AN ASSESSMENT OF CORPORATE ENTREPRENEURSHIP IN ABSA GROUP RETAIL BANK GAUTENG PROVINCE

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ABSTRACT

Intrapreneurship or corporate entrepreneurship describes the practice of entrepreneurship within organisations. Due to the dynamic nature of modern organisations, it is extremely important for organisations and their managers to remain receptive to new ideas, approaches and attitudes. It is therefore the belief that effective entrepreneurial innovation is the primary source of establishing and sustaining a lasting competitive advantage. Organisations have to create and foster an entrepreneurial climate whereby employees can live out their entrepreneurial characteristics in order for the organisation to be competitive in the local and global markets.

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

The purpose of this mini dissertation is to assess corporate entrepreneurship within middle management of Absa Group Retail Bank Gauteng Province. Based on literature study and instruments developed to measure the entrepreneurial climate in organisations, thirteen constructs related to an entrepreneurial climate were identified and measured as well as the middle managers’ perceptions of their own and their superiors’ entrepreneurial characteristics.

The results obtained from the empirical study enabled recommendations and if implemented, could make it possible for Absa Group Retail Bank Gauteng Province to improve the entrepreneurial climate as well as the entrepreneurial behaviour of the middle managers, thus supporting Absa in becoming the pre-eminent bank of choice.
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"All mankind is of one author, and is one volume; when one man dies, one chapter is not torn out of the book, but translated into a better language; and every chapter must be so translated....."

John Donne. MEDITATION XVII

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CHAPTER 1
NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

During the past decade we have witnessed high rates of change in the market place, in areas of globalisation and industry boundaries. To be successful, a firm must have the capacity to innovate faster than its best competitors. This capacity is about identifying new ways of doing business as well as developing new technologies and products (Teng, 2007: 119).

Globalisation and the rapid continual changes thereof, has sparked a growing urgency in organisations for innovation in the business realm. The dynamic nature of modern organisations competing in global markets as well as in the volatile South African environment, make it important for organisations and their managers to remain ahead of competitors by being receptive to new ideas, approaches and attitudes. Bornman (1992: 19) believes that being receptive, managers will enable themselves to anticipate new developments which have an impact on their organisations, which they will be able to accommodate into their strategies Pinchot and Pellman (1999: 11) argued that innovation is necessary for the differentiation of products as well as to fill gaps in the market by keeping up with the productivity of the competitors. According to Kuratko and Morris (2002: 23), entrepreneurship is about the creation of wealth, enterprise, employment, change, innovation, value and growth. Birkinshaw (2003: 3) is of the opinion that corporate entrepreneurship refers to the development of new business ideas and opportunities within large and established organisations.

Earlier literature on entrepreneurship focussed mainly on the characteristics which define entrepreneurs and entrepreneurial talent, but it was the process of entrepreneurship, rather than the characteristics which caught the attention of senior corporate managers as they realised the need to inject innovative and entrepreneurial behaviours into their organisations.
1.2 PROBLEM STATEMENT

It is imperative for the management of all organisations to realise that they have to win the war against their competitors on products and services and to be innovative to stay abreast in the ever changing business environment. It is survival of the fittest in turbulent times, whether pressure comes from the external business environment or internally due to organisational structural changes. The economic environment may force organisations to adopt and implement different strategies to survive.

According to Pirish, Knuckey and Campbell (2001: 17), there is a "market forced" effort to introduce a new product, process or service into a specific market to enhance business activities and facilitate new business opportunities. The focal point of this paradigm is the entrepreneur, the inventor who's individual and independent actions drive the innovation process. Here innovation can be seen as a key to obtain a better position in the market to generate optimal profits for the organisation.

Change in organisations is due to both external and internal factors and when the impact cannot be controlled, the organisation will have a huge challenge to survive.

