status symbols – desires independence.
Failure and mistakes		
Tries to avoid mistakes and surprises.	Deals with mistakes and failures.	Attempts to hide risky projects from view until ready.
Decisions		
Usually agrees with those in upper management positions.	Follows dream with decisions.	Able to get others to agree to help achieve dream.
Who serves		
Others.	Self and customers.	Self, customers and sponsors.
Family history		
Family members worked for large organisations.	Entrepreneurial small-business, professional, or farm background.	Entrepreneurial small-business, professional, or farm background.
Relationship with others		
Hierarchy as basic relationship.	Transactions and deal making as basic relationship.	Transactions within hierarchy.

Source: Hisrich et al. (2008: 71)

As can be seen from table 3.4 on the previous page, corporate entrepreneurship basically tries to help the entrepreneur fit in with a corporate environment, so that his creativity can be utilised for the benefit of the relevant company.

3.2.4 COMBINING THE CONCEPTS OF ENTREPRENEURSHIP AND CORPORATE ENTREPRENEURSHIP

Although there are overlaps in the concepts and definitions of entrepreneurship and corporate entrepreneurship, there are also some distinct differences. This is best set out by the comparison between the concepts as done by Morris and Kuratko (2002: 63) and reproduced on the next page in Table 3.5.

Given the right corporate environment, the same type of person might be attracted to either owning his/her own business, or being involved in corporate entrepreneurship and in this way owning his own “mini-business” within the corporation. The main difference allowing the individual to choose one option above the other, and as inferred from Table 3.5 to follow, will probably relate to:

- *Opportunity* - Very few employees are given the type of opportunity which exist within a “textbook-example” of an entrepreneurial corporate venture, and will then “have” to start up their own venture in order to make the most of their ideas and creativity.
- *Aptitude for risk* - Being within an existing organisation limits both the potential risk and the potential return or reward.
- *A mixture of personal circumstances* – This will be unique to each situation.

Table 3.5: Comparison between individual entrepreneurship and corporate entrepreneurship

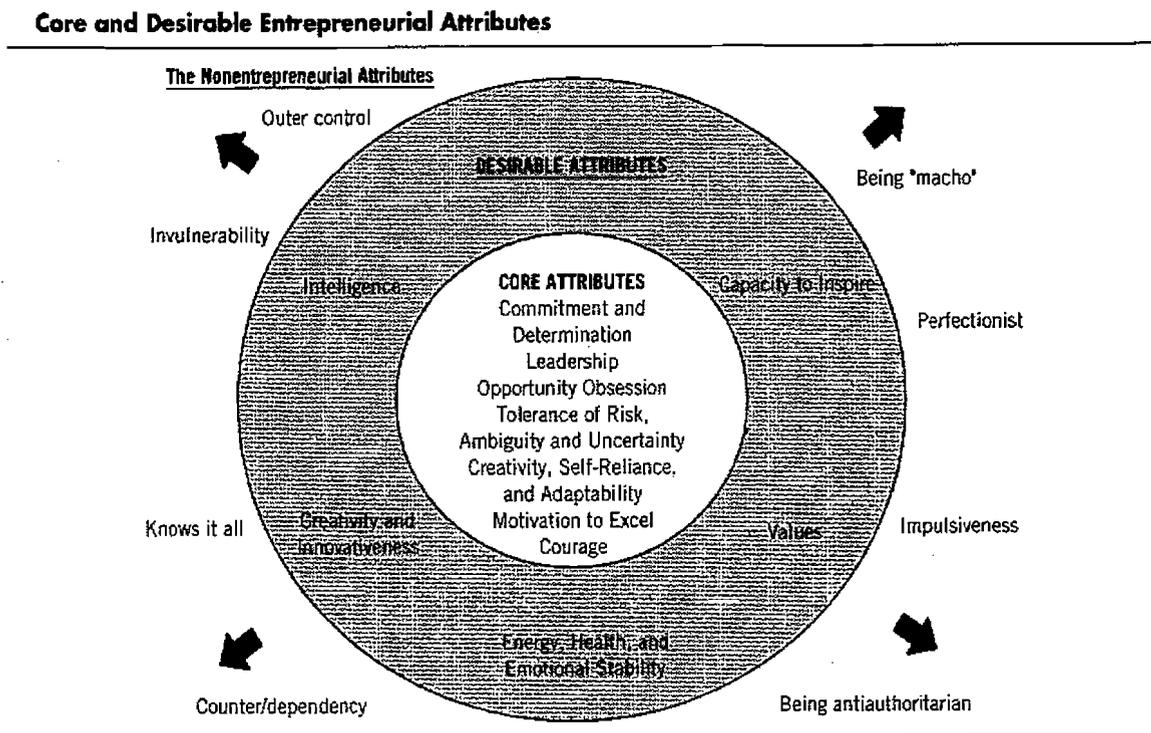
Individual entrepreneurship	Corporate entrepreneurship
The individual takes the risk.	The business assumes the risk, and the individual only takes on a career-related risk.
The entrepreneur owns the concept.	The organisation owns the concept, and typically also the intellectual rights around the concept.
The entrepreneur owns all or most of the organisation.	The entrepreneur may have no equity in the organisation or only a small percentage.
Potential rewards for the entrepreneur are theoretically unlimited.	There are clear limits placed on the rewards that the entrepreneur can receive.
One misstep can mean failure and insolvency.	There is more room for errors, as the organisation can absorb it.
The entrepreneur is very vulnerable to outside influences.	The organisation is a bit more insulated from outside influences.
The entrepreneur is independent and usually takes all of the credit due.	The champion of the idea (intrapreneur) may be “independent” with a group of other people, and may also have to share his credit with many others.
The individual entrepreneur has a lot of flexibility to change his course, experiment and try new ideas.	Rules, procedures and bureaucracy may hinder the intrapreneurs’ ability to manoeuvre.
High speed of decision making.	Longer approval cycles.
The entrepreneur has no safety net, and his venture is likely to be his only source of income.	The individual still has a dependable benefit package and monthly salary.
Very little security.	The intrapreneur still has a high level of job security.
The individual often has very few people to talk to and share ideas with.	Often in a corporation, there would be an extensive network for bouncing around ideas.
Initially the entrepreneur might be forced to limit his scale and scope due to practical considerations.	There is a potential for a sizeable scale and scope in a fairly short amount of time.
The entrepreneur will mostly experience severe resource limitations.	Often, the intrapreneur will have access to finance, research and development, production facilities for trial runs, an established sales force, an existing brand name, existing distribution channels, database and customers.

Source: Morris and Kuratko (2002: 63)

3.3 A CLOSER LOOK AT THE INDIVIDUAL ENTREPRENEUR

A good manner, in which the individual entrepreneur can be better understood, is by means of the characteristics or attributes one might expect to find present in such a person. This can be presented in figure 3.4 below:

Figure 3.4: Typical entrepreneurial characteristics



Source: Timmons and Spinelli (2007: 9)

The inner circle illustrates the most important attributes of an entrepreneur, and these would relate to aspects such as commitment, determination and leadership, since this is typically the type of person one would think of as a “self-starter” and an ambitious person. Other qualities matching these could be creativity or self-reliance. Probably some of the most important core characteristics as mentioned in the inner circle are adaptability and the motivation to excel (Timmons & Spinelli, 2007: 9).

Other important attributes are labelled “desirable” as illustrated in the outer circle. Although it would for example be easier for an innovative entrepreneur, this can to an extent be learned, and a successful business can also be built based on copying an existing business model without much innovation being present (Timmons & Spinelli, 2007: 9).

Personality traits as depicted outside the circle could harm the entrepreneur, such as thinking he knows it all, being too impulsive or being controlled by his outward circumstances. Timmons and Spinelli (2007: 9) also regard a balanced ego development, as well as recognition of and compensation for weak points as essential attributes for the entrepreneur.

Halloran (1994: 4-6) also touches on a few desired entrepreneurial characteristics, being:

- *A strong goal orientation* – A successful entrepreneur will have profit only as a secondary objective, and will primarily strive towards personal achievement and satisfaction.
- *Creative energy* – Many entrepreneurs will not make any new discoveries, but will simply find a way in which to serve an existing market better.
- *Self-confidence* – The entrepreneur will typically be the decision maker in his own enterprise, and some of these decisions might be wrong. He then needs to learn from these but remain confident in his ability to steer the business in the desired direction.
- *Determination* – Often entrepreneurial success will depend on the ability to keep trying after being rejected numerous times.

When the above is compared to the basic framework that was set by Timmons and Spinelli (2007: 9) at the start of this section, it can be seen that *commitment and determination, creativity, self-reliance* and *the motivation to excel* are all cited as “core entrepreneurial attributes.” These form a very good overlap with the view as taken by Halloran above.

Key entrepreneurial characteristics noted by Deakins and Freel (2006: 10-11) are:

- A strong need for achievement *;
- Taking calculated risks *;
- A high internal locus of control;
- Creativity;
- Innovation;
- A need for autonomy *;
- Tolerance for ambiguity *;
- Vision; and
- Self-efficacy *.

A high internal locus of control means that the entrepreneur assumes responsibility for his own success or failure, and the notion of creativity and innovation implies that the entrepreneur will solve problems as and when they arise.

The personality traits marked with an asterisk (*) are viewed as important entrepreneurial qualities by Chen, Zhu and Anquan (2005: 531-532) as well. In their view, these characteristics are the main factors which set an entrepreneur apart. However, they also add the following aspects to their “list” of important characteristics:

- The ability to seize business opportunities;
- An interdisciplinary knowledge and multi-function working background; and
- The ability to learn from failures.

The entrepreneurs’ interdisciplinary knowledge would also mean that he has a good knowledge of the market, and that he applies his business knowledge based on guidance and direction from current market conditions.

Deakins and Freel (2006: 12) themselves compare their “list” with Timmons and Spinelli (2007: 9) as used at the start of this sub-section and graphically set out in figure 3.4. They also note the

similarities and overlap, and that these “characteristics” seem to be fairly generic across various literatures. However, they add an interesting dimension, in that they note that especially the need for achievement and having an internal locus of control, which are often emphasised more than the other characteristics, are in fact not unique to an entrepreneur, but can be seen as “typical” for various managers and successful individuals (Deakins & Freel, 2006: 11). The argument put forth by Deakins and Freel (2006: 11) further strengthens the argument for the existence of corporate entrepreneurship, as there would be a good possibility that these “entrepreneurial” individuals might be part of the management team in a corporation, and might then exhibit the characteristic of creativity and innovation which would lead to growth and is often associated with entrepreneurship.

In summary, Oosthuizen (2006: 54, 60-62, 337) adds a few entrepreneurial characteristics which were not yet discussed. According to Oosthuizen (2006:209), these characteristics were obtained from the Kauffman Centre for Entrepreneurial Leadership “FastTrac” Planning Workbook. The entrepreneurial characteristics as highlighted by Oosthuizen but already discussed, will not be repeated:

- *Entrepreneurs value appropriate control systems* – Although an entrepreneur will inevitably take on some degree of risk, this will be done in a calculated manner, and will be minimised as far as possible through hard work, planning, and putting in place appropriate control systems (Oosthuizen, 2006: 54).
- *Entrepreneurs are patient* – An entrepreneur is typically not intimidated by a difficult situation, but views it as a challenge which can be resolved given enough time (Oosthuizen, 2006: 60-61).
- *Entrepreneurs are very persuasive* – As already alluded to earlier, the entrepreneur inevitably has to take on some risk. One of the primary strategies utilised to reduce this risk is persuading others (for example business partners, suppliers and investors) to share the risk by investing money in the business, offering special credit terms or advancing merchandise (Oosthuizen, 2006: 61).
- *Entrepreneurs possess a great deal of self-discipline* – It is not enough for the entrepreneur to simply identify an opportunity. It has to be acted on and followed through, and at times the

entrepreneur will have to force himself to simply “do what must be done” in order to ensure execution of the initial idea (Oosthuizen, 2006: 61).

- *Entrepreneurs have a good judgment of people* – Very few entrepreneurs can attempt a venture on their own. They will typically have a highly qualified and well-motivated team to support them. They will also engage people inside and outside of the organisation to help them, and for this it is essential that they are good judges of character so that they associate with the correct people (Oosthuizen, 2006: 62).
- *Entrepreneurs are generous* – As the entrepreneur has to invest not only money but also time, and ensure that people around him are developed to the extent that they can properly assist him, it is important that the entrepreneur is a generous person who will give time, money and energy to his venture and the people supporting him (Oosthuizen, 2006: 337).

Part 1 of the questionnaire will test the presence or lack thereof of these entrepreneurial qualities as discussed in the managers of SABC. It will be done via a self-assessment, as well as an assessment of the respondent’s manager.

3.4 DIMENSIONS OF CORPORATE ENTREPRENEURSHIP

Corporate entrepreneurship contains certain essential elements, and in order to better understand the concept, these dimensions will be examined more closely. First, literature will be consulted in order to identify these dimensions, and then the identified dimensions will be examined in some more detail.

Antoncic and Hisrich (2001: 498-499) identified four distinct dimensions of corporate entrepreneurship, being:

1. *New business venturing* – the emphasis is on entering new business ventures which are related to the current products or markets. These can be redefined and can also lead to the creation of new business. This activity can result in the formation of autonomous or semi-autonomous units within the existing firm.

2. *Innovativeness* – this relates to product and service enhancement which is driven by technological innovation, but can also include new production methods and procedures. A firm which demonstrates this dimension of corporate entrepreneurship will typically have technological leadership.
3. *Self-renewal* - Strategy reformulation, re-organisation and organisational change are emphasised. Key ideas on which the business are built, will often be renewed under this dimension, and system-wide changes or a new strategic direction could also occur. Important characteristics to make self-renewal possible are adaptability and flexibility.
4. *Pro-activeness* – This relates to the firm being aggressive relative to its competitors. They will take on risks and pursue opportunities. They will also be seen as the leader, and will typically introduce new products, services, technologies and administrative techniques.

Miller (as quoted by Jogaratnam & Tse, 2006: 456) offers a similar although slightly simpler view, as he views an entrepreneurial orientation as the presence of three dimensions, being innovation, pro-activeness and risk-taking.

Vesala, Peura and McElwee (2007: 52) confirm the observations as already stated, although with a slight variation in emphasis. They identify three dimensions of intrapreneurship:

- *Risk-taking* – This means that the entrepreneur will take on calculated risks in order to maximise potential profits. It also means that he takes on risks, uncertainty and the possibility of failure. Although this is less apparent in a corporate environment, as one venture is unlikely to threaten the survival of the business, the entrepreneurial activity will also present a risk.
- *Growth orientation* – The entrepreneur will try and grow the existing business and thereby grow the firm as well. For the entrepreneur, it is not enough to simply maintain the status quo.
- *Innovativeness* – This involves developing new products, markets and methods. It also means that the entrepreneur will always pursue opportunity.

After examining several perspectives, it can be seen that the dimensions of new business venturing, innovativeness, self-renewal, pro-activeness, risk-taking and a growth orientation has been identified and will therefore be examined in more detail.

The identified dimensions of corporate entrepreneurship will be discussed in the following manner:

- *New business venturing* will be jointly discussed with *innovation*, as both aspects deals with a new product, process or service;
- *Self-renewal* will be combined with the aspect of *pro-activeness*, as both deal with pursuing change for the benefit of the organisation; and
- The last two aspects, being *to take risks* and to have a *growth orientation*, will also be jointly discussed, as both deal with venturing into the unknown and exploring new territory.

3.4.1 NEW BUSINESS VENTURING AND INNOVATION

As already identified in the introduction to this section, new business venturing and innovation basically deal with enhancing what is already available, as well as entering a new arena where opportunities seem viable. Technology will often enable the process, but ultimately this is initiated, followed through and held together by the entrepreneurial individual.

Autonomous individuals are therefore an important component should a business wish to explore new ventures. This would mean that an individual or team will bring forth a new idea or vision, and also carry it through to completion. Their actions need to be free of restrictions to enable this, and the organisation can enable such behaviour by giving employees the authority to act independently, the ability to make key decisions, and by flattening hierarchies (Lassen, Gertsen & Riis, 2006: 361).

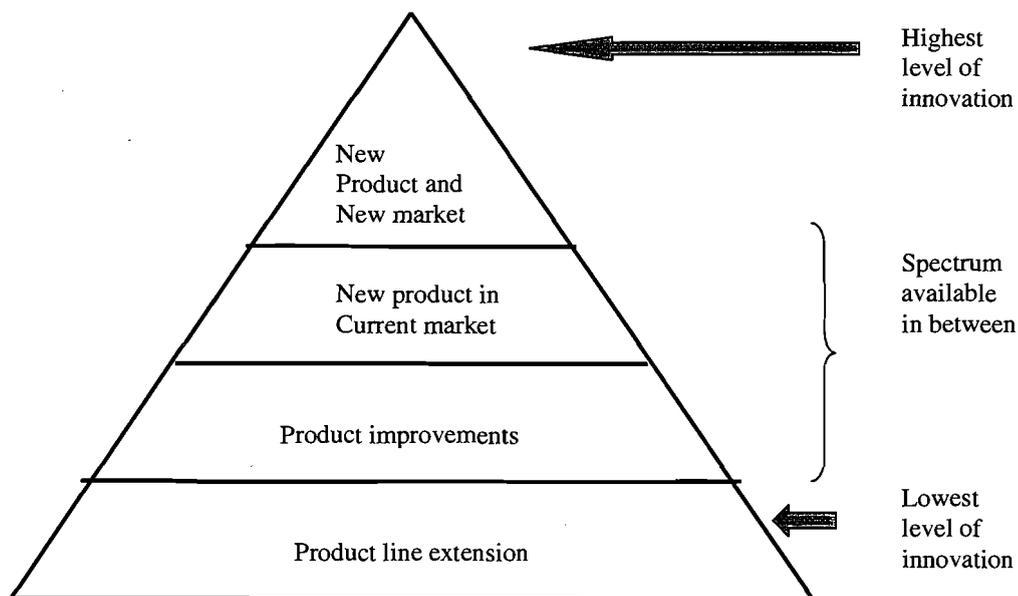
Typical entrepreneurial management systems would promote decentralisation, have a low emphasis on formalities, and assign a high priority to dynamic behaviour, learning and flexibility (Lassen *et al.*, 2006: 361). Although the entrepreneur will still be subject to rules and

regulations, he will compete in an open market and will therefore have to be profitable in order to survive. This will often mean innovation and new ways of acting (Chicken, 2000: 22). Given an environment as described, the innovative ideas which might lead to the organisation venturing into new business areas, are more likely to occur and to be followed through.

McFadzean *et al.* (2005: 353) define innovation as a process of new ideas, with the focus being on the potential for improvement through change. This is supported by Teng (2007: 131), who views innovation as a way in which new knowledge is generated and new ways of doing things are discovered.

Four stages of innovation are identified by McFadzean *et al.* (2005: 353), being product line extensions, product improvements, new products for the current market and new products for another established market in which the business is not yet involved. This innovation can be graphically presented according to Figure 3.5 below.

Figure 3.5: Various levels of innovation



Source: Adapted from McFadzean *et al.* (2005: 353)

The most basic level of innovation is in extending an existing product line. This is mostly predictable, and will have little impact on the market. The highest level of innovation would be a major innovation which could include developing a new product or even developing an entire new market. There is also scope in between these two extremes, such as improving an existing product, or introducing a new product in a current market (McFadzean *et al.*, 2005: 353).

The innovation as described challenges the status quo, and therefore it can be useful to keep in mind that by nature innovation is bound to take longer than expected, be knowledge-intensive and controversial, and often crosses departmental boundaries (Swedberg, 2000: 168-169). It will also need individuals who are willing to persevere in applying new ideas if this innovation is to succeed. The innovation also needs to be based on the identified needs of the customer (Kaya, 2006: 2087).

3.4.2 SELF-RENEWAL AND PRO-ACTIVENESS

Self-renewal is a firm's transformation in changing its scope of business and also the strategic approach it follows. This is a critical component towards obtaining new resources and capabilities, which will in turn create additional wealth. It can involve using existing resources in a new way, but it can also mean introducing new elements into the way in which business is conducted. Both tangible and intangible resources might be needed, such as access to finance, but also access to the necessary knowledge (Teng, 2007: 135).

Pro-activeness can be seen as seizing initiatives in the marketplace (Cooper, Alvarez, Carrera, Mesquita & Vassolo, 2006: 89), but can also be the ability to spot opportunities in a unique way (Lowe & Marriott, 2006: 288-289).

Examples of pro-activeness could include:

- Taking on a mature market, as conventional wisdom would rather focus on growing the existing market. The entrepreneur could bring a new idea to an uninteresting market, capture the customers' interest and then achieve high growth in this way.

-
- Entrepreneurs could also venture into seemingly impossible markets, for example New Covent Garden Soup Company in the United States of America which developed a market for soup made from fresh ingredients.
 - Lastly, entrepreneurs can venture in what seems to them as “exploiting the obvious”, such as Haagen Dazs, which offered an ice cream aimed at adults, as opposed to children or the family (Lowe & Marriott, 2006: 288-289).

Kaya (2006: 2077, 2087) measures a firms’ pro-activeness as the ability to anticipate changes in the environment, and then to act on the identified changes and future needs. A pro-active firm would also have a high ability to be able to identify new opportunities.

3.4.3 RISK-TAKING AND A GROWTH ORIENTATION

Morris and Kuratko (2002: 41) hold a very narrow view of risk, in that they perceive any new direction taken to involve some degree of risk. They see risk as the likelihood that the actual results will differ from expectations – sometimes in a negative way which can result in losses.

Risk-taking can also be seen as management’s willingness to take risks and tolerate failure. It might even mean that a successful practice of the past is disbandoned in favour of a new route. Specific risks a firm might take on, include obtaining high levels of debt, committing large amounts of firm resources (for example time and/or capital) to a new project, or investing in new technologies (Bhardwaj, Sushil & Momaya, 2007b: 134).

Lassen *et al.* (2006: 361) define risk-taking as taking on one of three potential forms:

- Venturing into the unknown, which will involve a sense of uncertainty and unfamiliarity in various areas;
- Committing a relatively large portion of assets towards a new and potentially risky venture;
or
- Borrowing heavily to finance a new venture. In such an instance the potential risk-return trade-off will be taken into account to facilitate the decision-making process.

All of the aforementioned and the potential negative returns associated with it will only be undertaken if there is a possibility that it will lead to the growth of the organisation, and therefore risk-taking is a concept which is connected to a growth orientation.

3.5 SUMMARY

Corporate entrepreneurship is much more than the latest management fad – in the rapidly changing business world, it has become a survival tool that can ensure innovation, growth and survival.

The individual entrepreneur, the actions associated with entrepreneurship and more specifically then corporate entrepreneurship, are all interlinked and should work together as a unit. This should ensure that the entrepreneurial employee can reach his potential, and that his entrepreneurial innovation can be used within the stability and backing of a corporate environment.

The individual entrepreneur was examined more closely, as he or she will form the building blocks of the process. While there are entrepreneurial traits in most if not all employees, the “typical” entrepreneur will have a strong need for achievement, will be willing to take on calculated risks and thrives on a changing environment.

After the individual entrepreneur was understood a bit better, various dimensions of corporate entrepreneurship were examined more closely in order to establish a basic understanding of the environment to be inspected in chapter four to follow. Corporate entrepreneurship can occur by means of the following:

- Through new business venturing and innovation;
- Self-renewal and pro-activeness; and
- Risk-taking and a growth orientation.

Now that the basis of entrepreneurship and related terms has been established, chapter four will

build on this and examine the entrepreneurial climate in more detail. The concept will be defined, after which 13 characteristics of a “typical” entrepreneurial climate will be identified and studied in more detail. The last sub-section of chapter four will look at practical ways in which an entrepreneurial climate might be established in a corporate environment in order for the benefits associated with it to be realised. The focus will be on a holistic approach and in changing the way of thinking rather than on temporary “quick fix” approaches.

CHAPTER 4

LITERATURE REVIEW TO DEFINE AND ESTABLISH AN ENTREPRENEURIAL CLIMATE

4.1 INTRODUCTION

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

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

It is crucial for successful entrepreneurial firms to be proficient at changing and to not only be able to keep up with the pace required, but often to be setting the pace. It is therefore important that these firms incorporate the type of mindset and behaviour required - which includes aspects such as constant alertness - to be imbedded in the culture and climate of the company. According to Kreitner and Kinicki (2007: 109) company climate or culture involves a set of values and beliefs about what people do and how they act. This encompasses both formal and informal practices in support of the values. Cummings and Worley (2005: 482) add to this concept in their opinion that managers realise more and more how powerful of a tool organisational culture or climate can be in shaping the beliefs and actions of employees. Cummings and Worley (2005: 482) claim that “a well-conceived and well-managed organisation culture, closely linked to an effective business strategy, can mean the difference between success and failure in today’s demanding environments.”

The potential importance and benefits of an entrepreneurial organisation has been addressed in the previous two chapters. However, as this is such a comprehensive and all-encompassing

concept, it is important for entrepreneurial efforts to become part of the organisational culture as opposed to only being an after-thought. For this reason, the rest of the chapter will define an entrepreneurial climate, after which 13 constructs which can be associated with such a climate will be identified and addressed. The last section of the chapter will address practical ways in which such a culture might be established in an organisation.

4.2 DEFINING AN ENTREPRENEURIAL CLIMATE

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

If it is assumed that an entrepreneurial climate is an environment where entrepreneurial activity is present, then Bhardwaj *et al.* (2007a: 48) define it as an environment where certain internal organisational factors which would encourage entrepreneurial behaviour, would be present. In an entrepreneurial climate, certain actions through which entrepreneurship is practiced, would be present – in particular the five dimensions of corporate entrepreneurship as defined in section 3.4 on pages 65 to 71, being *new business venturing*, *innovativeness*, *self-renewal*, *pro-activeness* and *risk-taking*. These five dimensions would form the basis of an entrepreneurial climate.

The presence of entrepreneurial actions would mean that certain behaviour, such as actions related to the discovery, evaluation and exploitation of entrepreneurial opportunities, would be present. These actions would also involve the use of new resources, interaction with new customers, involvement with new markets and/or new combinations of what is already being used in the organisation, as well as a potential new customer base and/or market. All of this should increase the competitive advantage and performance of the firm (Bhardwaj *et al.*, 2007a: 48).

In an entrepreneurial climate, certain typical characteristics would also be present, including but not limited to management's support, the use of an appropriate reward system, flexibility within the organisation and knowledge sharing (Bhardwaj *et al.*, 2007a: 49-51). These characteristics

will be addressed in the next section starting on page 76 as part of the constructs of an entrepreneurial climate.

Potentially the best way in which an entrepreneurial climate can be defined, is to compare an entrepreneurial organisation to a non-entrepreneurial organisation. The differences identified would translate in what is required for a culture to be considered entrepreneurial. Such a comparison is done by Cornwall and Perlman (1990: 18-19) and illustrated in Table 4.1 below.

Table 4.1: Differences between a corporate entrepreneurial and a non-entrepreneurial organisation

Business characteristics	Corporate entrepreneurial organisation	Non-entrepreneurial organisation
Strategy	Actively seeks out new ventures. Protects current niches worth saving through adaptation.	Defensive. Protection of present niche is the primary concern. Variations through acquisitions and mergers.
Risk	If approached intelligently, key to growth, adaptation and survival.	Something to be minimised.
Culture	Affective components also important. Culture serves to nurture adaptation and innovation.	Objective and analytical. Culture serves to protect the status quo.
Structure and communication	Informal structures and horizontal communication dominate actions.	Formal lines of authority and channels of communication are of great importance.
Decision making	Top management establishes the vision and mission. Input from below is encouraged and utilised.	Top management or owners set narrow parameters for business. May or may not allow input from below.
People	Viewed as a key resource to be protected and used to its fullest.	Viewed as an abundant resource that is easily replaced.
Creativity	Something to be fostered, developed and encouraged.	Something to be tolerated.

Source: Cornwall and Perlman (1990: 18-19)

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

4.3 CONSTRUCTS OF AN ENTREPRENEURIAL CLIMATE

When current literature is reviewed, it is soon apparent that there are numerous constructs that describe an entrepreneurial firm. The 13 “themes” which were identified, will be discussed as a single list so as to properly integrate the various perspectives and to provide an overall framework:

1. *Visionary leadership/entrepreneurial leadership* – It is important that management set a vision for the future, and that this vision is then communicated to the team (Srivastava & Lee, 2005: 461-462). Kuratko and Welsch (2004: 355) as well as Pinchot and Pellman (1999: 12) confirm the need for a shared vision of innovation.
2. *Management support* – This can take on various forms, such as sharing a vision for the team, communicating a new concept or approving a new idea (Srivastava & Lee, 2005: 462). It is also a management function to provide the needed expertise (Hornsby *et al.*, 2002: 259). A supportive management team would also ensure that employees receive the relevant training (Antoncic & Hisrich, 2001: 502).
3. *Sponsors or champions for projects* – Darling *et al.* (2007: 8-9) regard this as one of the most distinguishing factors. Managers will become mentors and help the organisation become a teaching organisation, which will constantly better itself. This can also take on the form of managers who are willing to train other employees and share their experience (Hisrich, Peters & Shepherd, 2005: 51). This would allow the team to concentrate on the task ahead, as the sponsor would protect them (Pinchot & Pellman, 1999: 3).
4. *A tolerance for risks, mistakes and failure* – One of the most important aspects in this regard is that employees should not be afraid of losing their jobs should an innovative idea fail (Hornsby *et al.*, 2002: 260). However, it is just as important to be able to disband an unsuccessful project (Hisrich *et al.*, 2005: 52).

5. *Innovation, creativity and the encouragement of new ideas* – One way in which innovation and new ideas can be encouraged, is by regular environmental scanning so that employees are aware of the environment in which they operate (Antoncic & Hisrich, 2001: 502). This would also involve the freedom to act upon and pursue new ideas (Pinchot & Pellman, 1999: 3).
6. *Appropriate rewards and reinforcement* – This includes non-tangible rewards such as appropriate feedback, but also results-based monetary incentives (Hornsby *et al.*, 2002: 259). Individual responsibility also needs to be emphasised (Kuratko, Hornsby, Naffziger & Montagno, 2001b: 30).
7. *Vision and strategic intent* – The vision should be unambiguous and shared with employees so that they properly understand what is expected of them and how it fits in with the company culture (Kuratko *et al.*, 2001b: 30, 32). This is also echoed by Pinchot and Pellman (1999: 107).
8. *Discretionary time during work hours* – One of the often overlooked but necessary resources that are needed, is time (Hornsby *et al.*, 2002: 260). This is especially important since entrepreneurship is usually a secondary activity which could easily be forgotten about if it is not properly planned (Hisrich *et al.*, 2005: 52).
9. *Empowered teams, multi-disciplined teamwork and harnessing diversity* – Diversity is important in order to be representative of the customer base, and this should already be taken into account during the recruitment phase (Baskin, Aronoff & Lattimore, 1997: 440). It is also a reality of the changing work force (Rue & Byars, 2005: 10).
10. *The availability and accessibility of resources* – This is a powerful way in which management can practically demonstrate their support (Srivastava & Lee, 2005: 464). However, this does not mean a limitless supply of resources, but it means using existing resources effectively and ensuring mistakes are fast and cheap (Pinchot & Pellman, 1999: 4).
11. *Continuous learning and cross-functional learning* – Industry leaders move quickly, which makes continuous learning and adaptation essential (Powell, 2004: 8-9). Combining different functions also creates the ability for a unique perspective (Cohen, 2004: 18).
12. *A strong customer orientation* – This has even been identified as important in the early eighteenth century (Hamilton & Hamilton, 2005: 1308), and is still very important as

confirmed by Hisrich *et al.* (2005: 51). A focus on the customer can also help prevent a too broad and inappropriate focus (Calvin, 2002: 27).

13. *A flat organisational structure with open communication and a strong sense of belonging* – It is important that information is shared and employees are empowered. While there should be controls in place, these should not be overbearing (Antoncic & Hisrich, 2001: 501-502). Informal structures and horizontal communication should be dominant (Cornwall & Perlman, 1990: 19).

The afore-mentioned 13 characteristics as identified and summarised will be used as a basis for the empirical study and questionnaire which will be discussed in chapters four and five. Given the importance of these themes, each will be examined in more detail to establish the meaning thereof in an entrepreneurial context.

4.3.1 VISIONARY LEADERSHIP/ENTREPRENEURIAL LEADERSHIP

Hisrich *et al.* (2005: 50) describe a visionary leader as a person who dreams great dreams, and who also has the ability to communicate these dreams in such a way that the employees also want to become part of it voluntarily.

One way in which entrepreneurial leadership can be viewed, is that an entrepreneurial leader also needs to be a lateral leader, as described by Lowe and Marriott (2006: 109). In their view, a lateral leader inspires others and leads from alongside. Such a leader will encourage in a constructive manner and will reward appropriate risk-taking. Prestige will be shared, and there will be a focus on the creativity and innovation of the team in order to reach their goals. The status quo will be challenged and ideas will be incorporated from any source (Cohen, 2004: 16).

Visionary leadership, which has as a goal to encourage entrepreneurial behaviour, should address the following aspects as emphasised by Morris and Kuratko (2002: 173) and other authors as indicated:

- The goals for the organisation should specifically address and encourage some type of innovation;
- There should be a formal entrepreneurial strategy, e.g. to address financing, measurement etc. This should include specific objectives and programs (Kuratko & Welsch, 2004: 355);
- There should be a proper balance between profit and production on the one side, versus the people needed to achieve these goals on the other end of the spectrum (Nicholson-Herbert, Mkhize & Schroder, 2004: 43; Pinchot & Pellman, 1999: 3);
- There should be a clear vision from the top, which should be communicated to the rest of the organisation in a way that they both know about and understand the vision (Kuratko & Welsch, 2004: 355);
- Senior executives should have a commitment towards entrepreneurial behaviour and innovation, which means the ultimate responsibility lies with top-level executives (Morris & Kuratko, 2002: 369);
- It is important for an entrepreneurial leader to not only put enabling structures in place, but to also lead by example (Turner, 2002: 22); and
- There should be entrepreneurial role models in the organisation.

Perhaps the most important aspect is summarised by Rue and Byars (2005: 346) as well as Kuratko and Welsch (2001: 349), in their emphasis that the long term results, benefits and changes required to achieve this, should be set out clearly in order for employees to easily visualise the ultimate outcome.

The specific questions in the questionnaire as applicable to visionary leadership are set out in Appendix A for this sub-section and all sub-sections to follow.

4.3.2 MANAGEMENT SUPPORT

Management support can be seen as commitment which is needed over a long period of time. The first step after management has decided that they want to foster an entrepreneurial climate is to identify the organisations' strengths and weaknesses, and use this as a starting point from which to build towards their end goal (Jacobs, 1999: 33). The organisational culture therefore needs to be supportive of entrepreneurial behaviour, and if needed, rules need to be relaxed slightly to enable the desired behaviour (McBeth & Rimac, 2004: 20).

As the proper structures to enable corporate entrepreneurship involve change and effort, this can only be achieved with constant management support (Kuratko & Hornsby, 2001). If this is not done, the effort will not be sustained and none of the proposed benefits will therefore materialise. As a result, corporate entrepreneurship will be seen as just another "management fad" (Chen *et al.*, 2005: 533).

Another drawback of lack of management support, is that individuals who have the vision, energy, ideas and drive to come up with innovative ideas and move it forward from an idea to a final concept, will not be enabled, and in time they will either leave the organisation due to frustration, or they will become a negative force toward other employees instead of their strengths being utilised (Jacobs, 1999: 33).

Management support is recognized as a necessary component of an entrepreneurial climate, as it is needed in almost all strategic implementations. Bhardwaj *et al.* (2007b: 133-134) view it not only as the direct component, but also indirectly in the way that management will shape policies, direct staff and support and promote entrepreneurial activity. They also need to provide the necessary resources both in monetary value and in time flexibility needed (Hornsby *et al.*, 2002: 259). Turner (2002: 45), Kuratko and Welsch (2001: 351) and Guth and Ginsberg (1990: 8) propose that top management will set the tone by educating employees. Middle management fulfils an important role in helping to build coalitions among peers, championing ideas and following through on the implementation of necessary changes. Hisrich *et al.* (2005: 51) as well as Gaw and Liu (2004: 69) concur and they are of the opinion that the cultural changes needed to

enable corporate entrepreneurship are doomed for failure if not directly supported by top management.

Management also has a “softer” and more intangible role to play. It is important to value people, nurture talents and recognise efforts made where appropriate (Kuratko & Hodgetts, 2004: 65). If the needs of staff are accommodated, it is more likely that they will use their full potential and aspects such as imagination and goodwill towards the company should feature. Only when employees feel cared for, will they in turn care about the company’s goals, and this can only be accomplished with proper management support – not only in terms of entrepreneurial projects, but also overall on a day-to-day basis (Powell, 2004: 8).

Lastly, it is important for management to support various small and experimental projects in recognition of what these might become (Kuratko & Hodgetts, 2004: 65). More specific ways in which management support is expected in terms of entrepreneurship and entrepreneurial projects of all sizes will be addressed in the section to follow on sponsors for projects.

4.3.3 SPONSORS FOR PROJECTS

Bhardwaj *et al.* (2007a: 51) view the championing of innovative ideas as a sub-component of management support. This would include providing the necessary encouragement and financial support unconditionally. These project sponsors would also promote and appropriately reward the outcome of innovative ideas. Sponsors and rewards would be especially necessary in the more informal environment applicable to entrepreneurial effort (Sharma & Chrisman, 1999: 23).

Sponsors for projects can be seen as perhaps the most important “ingredient” as far as corporate entrepreneurship is concerned. It is essential towards the survival of the project, as a sponsor will protect and coach the team, ensure they have the necessary resources at their disposal and allow them to focus on the work at hand rather than completing paperwork all day, obtaining approval and dealing with other internal politics (Pinchot & Pellman, 1999: 3-4).

The basic role of a sponsor would therefore be to help the team overcome some of the typical barriers to entrepreneurial activity, such as a lack of resources (the team might not have the necessary seniority to authorise their own activities or budgets), a lack of funding, political attacks and other general obstacles faced along the way (Morris & Kuratko, 2002: 93). The sponsor should have a desire to facilitate innovation, and while the team will deal with the business strategies, the sponsor will deal with the career strategies, but will also be available to help the team think through and execute their project. Sponsors should also be graceful enough to stand back where necessary, as one project might need several sponsors, depending on the needs at the time, as well as the stage at which the project is (Pinchot & Pellman, 1999: 150, 159).

Guth and Ginsberg (1990: 8) support the abovementioned view, but with a stronger focus on the relevant relationships at stake. They argue that the middle managers' role, which in this case would be the project sponsor, is to build coalitions among peers and in this way ensure they are working towards a common goal. He/she also has to obtain the support of senior management in the entrepreneurial effort. The effectiveness of bringing all of these parties together, will to a great degree aid or detract from the success of the project at hand. The corporate culture should also be of such a nature that these project champions are available throughout the organisation (Hisrich & Peters, 2002: 51).

Thornberry (2003: 342) adds yet another dimension. In his view it is fairly easy to teach an employee to act entrepreneurially given the correct education, training and support. What is, however, almost impossible to do, is to create the passion needed to follow through on a project. It is therefore important that employees develop ideas in which they are themselves interested – the project sponsor can then encourage this natural enthusiasm, and identify the skills gap and assist where needed. The project sponsor would therefore aid in speeding projects along and easing the implementation thereof (Pinchot & Pellman, 1999: 66).

Despite all the benefits and even the necessity of a sponsor, there are certain dangers involved in this process as well. The sponsor should be a well-respected individual with the necessary skills, power, confidence, commitment and passion for the project (Turner, 2002: 49). He might make

casual comments with regards to the project, but if the team is inexperienced and the sponsor is held in high regard, these comments might be seen as commands and followed without being analysed properly. Another danger is that, in order to impress their sponsor, the team may deliberately hide some difficulties and this might then not get resolved in time – it could even contribute to the failure of the project (Pinchot & Pellman, 1999: 7).

The type of problems mentioned can generally be overcome by the sponsor cultivating a close relationship with the team, asking questions, participating in discussions and not “taking over” the project. Sponsors might also need to put in effort to deliberately “lower” their status through participation so as to ensure their teams are at liberty to discuss any obstacles they may encounter (Pinchot & Pellman, 1999: 7). A clear definition of the project, analysis of the issues and constant monitoring of progress can also go a long way towards solving problems as and when they arise (Palmer, 2002: 102).

Based on all of the above, the project sponsor has the role of combining the practical aspects such as project management with the more intangible aspects such as ensuring that the team works together and remains enthusiastic. He/she will ensure that the project keeps momentum, as well as stay within agreed budgets and timelines. Should there be unplanned issues along the way, the project sponsor should also have the experience to foresee this, and then has the task to smooth out the process ahead.

4.3.4 TOLERANCE FOR RISKS, MISTAKES AND FAILURE

Ackoff (2006: 225) distinguishes two important categories of mistakes:

1. *Errors of commission* - This is the most common mistake to recognise, and it involves doing something that should not have been done.
2. *Errors of omission* – This is harder to be recognised, and often ignored by most companies. However, this is often more expensive, and an example would be IBM’s failure to initially pursue the development of small computers. This means that later on they ran into serious financial trouble.

From the two categories of mistakes mentioned, it can be seen that it is important to occasionally take on risk in order to stay ahead of the competition.

Ackoff (2006: 225-226) further argues that the school system and fear of failure conditions one to try and avoid errors. This is usually accomplished by managers not being innovative and doing as little as possible which is not clearly within established procedures. This would reduce the risk of doing something “wrong”, but could also be very costly in terms of missed opportunities.

Dawes (2007: 20) views mistakes as inevitable. We can't avoid it, and therefore we might as well make the most of it, learn from the mistakes made and utilise it as a method in which to build the business when calculated risks are taken on at the right time based on lessons learned in the past. Hisrich and Peters (2002: 50), as well as Kuratko and Hornsby (1998: 30), concur with this view, and in their opinions a blaming-culture would even be “anti-learning” and almost ensure that the potential benefit of mistakes is not reaped. Some ways in which this negative experience can be utilised in a positive manner, would include searching for commonalities in the types of mistakes made, asking oneself afterwards if the mistake could have been avoided, and if so, what would have been the appropriate action/s or behaviour (Dawes, 2007: 21).

It has already been established in section 3.4.1 on pages 67 to 69 that innovation is an essential component of an entrepreneurial climate. One of the ways in which such innovation can be promoted, is to establish an environment where failure is allowed (Kuratko & Welsch, 2004: 42). This does not mean that failure is sought or desired, but it does mean that it is recognised by both management and employees that several unsuccessful attempts might be needed before success is achieved, and if sometimes mistakes do happen, it will be forgiven (Kuratko & Welsch, 2001: 351). There would also be an expectation that potential failure is an opportunity to learn and test selected ideas in the marketplace rather than an opportunity for blaming and punishment (Kuratko & Welsch, 2004: 42; Turner, 2002: 52).

As it is important to tolerate failure, one way in which organisations can be tolerant, as suggested by Garvin and Levesque (2006: 107) is to suspend judgment, but not indefinitely. During this time, the type of goals set should suit the nature of the project, for example to not set financial

goals, but rather project milestones such as five customer trials completed in the next two months. In this way, progress is measured, but the team is not held accountable for profits from the start. This method would also ensure that the appropriate management systems and skills, which can be controlled, are valued more than the outcome, which is often not as controllable. At the same token, employees will not be penalised for trying out something innovative (Cohen, 2004: 18). Budgets and other supporting structures should also be more flexible in the beginning of a project based on the nature thereof (Nicholson-Herbert *et al.*, 2004: 44; Morris & Kuratko, 2002: 173).

One of the biggest drawbacks in learning from mistakes is that, more often than not, mistakes are very costly. Admittance of certain mistakes, such as publicly admitting to an environmental blunder, can also be used against a company later on. It is therefore important to not only recognise the potential benefit of mistakes and make the most of it, but to also recognise the cost attached to it, and set measures in place to minimise the learning opportunity, such as abandoning an unsuccessful project in time (Dawes, 2007: 21-22).

4.3.5 INNOVATION AND CREATIVITY – NEW IDEAS ENCOURAGED

Innovation is seen by Timmons and Spinelli (2007: 55) as being at the heart of the entrepreneurial process, and therefore this is a very important entrepreneurial characteristic. Kuratko and Welsch (2004: 104, 350) view innovation and creativity as the soul of entrepreneurship – a key element to any entrepreneurial strategy.

Slevin and Covin (1990: 45) define innovation as the willingness to place an emphasis on research and development, as well as new products and services, improved product lines and general technological improvement. This concept is supported by Kenney (2008: 14), who reckons that innovation occurs when managers embrace the development of new products despite the chance that it might not be accepted in the marketplace. The entrepreneurial organisation will therefore build up their business by taking on calculated risks at the right times.

Lowe and Marriot (2006: 70) define innovation as a broad concept, which includes exploitation of existing ideas. In their view, innovation adds value, and is essentially divided in four categories, being:

- *Product innovation* - This involves the changing of existing products and services offered.
- *Process innovation* - This deals with the delivery of the product. A good example of this is online banking.
- *Position innovation* – This involves the context in which a product is introduced to the market.
- *Paradigm innovation* – This last category deals with the underlying mental models within which the organisation operates.

Touching on the same concept of various categories of innovation as mentioned, Chen *et al.* (2005: 534) provide some specific indicators for the presence of various types of innovation. In general, innovation will be present where breakthroughs in the process and/or product takes place, where evolutionary innovation can be observed and where the company invests money in relevant research and development. Some specific indicators could be the marketing of new products for *product innovation*, or the commercialisation of new techniques and operational procedures if *paradigm innovation* took place. This means that management must be willing to tolerate and learn from failures (Kuratko & Welsch, 2001: 351), but this trial and error will increase the likelihood of success (Turner, 2002: 52).

As innovation requires a change of the status quo, Cogliser and Brigham (2004: 773) emphasise that strong leadership qualities are needed if a company wishes to implement innovation. Technical expertise and creativity would be essential, and aspects such as idea generation, idea structuring and idea promotion should also be of significant importance. Cohen (2004: 18) links to this concept and reckons that employees or managers who lead properly should be rewarded for their processes, intentions and methods used rather than the outcome they achieve. As outcomes can not always be controlled, the reward should rather focus on the process. Proper support structures should also allow and encourage experimentation with new ideas (Nicholson-Herbert *et al.*, 2004: 44).

Innovation also involves stretching – going beyond one’s area of expertise and exploring beyond traditional organisational borders (Coolsen, 2000: 29). It takes effort (Wheeler, 2000: 53) but the pay-off is that these risks can help an organisation stay ahead of their competitors.

Pinchot and Pellman (1999: 13) reason that the benefits of innovation can not be obtained by any organisation. This is due to the nature of the process which implies that results might not work out as initially planned. Innovation requires fast learning, and then utilising these learnings in the appropriate response. Innovation also requires the individual to explore into unknown territory, and to follow his own path.

Innovation can therefore be a powerful tool to help the firm grow or sustain its’ market share, and also to ensure they are operating at the cutting edge. However, the type of organisation who feels comfortable with the status quo, will probably not deal with innovation appropriately.

4.3.6 APPROPRIATE REWARDS AND REINFORCEMENT

Rewards are one of the most powerful managerial tools available to direct behaviour as desired – especially if management has direct control over the rewards (Morris & Kuratko, 2002: 244).

If innovative and entrepreneurial behaviour is to be encouraged, McBeth and Rimac (2004: 21) argue that the traditional reward systems will specifically ensure that this does not happen. Rewards are typically based on strict rules, over an annual cycle and with a strong emphasis on budgetary targets and performance. These types of measurements are not appropriate for a new venture project, and areas such as milestones achieved and innovation should rather be measured and rewarded. The process followed should therefore be emphasised over immediate results.

A way in which entrepreneurial behaviour can be encouraged in line with the advice as already mentioned, and using rewards and recognition, it to begin “with the end in mind” (Cacioppe, 1999: 328-329). Some specific aspects to consider would include:

- Specific identification of the results and behaviour which need to be encouraged and is not currently achieved;
- The type of rewards which would best motivate the desired outcome;
- The success indicators and how these will be measured; and
- To ensure that the planned system will be perceived as fair (Cacioppe, 1999: 328-329).

Hisrich *et al.* (2005: 49) also agree that the intrapreneur should be rewarded for his energy, effort and risk-taking, and that these rewards should be in relation to the effort expended. The company should be willing to invest in a new project without expecting a return for about five to ten years, and therefore the rewards should not be linked to monetary returns, but should rather be linked to the attainment of performance goals. One of the best ways in which this recognition can be done, is for the employee to have an equity stake in the new venture, as he will then have a direct return on any future success. Jones and George (2003: 665) also believe that such an equity portion is the key that would prevent the employee from leaving the organisation and working independently. In this way, the entrepreneurs’ talents can be retained, and the business does not risk having to compete with him in future. Cohen (2004: 18) also cautions to not ignore the often overlooked “reward” of simply encouraging the employee to act more entrepreneurial and innovative.

Cacioppe (1999: 327-328) embraces an even broader view of the use of rewards and recognition. In his view, not only should it be used to reinforce and reward the correct behaviour, but it can be used throughout the life of the project.

- *Initially* - Monetary rewards such as skills-based pay or non-discretionary bonuses for the team can direct the teams’ efforts. Recognition can be utilised in the form of positive feedback or customer visits, and there can also be a developmental aspect if the team chosen is diverse, which would increase learning opportunities.

- *As the project progresses* – As the project is establishing itself, support can be lent with a focus on “recognition rewards”, such as feedback, praise, study-assistance or a team-building effort. A special individual increase if deserved (monetary reward) or career development (developmental reward) can also be utilised.
- *Throughout* - Recognition and feedback as the task is performed, is important throughout and an often disregarded type of reward.
- *When concluding the project* - Celebration might be in order, and bonuses for individuals or teams could be warranted. Again, recognition in the form of thanking the team, good performance appraisals, a “hall of fame” or a team celebration could be appropriate.

It is important for rewards to be both meaningful and motivating (Turner, 2002: 184) and according to Bhardwaj *et al.* (2007a: 50), rewards for entrepreneurial behaviour should be viewed broadly and measured using the following four criteria:

- Recognition given to the employee;
- The formal appraisal process;
- An appropriate increase in job responsibilities; and
- The degree to which obstacles are being removed.

In summary, rewards can be used as a powerful reinforcement tool to cultivate the desired behaviour, as well as attract and retain the appropriate talent required (Kuratko *et al.*, 2001b: 28). It is also important to use it throughout and not only at the end of a project, and not to neglect the “free” reinforcement techniques available such as gratitude, positive feedback or the creation of learning and growth opportunities (Cacioppe, 1999: 327-328).

4.3.7 VISION AND STRATEGIC INTENT

It is important for an entrepreneurial organisation to have a shared vision. This is because Garcia-Morales, Llorens-Montes and Verdu-Jover (2006: 25) equate a shared vision to the commitment for a desired future and a common sense of organisational purpose. Although it is a starting point if top management wants to innovate, Garcia-Morales *et al.* (2006: 25) argue that

the decision to innovate in itself is not sufficient and that it is necessary for employees to support what they helped to create. If employees don't feel a part of and understand an entrepreneurial effort, it will interfere with their ability to find innovative solutions collectively and there will be less dedication to innovation. It is important for employees at all levels to understand how the vision and strategy specifically relates to them (Kuratko & Welsch, 2001: 349). This can also help them on a daily basis to set their priorities and direct their efforts (Pinchot & Pellman, 1999: 107).

A specific example of vision and strategic intent can be found at IBM, where they had a unit for emerging business units in order to promote entrepreneurial behaviour. In this unit, reviews were developmental in nature rather than focusing on the numbers as would be the case with a "traditional" review. The purpose of these reviews was to refine business plans and help managers to define their strategic intent. It also helped them to set boundaries, as well as realistic expectations around market needs and their ability to deliver on it (Garvin & Levesque, 2006: 111-112). The focus was therefore strategic in nature, with a long term view as opposed to immediate results, which would be inappropriate for an entrepreneurial environment. The appropriateness of the chosen strategy is also likely to inspire commitment from employees (Cohen, 2004: 17).

Ireland, Kuratko and Morris (2006: 14) identify two basic approaches to corporate entrepreneurship – the first approach, with which they don't agree, would be for management to identify employees with entrepreneurial abilities, and to then develop these individuals. The second, and more preferred approach, would be to recognise that each individual has some degree of entrepreneurial ability, and that management then task themselves with creating a work environment which could be conducive to entrepreneurs and entrepreneurial behaviour.

The creation of an entrepreneurial work environment by using the company's vision and strategic intent, would involve elements of the organisational structure, controls that are in place, human resource practices and the organisational culture (Ireland *et al.*, 2006: 14). Management will have to align the firm's culture and vision to this innovation process (Gaw & Liu, 2004: 69), and

O'Connor and Rice (2001: 102) found that many projects typically result from management's articulation of their strategic intent to grow in a particular technology or market domain.

The last important aspect of the "shared vision" which needs to be emphasised, would be that management need the support of their employees. An entrepreneurial leader will have a vision of how things could be and the growth and improvements which could be achieved through entrepreneurship. He/she will then share this vision, and his/her excitement and enthusiasm will ensure the support of the employees. As entrepreneurship and innovation is a collective team-effort, this is an essential component if entrepreneurship is to be introduced to the company successfully (Darling *et al.*, 2007: 6).

4.3.8 DISCRETIONARY TIME DURING WORK HOURS

In the context of corporate entrepreneurship, work discretion can be seen as the degree of autonomy that is given to pursuing entrepreneurial efforts at work (Bhardwaj *et al.*, 2007b: 136).

One of the most well-known entrepreneurial firms, 3M, incorporates the "15 % rule" as one of the five key criteria which drives them. This means that any employee is entitled to spend 15 % of his time on "blue sky" entrepreneurial ideas without having to deal with any red tape (Fleming, 1992: A2).

Bhardwaj *et al.* (2007b: 136) caution that discretionary time might not always be very effective, as excessive decentralisation and freedom might result in duplication of effort and a waste of resources. Therefore it is important that there must be a clear purpose to the freedom, which is to generate new sources of competitive advantage. Pinchot and Pellman (1999: 110) also agree that experimentation is needed, and they advocate that innovative organisations (which are a prerequisite for entrepreneurial behaviour) should allow their employees some degree of freedom to explore new ideas during working hours without having to ask for permission.