The changes within an organisation can be unexpected and sometimes without prior notification. These changes can be the result of a new product or departmental changes within an organisation. The merger of Absa and Barclays has brought many new ways of working within divisions. Not only did the merger have an effect on an operational level, but also the constant changes to internal structures and reporting lines, have a major impact on all employees. Employees very often experience uncertainty due to a lack of communication or a lack of transparency by management. The lack of communication between business units has resulted in business units working in silos or the overlapping of integral operations.

Staff motivation and morale decreases as employees are often "lifted" from one position, and "dropped" into another position. This impacts employees and the business as they may not have the right skills for their new positions or they might not want to be in the new position. Structural changes or changes in reporting lines due to redundancy, often results in a change in middle management.
One of the major challenges with these changes is the role middle management needs to play in terms of being a corporate entrepreneur who operates within these complexities. Middle management needs to find the entrepreneurial spirit of the employees and guide them to release their innovative potential to the benefit of the business unit and ultimately the organisation as a whole. Why middle management? They are the warriors at war; these are the people who are in the line of fire as they have to drive employees to exceed business targets and move the bottom line, thus creating wealth for the organisation.

It is clear that established organisations, such as Absa, need a competitive advantage to survive in the dynamic business environment, and specifically in the banking industry. Corporate entrepreneurship is a new way of thinking and is an essential component in gaining a competitive advantage in the market place.

1.3 OBJECTIVES OF THE STUDY

1.3.1 Primary objective

The primary objective of the study is to assess the entrepreneurial climate in Absa Group Retail Bank, Gauteng Province and to make recommendations to foster corporate entrepreneurship in the Bank.

1.3.2 Secondary objectives

In order to address the primary objective, the following secondary objectives were formulated:

- To define corporate entrepreneurship.
- To obtain insight into the dynamics of corporate entrepreneurship by means of a literature review.
- To obtain insight into the business environment of Absa Group Retail Bank, Gauteng Province.
- To assess the entrepreneurial characteristics of middle management.
• To determine the reliability of the questionnaire.
• To assess the entrepreneurial climate in Absa Group Retail Bank, Gauteng Province by means of a questionnaire to be completed by middle management.
• To examine the relationships between the demographic variables and the constructs measuring entrepreneurial climate.
• To suggest practical recommendations to foster corporate entrepreneurship in the organisation.

1.4 SCOPE OF THE STUDY

1.4.1 Field of Study

The study focuses on corporate entrepreneurship and the role of middle management in Absa Group Retail Bank, Gauteng Province. The study aims to determine the relationship between organisational climate and the entrepreneurial characteristics of the individual as well as that of superiors.

1.4.2 Geographical demarcation

The study will be conducted in the Gauteng Province, South Africa. As the economic hub of South Africa, Gauteng is a major business destination and has a sophisticated infrastructure that competes amongst the best in the world. The province is also the financial capital of the continent. Approximately 70 foreign banks have their head offices in Gauteng as well as a large number of insurance companies, local banks and educational institutions.

Gauteng consists of five regions, i.e. Ekurhuleni (Benoni, Springs, Germiston, Nigel, Heidelberg, and Alberton), Johannesburg Metropolitan, (Metsweding District, North East), Tshwane Metropolitan (Pretoria), West Rand District (West Rand towns such as Carletonville, Roodepoort and Krugersdorp) and the Sebhideng region which includes the Vaal Triangle towns Sasolburg, Vanderbijlpark, Vereeniging and Meyerton) For the purpose of this study, the focus on Absa, Retail Bank, Gauteng Province is on the Ekurhuleni, Johannesburg Metropolitan, the West Rand district
and the Sebideng region. The area below the Tshwane region up to and including the Sebideng region is the area of the Absa, Retail Bank, Gauteng Province.