Anonymous (2003: 18) cites as one of his keys to innovative behaviour the need to make a break from the past. The company mentioned to illustrate this point is 3M and their "15 % rule" where

workers can use 15 % of their time at work to explore and experiment. These workers are not pressured to come up with the next “million dollar idea”, but instead they are encouraged to “have a go” at new concepts. Anonymous (2003: 20) also cites the example of General Motors where employees are actively encouraged to participate in events unrelated to the company activity, such as internet conferences or toy fares. They believe that this work time in which they are exposed to different concepts, will help them live their core value of innovation. Kuratko and Hornsby (2001) even state that if time can not be set aside to try something new, then it is almost impossible for intrapreneuring to take place.

Another aspect of free time to explore new ideas, is that it is a way in which top management can practically demonstrate their commitment to an entrepreneurial climate and behaviour (Kuratko, Ireland, Coving & Hornsby, 2005: 703).

Based on the examples already mentioned, it should be clear that there are potential benefits to allowing employees the time to experiment. However, there is also a danger that this time can be misused. In order to increase the odds of reaping the desired benefits, Bhardwaj *et al.* (2007b: 136) suggest that work discretion should be measured by making use of the following criteria:

- The amount of freedom given to develop one’s own ideas;
- The ability to be your “own boss”; and
- The independence of:
 - Work methods employed;
 - Judgment used;
 - Individual abilities;
 - The amount of independence present when business ideas are selected;
 - Decision-making; and
 - The job itself.

Employees should therefore be allowed to decide for themselves how to use their time most effective (Kuratko & Hodgetts, 2004: 65), as well as freedom over the tasks they perform and the methods they use (Jones & George, 2003: 296) Autonomy is therefore important, but should be

coordinated enough to ensure efficiency within the organisation (Mathisen, Einarsen, Jorstad & Bronnick, 2004: 383).

4.3.9 EMPOWERED TEAMS, MULTI-DISCIPLINED TEAMWORK AND DIVERSITY

As pointed out by Chowdhury (2005: 731), there is a widely held belief that team diversity enhances the effectiveness of team decision-making, as there is a broader perspective and a wider range of alternative solutions from which to make a final decision. McBeth and Rimac (2004: 22) agree that, given the accelerated change of pace, teamwork combined with a collective perspective and effort have become essential.

On the surface, the argument for teamwork makes sense, but Chowdhury (2005: 731) continues that newer research suggest that synergy within the team, and aspects such as open communication, the ability to share ideas, as well as trust within the team are even more important. The danger exists in a team which is too diverse that there can be distrust, hostility and emotional conflict among team members, which will defeat the purpose of the diversity (Chowdhury, 2005: 733). The suggestion is therefore that there should indeed be a presentation of different ideas and cognitive processes within the group, but that this should not be at the cost of aspects such as trust and harmony within the group.

At DuPont, a possible solution for the problem of teams which are too diverse might have been found. According to Mankin (2007: 6), multi-disciplined teams are often taken outside of DuPont to be exposed to different ideas. They frequently partner with other firms early in the process of a new technology or product, as they reckon the “outside influence” creates a better market offering. They don’t question the ability of their own people - they only recognise that they do not have a monopoly on good ideas, and that a wider perspective is often an advantage (Mankin, 2007: 6). In this manner, the core team can still have the aspects of mutual trust, respect and sharing, but at the same time perspectives are not limited.

West and Meyer (1998: 417) agree that diversity is important. Although it is vital for entrepreneurial firms to agree on their primary objectives, it could be counterproductive if senior

management agrees on all issues, as discussions might then be limited. A significant and positive correlation was found between disagreement in top management on secondary goals and the superior performance of firms. This is attributed to the presence of idea diversity which ultimately contributes to better decisions, and West and Meyer (1998: 418) even suggest that this “disagreement” should be enhanced by specifically hiring a top management team with different industry and company backgrounds who have not worked together previously. More subtle and cognitive differences should also be incorporated if possible. Pinchot and Pellman (1999: 109) also advocate cross-disciplinary teams with different perspectives to enhance decision making.

Decisions made by a diverse group that works well together and where trust and respect are present, poses some definite advantages. However, it is important to just keep in mind the general positive and negative aspects related to decisions made by groups, as set out in table 4.2 below.

Table 4.2: Positive and negative aspects of decisions made by a group

Positive aspects		Negative aspects	
1.	The sum total of the group’s knowledge is greater.	1.	One individual may dominate or control the group.
2.	The group possesses a much wider range of alternatives in the decision process.	2.	Social pressures to conform can inhibit group members.
3.	Participation in the decision-making process increases the acceptance of the decision by group members.	3.	Competition can develop to such an extent that winning becomes more important than the issue itself.
4.	Group members better understand the decision and the alternatives considered.	4.	Groups have a tendency to accept the first potentially positive solution while giving little attention to other possible solutions.

Source: Rue and Byars (2005: 75)

The importance of sponsors for projects has already been discussed in section 4.3.3 on pages 81 to 83, and a sponsor who understands the basics of group dynamics can help to harness the positive aspects of a wider perspective and better understanding of the issues, while making sure the negative aspects such as overriding by one individual or unhealthy competition are not too dominant. Gaw and Liu (2004: 68) also support the notion of understanding group dynamics to the advantage of all involved.

Some specific hindrances to avoid if an entrepreneurial climate is to be established, and with reference to team decision making and diversity as identified by Morris and Kuratko (2002: 173) and other sources as indicated are:

- Long, complex approval cycles (teams are not empowered to make decisions in their own little unit, and this would slow down the overall process as well as discourage employees from behaving entrepreneurially) (Pinchot & Pellman, 1999: 109);
- If current practices are too rigid, it could enforce a fear of failure;
- A general resistance to change, with people protecting their own little empires and not sharing knowledge (Turner, 2002: 55);
- People who have become complacent and have a short-term orientation;
- If multi-discipline teamwork is not encouraged, people with inappropriate talents or skills might end up working on certain projects, and not gain the necessary input from more knowledgeable colleagues. This could also encourage “groupthink” (Jones & George, 2003: 482); and
- Documentation requirement might be so extensive that it can be disempowering to the teams working on a particular project.

Empowering diverse teams can be a very effective management tool towards creating a flexible entrepreneurial climate, given that the pitfalls are taken into account, and diversity is not over-utilised to the extent that distrust emerges (Cohen, 2004: 18).

4.3.10 RESOURCE AVAILABILITY AND ACCESSIBILITY

Resources are traditionally viewed as capital, machinery and raw materials. However, this is a very narrow outlook and should specifically be expanded to also include talented and skilled people who can manufacture the relevant products and render the required services to customers (Bigelow, 2006: 16; Russell, 2001: 72). It is also important that these resources are readily available and easily accessible (Hisrich & Peters, 2002: 50).

Jones *et al.* (as quoted by Tambwe, 2005: 46) support the idea that resources are more than just money being made available. One of the more important resources which should be available is the appropriate human resource practices, which could include, among other things, high levels of employee involvement, an above average tolerance for failure or incentives linked to effort.

When specifically reviewing IBM, which is regarded as a successful entrepreneurial firm, resources were made available for start-up business units, and the focus was strategic in nature and process driven rather than numbers-based. However, after the initial phase and once the business was up and running, revenues and costs were reviewed on a monthly basis. Although it would not be as rigorous as for an established business, it prepared the manager for financial reviews once the business is mature, and it also kept the resource-allocation within boundaries. If applicable, IBM would start cutting back on funding, but if expenditures were behind budget, it could be an indication that certain milestones might not be achieved later on, and corrective measures would then be taken in time (Garvin & Levesque, 2006: 112). Antoncic and Hisrich (2004: 526) also identified the availability of resources for start-up ventures as an important driver of entrepreneurial activities.

It can therefore be seen that resource availability and accessibility should not only be about empowering the managers, but also about making sure that the funds are used in a responsible manner where there is a fair chance or a good probability of a decent return on investment. It should also be ensured that managers perceive the availability of these resources as an encouragement to experiment and take on calculated risks (Hornsby *et al.*, 2002: 253).

Although the importance of adequate resources that should be available to the entrepreneur has been established, the reality will probably be that there will still be resource constraints. Bigelow (2006: 16) is of the opinion that simply complaining about these limitations sends the message to customers that one is overpriced. However, within reason these restrictions can also be seen as an opportunity to improve processes, skill levels and yields, and this will send the message of being a world-class and leading organisation. Making some resources available even given the practical limitations, will also help to renew the organisation's capacity for innovation and growth, and should therefore increase future available resources (Thompson, Strickland &

Gamble, 2007: 48). Russell and Russell (1992: 643) also support this view of increased innovation.

Santora (2007: 83) even links the availability of adequate resources to loyalty of employees. He claims that studies have proved that employees who are more open to new experiences (therefore a typical “entrepreneurial” employee) expect organisational support. Part of this support will be the availability of adequate resources, and should this not be the case, their commitment and loyalty will decline and they will not reach their potential.

In fostering an entrepreneurial climate, it is therefore essential that the definition of resources be broad and that this definition includes aspects such as talented co-workers and support from the human resources department. It is also important that these resources are available and accessible to enable the entrepreneurial employee to reach his potential.

4.3.11 CONTINUOUS LEARNING AND CROSS-FUNCTIONAL LEARNING

It has already been established in section 3.2.1 on pages 48 to 53 that entrepreneurship exploits new opportunities. As these opportunities need to be discovered, it is important for the organisation to be in a process of continuous learning.

Kreitner and Kinicki (2007: 549) define a learning organisation as a business that actively pursues and creates new ideas and knowledge, and also encourages its’ employees to change their behaviour based on this new knowledge. This is done by scanning the external environment, hiring new talent and expertise when necessary, and devoting significant resources to training and developing their employees. They also try to remove structural barriers which would inhibit knowledge sharing. This is echoed by Jones and George (2003: 663) who also emphasise the need for experimentation and encouragement.

Cohen (2004: 18) touches on the idea of cross-functional learning. He encourages the idea of different assignments within the same company as a way in which to improve initiative, willingness to experiment and performance. Employees who are exposed to different business

units are exposed to different perspectives, and therefore they are more likely to be innovative and accept or come up with a different way of thinking. This should benefit the entire organisation.

McBeth and Rimac (2004: 18) warn against over-specialisation at the cost of a wider vision and creativity. They warn that professionals will have to carefully balance subject mastery versus a wider exposure to various areas. As the widest knowledge is gained through networking and collaboration, they see it as a logical next step that a multidisciplinary team will also yield the best results for both the organisation and the individual.

The need for constant learning seems clear, but what is less clear is how this should be done. Bhardwaj, Camillus and Hounshell (2006: 251) researched DuPont over a period of 20 years in order to answer the *how* of continuous learning within an organisation. It was concluded that no matter what the area was, the “MAS-process” (moving, anchored search) proved to be a useful tool. This involved first selecting a broad domain within which the search will be conducted, and then choosing an anchor within the domain to guide the search further and identify growth opportunities. As neither the domain nor the anchor might be obvious, there could be more than one anchor, or the anchor might change during the search.

The domain would typically be within an existing area of business, unless there would be reason to suspect poor performance in future which would necessitate a change of direction. Four types of events which could alter the domain were identified, being new discoveries, anticipated shortages, external shocks or anticipated surpluses (Bhardwaj *et al.*, 2006: 252-253). The domains searched at DuPont over the period of the study, as well as the reasons for these choices, are set out in Table 4.3 on the next page. The full reasons are not reproduced, as it is only for illustrative purposes and to indicate typical circumstances when a new domain could be considered.

Table 4.3: Reasons why DuPont entered into new domains

Search domain	Reason for domain choice
Explosives (1802 – 1921 and later)	Profitable market opportunity discovered by the founder in 1802.
Bio-manufacturing (1903 – 1916)	Anticipated shortages of glycerine, an important ingredient in explosives.
Nitrogenous compounds (1904 – 1921 and later)	Anticipated shortages of nitrate and soda, also used in the manufacturing of explosives.
Nitrocellulose (1908 – 1921 and later)	The US government filed an antitrust lawsuit in 1907, which forbid the navy to purchase explosives from a monopoly. DuPont now had to find a use for the idle production capacity.
Synthetic organic chemicals (1915 – 1921 and later)	Imports of organic chemicals from Germany ceased during World War 1.
Inorganic chemicals (1916 – 1918)	To complement ongoing work on photographic and pharmaceutical organic chemicals.
Vegetable oils (1916 – 1918)	Utilise anticipated post-war excess capacity, and also use it as a gateway into other industries.
Varnishes and paints (1916 – 1921 and later)	Utilise anticipated post-war excess capacity, as well as the overlap of available machinery.
Paper (1916 – 1919)	Utilise cotton purification plant which is used in explosives manufacturing.
Motor cars (1917 – 1921 and later)	Needed to invest large war profits. The auto industry seemed profitable and promised high growth.

Source: Bhardwaj *et al.* (2006: 253)

It can be seen from the above table that a change in domain is not an arbitrary decision, but rather a response to the external environment in a bid to remain competitive, and to continue offering clients what they need at the time.

Examples of search anchors for the explosive market were consolidation, securing supplies, related products and foreign markets. These anchors would be used to focus the search area in what would be required at the time (Bhardwaj *et al.*, 2006: 257).

Despite the cost associated with training and staff development, continuous learning should have a lasting benefit for the organisation. Nicholson-Herbert *et al.* (2004: 44) also state that it will contribute significantly towards employee commitment in the organisation due to the higher

levels of satisfaction. It is also cheaper to retain innovative staff than to develop and employ new individuals needed.

4.3.12 A STRONG CUSTOMER ORIENTATION

A customer orientation is a focus on the customer where the goal is to create value based on knowledge of both the customer and the competitor. Such knowledge can be seen as a core competency, and using this, a firm can gain significant market advantage (Andotra & Pooja, 2006: 181). A customer orientation can also be defined as a set of beliefs that the customer's needs and satisfaction are the priority of the organisation (Deshpande, Farley & Webster, 2000: 354), or a focus on the interaction between the organisation, customers, competitors and other stakeholders (Liu, Luo & Schi, 2002: 367).

Farrell (1993: 117-121) states that it is essential that the entrepreneur "love" the customer, which he equated to having a strong customer orientation. This incorporates four basic behaviours:

- *Knowing the product* – The entrepreneur is concerned about the customer's reaction towards his product, and therefore he needs very good product knowledge, as this will help ensure the best possible service.
- *Responding immediately* – To the entrepreneur, the customer is the person who puts food on the table, and therefore he will respond to requests immediately. This attitude should also be present in an intrapreneur.
- *Being courteous and competent* – The entrepreneur knows that it makes a personal difference to his business if he is courteous and competent. Also, as the person who developed a product is most likely also interfacing with the customer, there is less segregation of duties. This direct contact is more likely than in a big corporate where the sales person had nothing to do with product development. Again, this might not be fully relevant in a corporate environment, but the principle still applies.
- *Keeping current customers forever* – Marketing definitely has its importance, but one should not lose sight of the importance of retaining current customers, as they are the current profits.

The aforementioned four points can be summarised by the view of Turner (2002: 188) that the entrepreneurial organisation need to invest their time, energy and imagination in listening to and understanding their customers and placing their needs first.

Being customer orientated not only helps the business/entrepreneur to be more in touch with his own business, but it can also encourage the business to innovate. If the customer is demanding, these pressures can facilitate innovation and growth, and it can lead to better products and service, as well as innovative behaviour in general (Sathe, 2003: 52-53). A focus on the customer can also redirect energy away from internal politics and toward collaboration in order to please the customer and create a “win-win” situation for everybody (Pinchot & Pellman, 1999: 133).

Appiah-Adu and Singh (1998: 390) agree that customer orientation is important due to the significant and positive correlation with product success – especially new products. Cohen (2004: 19) is also of the opinion that if the business is willing to directly listen to the customer, it can help overcome the natural resistance to change needed to develop new or improve on existing products and services.

Customer orientation can be measured using the following criteria:

- To have routine and/or regular measures of customer service;
- To have a product and/or service which is developed based on good market and customer information;
- To know the competitors well;
- To have a good sense of how the customer values the product;
- To be more customer focused than the competition;
- To compete primarily based on product or service differentiation;
- To always place the customer’s interest first;
- If the business views their own product or service as being the best in the business; and
- If the business exists primarily to serve customers (Appiah-Adu & Singh, 1998: 390).

A strong customer orientation can therefore be seen as a way to be more in touch with the market and to ensure that the product or service is in answer to an actual need which is being met (Harris, 2004: 14). It should also assist with creating better products and services, which in turn will help sustain the firm and aid in profitability (Dess & Lumpkin, 2005: 150).

4.3.13 A FLAT ORGANISATIONAL STRUCTURE

Morris and Kuratko (2002: 173) advise that the following aspects with regards to the organisational structure would facilitate entrepreneurial behaviour:

- As few hierarchical levels are practically possible;
- A fairly broad span of control for managers, to enable decision making;
- Responsibility should be enabled by the relevant levels of authority;
- Management systems should be informed from lower levels;
- Communication channels should be open; and
- Employees should be held accountable.

The above advice is practiced at Dow Chemicals, where there are never more than six layers between the Chief Executive Officer (CEO) and the worker in the plant running the control room. This relatively flat structure enables management to access information when needed anywhere in the world. It also ensures that management takes on responsibility on a much lower level and is therefore more in touch with their customers (Accenture, 2008).

Russell (2001: 72) also supports the view that was practically experienced at Dow Chemicals. He states that a flat organisational structure, which is more decentralised, will show a positive correlation with innovation. This is because the manager will have increased autonomy and control over resources. Managers will be encouraged and enabled to initiate and test more innovative ventures, and this in effect will also lead to a better overall climate for corporate entrepreneurship. The employees or managers will also experience a greater degree of involvement in the decision making process, which in turn will lead to a higher commitment and a more effective implementation.

The use of a simple organisational hierarchy is also underscored by McBeth and Rimac (2004: 20) in their view that the organisational structure is the underlying framework which will determine the extent and speed at which the organisation is able to change. To enable quick changes to take place, an entrepreneurial organisation should therefore have a flat, people-centred, team-based structure which is dominated by informal networks and strong support for employees. It is essential that there are no barriers to communication (Rue & Byars, 2005: 15), and that innovative employees are enabled to cross departmental boundaries in order to obtain support for their ideas (Pinchot & Pellman, 1999: 112).

An advantage of a simpler organisational structure is that it is more likely that there will be a sense of community where people take care of each other and help each other out. They will think in terms of what will benefit the organisation rather than try and promote their own agendas (Pinchot & Pellman, 1999: 112).

The opposite can also be said. When organisational structures are highly mechanised and formalised, with many layers of approval needed for decisions, this will inhibit entrepreneurial behaviour. If strict rules and regulations control every aspect of the process, there will be very little if any room left for innovation and creativity. As discussed in table 4.1 on page 75, this is typically the type of organisation where creativity will be seen as something that should be tolerated should it surface at all (Russell, 2001: 72).

It should, however, be noted that this very behaviour which inhibits entrepreneurial effort, is used by some organisations as a survival mechanism. Sadler (2000: 30) argues that traditional organisations such as State controlled entities often depend on bureaucratic structures to ensure that work is completed efficiently. By regulating as much as possible, they seek to ensure that work gets done in an efficient manner. Bureaucratic organisations strive to remove error and unconventional behaviour, and enforce obedience and uniformity. They rely on centralised decision making and formalisation of processes, and the very nature of such a business will make corporate entrepreneurship almost impossible and probably inappropriate as well.

In summary, it can be seen that less formality should leave the door open for creativity, experimentation and open communication, which should all enable entrepreneurial behaviour. However, not all organisations are open to enabling this type of behaviour.

4.4 ESTABLISHING AN ENTREPRENEURIAL CLIMATE

It could be said that entrepreneurial activity is more likely to occur in an entrepreneurial climate. Kirk (1998: 90) defines entrepreneurial activity as those actions which are intended to reduce the gap between the firm's goals and its realised performance. In examining ways in which an entrepreneurial climate can be established, we will therefore essentially be viewing ways in which to improve the organisation and its profitability.

An entrepreneurial corporate environment should signal to its employees that certain behaviour is desirable, and it could be done in the following ways:

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

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

expectations, but that they need to “up their game.” To the contrary, a display of frustration, worry and bewilderment will decrease motivation to act entrepreneurially.

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

Although it is undoubtedly important that the management team support the entrepreneurial vision, there is unfortunately not a “one-size-fits-all-solution” when it comes to the ideal entrepreneurial management team, although some general guidelines can be established. If the development of new products, as well as the speed at which these are developed is taken as indicators of entrepreneurial activity, the “ideal” management team differs depending on the rate of change within the industry. Where changes occur faster, for example in the software industry, a more experienced management team is desirable. Their knowledge and expertise gained ensure that the organisation has a strategic and competitive advantage, and it allows them to be proactive. However, in slower-moving industries such as breweries, this same level of experience in a management team tends to lead to complacency and lack of innovation (Srivastava & Lee, 2005: 460-462, 477).

Two specific examples of how an entrepreneurial climate has been established and encouraged in actual companies will be examined subsequently, followed by generic suggestions. In this way, practical examples will be given of how management actions might lead to a more entrepreneurial environment in reality and on a day-to-day basis.

The Four Seasons hotel can be seen as a corporate business which succeeded in having an entrepreneurial orientation. Some of the practical ways in which this was achieved, include:

- Their “brand promise” is that they will fulfil any request a guest might have, and this already asks for a more creative approach from employees;

- Management builds an environment which is based on respect, and where employees are allowed freedom;
- This is also echoed by the lack of job descriptions for senior management. They simply have goals to achieve, and they are allowed any means of creativity and good business practice to accomplish this; and
- All decisions are not made by management – they count on every employee to take initiative and suggest new business ideas when appropriate (Jogaratnam & Tse, 2006: 457).

It is well known that “what gets measured gets rewarded,” and Marriot uses this to their advantage. They utilise a combination of base pay, incentives and other rewards such as taking into account life style issues to ensure that every business will respond to local conditions, and therefore use entrepreneurial and creative methods to achieve results (Jogaratnam & Tse, 2006: 457).

When generic routes toward an entrepreneurial orientation are examined, Cooper *et al.* (2006: 87-88) identify three possibilities to benefit from entrepreneurial activities:

1. The first method would be through participation, for example a capital investment in an entrepreneurial firm. Similar approaches would be joint ventures or licensing agreements. These would enable the firm to avoid structural changes while obtaining the benefit of new innovations, but will not be discussed in more detail in this literature review.
2. The second method proposed by Cooper *et al.* (2006: 88) is to establish a separate department, e.g. a “new venture department” whose responsibility it is to grow new businesses inside the established organization. This department needs to be exempt from many of the corporate policies and procedures to enable flexibility, and performance appraisals should also take the unique structure and purpose of the division into account.
3. The third method proposed by Cooper *et al.* (2006: 88) is to change the entire organization, so that the culture is more flexible, innovative and accepting of risk-taking and failure. In this way innovation and entrepreneurial activity is the entire organisations’ responsibility instead of a single department.

If Cooper's third proposal of transforming the entire organisation is to be followed, Farrell (1993: 223-226) gives the following basic advice for transforming a bureaucracy into an entrepreneurial venture. As a starting point, it should not be about adding anything, but about making things simpler. For example, the business should be divided into smaller units, so that people feel more personally involved and so that they can see where and how they are making a difference. It is also very important that management must be honest and have the long term benefit of their people at heart, and to always focus on the basics.

Hisrich *et al.* (2005: 51-52) also provide some general guidelines, which can be used a way in which to ensure the entire organisation becomes more entrepreneurial:

- A starting point would be to secure commitment to intrapreneurship from all levels of management in the organisation. The commitment of top management is of particular importance to facilitate the necessary cultural changes and establish guidelines to be followed. Generally, seminars are a good way to introduce and establish the relevant strategies.
- Secondly, general areas where management need to be involved, must be identified, as well as resources (with specific reference to money) needed. Aspects such as expectations, targets, time frames and a mentorship system should be established.
- A third step is that the organisation should ensure it has the necessary flexibility and responsiveness needed, and in this regard the use of technology can prove to be very useful.
- The training of employees is also very important, and it is suggested that one day per month could be set aside for this. An important aspect of this training would also be for employees to share their experiences.
- A fifth aspect would be to develop specific ways to ensure that the employee can be close to the customer, for example to have the use of a database with relevant information.
- Another very important aspect is that an entrepreneurial firm has to be able to do more with less, that is, be more productive with fewer resources. This is a basic entrepreneurial trait and should be incorporated.

- A support structure is very important, especially since intrapreneurship is unlikely to be the primary activity and focus area. If proper support is not in place, the entrepreneurial effort is more likely than not to die off.
- Rewards should be tied specifically to the entrepreneurial effort, which will probably mean that a sub-unit will have their own system in place. This will motivate employees to put in the extra effort.
- The last aspect is that an evaluation system needs to be implemented. This should ensure that successful units are supported, and unsuccessful units are disbanded and does not continue to waste resources after a certain point.

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

4.5 SUMMARY

An entrepreneurial climate was defined in various ways, after which the typical characteristics of such a climate were discussed in more detail. Thirteen such characteristics were identified:

1. *Visionary leadership/entrepreneurial leadership* – It is important that management set a vision for the future, and that this vision is then communicated to the team.
2. *Management support* – This can take on various forms, such as sharing a vision for the team, communicating a new concept or approving a new idea. It is also a management function to provide the needed expertise. A supportive management team would also ensure that employees receive the relevant training.
3. *Sponsors or champions for projects* – This can be seen as one of the most distinguishing factors. Managers will become mentors and help the organisation become a teaching organisation which will constantly better itself. This can also take on the form of managers who are willing to train other employees and share their experience.

4. *A tolerance for risks, mistakes and failure* – One of the most important aspects in this regard is that employees should not be afraid of losing their jobs should an innovative idea fail. However, it is just as important to be able to disband an unsuccessful project.
5. *Innovation, creativity and the encouragement of new ideas* – one way, in which innovation and new ideas can be encouraged, is by regular environmental scanning so that employees are aware of the environment in which they operate. This would also involve the freedom to act and pursue new ideas.
6. *Appropriate rewards and reinforcement* – This includes non-tangible rewards such as appropriate feedback, but also results-based monetary incentives. It is also important to emphasise individual responsibility.
7. *Vision and strategic intent* – The vision should be unambiguous and shared with employees so that they properly understand what is expected of them and how it fits in with the company culture.
8. *Discretionary time during work hours* – One of the often overlooked but necessary resources that are needed is time. This is especially important since entrepreneurship is usually a secondary activity which could easily be forgotten about if not properly planned.
9. *Empowered teams, multi-disciplined teamwork and harnessing diversity* – Diversity is important to be representative of the customer base, and this should already be taken into account during the recruitment phase. It is also a reality of the changing work force.
10. *The availability and accessibility of resources* – This is a powerful way in which management can practically demonstrate their support. However, this does not mean a limitless supply, but using existing resources effectively and ensuring mistakes are fast and cheap.
11. *Continuous learning and cross-functional learning* – Industry leaders move quickly, which makes continuous learning and adaptation essential. Combining different functions also creates the ability for a unique perspective.
12. *A strong customer orientation* – This can also help prevent a too broad and inappropriate focus.

13. *A flat organisational structure with open communication and a strong sense of belonging –*
It is important that information is shared and employees are empowered. While there should be controls in place, these should not be overbearing. Informal structures and horizontal communication should be dominant.

In tying it all together, some practical ways were examined in which an entrepreneurial climate can be established, which one again confirmed that this is a holistic approach and a way of acting and thinking rather than a “quick fix” or a side project. It was emphasised that intrapreneurship should be incorporated in all areas of the business, from the brand promise, to the behaviour of managers, to aspects such as the vision, mission and projects to be undertaken, right through to the reward system in place.

If the creation of an entrepreneurial climate is treated as a long-term project and a way of thinking and acting, it can guide the business to reap the potential benefits of creativity and innovation in time.

CHAPTER 5

RESULTS AND DISCUSSION OF THE EMPIRICAL RESEARCH

5.1 INTRODUCTION

In the previous chapters the following aspects were discussed:

- *Chapter 2* – A historical overview of the South African Broadcasting Corporation (SABC) was provided, and the current situation was assessed. It was illustrated that the current situation presented several causal factors to the study which could make entrepreneurship particularly beneficial as a strategy to help the SABC progress in future. These factors included the rapidly changing technological environment, the fierce competitive landscape facing the SABC, the funding model which is governed by strict mandate requirements yet largely dependent on commercial funding, the internal structures including the board of directors and the top management who are under intense public scrutiny, and lastly the strained internal and third party relations that the SABC needs to deal with.
- *Chapter 3* – A literature review was done on corporate entrepreneurship where the terminology of the individual entrepreneur, entrepreneurship and corporate entrepreneurship were defined. The interlinking of these three concepts was also illustrated. Lastly, the individual characteristics attributable to the “typical” entrepreneur as well as three dimensions of corporate entrepreneurship (new business venturing and innovation; self-renewal and pro-activeness; and risk-taking and a growth orientation) were identified and discussed.
- *Chapter 4* – The focus was an entrepreneurial climate – the 13 constructs that can be identified with such a climate, as well as practical ways in which an entrepreneurial climate can be established was discussed.

This chapter combines the company background of the SABC with the literature study presented in chapters three and four. This is done by means of a questionnaire that covers the theoretical framework and was distributed at the SABC according to the process set out in section 5.2 to follow. The main purpose of this assessment is to measure corporate entrepreneurship, with the

measurement of entrepreneurial characteristics and an entrepreneurial climate as sub-sections thereof.

5.2 GATHERING OF DATA

An existing questionnaire as developed by Oosthuizen (2006: 337-341) was used with the permission of the author. Based on the current situation at the SABC as described in chapter two, the SABC was deemed to be a suitable corporate environment in which the questionnaire could be distributed.

Based on the management support needed for a change effort such as the implementation and establishment of an entrepreneurial environment, it was decided that the questionnaire will be distributed to the SABC management team, which included top, middle and lower management. A list of SABC managers was obtained from the Human Resources (HR) department, and this constituted 729 managers. Geographical information, being gender, age, division, management group and location was indicated on the list received from HR and as such this basic information was not included in the questionnaire. However, each completed questionnaire had to have the respondents' name on it, so that the geographical information could be completed.

Confidentiality was ensured for each participant, and although names were known due to most questionnaires being sent back via email, the names were used strictly for the purposes of capturing the relevant geographical data. No individual results were or will be made available, and even whether or not respondents chose to complete the questionnaire will not be disclosed in order to ensure anonymity.

The 729 identified managers were contacted via email and asked to complete the attached survey (An example of the survey can be found in Appendix B). As Heckathorn, Broadhead and Sergeev (2001: 546) noted that financial incentives are the best way to encourage members of a population to participate in a survey, this was considered. However, based on limited resources and a fairly large population group, it was decided to modify this approach and to offer a slab of chocolate for every completed survey. This was done via an email as indicated in Appendix C.

The initial response rate was 49 managers, after which a second round of emails were sent out (refer Appendix D). During this “second round” another 96 managers completed the survey, bringing the total response rate to 145 completed questionnaires.

As each questionnaire was received back, immediate follow-up was done to ensure it was completed in full, and if some questions were left out, the manager was contacted telephonically or via email and asked to complete the outstanding questions. In this manner, all 145 questionnaires received back were completed in full.

A few managers requested personal interviews rather than a completion by means of email. These requests were adhered to, but care was taken not to influence the respondent and merely to explain and clarify concepts or questions over which there might have been doubt.

The questionnaire itself consisted of three pages and two sub-sections:

- 1 *Biographical information* – As this was supplied by the list used to contact participants, this was not asked again, and the gender, age group, managerial level, division and location were completed based on the participant’s name.
- 2 *Self- and superior assessment* – This part served as an introduction to ensure the participant is in the right frame of mind, and respondents had to firstly assess themselves and thereafter their superiors on a scale of 1 to 4 in terms of typical entrepreneurial characteristics. This also facilitated an understanding of the respondents’ entrepreneurial orientation, and whether or not the SABC currently employs the type of people who might respond positively to the introduction of an entrepreneurial culture.
- 3 *Climate questionnaire* – The literature review in chapter four identified 13 constructs which would be present in a typical entrepreneurial environment, and five questions or statements tested the presence of these factors using the same four-point Lickert scale as in the previous section. The 13 characteristics identified and tested are: *Visionary/entrepreneurial leadership; management support; sponsors/champions for projects; tolerance for risks, mistakes and failure; innovations and creativity and the encouragement of new ideas; appropriate rewards and reinforcement; vision and strategic intent; discretionary time and*

work; empowered teams, multi-disciplined teamwork and diversity; resource availability and accessibility; continuous learning and cross-functional learning; strong customer orientation and a flat organisational structure with open communication and a strong sense of belonging.

In the questionnaire reproduced in the study, the following format was used:

The questionnaire consists of 65 statements. Please indicate your choice with each question on the right, i.e. from strongly disagree to strongly agree. Please indicate your choice with an "x".	Strongly Disagree	Slightly Disagree	Slightly Agree	Strongly Agree
1 Relevant question				

The 145 questionnaires were analysed statistically in the rest of this chapter to follow, starting with the analysis of the geographical information in section 5.3.

Section 5.4 will analyse the 20 identified entrepreneurial characteristics, after which the 13 constructs present in an entrepreneurial climate will be discussed. The reliability of the questions testing these constructs will first be established in section 5.5, after which section 5.6 will measure the entrepreneurial climate. The chapter will conclude by analysing the relationship between the demographic variables and the entrepreneurial constructs.

5.3 DEMOGRAPHIC INFORMATION

As already pointed out, demographic information did not form part of the questionnaire, as it was possible to obtain all the relevant information from the list of managers as provided by HR. Including the geographical information would also have meant that the questionnaire has one extra page, and it was thought the shorter the questionnaire is perceived to be, the more likely it is that a manager will take the time to complete it.

The relevant geographical information obtained from this list was:

- The participant’s gender (male or female);
- The participant’s age (less than 29, between 30 and 39, between 40 and 49, between 50 and 59, 60 and older);
- The division the participant works for (Content Enterprises, the in-house content provider for the SABC, News, Radio or Television);
- The level of management (top, middle or lower management); and
- Region (being Gauteng or one of the regional offices).

The geographical information will be presented for gender first, after which gender will be combined with the remaining four categories. This is in line with the SABC’s policy of empowering women, and in an attempt to determine whether or not females have a different perspective than their male counterparts.

5.3.1 GENDER OF PARTICIPANTS

The participants were firstly split by gender, and this was then used as a combined basis with the rest of the geographical information going forward. Table 5.1 summarises the results.

Table 5.1: Gender of respondents completing the questionnaire

Gender	Count	%
Male	81	55.86 %
Female	64	44.14 %
Missing data *	0	0.00 %
Total	145	100.00 %

* Missing data will not be indicated going forward, as all questionnaires was completed in full.

Although the gender representation is fairly even, there are slightly more men than women who completed the survey. However, the distribution is even enough to meaningfully use the gender as a sub-division of geographical data going forward.

5.3.2 AGE OF PARTICIPANTS

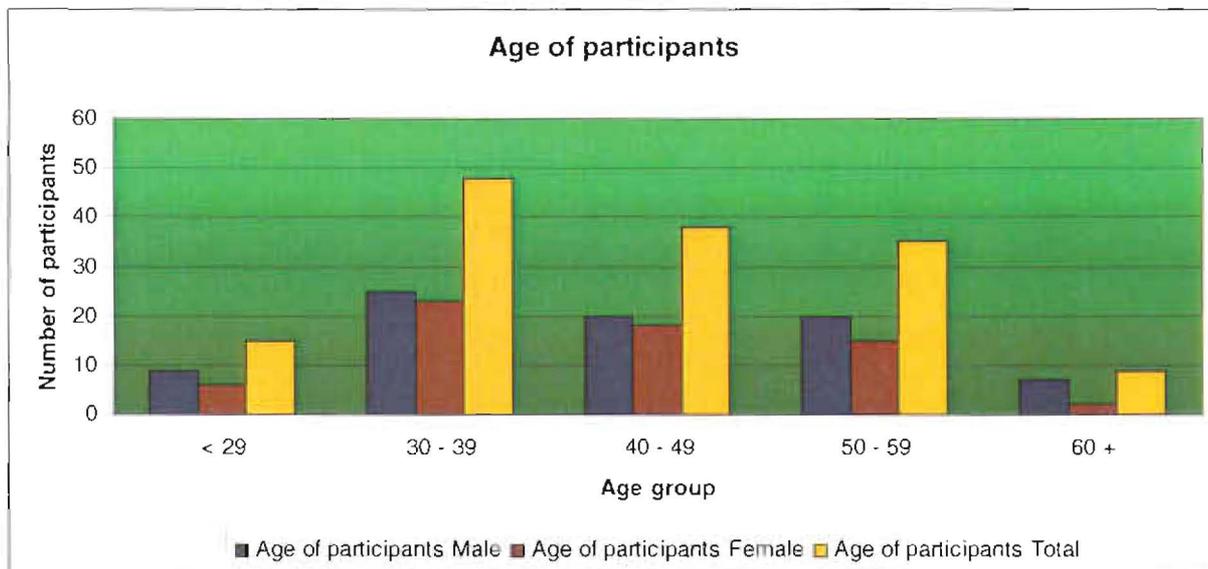
The respondents who completed the questionnaire were divided according to age, as for example a group closer to retirement (60 +) could have different views than the group of 29 and younger. The age profiles are reproduced in table 5.2 below, and in figure 5.1 the age is combined with the gender of the participant.

Table 5.2: Age group of respondents completing the questionnaire

Age group	Count	%
< 29	15	10.34 %
30 – 39	48	33.10 %
40 – 49	38	26.21 %
50 – 59	35	24.14 %
60 +	9	6.21 %
Total	145	100.00 %

When combining the age of participants with their gender, the results can be graphically presented as in figure 5.1.

Figure 5.1: Age and gender of respondents completing the questionnaire



The age of participants are fairly evenly distributed, with less managers being 29 and younger, and only a small minority representing 6.21 % of the total group being 60 or older. Based on the results obtained, it can be seen that the gender distribution remained fairly even across age groups, with men being slightly more than women in line with the overall percentages. The only exception to this general trend was found for the age group of 60 and older, where seven of the nine respondents were men.

5.3.3 DIVISION THAT PARTICIPANTS WORK IN

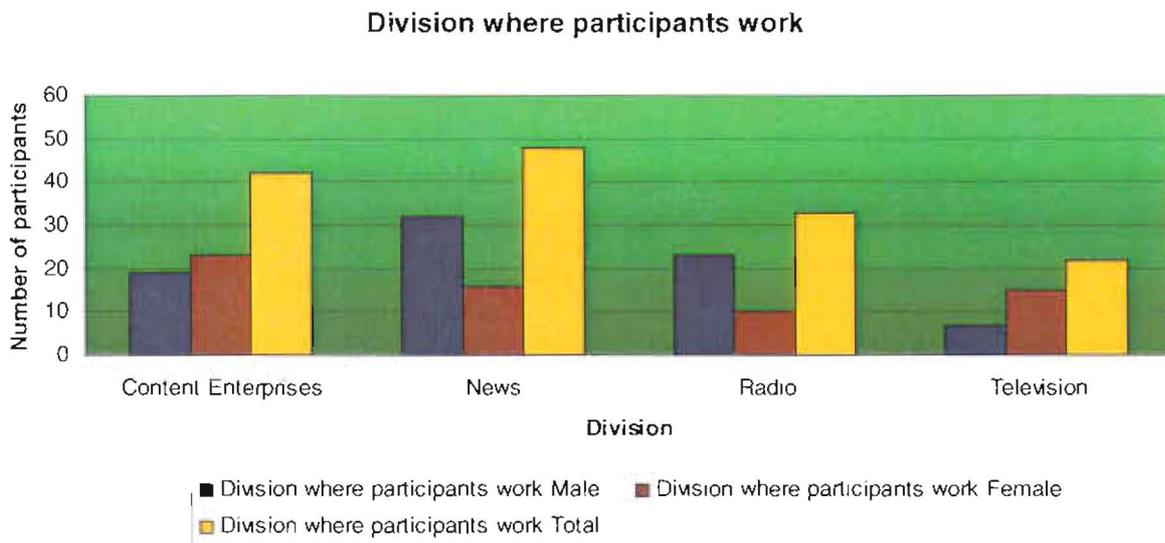
Although there are sub-divisions such as finance, marketing and human resources within each broad division identified, each of the four main divisions deal with different types of challenges on a day-to-day basis. There are also other differences, such as the television division and the radio division being in separate buildings, or the news division very seldom being in the office. These differences to the general working conditions might have an effect on both the type of person choosing to work there, as well as the presence or absence of an entrepreneurial climate. For this reason, the geographical split was also done according to the division that managers work for. The results are reproduced in table 5.3 below.

Table 5.3: Division where respondents completing the questionnaire are working

Division	Count	%
Content Enterprises	42	28.97 %
News	48	33.10 %
Radio	33	22.76 %
Television	22	15.17 %
Total	145	100.00 %

When the divisions in which the participants are working are combined with their gender, the results can be graphically presented according to figure 5.2 to follow.

Figure 5.2: Division and gender of participants completing the questionnaire



News and Content Enterprises have the biggest representation, followed by radio and then the fewest managers are in television. In as far as gender are concerned, there were 23 females in Content Enterprises who completed the questionnaire, versus only 19 male managers. In television, the female representation was almost twice that of the men, with 15 female managers completing the questionnaire versus only seven men. In both the News and Radio divisions, the men who participated in the survey were double or more the number of women.

5.3.4 MANAGEMENT LEVEL

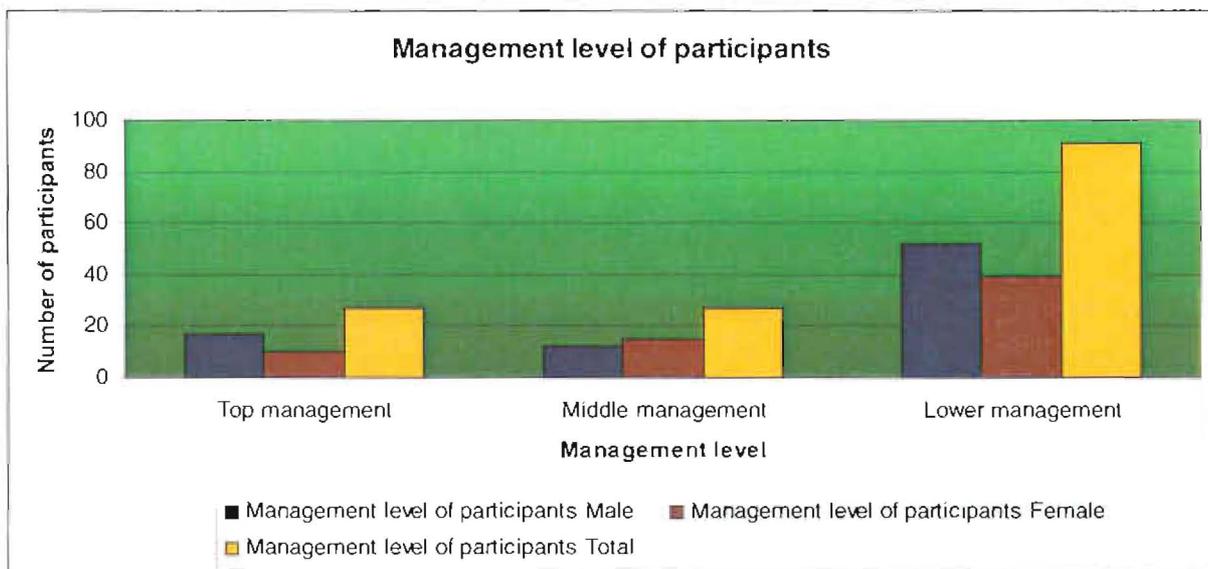
Managers were classified as being top, middle or lower level managers. Again, their different levels of responsibility and exposure to the business, might results in different perspectives, and are reproduced in table 5.4 to follow.

Table 5.4: Management level of respondents completing the questionnaire

Division	Count	%
Top management	27	18.62 %
Middle management	27	18.62 %
Lower management	91	62.76 %
Total	145	100.00 %

When the management level of the participants is combined with their respective genders, the results as reproduced in figure 5.3 below can be observed.

Figure 5.3: Management level and gender of participants



Lower management, with a representation of 91 participants or 63 %, is by far the largest sample in this group. Although the distribution is not fully comparative with the overall distribution for gender, it is fairly representative with no obvious major deviations.

5.3.5 LOCATION OF PARTICIPANTS

The SABC’s head offices are in Auckland Park, Johannesburg. However, they also have several regional offices. As the questionnaire was sent out using email, all managers were included irrespective of their location. As most managers are located in Johannesburg, there were no

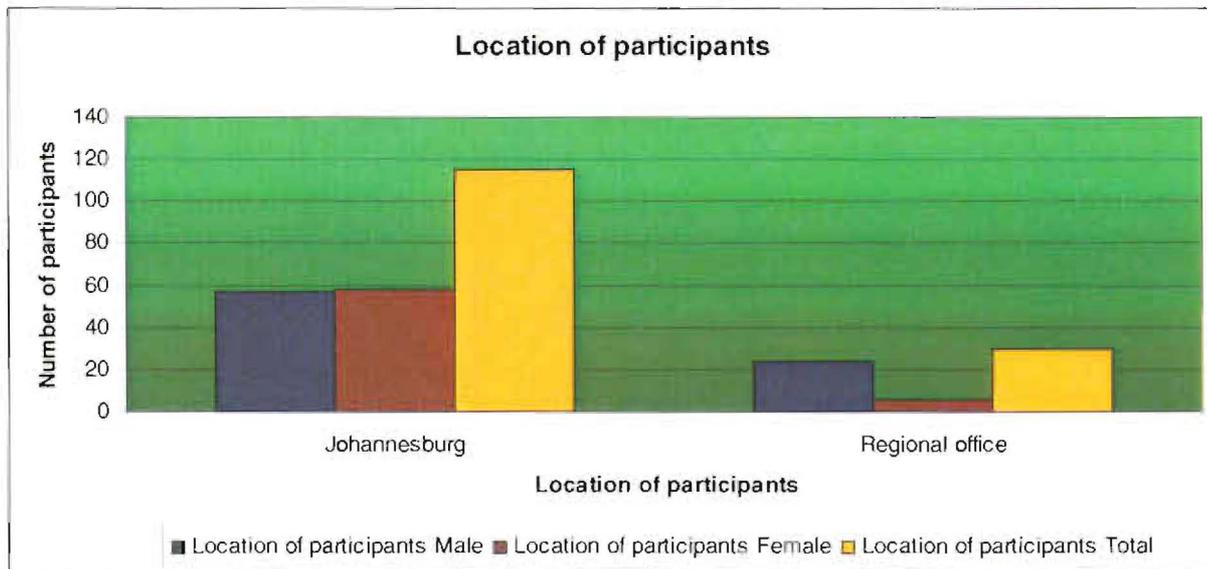
distinction made between the regions, and all the regions were grouped together as a single group. Regional offices tend to be in smaller locations such as Polokwane or Potchefstroom, so these managers might also have a different outlook than Johannesburg based managers. The distribution based on location was as reproduced in table 5.5 below.

Table 5.5: Location of respondents completing the questionnaire

Division	Count	%
Johannesburg	115	79.31 %
Regional office	30	20.69 %
Total	145	100.00 %

When the location of the participants is combined with their gender, it can be graphically presented in figure 5.4 to follow.

Figure 5.4: Location and gender of participants

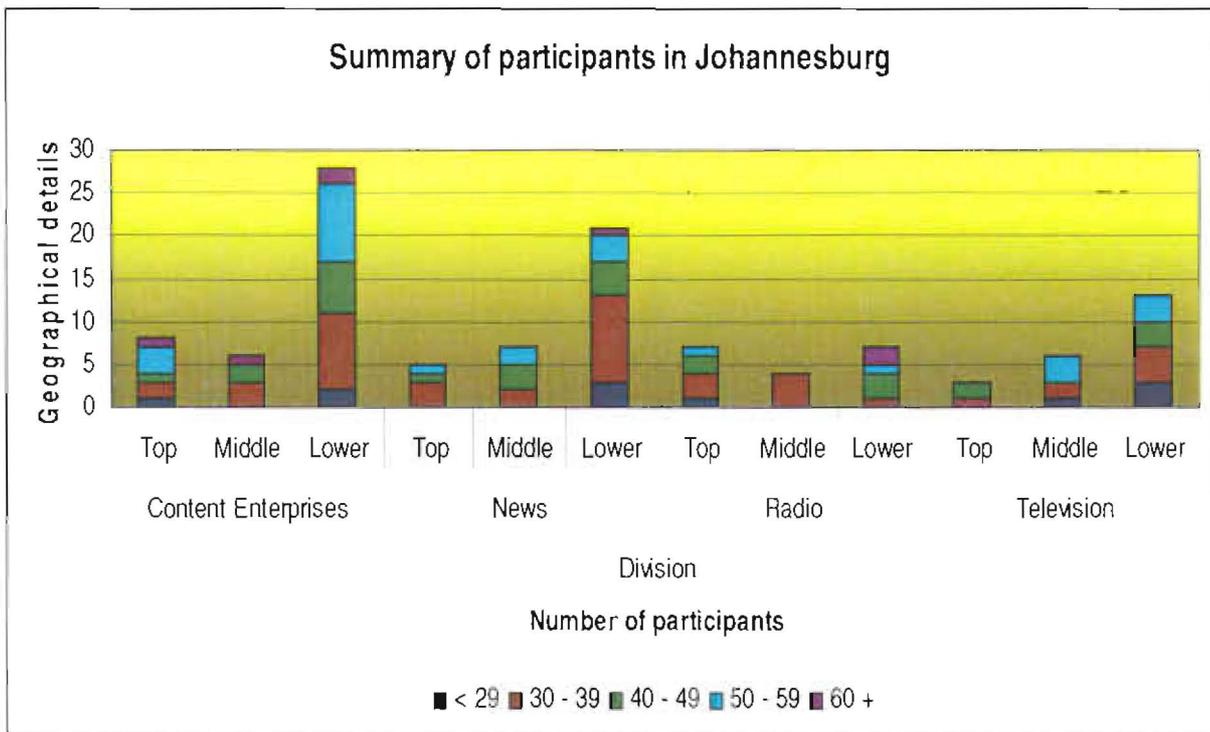


Based on the results obtained, it can be seen that the male-female representation is fairly even in Johannesburg, with 58 female respondents, this was only one more than the 57 male managers who responded. The regional offices are skewed in comparison to the overall gender distribution, as 24 of the 30 managers who completed the survey are male.

5.3.6 SUMMARY OF GEOGRAPHICAL RESULTS

As the gender of participants were indicated throughout in combination with their age, division, managerial level and location, the summary of results will not take the gender into account, but will have two different result graphs – one for the 115 Johannesburg managers, and a second for the 30 managers based in the regional offices.

Figure 5.5: Summary of results for the Johannesburg based managers



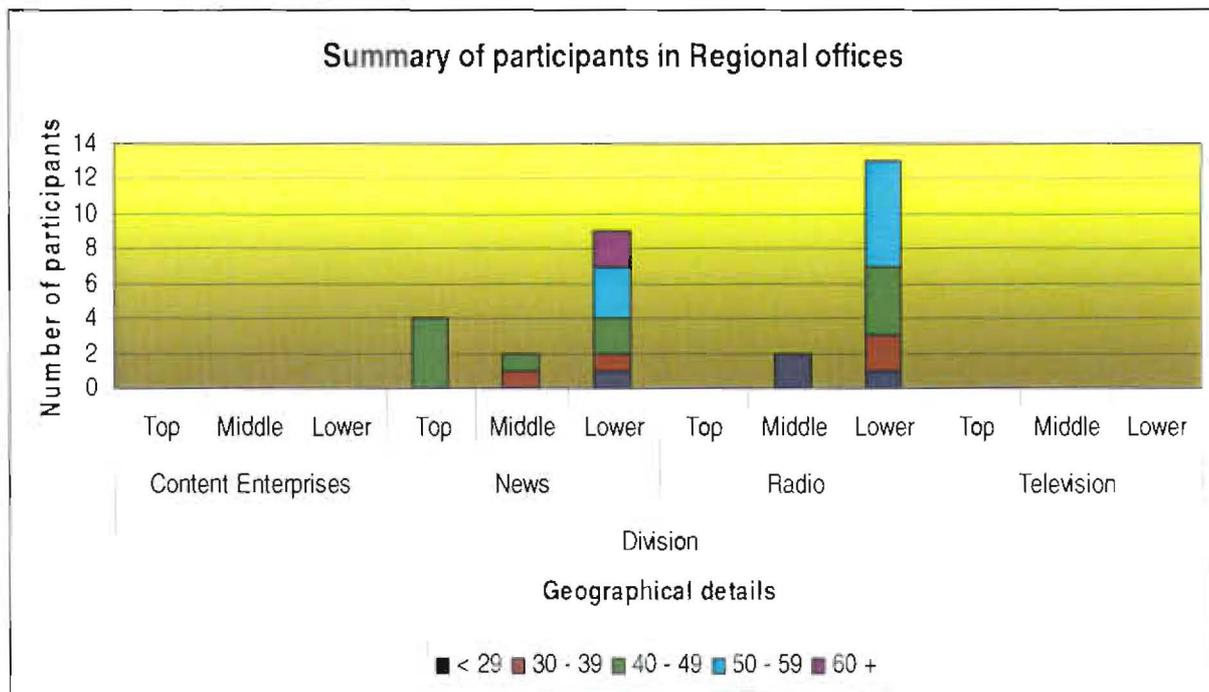
The following results were obtained regarding SABC managers based in Johannesburg:

- In total, 42 managers were from the Content Enterprises division, of which eight were part of top management; six were part of middle management and 28 were part of lower management. The representation by age group for this division, was three managers of 29 and younger, fourteen managers between 30 and 39, nine managers between 40 and 49, twelve managers between 50 and 59 and four managers 60 and older.