Figure 1.1: Map of Gauteng Province

Source: http://www.ktsolution.biz/home/ROUTES/map_gauteng.jpg

1.5 RESEARCH METHODOLOGY

This study was conducted in two phases, i.e. a literature review and an empirical research.
1.5.1 Literature review

The aim of the literature study is to gain knowledge and insight into corporate entrepreneurship, corporate entrepreneurial behaviour and corporate entrepreneurial climate. To address the primary and secondary objectives, a literature study was done to define entrepreneurship, discuss the different dimensions of corporate entrepreneurship, to view the characteristics of both individual and the organisation which is necessary when fostering an entrepreneurial climate. The importance of middle management in the entrepreneurial process is researched and discussed.

In conducting the research, scientific journals, research reports, company documents, dissertations and recognised internet articles will be consulted and quoted.

1.5.2 Empirical study

The aim of the empirical study is to use the knowledge gained by the literature study to investigate the environment and circumstances in Absa, Retail Bank, Gauteng. The study is based on the corporate entrepreneurial climate in Retail Bank Gauteng.

1.5.2.1 The questionnaire used in the study

Oosthuizen (2006: 130 -146), conducted a literature review on the characteristics of an entrepreneurial climate. Based on the four different instruments of:

- Morris and Sexton (1996: 5-13), the Entrepreneurial performance Index to determine the entrepreneurial climate within an organisation.
- The Corporate Entrepreneurship Assessment Instrument of Hornsby et al. (2002: 49-58) which measures the internal antecedents of Corporate Entrepreneurship.
- The Innovation Climate Questionnaire which was developed by Gifford Pinchot. (Pinchot & Pellman 1999: 107-116).
- The Litwin and Stringer Organisational Climate questionnaire (LSOQC), which was developed by Litwin and Stringer (1968).
Oosthuizen (2006: 130-146) identified thirteen themes necessary for an entrepreneurial climate in organisations. The themes are:

- Entrepreneurial leadership
- Management support
- Champions or sponsors
- Tolerance for risk, mistakes and failure
- Innovation and creativity/New ideas encouraged
- Appropriate rewards and reinforcement
- Vision and strategic intent
- Discretionary time and work
- Empowered teams/ Multi-disciplined teamwork and diversity
- Resource availability and accessibility
- Continuous and cross-functional learning
- Strong customer focus
- Flat organisational structure with open communication and strong sense of belonging

Each of the thirteen constructs has five items each to evaluate the perception of middle management on each of the constructs. A five point Likert scale was used and managers had to indicate on a scale of one to five whether they agreed or disagreed strongly, where point five indicated strongly agreed and point one strongly disagreed.

1.5.2.2 Gathering of the data

Primary data on the corporate entrepreneurial climate will be collected for the study by using a survey questionnaire as developed by Oosthuizen (2006: 130-146).

The processes of distribution of the questionnaires were as follows: a master copy e-mailer of the survey questions was emailed to the personal assistant of the General Manager of Absa, Retail Bank, Gauteng Province. She then mailed the questionnaires as an attachment to all the regional managers who in turn mailed it to
all sales and branch managers who ensured that all the team leaders received the e-
mailed survey to complete. Detailed instructions were included in the mail explaining
how the questionnaire should be completed. To guarantee privacy and anonymity of
the respondents, all completed surveys were mailed back to the PA who copied the
completed surveys onto a disc. All completed questionnaires were numbered and no
names were linked to any response received. Constant follow up was done by the PA
via e-mail and telephonically to ensure that all questionnaires were completed in full.
A major challenge throughout the data collection process was to persuade the
regional managers to get the middle managers reporting to them to complete the
questionnaire.

### 1.5.2.3 The study population

The participants in this study comprise of 133 middle managers on M- and T- levels
in Absa, Retail Bank, Gauteng Province. The target population for the entrepreneurial
survey questionnaire will be the three levels of middle management currently in
Retail Bank. The three levels are regional managers (M-level), sales managers (M-
level) branch managers (M-level) and team leaders (T-level). These levels form part
of middle management. The M-level category for middle management is divided into
senior middle management, which refers to regional managers. The sales and
branch managers report into the regional managers. The sales and branch managers
are on the same level and represent middle management. T-levels are the lower
middle management, and are representative of all team leaders across all business
units in Absa.