- The News division had 33 managers from Johannesburg who participated in the survey, of whom five formed part of top management; seven were part of middle management and 21 were part of the lower management group. The age representation of this group was three aged 29 and younger, fifteen between the ages of 30 and 39, eight between the ages of 40 and 49, six between 50 and 59 and the remaining one manager older than 60. The distribution of these age groups between top-, middle- and lower management are as indicated in figure 5.5.
- The Radio division was represented by a total of eighteen managers, of whom seven were in top management positions, four in middle management positions and the remaining seven in lower management positions. The age distribution were one manager aged 29 or younger, eight managers between the ages of 30 and 39, five managers aged between 40 and 49, two managers between 50 and 59 and the two remaining managers being older than 60.
- The last division, Television, has a representation of 22 managers in Johannesburg, of whom four were 29 and younger, seven were between the ages of 30 and 39, five between 40 and 49 and six between 50 and 59. For the Television division, no managers older than 60 completed the questionnaire.

Similar results but on a smaller scale were obtained for the regional offices, as indicated in figure 5.6.

Figure 5.6: Summary of results for regionally based managers



As the divisions of Content Enterprises and Television are based only in Johannesburg, there were no regional participants who completed questionnaires for these divisions.

There was an equal participation of fifteen each from the News and Radio divisions, and in the News division, four members of top management completed the questionnaire, while two middle managers and nine members of the lower management team also completed the survey. The age representation for News were one manager of 29 or younger, two managers between the ages of 30 and 39, seven managers between 40 and 49, three managers between 50 and 59 and the remaining two managers who completed the survey were older than 60.

For the Radio division, no members of top management completed the questionnaire, while there were also two middle managers who completed the questionnaire as for News, and the remaining 13 managers were part of the lower management team. The age distribution had a representation of three managers in the youngest group of 29 and younger, two managers between the ages of 30 and 39, four managers between 40 and 49, six managers between 50 and 59 and no managers older than 60 completed the questionnaire for the regional Radio offices.

5.4 ENTREPRENEURIAL CHARACTERISTICS

Section A of the questionnaire listed 20 typical entrepreneurial characteristics. It is important to establish whether entrepreneurial managers are employed at the SABC, as the potential success of trying to establish corporate entrepreneurship would to a large degree be dependent on the management team.

In the first part of section A, the manager had to rate his or her entrepreneurial strength or lack thereof, and in the second part his or her superior based on the same criteria. Apart from establishing which types of managers are currently employed at the SABC, this section also sensitised respondents for the climate assessment in section B. Close working relationships attained dominance over relationships as described in the organisational organogram, as it is easier to evaluate a person one works with more often than it is to evaluate the theoretical line manager.

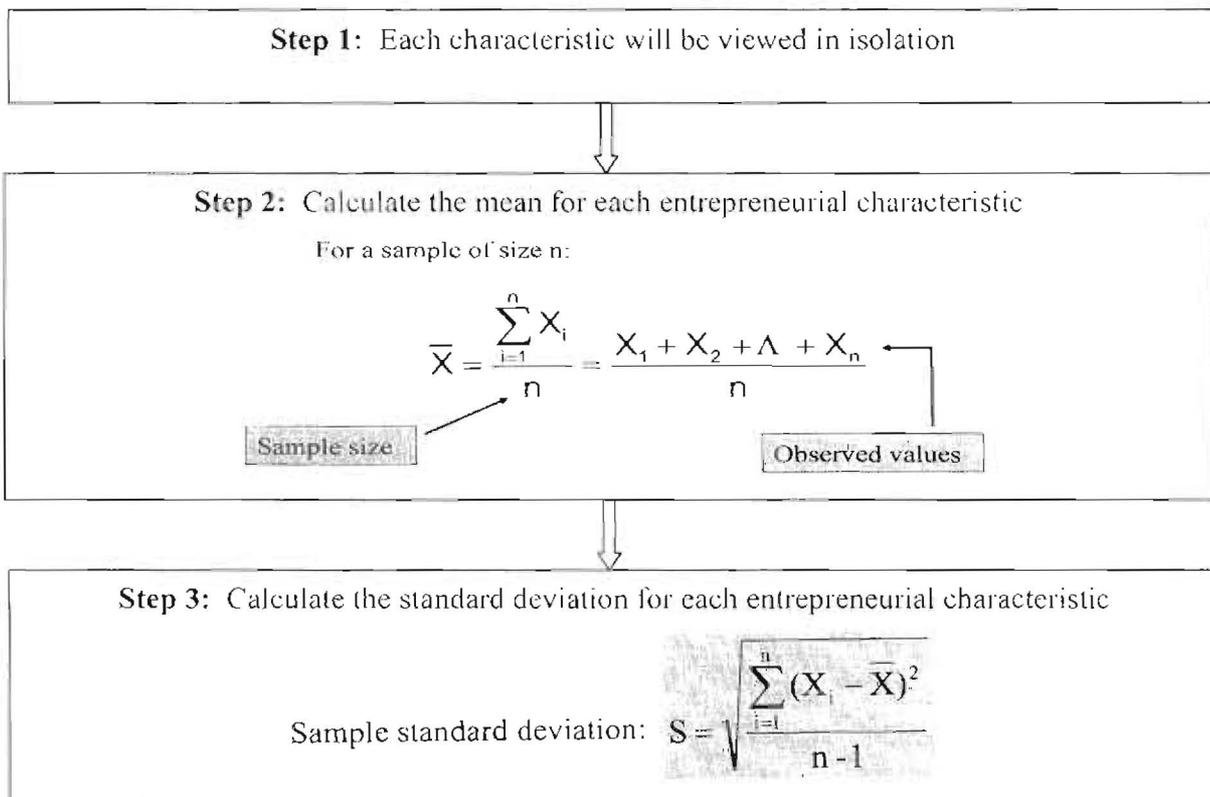
The rest of section 5.4 will firstly discuss the results of the self-assessment, after which the superior-assessment will be examined more closely. The last portion of this section will compare the results of the self-assessment and the superior-assessment, and determine if there are differences based on the means for each characteristic. This will be done with a dependent/paired *t*-test.

5.4.1 SELF-ASSESSMENT

Respondents had to evaluate themselves on a list of 20 entrepreneurial characteristics, using a four-point scale. A number “1” indicated a weak competency, and a number “4” showed that the competency was very strong.

The following procedure will be followed for both the self-assessment and the superior-assessment:

Figure 5.7: Graphical presentation of the process to be followed for the analysis of entrepreneurial characteristics



Source: Interpretation of process to follow (own compilation)

The sample mean is the most common measure of central tendency in which all values play an equal role. The mean therefore serves as a “balance point” in the data and can suggest a typical or central value for the data set (Levine, Stephan, Krehbiel & Berenson, 2008:97).

The standard deviation, which is indicated after the mean, measure the “average” scatter around the mean in other words how the larger values fluctuate above and how the lower values fluctuate below the mean. As the formula involves the sum of the squared differences between individual values and the mean, this will always be a positive value. The larger this value is, the bigger the variance is between the individual results recorded (Levine *et al.*, 2008:106-107).

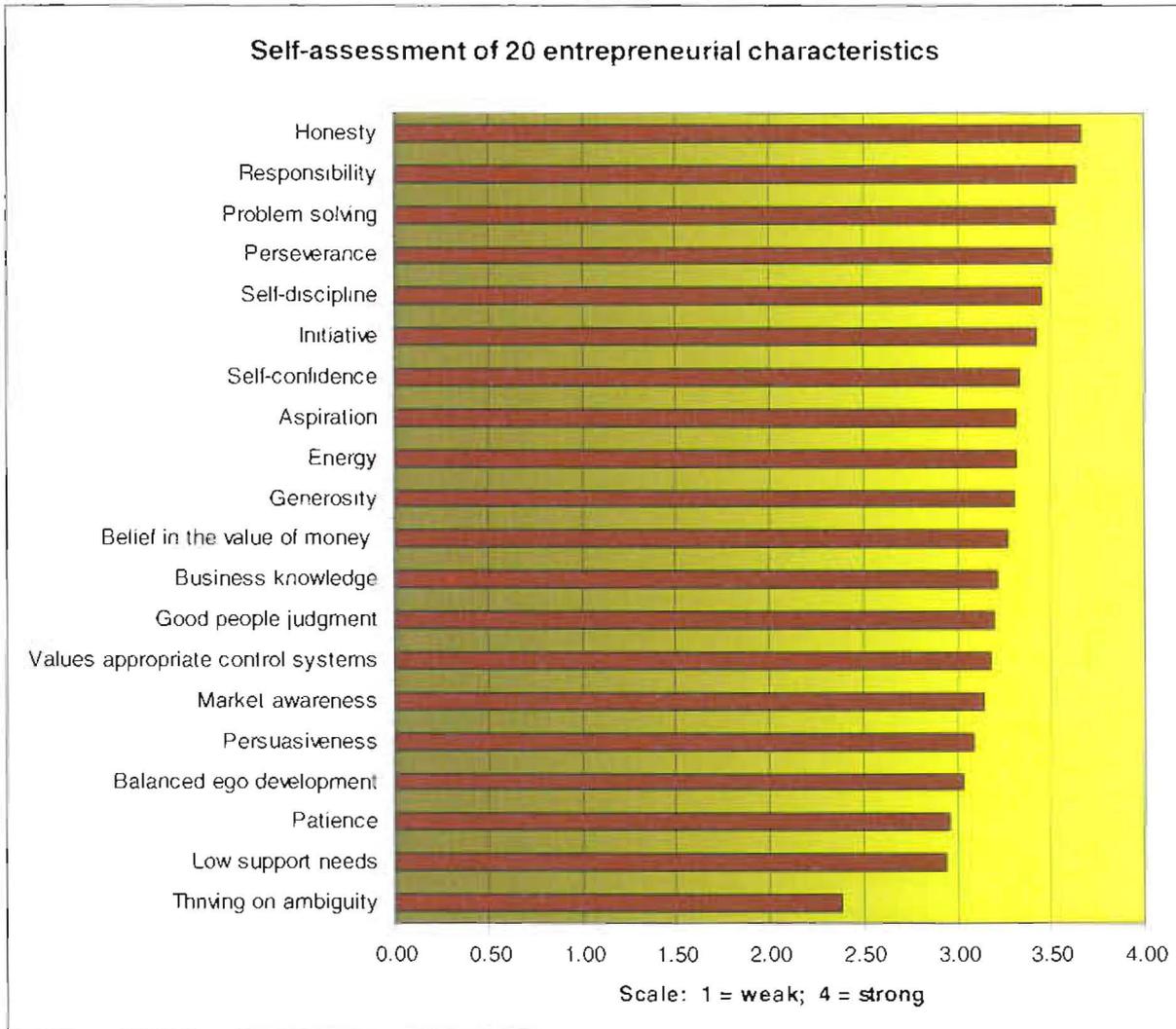
The results of the self-assessment are indicated in table 5.6 below:

Table 5.6: Results of the self-assessment of entrepreneurial characteristics

No	Competency/characteristic	\bar{x}	s
1	Aspiration	3.32	0.65
2	Initiative	3.43	0.56
3	Energy	3.32	0.60
4	Low support needs	2.94	0.70
5	Thriving on ambiguity	2.39	0.82
6	Perseverance	3.50	0.61
7	Responsibility	3.63	0.52
8	Problem solving	3.52	0.53
9	Persuasiveness	3.09	0.63
10	Self-discipline	3.45	0.61
11	Belief in the value of money	3.27	0.67
12	Self-confidence	3.33	0.64
13	Balanced ego development	3.03	0.65
14	Market awareness	3.14	0.67
15	Generosity	3.30	0.66
16	Honesty	3.66	0.52
17	Good people judgment	3.20	0.60
18	Patience	2.96	0.92
19	Business knowledge	3.21	0.65
20	Values appropriate control systems	3.18	0.62

The findings of the self-assessment are depicted in figure 5.8 to follow, and it ranked from highest to lowest based on the mean values.

Figure 5.8: Self-assessment of entrepreneurial characteristics arranged from highest to lowest



In general, managers at the SABC seem to have the ability to behave entrepreneurially, as they perceive themselves to be strong (scores between “3” and “4”) on the majority of the characteristics.

In the top quartile, managers perceive themselves to be honest and responsible. They will persevere and possess self-discipline as well as the ability to solve problems. This same group of managers view their weaker qualities as not always being very persuasive, sometimes having a too big ego or being impatient, needing plenty of guidance and not dealing with change very

well. In the rapidly changing environment of the SABC it is concerning that the ability to thrive on ambiguity received the lowest score by far, with a mean of only 2.39. The second lowest score, being for low support needs, was 2.94.

The five lowest-scoring entrepreneurial characteristics, being persuasiveness, a balanced ego development, patience, low support needs and to thrive on ambiguity, deserve some additional explanation in order to establish their importance in a corporate environment. However, this will be examined more closely in the next chapter.

5.4.2 SUPERIOR-ASSESSMENT

After evaluating themselves, respondents had to evaluate their managers on the same list of 20 entrepreneurial characteristics, using a four-point scale. A number "1" again indicated a weak competency, and a number "4", as for the self-assessment, indicated that the competency was perceived to be very strong.

The same procedure that was used for the self-assessment, being to view each characteristic individually and to then calculate the mean and standard deviation for each, will be followed.

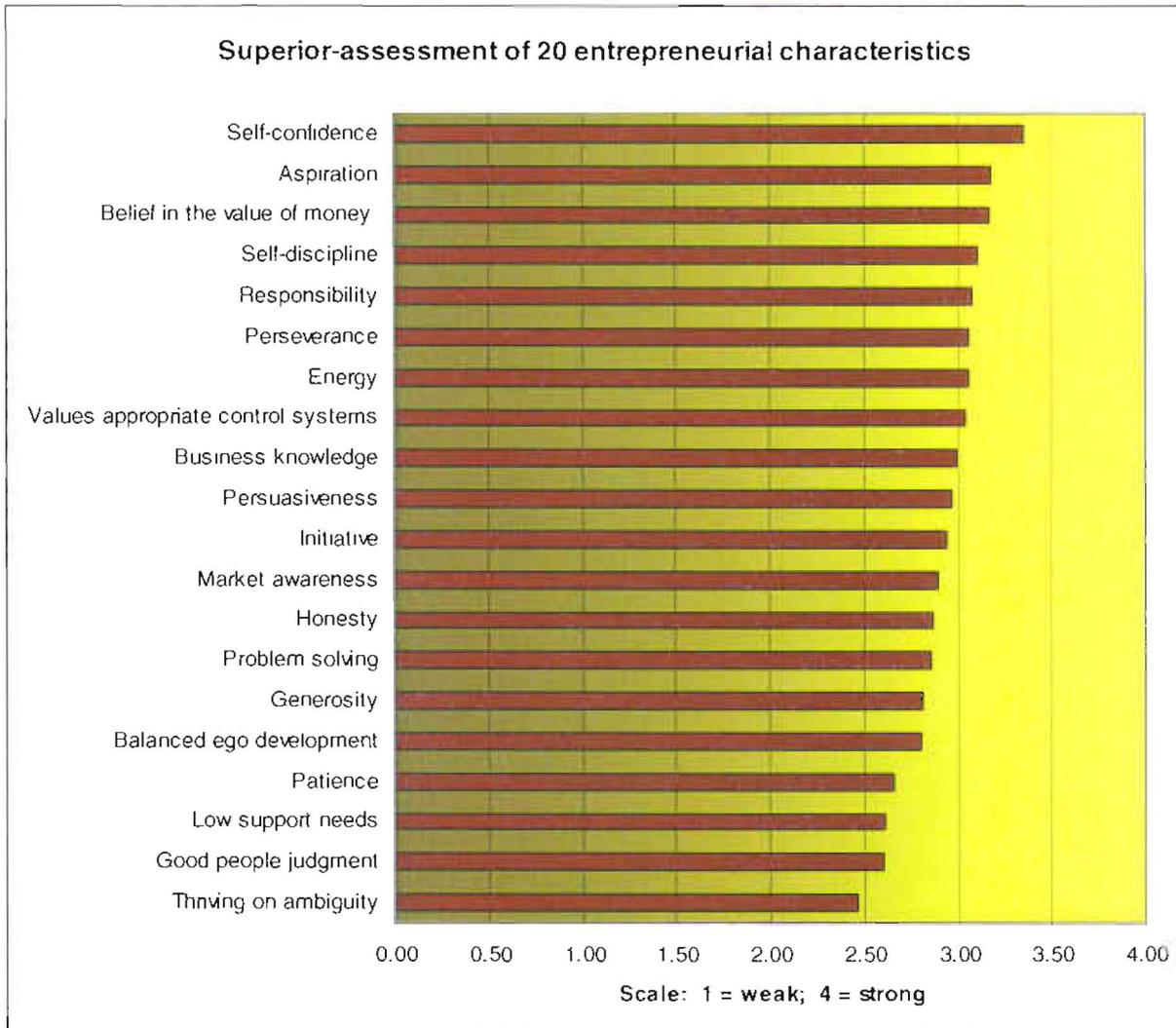
The results of the superior-assessment are indicated in table 5.7 on the next page:

Table 5.7: Results of the superior-assessment of entrepreneurial characteristics

No	Competency/characteristic	\bar{x}	s
1	Aspiration	3.18	0.67
2	Initiative	2.94	0.82
3	Energy	3.06	0.75
4	Low support needs	2.61	0.86
5	Thriving on ambiguity	2.47	0.90
6	Perseverance	3.06	0.87
7	Responsibility	3.08	0.94
8	Problem solving	2.86	0.96
9	Persuasiveness	2.97	0.88
10	Self-discipline	3.10	0.88
11	Belief in the value of money	3.17	0.75
12	Self-confidence	3.35	0.76
13	Balanced ego development	2.81	0.78
14	Market awareness	2.90	0.89
15	Generosity	2.81	0.91
16	Honesty	2.87	0.94
17	Good people judgment	2.61	0.88
18	Patience	2.66	0.91
19	Business knowledge	2.99	0.90
20	Values appropriate control systems	3.04	0.77

The findings of the superior-assessment are depicted in figure 5.9 to follow, where it is ranked from the highest value to the lowest value based according to the mean values obtained.

Figure 5.9: Superior-assessment of entrepreneurial characteristics arranged from highest to lowest



As an initial observation, it seems that superiors are rated weaker than the ratings the managers give to themselves. For the self-assessment, there were only three scores lower than “3”, but for the superior-assessment, this number increases to twelve. Although the smallest score of 2.47 is bigger than the smallest score of 2.39 for the self-assessment, the scores on the higher end of the spectrum are also overall lower than for the self-assessment. On the self-assessment, there were four scores of 3.5 or higher, but no scores for the superior-assessment exceeded 3.5. However, the next section will properly compare the self-assessment and the superior-assessment, and as such no more detail will be analysed at present.

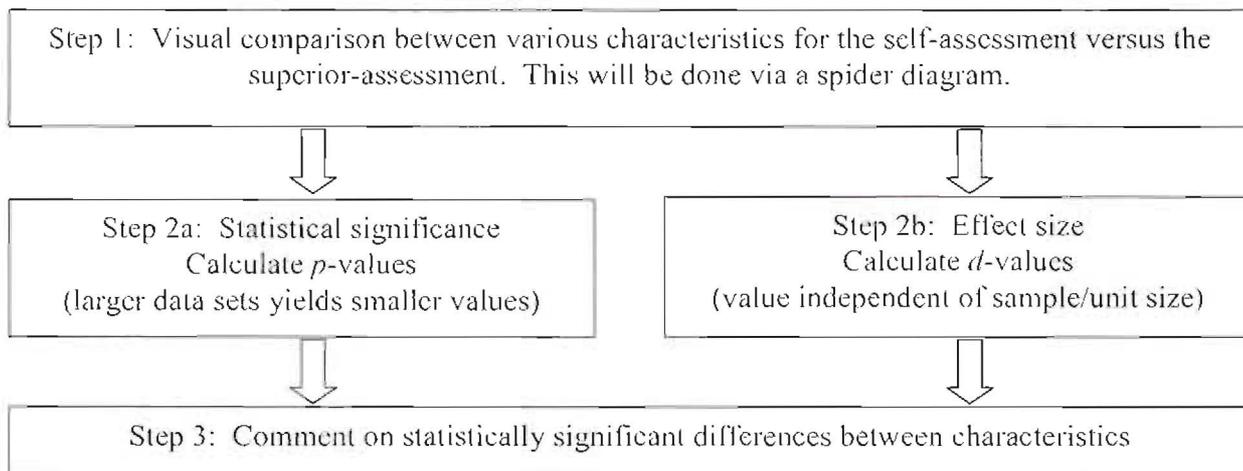
In general, it is uncertain whether managers at the SABC as perceived by their subordinates have the ability to act entrepreneurially, as more than half of the scores (twelve of the 20 or 60 %) were below 3. It is however fair to assume that there was some overlapping between people rating themselves, as well as being rated by their subordinates (as lower, middle and top management were included in the sample). It is therefore possible that there might be a false assessment of one's own capabilities or a mismatch between one's own view and the image being projected.

In the top quartile of characteristics assessed, superiors are perceived to be confident, responsible and self-disciplined individuals who aspire towards greater achievements and believe in the value of money. Although the "bottom 5" weakest characteristics are not necessarily the only reason for concern, the focus will only be on these as scores of 2.81 and above are in a "grey area" and fairly close to the acceptable range of "3." The weakest characteristics as perceived in superiors are remarkably similar than the self-assessment, and superiors are viewed as sometimes having a too big ego or being impatient, needing plenty of guidance and not dealing with change very well. The only "weak" characteristic the superiors don't share with their subordinates, are that they are not always seen as good judges of people. As for the self-assessment, these weak characteristics will be addressed in chapter six.

5.4.3 COMPARISON AND RELATION BETWEEN SELF-ASSESSMENT AND SUPERIOR-ASSESSMENT

The comparison between the self-assessment and the superior-assessment will be done in the manner as described by figure 5.10 below. The p -values and d -values obtained in steps 2a and 2b, are the results of the dependent/paired t -test.

Figure 5.10: Procedure to follow in order to compare the self-assessment and the superior-assessment

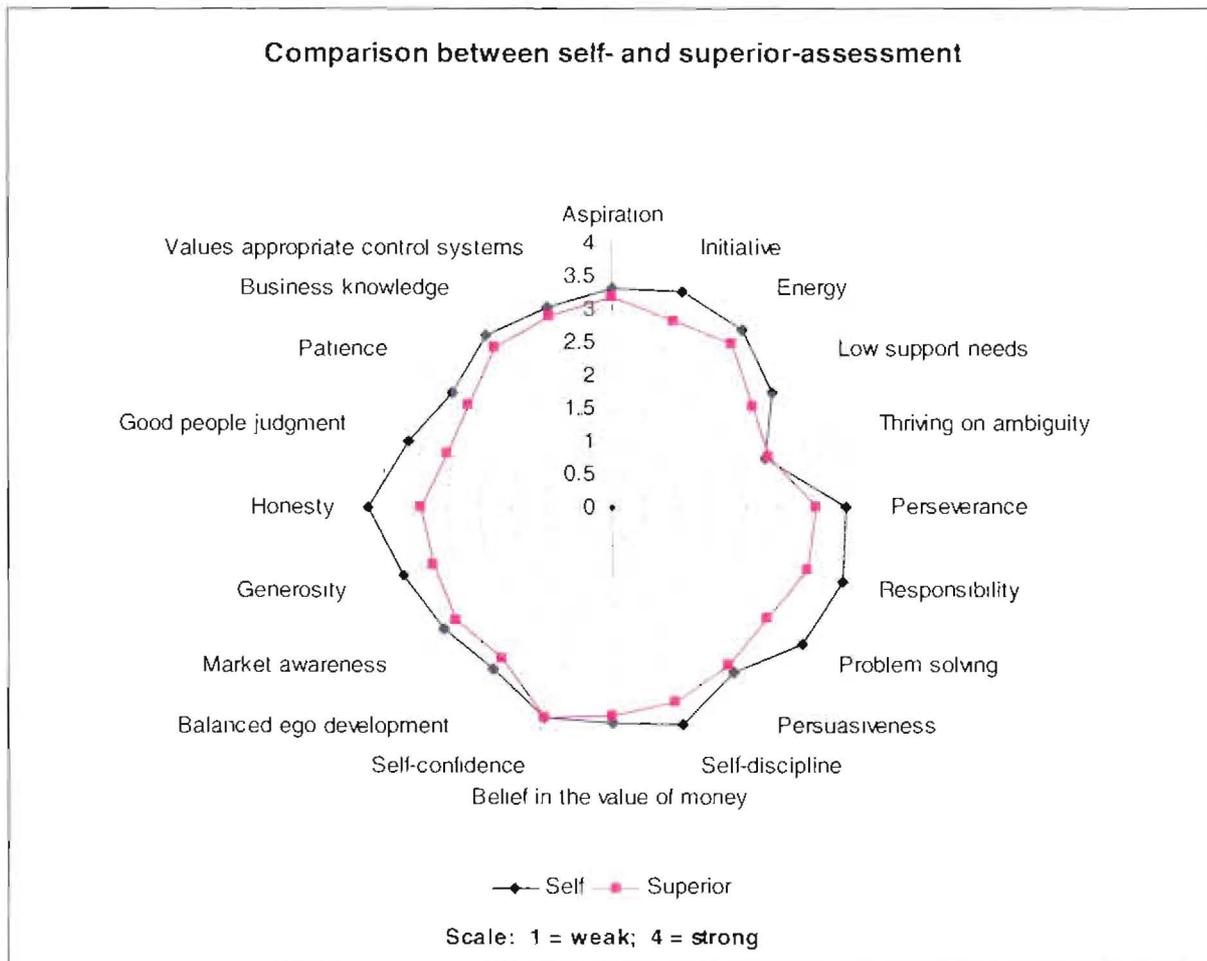


Source: Process to follow (own compilation)

5.4.3.1 Visual comparison between self-assessment and superior-assessment

A comparison of the means for each entrepreneurial characteristic is done by means of a spider diagram and plotted on a radar graph. The values closer to the centre point indicate lower scores, and this comparison yielded the following results:

Figure 5.11: Comparison of self- and superior-assessment



As can be seen from figure 5.11, the managers consistently rate themselves as possessing stronger entrepreneurial traits than their superiors, except where it concerns the ability to thrive on ambiguity where both parties received fairly weak scores. The superiors were rates marginally higher at 2.47, versus the score of 2.39 on the self-assessment. Similarly for self-confidence, the superiors received a marginally higher rating of 3.35 compared with the self-assessment which yielded an average score of 3.33.

The “weak” characteristics of a balanced ego development, patience, low support needs and thriving on ambiguity which were identified for both the self-assessment and the superior-assessment, as well as the fifth characteristic of persuasiveness for the self-assessment, and people judgment for the superior-assessment, will all be discussed in the next chapter and will therefore not be discussed again.

5.4.3.2 Statistical comparison using the p -values (statistical significance) and d -values (effect size)

In order to test for statistical significance, the paired/independent t -test can be used. The results of this test are p -values and d -values.

A small p -value, for example smaller than 0.05, indicates significance (Ellis & Steyn, 2003:51). In practical terms it means that, for example, one could divide the managers taking part in the survey into one group, and their superiors into another group. If initiative is then measured as a personality trait where there is a statistically significant difference between the means of the two groups, a “normal” person spending enough time with these two groups, would be able to tell that the managers demonstrate more initiative than their superiors. However, Ellis and Steyn (2003:51) caution against the drawback of using the p -value, being that larger sample sizes tend to result in smaller p -values without *necessarily* indicating statistical significance.

In order to overcome the effect of the sample size on the p -value, the d -value will also be calculated. The d -value is also known as the effect size, and the value obtained is independent of both the unit size and the sample size. The spread of the data also gets taken into account (Ellis & Steyn, 2003:52). Typically, a d -value of 0.2 would indicate a small effect, 0.5 would indicate a medium or visible effect and 0.8 would indicate a large or practically significant effect (Van der Merwe & Ellis, 2007:32).

The p - and d -values as calculated for each entrepreneurial characteristic are indicated in table 5.8 to follow.

Table 5.8: Statistical comparison of self-assessment and superior-assessment using p - and d -values

Characteristic	Self-assessment		Superior-assessment		Combined	
	\bar{x}	s	\bar{x}	s	p -value	d -value
Aspiration	3.32	0.65	3.18	0.67	0.058522	0.21
Initiative	3.43	0.56	2.94	0.82	0.000000 *	0.60
Energy	3.32	0.60	3.06	0.75	0.000473 *	0.35
Low support needs	2.94	0.70	2.61	0.86	0.000025 *	0.38
Thriving on ambiguity	2.39	0.82	2.47	0.90	0.266662	0.09
Perseverance	3.50	0.61	3.06	0.87	0.000001 *	0.51
Responsibility	3.63	0.52	3.08	0.94	0.000000 *	0.59
Problem solving	3.52	0.53	2.86	0.96	0.000000 *	0.69
Persuasiveness	3.09	0.63	2.97	0.88	0.123109	0.14
Self-discipline	3.45	0.61	3.10	0.88	0.000065 *	0.40
Belief in value of money	3.27	0.67	3.17	0.75	0.158946	0.14
Self-confidence	3.33	0.64	3.35	0.76	0.778870	0.03
Balanced ego development	3.03	0.65	2.81	0.78	0.002640 *	0.28
Market awareness	3.14	0.67	2.90	0.89	0.003188 *	0.27
Generosity	3.30	0.66	2.81	0.91	0.000001 *	0.54
Honesty	3.66	0.52	2.87	0.94	0.000000 *	0.84
Good people judgment	3.20	0.60	2.61	0.88	0.000000 *	0.67
Patience	2.96	0.92	2.66	0.91	0.005190 *	0.33
Business knowledge	3.21	0.65	2.99	0.90	0.015342 *	0.24
Values appropriate control systems	3.18	0.62	3.04	0.77	0.074695	0.18

* $p < 0.05$

Fourteen of the 20 characteristics have a statistically significant difference between the means as indicated by the asterisk (*) next to the p -values. However, as already pointed out, the sample size is 145, and larger sample sizes tend to lead to smaller p -values without necessarily indicated statistical significance. Therefore, the d -values (effect sizes) were used in combination with the p -values, and based on this, there is only one statistically significant difference between the means, as indicated in red for the characteristic of honesty.

This would mean that, given the questionnaires were completed without bias, an outsider observing the two groups, would be able to perceive that the managers, who rated themselves at a

mean of 3.66, are much more honest than their superiors, who only measured a rather weak score of 2.87 on honesty. This is a reason for concern if employees at management level do not regard their superiors to be honest.

There were six characteristics where the *d*-values were above 0.5, indicating a medium or visible effect as far as the differences in strength for these characteristics are concerning the two groups of people. These characteristics where the managers consider themselves to be stronger than their superiors are initiative, perseverance, responsibility, problem solving, generosity and good people judgment as indicated in orange.

When taking *d*-values into account, the one significant effect with a *d*-value greater than 0.8, is honesty. This corresponds with the results as obtained for the *p*-values, and is indicated in red.

5.5 RELIABILITY OF THE QUESTIONNAIRE USING THE CRONBACH ALPHA COEFFICIENT

Section B of the questionnaire tested the 13 constructs identified for an entrepreneurial climate, by means of five statements relating to each construct. The participants had to indicate their agreement or lack thereof with all 65 statements (13 constructs x 5 statements for each = 65 statements). A score of "1" indicated a very weak agreement with the statement, and a score of "4" indicated a very strong agreement with the particular statement.

Before the results of the constructs can be examined, it is important to ensure that the statements selected do indeed test the constructs as intended, and that the five different statements relate to each other – this can be done by using a Cronbach Alpha Coefficient.

Cortina (1993:98) stated that the Cronbach Alpha Coefficient measures reliability – meaning the extent to which measurements are repeatable in the same or a different environment. Although there are different measures of reliability, the Cronbach Alpha is appropriate when different items are used to test the same variable (such as five items/statements for each of the 13 constructs) and

the internal consistency needs to be measured (Cortina, 1993:98). The internal consistency refers to the degree of interrelatedness among the items (Cortina, 1993:98).

The results of the reliability testing using the Cronbach Alpha is reproduced in table 5.9 below.

Table 5.9: Entrepreneurial climate survey results

No.	Construct	\bar{x}	s	Cronbach's Alpha
1	Entrepreneurial leadership	1.96	0.73	0.825161
2	Management support	1.96	0.58	0.706150
3	Sponsors (champions)	2.06	0.65	0.713689
4	Tolerance for risks, mistakes and failure	2.24	0.59	0.603123
5	Innovation and creativity/New ideas encouraged	2.18	0.70	0.803997
6	Appropriate rewards and reinforcement	1.75	0.64	0.806561
7	Vision and strategic intent	2.54	0.73	0.797815
8	Discretionary time and work	2.24	0.65	0.746070
9	Empowered teams/Multi-disciplined teamwork and diversity	2.00	0.57	0.704079
10	Resource availability and accessibility	1.81	0.53	0.691028
11	Continuous- and cross-functional learning	2.27	0.59	0.671249
12	Strong customer orientation	2.37	0.79	0.859575
13	Flat organisational structure	1.93	0.59	0.637265
	Total	2.10	0.51	N/A

Normally, one would expect the Cronbach Alpha to be 0.7 or greater in order to indicate reliability of the questionnaire. Four constructs indicated in red and reproduced below have scores of less than 0.7:

- A tolerance for risk, mistakes and failure – 0.603123;
- Resource availability and accessibility – 0.691028;
- Continuous- and cross-functional learning – 0.671249; and
- A flat organisational structure – 0.637265.

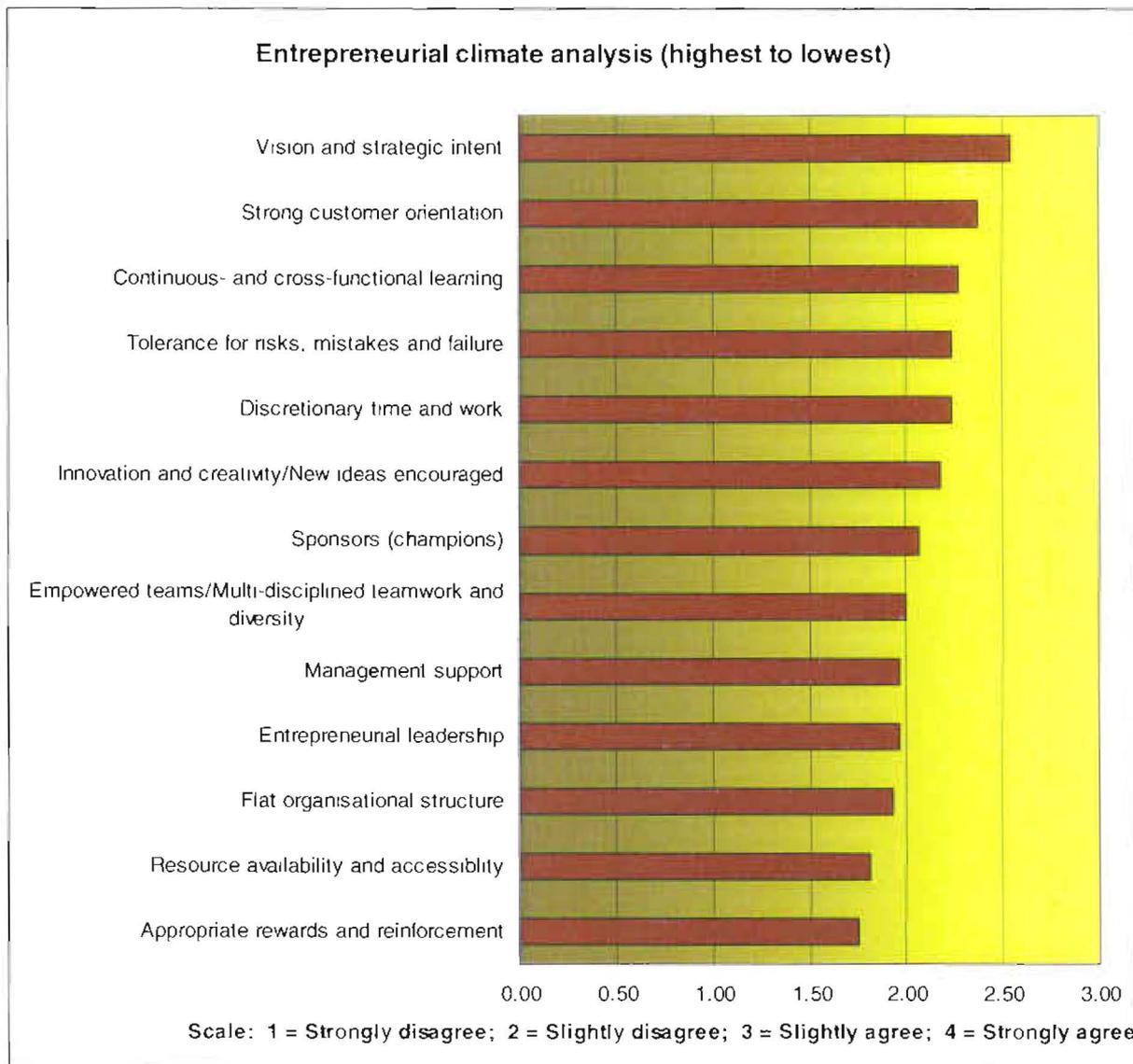
Field (2008:668) states that there are different measurement criteria for the Cronbach Alpha Coefficient, and if an attitude is measured rather than an ability, as is the case for the 13 constructs identified, then measures lower than 0.7 is also acceptable. All four of the constructs with values below 0.7 are also above 0.6. Based on these criteria, all 13 constructs can therefore be regarded as reliable.

5.6 ASSESSMENT OF THE ENTREPRENEURIAL CLIMATE

Now that the reliability of the statements relating to the 13 constructs has been established, the results can subsequently be examined more closely. As the means and standard deviations for each construct has already been reproduced in table 5.9 on the previous page, this will not be repeated but immediately visually presented in figure 5.12 on the next page, where the constructs will be arranged from the highest mean score obtained to the lowest.

Overall, the assessment of the SABC's current entrepreneurial climate is fairly weak, with the strongest construct, the SABC's vision and strategic intent, only having a mean score of 2.54. This is between 2 (slightly disagree) and 3 (slightly agree) and is not very positive given that this was the largest score. The construct with the weakest score, the use of appropriate rewards and reinforcement, only measured a mean score of 1.75, with 1 being "strongly disagree" and a score of 2 representing "slightly disagree."

Figure 5.12: Entrepreneurial climate analysis



It would seem that the constructs for an entrepreneurial climate has a fairly weak presence at the SABC, and that there seems to be plenty of room for improvement.

The constructs, *Appropriate rewards and reinforcement* ($\bar{x} = 1.75$), *Resource availability and accessibility* ($\bar{x} = 1.81$), *A flat organisational structure* ($\bar{x} = 1.93$), *Entrepreneurial leadership* ($\bar{x} = 1.96$) and *Management support* ($\bar{x} = 1.96$) have the lowest average scores. These five constructs all have mean scores of less than 2.00, indicating a slight to strong disagreement with

the relevant items. The next five constructs, being *Empowered teams/ multi disciplined teamwork and diversity* ($\bar{x} = 2.00$), *Sponsors/champions for projects* ($\bar{x} = 2.06$), *Innovation and creativity and the encouragement of new ideas* ($\bar{x} = 2.18$), *The availability of discretionary time* ($\bar{x} = 2.24$) and *Tolerance for risks mistakes and failure* ($\bar{x} = 2.24$) obtained higher but still weak scores that indicates a slight disagreement with the various items. The “top three” constructs, *Continuous and cross-functional learning* ($\bar{x} = 2.27$), *A strong customer orientation* ($\bar{x} = 2.37$), and *Entrepreneurial vision and strategic intent* ($\bar{x} = 2.54$) still obtained fairly weak scores and indicates that the current climate is not very entrepreneurial. The standard deviation across all thirteen constructs is moderate, ranging from 0.53 to 0.79.

Figure 5.12 only provided an overview of the 13 constructs without regard for the different geographical groupings presented within the SABC (being the participants’ gender, age, division they work for, managerial level and location). The next section will analyse the 13 constructs in more detail, to determine whether there is a sub-group of people or maybe a certain division where an entrepreneurial climate, as measured by the 13 constructs, is more prevalent.

Conclusions relating to each individual construct are done in the next chapter.

5.7 RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND ENTREPRENEURIAL CONSTRUCTS

The relationships between the demographical variables and the 13 constructs were examined by independent *t*-tests and effect sizes. For the purposes of this analysis, any statistical significant difference in relation to the *p*-values ($p = 0.05$) will be mentioned, and this will be double-checked in relation to the *d*-values. The effect sizes/*d*-values will be interpreted according to Cohen’s guidelines, as follows: Small effect ($d = 0.2$), medium effect ($d = 0.5$), and large effect ($d = 0.8$). Results with medium effects can be regarded as visible effects and with $d = 0.8$ as practically significant, since it is the result of having a large effect (Field, 2005:32; Ellis & Steyn, 2005:51-53).

Each construct will be discussed in detail in chapter six, and therefore significant results will be mentioned but not discussed in detail, in order to avoid duplication.

The demographic data will be analysed according to the following analysis:

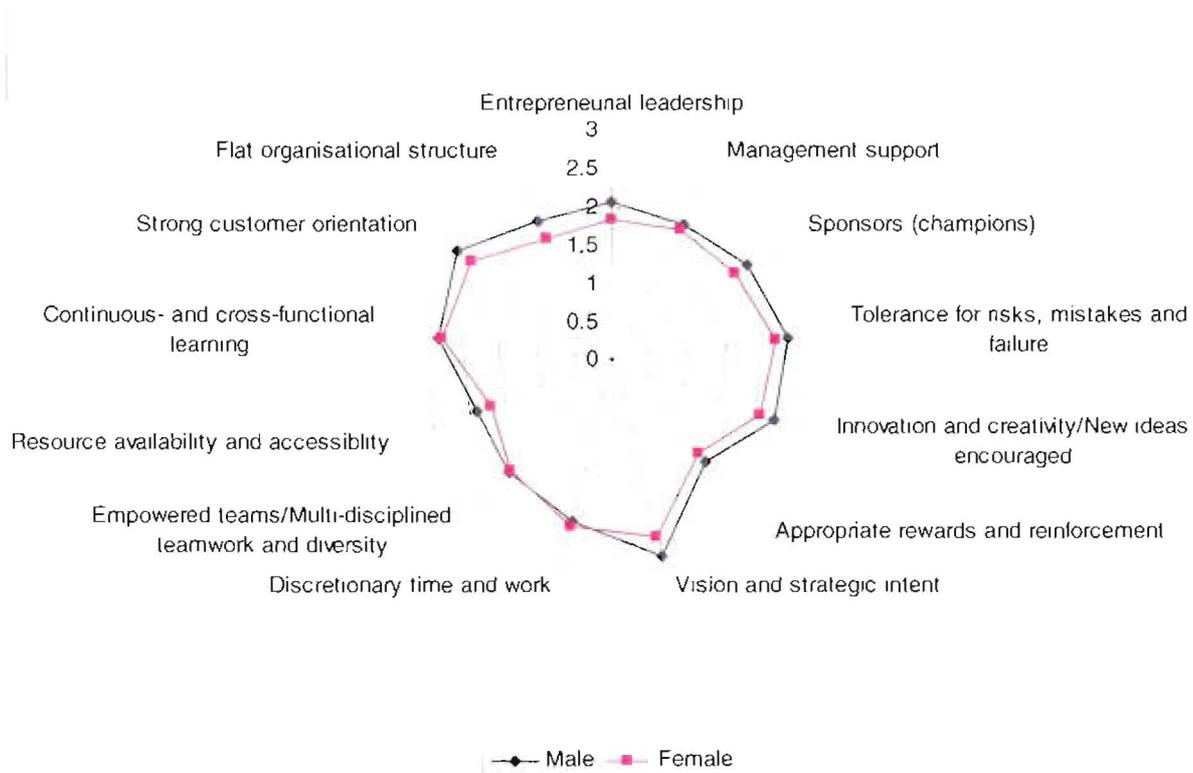
- Gender: Male and female;
- Age: Younger than 40, and 40 and older;
- Managerial level: Lower management and middle and top management; and
- Location: Johannesburg and regions.

5.7.1 RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE GENDER OF RESPONDENTS

When comparing the gender of respondents to the results obtained regarding the 13 entrepreneurial constructs, the results can be presented as in figure 5.13 to follow.

Figure 5.13: Comparison between male and female respondents regarding the entrepreneurial constructs

Comparison of male and female views for entrepreneurial constructs



Visually, it seems that male respondents have a marginally more positive view of the SABC’s entrepreneurial climate, with a bigger value representing a more positive attitude. Differences can be observed regarding sponsors for projects, vision and strategic intent and a strong customer orientation, although it is difficult to judge whether these differences are statistically significant or not. In order to determine the statistical significance, *p*-values and *d*-values will be calculated by using a *t*-test. The results are reproduced in table 5.10 to follow.

Table 5.10: Differences in means and standard deviations for male and female respondents in relation to the 13 constructs of an entrepreneurial climate

Construct	Male			Female			Comparison	
	n	\bar{x}	s	n	\bar{x}	s	p	d
1. Leadership	81	2.062	0.748	64	1.831	0.680	0.057	0.309
2. Support	81	1.993	0.607	64	1.922	0.545	0.467	0.117
3. Sponsor	81	2.143	0.685	64	1.966	0.588	0.101	0.258
4. Risk tolerance	81	2.311	0.611	64	2.147	0.588	0.097	0.268
5. New ideas	81	2.272	0.707	64	2.063	0.675	0.073	0.296
6. Rewards	81	1.812	0.705	64	1.669	0.544	0.181	0.203
7. Vision	81	2.652	0.751	64	2.394	0.682	0.034	0.344
8. Discretionary time	81	2.207	0.707	64	2.275	0.575	0.537	0.096
9. Teams	81	2.020	0.578	64	1.972	0.561	0.617	0.083
10. Resources	81	1.894	0.554	64	1.703	0.473	0.030	0.345
11. Cont. learning	81	2.296	0.592	64	2.244	0.582	0.594	0.088
12. Customer service	81	2.472	0.788	64	2.241	0.777	0.080	0.293
13. Flat structure	81	2.047	0.606	64	1.775	0.533	0.005	0.449
Total		2.168	0.543		2.015	0.454	0.074	0.281

The p -values smaller than 0.05 as marked in **red**, indicate that the men are statistically significantly more positive than the woman regarding the entrepreneurial vision of the SABC, the resources being made available and the lack of inappropriate control structures which lengthens and complicates processes.

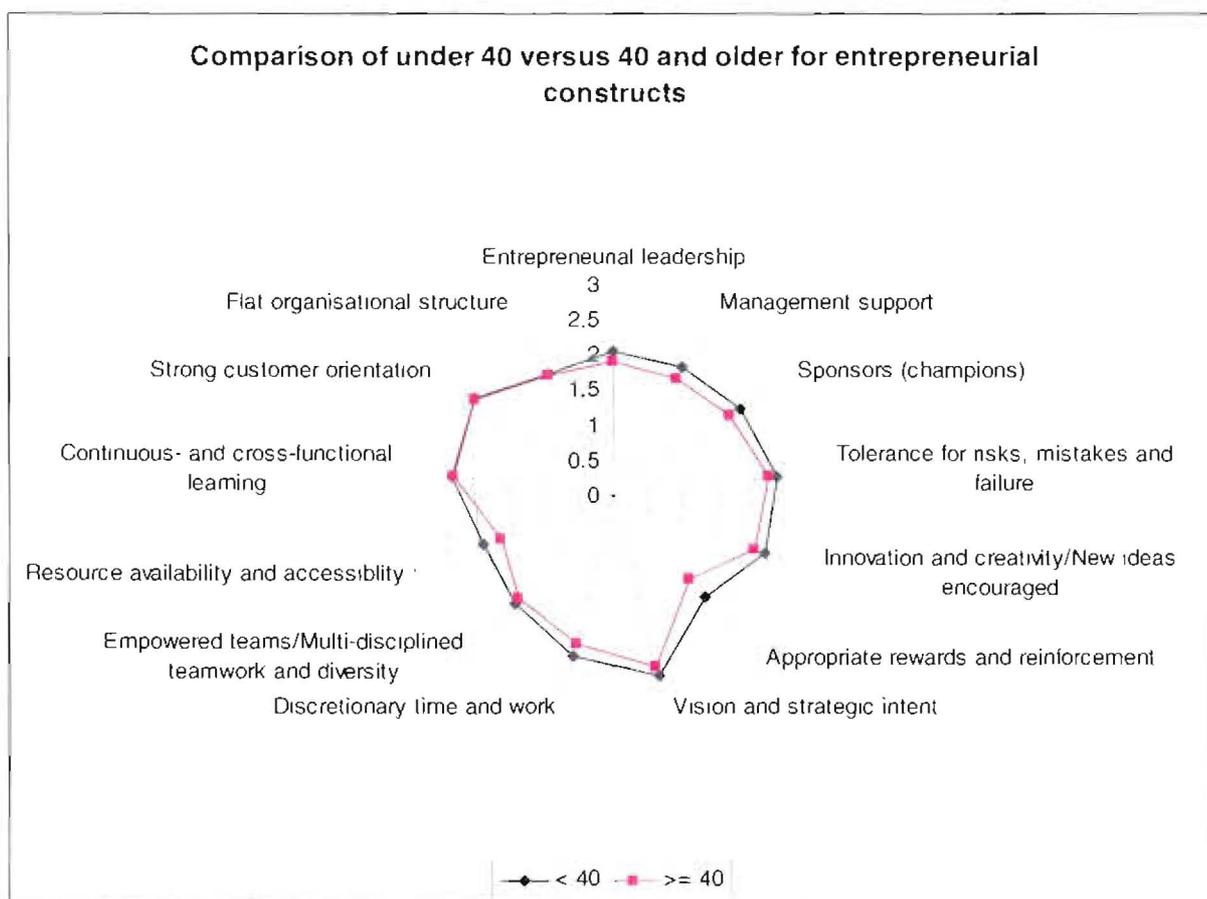
When taking the d -values into account, which means that the sample size does not distort the results, it can be seen that the construct regarding a flat organisational structure, is the only visible statistical difference.

5.7.2 RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE AGE OF RESPONDENTS

When taking the age of respondents into account, they are divided in two groups, being younger than 40, and 40 and older.

A visual comparison will first be done by means of a spider diagram.

Figure 5.14: Comparison between under 40 versus 40 and older for entrepreneurial constructs



The younger managers seem to be marginally more positive than the older managers, but visually it seems that only the use of appropriate rewards and reinforcement might be statistically significant, as well as the availability and accessibility of resources. This will be analysed in

table 5.11 below.

Table 5.11: Differences in means and standard deviations for respondents per age group (under 40 and 40 and over) in relation to the 13 constructs of an entrepreneurial climate

Construct	< 40			≥ 40			Comparison	
	n	\bar{x}	s	n	\bar{x}	s	p	d
1. Leadership	63	2.051	0.756	82	1.890	0.698	0.188	0.213
2. Support	63	2.067	0.616	82	1.880	0.540	0.055	0.304
3. Sponsor	63	2.168	0.622	82	1.985	0.660	0.092	0.277
4. Risk tolerance	63	2.311	0.591	82	2.183	0.590	0.197	0.217
5. New ideas	63	2.254	0.719	82	2.122	0.682	0.261	0.184
6. Rewards	63	1.930	0.645	82	1.610	0.605	0.003	0.496
7. Vision	63	2.603	0.737	82	2.488	0.725	0.347	0.156
8. Discretionary time	63	2.324	0.548	82	2.171	0.659	0.161	0.232
9. Teams	63	2.032	0.573	82	1.973	0.569	0.541	0.103
10. Resources	63	1.943	0.473	82	1.707	0.545	0.007	0.433
11. Cont. learning	63	2.292	0.567	82	2.259	0.603	0.734	0.055
12. Customer service	63	2.378	0.734	82	2.363	0.833	0.914	0.018
13. Flat structure	63	1.946	0.595	82	1.912	0.587	0.733	0.057
Total		2.177	0.507		2.042	0.507	0.114	0.266

In confirming the visual results, managers younger than 40 are slightly less negative about the appropriate use of rewards and reinforcement than their older counterparts. This variance is statistically significant.

The availability and accessibility of resources are also negatively perceived by both groups, but statistically significantly less negative by the group younger than 40.

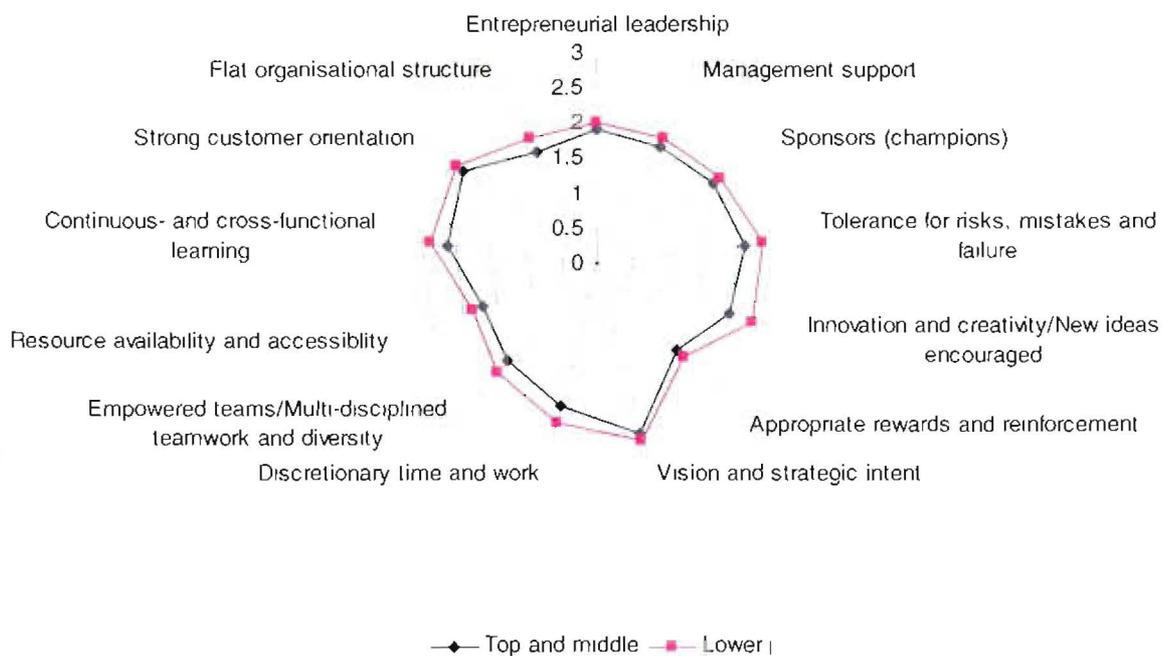
The two significant/visible differences identified, are confirmed by both the *p*-values and the *d*-values.

5.7.3 RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE MANAGERIAL LEVEL OF RESPONDENTS

Top and middle management will be grouped as a single group, and will be compared with lower management.

Figure 5.15: Comparison between top and middle managers versus lower level managers for entrepreneurial constructs

Comparison of top and middle managers versus lower level manager for entrepreneurial constructs



For every single construct, lower level manager seem more positive/less negative than their more senior counterparts. Visually, there seem to be a couple of significant differences, being with regards to the tolerance for risks, mistakes and failure, the extent to which new ideas are encouraged, the availability of discretionary time during work hours, the use of multi-disciplined teams, and the presence of continuous learning. It is difficult to determine purely visually

whether there is a significant difference in the perception of resource availability, as well as towards the organisational structure. This will be examined in table 5.12 below.

Table 5.12: Differences in means and standard deviations for top and middle managers versus lower level managers in relation to the 13 constructs of an entrepreneurial climate

Construct	Top and middle			Lower level			Comparison	
	n	\bar{x}	s	n	\bar{x}	s	p	d
1. Leadership	54	1.889	0.644	91	2.002	0.770	0.365	0.147
2. Support	54	1.881	0.543	91	2.008	0.598	0.202	0.212
3. Sponsor	54	1.967	0.693	91	2.123	0.617	0.161	0.225
4. Risk tolerance	54	2.089	0.519	91	2.327	0.616	0.018	0.386
5. New ideas	54	1.956	0.588	91	2.312	0.728	0.003	0.489
6. Rewards	54	1.659	0.590	91	1.802	0.666	0.195	0.215
7. Vision	54	2.478	0.659	91	2.574	0.771	0.447	0.125
8. Discretionary time	54	2.089	0.671	91	2.325	0.626	0.034	0.352
9. Teams	54	1.859	0.591	91	2.081	0.542	0.023	0.376
10. Resources	54	1.719	0.500	91	1.864	0.537	0.109	0.270
11. Cont. learning	54	2.126	0.551	91	2.360	0.591	0.019	0.396
12. Customer service	54	2.293	0.737	91	2.415	0.819	0.367	0.149
13. Flat structure	54	1.789	0.495	91	2.009	0.626	0.029	0.351
Total		1.984	0.477		2.170	0.518	0.034	0.359

Based on p -values, there seems to be six statistically significant differences, all indicated in red and being:

- The extent to which risks are tolerated;
- The extent to which new ideas are encouraged;
- The availability of discretionary time during work hours;
- The use of multi-disciplined teams on projects;
- The presence of continuous learning;
- An organisational structure where there are not too many layers.

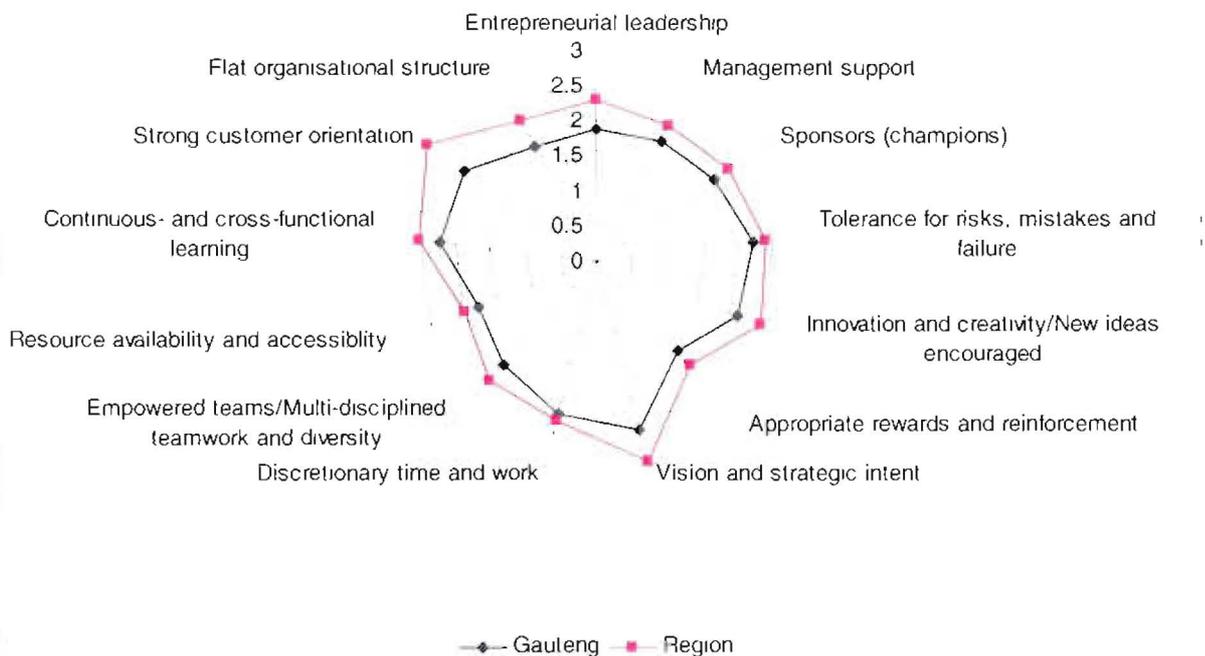
However, the sample size is probably distorting the p -values, and although most values have at least a statistically small difference, the encouragement of new ideas seems to be the only construct where the lower level managers are visibly more positive than the more senior managers.

5.7.4 RELATIONSHIP BETWEEN ENTREPRENEURIAL CONSTRUCTS AND THE LOCATION OF RESPONDENTS

When comparing the Johannesburg managers with their regional counterparts, the results can be presented in figure 5.16 below.

Figure 5.16: Comparison between Gauteng managers versus regionally based managers for entrepreneurial constructs

Comparison of Gauteng managers versus Regionally-based managers for entrepreneurial constructs



Regionally based managers seem to be significantly more positive than their Gauteng-counterparts. Visually, basically every construct seems to be a significant difference, but this will be statistically analysed in table 5.14 on the next page.

Table 5.13: Differences in means and standard deviations for Gauteng based and regionally based managers in relation to the 13 constructs of an entrepreneurial climate

Construct	Gauteng			Region			Comparison	
	n	\bar{x}	s	n	\bar{x}	s	p	d
1. Leadership	115	1.877	0.717	30	2.280	0.676	0.006	0.562
2. Support	115	1.911	0.580	30	2.153	0.545	0.041	0.417
3. Sponsor	115	2.014	0.649	30	2.260	0.617	0.064	0.379
4. Risk tolerance	115	2.203	0.601	30	2.373	0.543	0.162	0.283
5. New ideas	115	2.106	0.687	30	2.460	0.683	0.013	0.515
6. Rewards	115	1.697	0.603	30	1.947	0.748	0.057	0.334
7. Vision	115	2.442	0.697	30	2.907	0.748	0.002	0.622
8. Discretionary time	115	2.221	0.643	30	2.300	0.688	0.555	0.115
9. Teams	115	1.939	0.553	30	2.226	0.584	0.013	0.491
10. Resources	115	1.769	0.501	30	1.967	0.599	0.067	0.331
11. Cont. learning	115	2.209	0.576	30	2.520	0.565	0.009	0.540
12. Customer service	115	2.240	0.761	30	2.867	0.699	0.000	0.824
13. Flat structure	115	1.837	0.569	30	2.273	0.542	0.000	0.766
Total		2.036	0.497		2.349	0.487	0.002	0.630

As the spider diagram alluded to, most of the differences are statistically significant based on the *p*-values and indicated in red. When the *d*-values are taken into account, these differences are still visible, with the constructs relating to customer service and the organisational structure each having a large effect. Overall, there is also a visible difference in the perceptions, with regionally based managers being statistically significantly less negative than the Johannesburg managers.

The identified constructs with statistically visible differences are:

- Visionary/entrepreneurial leadership;
- The availability of the necessary support;
- The encouragement of new ideas;

- The presence of an entrepreneurial vision;
- The effective use of multi-disciplinary teams; and
- The presence of continuous learning.

The two constructs where the identified differences in perceptions are significant, are:

- The focus on customer service; and
- The appropriate organisational structure to facilitate communication.

5.8 SUMMARY

An existing questionnaire as developed by Oosthuizen (2006: 337-341) was used, and this first measured 20 identified entrepreneurial characteristics for the respondents and his/her superior, after which 13 constructs relating to an entrepreneurial climate were measured. Although biographical information was requested in the original questionnaire, this was included in the name list obtained from Human Resources, and therefore not reproduced.

The analysis started with the demographic information, which were sub-divided in the following sections:

- Gender of participants (male or female);
- Age of participants (< 29, 30 – 39, 40 – 49, 50 – 59 and 60 and older);
- Division that the participant work in (Content Enterprises, News, Radio or Television);
- The managerial level (lower, middle or top); and
- The location of participants (Johannesburg, or one of the regional offices).

After the basic geographical analysis, the entrepreneurial characteristics of managers were assessed using a dependent/paired *t*-test. Each respondent had to rate both him/herself, as well as his/her superior, and sample means and standard deviations were calculated for each entrepreneurial characteristic. In general, it was found that SABC managers are not very entrepreneurially orientated, but that they do possess potential that can be developed. A

particular area of concern is their inability to thrive on ambiguity and change, which scored the lowest in both the self-assessment and the superior-assessment. A detail analysis of the weakest characteristics which is a reason for concern will be done in the next chapter.

The next section compared the relation between the self-assessment and the superior-assessment, in which it was found that managers consistently rate themselves higher than their superiors, and overall seven statistically significant differences were identified, of which the effect for honesty was “large.”

The next step was to evaluate the current entrepreneurial climate, but the reliability of the questionnaire had to be established first by using the Cronbach Alpha Coefficient. It was found that the five items for each construct is a reliable measurement, and therefore the entrepreneurial climate was subsequently assessed.

Overall, the perception regarding the current entrepreneurial climate at the SABC is fairly negative; indicating that, should they consider the potential benefits of an entrepreneurial change effort, it will require a major effort and focus, and it is probable that it will also be a lengthy process. When the 13 constructs were compared between various demographic groups, it was found that by far the biggest difference in perceptions were based on the location of the participants, with the regional managers being significantly less negative than the Johannesburg-managers across a number of constructs. Comparisons were also done for gender, age and management level.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The potential advantages of corporate entrepreneurship as a means to drive change and innovation have been illustrated in chapter four, and in particular the manner in which this could be of benefit to the South African Broadcasting Corporation (SABC).

This chapter will aim to practically recommend ways in which corporate entrepreneurship could be implemented as part of the corporate culture at the SABC should they wish to reap the benefits associated with it.

The chapter will start with conclusions which will follow the basic structure of the questionnaire and will firstly address demographic information, after which the 20 identified entrepreneurial characteristics will be addressed in more detail. The next section will evaluate the use of the Cronbach Alpha as a means of measuring the reliability of the 13 climate constructs. Once the reliability of the measurement of the constructs has been established, the current entrepreneurial climate at the SABC will be assessed.

The chapter will conclude by discussing the current entrepreneurial climate, followed by the relationships between the identified constructs and the demographic information.

6.2 CONCLUSIONS

Conclusions will follow the basic structure of the questionnaire, and will firstly address basic demographic information, after which the 20 entrepreneurial characteristics identified will be discussed, followed by an evaluation of the Cronbach Alpha Coefficient to establish the reliability of the measurement used for the entrepreneurial climate, after which the entrepreneurial climate will be assessed based on the 13 constructs identified. The conclusions

will also comment on the relationships between various demographic variables and the entrepreneurial constructs.

6.2.1 DEMOGRAPHIC INFORMATION

The age distribution of participant followed a general bell-shape, and the general representation of gender, with men representing 56% of the sample, was also replicated for each age group. The only exception to this was in the age group 60 and over, where seven of the nine respondents were male. It should also be kept in mind that women are slightly “over represented”, as they are 44 % of the sample total, but constitute only 37 % of the population.

The distribution of managers across divisions linked in to the overall sizes of each division, although News with 33 % of the respondents in the final sample constituted 50 % of the original population. This under representation could be due to the “out of office” nature of their jobs, which would mean less access to email than more desk-bound counterparts. Television division, represented by only 15 % of the sample, constituted only 9 % of the population and was therefore very well represented given their relative size.

The gender representation per division was fairly even for Content Enterprises, in line with the population, in which 49 % were male and 51 % female. Although the gender representation for News and Radio seem skewed at first, the original population had a female representation of only 30 % and 32 % respectively, and therefore the sample is in fact also a fair representation of the original population.

The last division, Television, had just over twice the number of women completing the survey (15) versus the seven men. This is the only division where the gender representation did not reflect the original population, in which there were 57 % females. This could possibly be due to this being the smallest division, so one or two fewer or more respondents have a bigger effect percentage-wise. The researcher also worked for the Television division at the time, and it could be that she had closer relations with the women, and they were more willing to make time to complete the questionnaire as a “favour”, which lead to the “over representation.”

The population for top, middle and lower management were 15 %, 21 % and 64 % respectively, and therefore the sample representation of 19 %, 19 % and 63 % does not have any major deviations from the population. As far as gender is concerned, there is a better female representation the lower the level of management, with 40 % females in lower management, versus only 30 % in top management. Middle management has a 35 % female component. When this is compared to the results of the sample, lower management with 43 % female respondents are closest to their “actual” representation, but women are “over represented” in every management group due to their general higher response rate. Females were 56 % of the sample who completed the questionnaire in middle management (versus the 35 % actual representation), and in top management, 37 % of the sample were women.

The last demographic variable, location, was a fair representation of the population. There was 79 % of the sample who were based in Johannesburg, versus the population total of 74 %. However, as far as gender is concerned, the Johannesburg-participants were fairly evenly distributed in the sample, and in fact there was one more female respondent than male. However, in the population females represented only 42 %. This was corrected in an under representation for females in the regions, where only 20 % of the sample were female. However, of the management population only 25 % of regionally based managers are female, and therefore the sample distribution is not too far removed from the population.

6.2.2 ENTREPRENEURIAL CHARACTERISTICS

Entrepreneurial characteristics were assessed for both the respondent and his/her manager. Characteristics rated as strong will not be examined in more detail, as it is not a potential cause for concern. However, the weaker characteristics need some closer examination.

Managers rated themselves weakest on persuasiveness, a balanced ego development, patience, their support needs and their ability to thrive on ambiguity. Four of these characteristics were also perceived to be the weakest for their superiors, with persuasiveness being the only characteristic receiving a medium score for the superior-assessment. Superiors were also not seen as very good judges of people and, as for the self-assessment, the ability to thrive on

ambiguity was clearly the weakest quality.

Overall, managers perceive themselves to be much more entrepreneurially orientated than their superiors – only three characteristics received a score of less than three on the self-assessment, versus 12 characteristics being rated as less than three (in other words less than “strong”) on the superior-assessment.

The six weakest characteristics identified, with four overlapping in both assessments, will be discussed subsequently.

6.2.2.1 Persuasiveness

Negotiations and persuasion are key elements in entrepreneurial ventures, and it is needed in every part of the process. Not only must the entrepreneur sell his idea to other parties, but he or she must also persuade them to help make resources (financial, marketing and time amongst others) available, provide information, join the team and put in extra effort when required. The entrepreneur also needs his team to “buy into” his vision. Although this is an important characteristic, this weakness can be overcome if the entrepreneur is aware of this and ensure he has a very persuasive person as part of his team (Oosthuizen, 2006:211).

6.2.2.2 A balanced ego development

Kreitner and Kinicki (2007:382) perceive the danger of an individual with too big an ego who is involved in a business project, that he would become involved in “ego defense.” If the individual’s ego is not balanced and he does not have the ability to view the project as something separate from himself and base his decisions on objective facts, he would typically be biased in the representation of facts in order to defend and build on previous decisions made. He would also be prone to taking on more risks in order to recover losses (therefore not make losses fast and cheap), rather than to focus on achieving gains. Such an individual could also typically get too involved in a project, and push forward despite negative signs that the project should be abandoned.

6.2.2.3 Patience

Patience is a crucial entrepreneurial characteristic as, more often than not, it takes time to develop a new venture and to establish a new product, service or innovation in the market place. Hard work also does not guarantee quick results, and the intrapreneur can only push to a certain extent after which he has to wait – often for month or years – before he can observe results. Although the intrapreneur has to be excited and eager, he also needs to learn the ability to be patient when needed and not make mistakes in his haste. Patience can be learned, and if the intrapreneur realises that the process might take longer than initially expected, it will also reduce his level of anxiety (Oosthuizen, 2006:216).

6.2.2.4 Good people judgment

Intrapreneurs rely on the help of other people to a great extent, and it is vital that they gather the right team to assist them. These include but are not limited to fellow employees, subordinates and superiors. People often do not live up to expectations, and it is also fairly common to address tasks that do not match with the person's skills and competencies. If someone is a good judge of character and of people, costly mistakes could be avoided, and a team who values integrity above all else can be put together (Oosthuizen, 2006:213-214).

6.2.2.5 Low support needs

In a typical corporate environment, support is readily available in the form of secretaries, researchers, accountants and other support staff. A person might be reliant on these people in order to drive a project, but more often than not the intrapreneur might not have these resources available, as his project might be outside the scope of “day to day” activities. If the entrepreneur does not have the ability to drive the project forward with little support, he might become despondent and a potential successful project might fail due to this personality “flaw” (Oosthuizen, 2006:214).

6.2.2.6 Thriving on ambiguity

Intrapreneurship deals with a lot of uncertainty and ambiguity – in fact, it is almost guaranteed. Especially in the beginning, jobs will be undefined and constantly changing, and surprises and setback will be inevitable. The intrapreneur will have to be comfortable with change and risk.

Although he is not a gambler, he will take on risk, but manage it in such a way that he will do everything possible to turn the odds in his favour. The biggest uncertainty that an intrapreneur will not have to deal with (versus the typical entrepreneur) is cash flow in the beginning, as he will still receive a monthly pay cheque. However, conflict and change will be inherent and unavoidable, and a person who struggles to deal with this will experience high levels of frustration (Timmons & Spinelli, 2007: 12). The weak score on this particular characteristic for both the self-assessment and the superior-assessment is very concerning should the SABC wish to successfully establish an entrepreneurial culture.

6.2.3 CRONBACH ALPHA COEFFICIENT

Typically, one would expect values for the Cronbach Alpha Coefficient not to be lower than 0.7 in order to indicate a valid measurement. However, four of the constructs did have values lower than 0.7 as indicated below:

- Tolerance for risks, mistakes and failures – 0.603123;
- Resource availability and accessibility – 0.691028;
- Continuous- and cross-functional learning – 0.671249; and
- A flat organisational structure – 0.637265.

Field (2008:668) pointed out that there are different measurement criteria for the Cronbach Alpha Coefficient, and if an attitude is measured rather than an ability, as is the case for the 13 constructs identified, then measures lower than 0.7 is also acceptable. All four of the constructs with values below 0.7 are also above 0.6. Based on these criteria, all 13 constructs can therefore be regarded as being reliable, and the results of section B of the questionnaire could be statistically analysed.

6.2.4 ENTREPRENEURIAL CLIMATE

The current entrepreneurial climate or lack thereof is fairly important, as it represents the “status quo” and any attempt at change, whether it is positive or negative, will take a lot of time, focus

and effort. Based on the results as discussed in the previous chapter, the current climate at the SABC is not very entrepreneurially orientated. Given the problems the SABC currently need to deal with, as discussed in chapter two, and based on all the projects already in process at the SABC, this would lead one to question the viability of incorporating an entrepreneurial climate at this stage.

The benefits are obvious and numerous, but it would be a huge change effort, and it is unlikely that it would produce any results if it is treated as “just another project.” It would have to receive a “center stage” status, and results are unlikely to be evident overnight.

Conclusions for each individual construct are:

6.2.4.1 Entrepreneurial leadership

This construct received the fourth weakest score (and is therefore 10th on the list) with $\bar{x} = 1.96$ – meaning *less* than “slightly disagree” with the statement. It therefore seems that, from the employee perspective, leaders do really not take a long term view or articulate their vision very well to all levels of the organisation. At the time of the questionnaire, the vision was on posters in the lifts and throughout the organisation, which might explain why the statement relation to the articulation of the vision received the highest score of all five items, at a low $\bar{x} = 2.35$. All other statements scored less than $\bar{x} = 2.00$.

It also seems that leaders do not challenge the status quo or inspire the work force to voluntarily follow them. There also seems to be room for improvement as far as the balance for production and care for people are concerned. Lastly, it is very important for entrepreneurs to maximise value without taking current constraints into account, and management does not seem to do this very well at present.

6.2.4.2 Management support

A weak overall score of $\bar{x} = 1.96$ was obtained for the construct relating to management support. However, there are some areas where management is starting to “get it right”, and they seem to

encourage ideas for improvement of the company, as well as support small and experimental projects – both of these aspects received scores above $\bar{x} = 2.00$.

Management does not seem to necessarily be very aware of or receptive to individual ideas and suggestions, nor do they encourage those individuals who come up with innovative ideas.

The weakest score was received for management's ability to bend rules and procedures in order to keep promising ideas on track. This is not surprising, for example in chapter two on page 40 where the disk jockeys were not paid for two months and rules were not even bent to facilitate salary payments until this was leaked to the press.

6.2.4.3 Sponsors for projects

This is the first construct being discussed where an overall score of more than $\bar{x} = 2.00$ was obtained, although still very weak at $\bar{x} = 2.06$.

Participants were fairly neutral in their assessment that the manager helps them to get their work done by removing obstacles, as well as coaching and/or protecting them and finding resources on their behalf. Participants are also fairly neutral about their managers' ability to be able to effectively sponsor intrapreneurial initiatives.

The individual items/statements receiving scores of slightly below $\bar{x} = 2.00$, related to the ease of implementing new ideas due to the support of influential people within the business, as well as the ease with which to build coalitions of sponsors which could help projects succeed.

6.2.4.4 Tolerance for risks, mistakes and failure

A fairly weak score of $\bar{x} = 2.24$ was obtained. However, given the poor rating of the current entrepreneurial climate, this construct was rated the fourth strongest, and all the individual items received rating of more than $\bar{x} = 2.00$. The highest rating for a particular statement was $\bar{x} = 2.57$.

Respondents edged towards slightly agreeing that the business has been built up by taking calculated risks at the right times, and that good project management are sometimes rewarded even when the results are not desirable. Big risks have been taken at times to stay ahead of the competition, and experimentation is allowed from time to time. People also tend to agree that one might be forgiven for mistakes made.

6.2.4.5 Innovation and creativity/New ideas encouraged

This construct received a medium rating of $\bar{x} = 2.18$ and was ranked sixth.

Managers tend to disagree that the SABC is quick in using improved work methods developed by employees, but they have a slightly more positive view of the desire of employees to generate new ideas, the chances provided to try one's own method of doing a job, and the inspiration present to think "out-of-the-box." They also slightly agree that innovation and new ideas are a regular occurrence.

In a creative environment such as broadcasting, which, it can be argued, is built on creativity, the fact that the highest individual score for any item measuring this construct was $\bar{x} = 2.33$, is very concerning.

6.2.4.6 Appropriate rewards and reinforcement

Given that appropriate reward and reinforcement are one of the best ways in which to shape the desired behaviour, it is concerning that this construct received the weakest overall rating with a mean of only $\bar{x} = 1.75$.

The only slightly positive aspect was that supervisors seem to give special recognition if work performance is especially good, which indicated that individual relationships are not all bad. However, the more "corporate" measures of receiving additional reward for additional effort, emphasising reward rather than criticism, rewarding effective intrapreneurs and rewarding employees in relation to job performance, all seem to be neglected.

6.2.4.7 Vision and strategic intent

Of all 13 entrepreneurial constructs identified, this received the highest score with a mean of $\bar{x} = 2.54$. It seems that, with a score of $\bar{x} = 2.77$, the people-centered vision of “total citizen empowerment” is fairly clear to all, and that it inspires employees. Managers feel a fair amount of effort has been put forth to clarify the vision and strategy, and that it guides them in setting their priorities. They also feel that decisions taken by the SABC tend to align with and support the vision.

Although this construct measured very positive in relation to other constructs, a highest individual score for an item of $\bar{x} = 2.77$ – with a score of “3.00” indicating a slight agreement – should be reason for concern.

6.2.4.8 Discretionary time and work

With a mean of $\bar{x} = 2.24$, this construct forms part of the “top half” of statements and is ranked fifth.

Of all items measured, the item relating to job autonomy and being left alone to do one’s own job, received the highest score of $\bar{x} = 2.86$, and therefore managers tend to agree that they have job autonomy. However, this does not extend to the point where they have free time to develop their own ideas, and this statement only received a mean score of $\bar{x} = 1.77$.

Managers were slightly positive that they have freedom and independence in their jobs, that they are allowed some time to divert from assigned tasks (a score of $\bar{x} = 2.12$), and that they can explore new ideas without necessarily having to ask for permission (a score of $\bar{x} = 2.20$).

There seems to be some degree of freedom, although, again not nearly to the degree one would expect in an entrepreneurial or creative type of environment.

6.2.4.9 Empowered teams/Multi-disciplined teamwork and diversity

The construct relating to empowerment of teams and the presence of multi-disciplined teamwork and diversity was ranked eighth and received a mean score of $\bar{x} = 2.00$. Scores for individual

statements ranged between $\bar{x} = 1.73$ and $\bar{x} = 2.22$, which means managers tended to slightly disagree that teams have considerable freedom in how they act without having to ask for permission, and that they don't really think cross-functional teams or cross-business-unit teams are used effectively.

Should the SABC make use of cross-functional teams, managers do not think that the team members are really allowed to make decisions without interference from their functional supervisors, and the teams also have a very limited choice in recruiting and selection of team members. The strongest score of $\bar{x} = 2.22$ related to the cross-functional teams being characterised by diversity based on the skills required.

6.2.4.10 Resource availability and accessibility

Resources do not seem to be readily available, and with a mean score of $\bar{x} = 1.81$, this was ranked second last/weakest of all constructs. The highest score was obtained for the availability of money to get new ideas off the ground, but with a mean score of $\bar{x} = 1.99$, this indicates a slight disagreement with the statement.

Managers also don't agree that individuals have many options from which to obtain financial resources and support, or that these resources are readily available. They regard the process of obtaining funding as slow, cumbersome and not very easy.

6.2.4.11 Continuous and cross-functional learning

Continuous learning is rated the third strongest construct, but as already pointed out, a score of $\bar{x} = 2.27$ if viewed in isolation is fairly weak, and one would actually expect such a score to be in the "bottom three" instead of the "top three".

A silo-mentality is indicated by people not being very keen to share knowledge when it crossed departmental or functional boundaries.

Slightly less negative views, which are between "slightly disagree" and "slightly agree", indicated that employees are sometimes encouraged to talk to other departments regarding new

ideas, and that some time and resources are spent to help other outside of assigned responsibilities. Employees are also encouraged to stay abreast of developments, and the highest rating, although still low at $\bar{x} = 2.61$, indicated that the SABC does provide some opportunities for learning and growth.

6.2.4.12 A strong customer orientation

It is encouraging that this was rated second, in light of the increased competition the SABC will be facing in future. However, a mean score of $\bar{x} = 2.37$ leaves plenty room for improvement if the SABC wants to be a major market player going forward.

All scored were above $\bar{x} = 2.00$, but the highest individual rating obtained for an item was $\bar{x} = 2.5$, which can hardly be described as a very strong customer orientation.

The SABC seems to put in some effort in determining what the customers' needs are, and to some extent their services and products are driven by this knowledge. The customers are also involved in service and product development to a lesser extent, and they are sometimes asked what they think of the programmes broadcasted. They are treated as somewhat important.

6.2.4.13 A flat organisational structure and open communication

At 31 March 2007, the SABC employed 2 999 permanent staff, 635 fixed-term contractors and 232 casual staff – therefore a staff complement of 3 866 (SABC, 2007: 52). At the time of the survey, the expectation is that there would not have been a major variance in staff numbers.

The ability to send out the questionnaire to 729 managers, or almost 20 % of the work force, already indicates a top-heavy/layered structure, and therefore it is not surprising that, out of 13 constructs, this was rated 11th with a mean score of $\bar{x} = 1.93$.

Slightly contradicting the weak ranking of this construct, the item stating that “our organisation has an open communication structure in which all employees participate” received a fairly high rating of $\bar{x} = 2.23$. This could be due to the number of workshops, where issues would be debated at length without conclusions necessarily being reached. The statement that the

organisation has a specific value system that we all know and live up to, also scored higher than $\bar{x} = 2.00$, at a rating of $\bar{x} = 2.19$.

Areas of concern, where a rating of “slightly disagree” or “ $\bar{x} = 2.00$ ” could not even be obtained, included that people enjoy working for the SABC, are satisfied with their jobs and do not easily resign (although this received a score of $\bar{x} = 1.99$, which is only marginally lower than $\bar{x} = 2.00$). There was also a general feeling that people are not allowed to make their own decisions without going through elaborate justification and approval procedures, and that the degree of hierarchical control is too high.

6.2.5 RELATIONSHIPS BETWEEN DEMOGRAPHIC VARIABLES AND ENTREPRENEURIAL CONSTRUCTS

The demographic variables will be analysed for men versus women, managers younger than 40 versus managers aged 40 and older, junior managers versus middle management and top management, and lastly Johannesburg-managers versus the regionally based managers.

6.2.5.1 Male managers versus female managers

Overall, men are more likely to regard the SABC as an entrepreneurially favourable environment when compared to their female counterparts. In fact, they have a more positive view on every single construct except for their view on discretionary time where, with a mean score of $\bar{x} = 2.207$, they are only marginally lower than the females with their score of $\bar{x} = 2.275$.

Even though the men have a more positive view on 12 of the 13 constructs, when focusing on the *d*-values, the only visible difference is in relation to the organisational structure.

A visible difference would mean that, should the male and female managers be split into two groups and an outsider were to spend enough time with each group, he/she would be able to tell that the men have a more positive view specifically relating to the organisational structure than the view of the woman.

As there is only one visible aspect where male managers are more positive than their female counterparts, the SABC's strategy of "woman empowerment" seems to be fairly successful based on this limited assessment.

6.2.5.2 Managers younger than 40, versus managers of 40 and older

The second demographic variable for which comparisons were made, related to the age of the managers. For comparison-purposes, they were divided in only two groups, with 40 being the "cut-off".

Younger managers are less negative than their more senior counterparts on every single construct, although only marginally on some, for example on their view regarding a flat organisational structure, managers younger than 40 has a mean score of $\bar{x} = 1.946$, which is only just higher than the score of $\bar{x} = 1.912$ obtained by the managers of 40 and older.

Although all of the constructs generated higher mean scores for the younger group of managers, only two of these constructs, being the use of appropriate rewards and recognition, as well as the availability of resources, were of statistical significance, with d -values above 0.4. It is therefore not likely that a casual observer who does not have the benefit of statistical analysis would be able to pick up on the more positive measurement for any of the other 11 constructs.

6.2.5.3 Senior and middle managers versus the lower level managers

As for the younger managers, the lower level managers are overall more positive than their senior counterparts. An initial response would be to think that lower level managers are younger, and that there is an overlap in the two groups. However, figure 5.5 analysed the managerial level in relation to, among other things, their age, but this does not point to overwhelming evidence of age being the only factor contributing to a more positive outlook for lower level managers, as their is a fair representation of managers over 40 as well. Therefore, this might have to do with less stress and a slight level of protection from the more senior managers.

Although the “split” in perceptions for older and younger managers are similar to the “split” for senior and more junior managers, the *d*-values indicated only one statistically significant/visible difference, and this relates to the encouragement of new ideas.

6.2.5.4 Gauteng managers versus the regionally based managers

There is a marked difference in the perceptions of regionally based managers versus the managers situated in Auckland Park, Johannesburg, and it is probable that the “city life” plays a part in the negative perceptions. Of all the groups compared to each other, the differences identified for this group are by far the most significant.

Regionally based managers are more positive in their outlook on every one of the 13 identified constructs, and on a visual comparison by means of a spider diagram, the differences between the two groups are also more pronounced.

Eight of the 13 constructs have statistically significant differences in perceptions, even when the *d*-values are taken into account, and two of these differences are “large.” Therefore, apart from being able to identify the specific constructs on which these managers are more positive than their Johannesburg based counterparts, the casual observer should also be able to state that in general the regional managers view the SABC’s climate to be more entrepreneurial than the view of the Johannesburg-managers.

The identified constructs with statistically visible differences are:

- Visionary/entrepreneurial leadership;
- The availability of the necessary support;
- The encouragement of new ideas;
- The presence of an entrepreneurial vision;
- The effective use of multi-disciplinary teams; and
- The presence of continuous learning.

The two constructs where the identified differences in perceptions are large or significant, are:

- The focus on customer service; and
- The appropriate organisational structure to facilitate communication.

Note that, throughout, no single group can be classified as having positive perceptions regarding the entrepreneurial climate of the SABC, and therefore groups are at times rather described as being less negative.

6.3 RECOMMENDATIONS

At the time of the study, there were several causal factors as addressed in chapter two, which indicated the need for an assessment regarding the readiness and potential benefit that corporate entrepreneurship has to offer. However, based on the current political situation which affects the SABC as well, the SAP project which was launched in October 2007 and is still not fully functional and the increased extent of technological changes over and above what was originally anticipated, it might be wise to postpone the implementation of yet another big shift for a period of six to twelve months when it can be given the proper focus.

Should the SABC identify that the time is right for the incorporation of a corporate entrepreneurship strategy, the guidelines as suggested by Hisrich *et al.* (2005: 51-52) in section 4.4 on pages 107 and 108, can easily be adapted for use at the SABC in the following manner. Even though this is a gradual process rather than a “big bang”, the timing for the project still needs to be right.

- It would be vital for SABC’s management team to commit to the strategy – in particular top management. Seminars or workshops can be used very effectively to introduce the concept, as it already forms a part of the SABC culture. Workshops have also been successfully utilised with the launch of the SAP project and the “citizen empowerment” vision, so the SABC would be building on an existing strength. During these workshops, general guidelines and strategies can be established going forward.

A specific factor to also take into account at this stage is that the presence of visionary/entrepreneurial leadership has been identified as the fourth weakest construct, and this could be a “make or break” as it will drive the process. The SABC could therefore maybe focus their management development in the short to medium term on aspects such as inspiring followers, or communicating a vision clearly.

- Secondly, general areas where management need to be involved, must be identified, as well as resources (with specific reference to money) needed. For this reason, it would be best to postpone the strategy in the short and medium term, as the managers are currently overloaded and do not need additional responsibilities. Also, due to several factors, including but not limited to the current financial climate, the SABC is currently in a financial “hole” and the expectation is that it would be easier to find monetary resources a year or two from now. Aspects such as expectations, targets, time frames and a mentorship system should also be established.
- A third step is that the SABC need to ensure they have the necessary flexibility and responsiveness needed, and in this regard the use of technology can prove to be very useful. With new state-of-the-art software systems currently being implemented, which includes SAP and a new scheduling system, the SABC should be almost perfectly positioned in this regard once their systems are up and running.

The third weakest construct identified was the organisational structure, and the enabling of open communication. This would be a long process, and it something the SABC can start addressing immediately. By removing some of the still existing bureaucratic obstacles to daily operations, it will not only benefit and ease the implementation of a corporate entrepreneurial strategy, and will also have benefits on the day-to-day operations even before an entrepreneurial strategy is implemented.

- The training of employees is also very important, and it is suggested that one day per month could be set aside for this. An important aspect of this training would also be for employees to share their experiences.

As a start, training can focus on the entrepreneurial characteristics which were found to be lacking. The fact that four of the weakest five characteristics were the same for the self-assessment and the superior-assessment would make the training and the areas to focus on much easier. Aspects such as a balanced ego development, and the ability to see the business issue rather than to imagine a personal attack, could be very beneficial. Staff could also for example learn to deal better with change and ambiguity, as that was the single biggest area of concern identified from the assessment of the entrepreneurial characteristics. This is also something that might be rolled out as part of the management development program even before the corporate entrepreneurship strategy is introduced.

- A fifth aspect would be to develop specific ways to ensure that the employee can be close to the customer, for example to have the use of a database with relevant information. In the SABC environment, they have started with public feedback sessions, and this is also in the process of being enhanced, which should complement a customer focus very well. It is an area which is already in development, but could receive additional attention. Knowing the customer and addressing their needs might also have a positive financial effect, which would also help to address the issue of financial resources not always being available. This was identified as the second weakest entrepreneurial construct.
- Another very important aspect is that an entrepreneurial firm has to be able to do more with less, that is, be more productive with fewer resources. This is a basic entrepreneurial trait and should be incorporated. Given the increased competition, the SABC is already in the process of learning this. Again, even though the time is not quite right to introduce the full concept of corporate entrepreneurship, this is a strength the SABC need to develop regardless.
- A support structure is very important, especially since intrapreneurship is unlikely to be the primary activity and focus area. If proper support is not in place, the entrepreneurial effort is more likely than not to die off. Such a support structure should be fairly easy to establish in a corporation the size of the SABC. Also, a mentorship program is in the process of being finalised at the SABC, which should be a good overlap in building the proper support structure.

- Rewards should be tied specifically to the entrepreneurial effort, which will probably mean that a sub-unit will have their own system in place. This will motivate employees to put in the extra effort. It might be possible to tweak the current EVA (Economic Value Added) system in such a way that entrepreneurship is also encouraged. During 2008, this reward system has been adopted more widely in the SABC, which again helps to prepare for the adoption of an entrepreneurial strategy.
- The last aspect is that an evaluation system needs to be implemented. This should ensure that successful units are supported, and unsuccessful units are disbanded and does not continue to waste resources after a certain point. This can be addressed once the strategy is officially rolled out in the SABC.

As can be seen from the above, although now is not the perfect time to incorporate a new strategy, the general direction of the business is moving towards enabling an entrepreneurial strategy, and there are some aspects, especially in relation to management development, which can be incorporated immediately.

Going forward, it would be important to formally present the results to management in order to provide feedback. There should then be a “project owner” or “project team” to ensure that this gets followed through. They might incorporate some of the changes immediately as suggested, and it is then recommended that they review the situation every six months in order to identify the time when the corporate entrepreneurship strategy can be formally introduced to the business. The task team identified should also set targets and measure progress, and the implementation plan as suggested in this sub-section could be used as general guidance.

Even though the timing is not 100 % right to fully implement corporate entrepreneurship at this stage and introduce the concept to the business, it would be important to at least start the project and to monitor progress and build up momentum. It is also important to note that this is a gradual and continuous process and not a “once-off big bang” type of process.

6.4 ACHIEVEMENT OF OBJECTIVES

The measurement of success of this study is based upon the achievement of the primary and secondary objectives, as indicated in Section 1.3 of this study.

6.4.1 PRIMARY OBJECTIVE

The primary objective of this study was to assess the level of corporate entrepreneurship present in the South African Broadcasting environment, with specific reference to the South African Broadcasting Corporation Limited (SABC Ltd).

The achievement of the primary objective was supported by and depended upon the realising of the secondary objectives.

6.4.2 SECONDARY OBJECTIVES

As indicated in section 1.3, the secondary objective supported the primary objective and helped with the achievement of the primary objective. These secondary objectives were:

- To define corporate entrepreneurship;
- To obtain insight into corporate entrepreneurship by means of a literature review;
- To focus on the potential benefits that can be obtained from cultivating an entrepreneurial culture;
- To obtain an overall understanding of the SABC Ltd business environment;
- To assess the entrepreneurial characteristics of the managers at SABC Ltd;
- To validate the reliability of the entrepreneurial climate questionnaire by means of statistical analysis;
- To measure the current entrepreneurial climate at the SABC by use of a questionnaire;

- To examine the relationship between the demographic variables and the entrepreneurial climate constructs; and
- To suggest practical recommendations to ensure and enhance corporate entrepreneurship in the organisation.

The first objective, to define corporate entrepreneurship, was achieved in section 3.2, and specifically from pages 55 to 59.

The second objective, to obtain insight into corporate entrepreneurship by means of a literature review, was achieved in chapters three and four, but more specifically in section 3.4 from page 65 to 71, where the dimensions of corporate entrepreneurship was examined more closely.

The third objective, which were to focus on the potential benefits that can be obtained from incorporating an entrepreneurial strategy, was addressed throughout the literature study of chapter three and four, and was already alluded to in section 2.3 when the causal factors to the study was discussed. This is because corporate entrepreneurship can be seen as a potential solution to the specific challenges facing the SABC and highlighted in this section.

An overall understanding of the SABC and their business environment was obtained in chapter two, and this satisfies the fourth objective.

The entrepreneurial characteristics of SABC managers were assessed by means of a self-assessment as well as a superior-assessment in section 5.4 of chapter five, and this manner the fifth objective was also met.

The seventh secondary objective was to measure the SABC's current entrepreneurial climate by using the questionnaire provided by Oosthuizen (2006: 337-341). However, it was important to first establish the reliability of the questionnaire (sixth objective) and this was done in section 5.5 by using Cronbach Alpha Coefficient. After the reliability of the measuring instrument has been confirmed, section 5.6 could measure the entrepreneurial climate in order to adhere to the seventh objective.

The second last objective, to examine the relationship between the demographic variables and the entrepreneurial climate constructs, were addressed in section 5.7. The sub-sections of comparing men versus women, comparing managers younger than 40 to managers aged 40 and older, comparing junior management to middle and senior management, and lastly comparing Johannesburg based managers to regionally based managers were addressed.

The last objective, which was to suggest practical ways in which corporate entrepreneurship can be enhanced in the organisation, was done generically in section 4.4 from page 104 to 108, as well as with specific reference to the SABC in section 6.3 earlier in this chapter.

Based on the achievement of all secondary objectives, it can be seen that the presence of both entrepreneurial characteristics in the management team as well as the current entrepreneurial climate at the SABC was achieved. Recommendations on incorporating an entrepreneurial climate were also made, even though “right now” is not necessarily viewed as the best timing for such a change effort. The primary objective of the study has therefore also been met.

6.5 SUGGESTIONS FOR FURTHER RESEARCH

As an existing questionnaire has been used, this opens the opportunity to compare different economic sectors with each other where other researchers have used the same questionnaire in different environments. The research can also be broadened to other players in the broadcasting environment in South Africa or abroad.

Should the SABC wish to establish an entrepreneurial climate, it would also be very interesting to repeat the entrepreneurial climate survey a period after introduction of the concept, in order to establish whether or not perceptions have become more positive.

A last area of future research would be to refine the questionnaire, in order to increase the reliability of the items testing each of the climate constructs. This study has also not tested the validity of the questionnaire, which can be tested and refined in future versions.

6.6 SUMMARY

Conclusions followed the basic structure set out in chapter five, and started off by addressing the demographic information in the form of comparing the results of the sample to the original population and noting differences or similarities.

After addressing the basic demographics of age, gender, division, managerial level and location, the 20 entrepreneurial characteristics identified were discussed, with the weak characteristics being the focus area and area of concern. Only persuasiveness was regarded as one of the five “worst” characteristics” for the self-assessment only, and for the superior-assessment, the “unique” characteristic was their ability to judge people. The four overlapping characteristics identified as weak for both the managers and their superiors, were a balanced ego development, patience, low support needs and the ability to thrive on ambiguity. All of these were addressed in section 6.2.

The Cronbach Alpha Coefficient established the reliability of the items testing each construct, after which each of the 13 constructs present in an entrepreneurial climate were discussed in relation to the results of the questionnaires sent out. The relationships between the demographic variables (being men and women; manager younger than 40 and 40 and older; junior managers and middle and senior managers; and Johannesburg based managers and regionally based managers) were discussed for the 13 identified constructs in order to identify statistically significant variances in perceptions, and the most notable difference in perceptions were found with regard to location – the regionally based managers were much more positive than their Johannesburg based counterparts.

Section 6.3 dealt with recommendations and practical ways in which an entrepreneurial climate could be established at the SABC. Although the full strategy should probably not be implemented right away, various aspects and in particular with regards to training, can be addressed immediately and these were addressed.

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

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APPENDIX A

QUESTIONNAIRE AS APPLICABLE TO EACH SUB-SECTION OF 4.3

(CONSTRUCTS OF AN ENTREPRENEURIAL CLIMATE)

Section 4.3 on pages 76 to 104 examines the characteristics of an entrepreneurial climate in closer detail. This is done by means of dividing these characteristics in 13 constructs, which is each then discussed as a sub-section in 4.3.1 to 4.3.13. These sections then form the basis of part two of the questionnaire, in that there are five questions/statements relating to each construct, and these then add up to 65 different statements used to measure the entrepreneurial climate or lack thereof at the SABC.

As the questionnaire is set up in such a way that every characteristic is tested once before starting again at the first (therefore questions one and 14 would relate to the first characteristic), it is not immediately apparent which statements result to which characteristic as discussed. For this purpose, a matching of the entrepreneurial characteristics and the statements in the questionnaire to the theoretical framework is done in this appendix. No new information is given, but the questionnaire is rearranged in order for the link to be more explicit.

Questions relating to section 4.3.1 on pages 78 to 79 – Visionary leadership/entrepreneurial leadership, are set out below:

Figure A1: Extract from climate questionnaire as applicable to visionary/entrepreneurial leadership

Number	Statement
1.	Our leaders take a long-term view of our organisation and articulate their vision to all levels of the organisation.
14.	Our leaders challenge the status quo and we are inspired by them to think, reason and act in innovative ways.
27.	Our leaders have a good balance between concern for production and concern for people.
40.	Our leaders lead by example and people are eager to voluntarily follow them.
53.	Our leaders seek to maximise value from opportunity without constraint to existing models, structures or resources.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.2 on pages 80 to 81 – Management support, are set out below:

Figure A2: Extract from climate questionnaire as applicable to management support

Number	Statement
2.	In our organisation, developing ideas for the improvement of the company is encouraged by management.
15.	Top management is aware of and receptive to my ideas and suggestions.
28.	Those employees who come up with innovative ideas on their own receive management encouragement for their activities.
41.	This organisation supports many small and experimental projects realising that some will undoubtedly fail.
54.	Senior managers encourage innovators to bend rules and rigid procedures in order to keep promising ideas on track.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.3 on pages 81 to 83 – Sponsors for projects, are set out below

Figure A3: Extract from climate questionnaire as applicable to the sponsorship of a project

Number	Statement
3.	My manager helps me get my work done by removing obstacles and roadblocks.
16.	Originators of new ideas find it easy to implement because of influential people to support them.
29.	Our organisation has people with influence that support, coach, protect, and find resources for an intrapreneurial project and its team.
42.	Our organisation's managers have the skills, power, commitment, and courage to be effective sponsors of intrapreneurial initiatives.
55.	In this organisation it is easy to build coalitions of active sponsors to help projects succeed.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.4 on pages 83 to 85 – Tolerance for risks, mistakes and failure, are set out below.

Figure A4: Extract from climate questionnaire as applicable to the role of tolerance for risks, mistakes and failures

Number	Statement
4.	Our organisation has been build up by taking calculated risks at the right time.
17.	Good management of projects involving risk and unpredictability is highly valued, even when things don't always turn out according to plan.
30.	We have taken some big risks occasionally to keep ahead of the competition in the business we're in.
43.	Experiments are acceptable in the marketplace, not only in the lab.
56.	If you make a mistake in this organisation you will be forgiven.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.5 on pages 85 to 87 – Innovation and creativity – new ideas encouraged, are set out below.

Figure A5: Extract from climate questionnaire as applicable to the measurement of innovation and creativity, as well as the encouragement of new ideas

Number	Statement
5.	Our organisation is quick to use improved work methods that are developed by workers.
18.	There is a considerable desire among people in the organisation for generating new ideas.
31.	This organisation provides the chance to be creative and try my own methods of doing the job.
44.	Innovative and new ideas are a regular occurrence in our organisation.
57.	In this organisation people are inspired to push their boundaries and to think "out-of-the-box."

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.6 on pages 87 to 89 – Appropriate rewards and reinforcement, are set out below.

Figure A6: Extract from climate questionnaire as applicable to the appropriate use of rewards and reinforcement of desired behaviour

Number	Statement
6.	Individuals with successful innovative projects receive additional rewards and compensation for their ideas and effort beyond the standard reward system.
19.	In this organisation rewards and encouragement is emphasised rather than criticism.
32.	My supervisor will give me special recognition if my work performance is especially good.
45.	In this organisation effective intrapreneurs are generally rewarded.
58.	In this organisation people are rewarded in relation to the excellence of their job performance.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.7 on pages 89 to 91 – Vision and strategic intent, are set out below.

Figure A7: Extract from climate questionnaire as applicable to the appropriate vision and strategic intent that needs to be present

Number	Statement
7.	Our organisational vision and strategies are clear to me.
20.	Our organisation's announced visions and strategies inspire me.
33.	Great effort has been made to clarify what the vision and strategy mean to us in our department.
46.	The vision and strategies often help me in setting priorities.
59.	In this organisation management decisions are aligned and supportive to the vision and strategies.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.8 on pages 91 to 93 – Discretionary time and work, are set out below.

Figure A8: Extract from climate questionnaire as applicable to the discretionary time and work given to employees

Number	Statement
8.	An employee with a good idea is often given free time to develop that idea.
21.	People are given considerable opportunity for independence and freedom in how they do their work.
34.	I have much autonomy on my job and I am left on my own to do my work.
47.	I am allowed time at work to safely divert from my assigned tasks to explore new ideas I believe have potential.
60.	I have the freedom to use some of my time to explore new ideas and hunches without having to ask permission.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.9 on pages 93 to 95 – Empowered teams, multi-disciplined teamwork and diversity, are set out below.

Figure A9: Extract from climate questionnaire as applicable to the empowerment of teams, as well as the utilisation of multi-disciplined teamwork and diversity

Number	Statement
9.	Project teams in our organisation have considerable freedom to make decisions and act on them without needing to ask for permission.
22.	We use cross-functional teams or cross-business-unit teams effectively.
35.	Cross-functional team members are left to make decisions without interference from functional superiors who are not part of the team.
48.	Project teams have choices in recruiting and selecting new team members.
61.	Cross-functional teams are characterised by diversity based on project skills requirements.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.10 on pages 95 to 97 – Resource availability and accessibility, are set out below.

Figure A10: Extract from climate questionnaire as applicable to the availability and accessibility of resources

Number	Statement
10.	There are several options within the organisation for individuals to get financial support for their innovative projects and ideas.
23.	Money is often available to get new project ideas off the ground.
36.	Resources are readily available and accessible in pursuance of new ideas and opportunities.
49.	The process for accessing and acquiring resources to pursue new opportunities is streamlined to realise quick approval.
62.	Attracting resource commitment for entrepreneurial ventures in this organisation is relatively easy.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.11 on pages 97 to 100 – Continuous learning and cross-functional learning, are set out below.

Figure A11: Extract from climate questionnaire as applicable to continuous learning and cross-functional learning

Number	Statement
11.	People are keen to share knowledge without regard for crossing departmental or functional boundaries.
24.	People are encouraged to talk to employees in other departments of this organisation about ideas for new projects.
37.	Our organisation provides ample opportunities for learning growth.
50.	Employees are encouraged to stay abreast of developments in their functional fields and to share their knowledge across functions.
63.	People here spend some of their time and resources helping others outside their area in ways that are not part of their assigned responsibilities.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.12 on pages 100 to 102 – Strong customer orientation, are set out below.

Figure A12: Extract from climate questionnaire as applicable to a strong customer orientation

Number	Statement
12.	A great deal of resources are spent in determining customer needs and satisfaction.
25.	Product and service innovation are driven by a strong customer orientation.
38.	Our organisation involves customers in service and product development.
51.	We regularly ask our customers what they think of our service and product offerings.
64.	Customers are treated as very important stakeholders and not just another transaction to be processed.

Source: Oosthuizen (2006:337-341)

Questions relating to section 4.3.13 on pages 102 to 104 – Flat organisational structure, are set out below.

Figure A13: Extract from climate questionnaire as applicable to the organisational structure

Number	Statement
13.	People are allowed to make decisions without going through elaborate justification and approval procedures.
26.	This organisation has a specific value system which we all know and live up to.
39.	Our organisation has an open communication structure in which all employees participate.
52.	The degree of hierarchical control is acceptably low in our organisation.
65.	In general, people enjoy working for this organisation, are satisfied with their jobs, and do not resign easily.

Source: Oosthuizen (2006:337-341)

APPENDIX C: EXAMPLE OF EMAIL SENT OUT

RE: HELP IN EXCHANGE FOR A CHOCOLATE?

Hi xxx

I'm busy completing my MBA, which requires me to measure the entrepreneurial climate at the SABC. This is all about what managers at the SABC think about the working environment here.

So here's how I need your help.....

I would be super-grateful if you could complete this questionnaire. The results stay completely confidential, and your input would help me a lot. It is only 3 pages long and will take a max of 30 minutes to complete.

In return, I'll be giving everyone that helps me a slab of chocolate as a thank you gift. So please include your office number when you email your completed survey back to me. If you complete a hard copy and deliver it to my office (TV building, 727), please write your name and office number at the top.

If you have any queries, please call.

Thanks so much in advance for your help.

Lili de Villiers
Financial Manager - SABC2
email: devilliersl01@sabc.co.za
Office: 011 714 5090
Fax: 011 714 6205

APPENDIX D: EXAMPLE OF FOLLOW-UP EMAIL SENT OUT

RE: HELP IN EXCHANGE FOR A CHOCOLATE?

Hi xxx

I'm busy completing my MBA, which requires me to measure the entrepreneurial climate at the SABC. This is all about what managers at the SABC think about the working environment here.

So here's how I need your help.....

I would be super-grateful if you could complete this questionnaire. The results stay completely confidential, and your input would help me a lot. It is only 3 pages long and will take a max of 30 minutes to complete.

In return, I'll be giving everyone that helps me a slab of chocolate as a thank you gift. While my offer is sincere, I see that you are in xxx, but you are more than welcome if you need to come to Johannesburg/Auckland Park to collect your chocolate from me (TV Office block, office 727).

If you have any queries, please call.

Thanks so much in advance for your help.

Lili de Villiers
Financial Manager - SABC2
email: devilliersl01@sabc.co.za
Office: 011 714 5090
Fax: 011 714 6205

(Note – The portion regarding the manager being in a regional office, was only added to the email if relevant.)