To generate a list of middle management, the Provincial General Manager of
Gauteng Province was contacted to provide the list of regional managers, sales and
branch managers as well as team leaders.

### 1.5.2.4 Statistical analysis

The data collected will be statistically analysed, using Statistica (Stasoft, 2008) and
SPSS (SPSS, 2005). Construct validity of the questionnaire will be assessed by
means of an exploratory factor analysis and by calculating Cronbach alpha
coefficients. Thereafter the entrepreneurial characteristics of the middle managers and that of their superiors will be examined by means of multiple regression analysis.

1.6 LIMITATIONS OF THE STUDY

The limitation of the study is its uniqueness. There is limited information and research available on corporate entrepreneurship in Absa or in any business unit in Absa. It will be difficult to offer a comparative analysis of the results of the study within the total employee complement of the bank. The study will have a specific focus on middle management in Retail Bank Gauteng and middle management reporting lines rolling up to the Provincial General Manager of Retail Bank Gauteng. A limitation which had a big impact on the research was the lack of recent information from reputable sources which could be used and quoted.

A further limitation of the study is the research which was only done in Absa and the results will therefore not necessarily be applicable to other financial institutions. The study population is relatively small and only 70 responses were received, advanced statistical opportunities are therefore limited. It is important to note that the study is done within a specific time frame which is January 2008 to June 2008. Any other market changes or economic changes as well as internal changes within Absa have not been taken into consideration. The study therefore is a snapshot of the Absa, Retail Bank within a certain timeframe as well as in a specific province in South Africa.
1.7 LAYOUT OF THE STUDY

The research study is divided into five chapters:

Figure 1.2: Layout of the study

Chapter 1  Nature and scope of the study
Chapter 2  Literature review of corporate entrepreneurship
Chapter 3  Overview of Absa Bank
Chapter 4  Research methodology and main findings
Chapter 5  Summary, conclusions and recommendations

Chapter 1 is a discussion on the nature and scope of the study. The problem statement is defined, and the primary and secondary objectives are set out. The chapter is an introduction to the study.

Chapter 2 provides definitions of entrepreneurship to enhance the reader’s understanding of corporate entrepreneurship. The chapter also provides the reader
with an insight into the dimensions as well as the characteristics of an entrepreneurial climate and the role played by the middle manager in developing and fostering an entrepreneurial climate.

**Chapter 3** provides an overview of Absa Bank with emphasis on Absa Retail Bank. The chapter aims in providing the reader a background view of the Absa Group as well as how Retail Bank fits into the operations of Absa as a whole. The importance of Retail Bank as well as the role players and dynamics within the Retail structure is described to give more insight into one of the big four banks in South Africa.

**Chapter 4** consists of two sections, the first being the gathering of data and secondly the presentation and a discussion of the results.

**Chapter 5** offers a conclusion of the empirical research, recommendations, whether the objective has been achieved and suggestions for future research.
CHAPTER 2
LITERATURE REVIEW ON CORPORATE ENTREPRENEURSHIP

It does not take much strength to do things, but it requires a great deal of strength to decide what to do.

Elbert Hubbard

2.1 INTRODUCTION

Intrapreneurship, or entrepreneurship within existing organisations, has generated considerable research over the past few decades. Entrepreneurial organisations not only innovate in their markets, but introduce new production, marketing and management processes that are intended to give them a competitive advantage (Fitsimmons, Douglas, Antoncic & Hisrich, 2004: 3).

Kuratko (2007: 1) sees entrepreneurs as important and aggressive catalysts for change in the world of business; individuals who recognise opportunities, challenging themselves to break new barriers. Entrepreneurship, Corporate entrepreneurship or Intrapreneurship- where does this concept come from? From the literature and research found, although it is a concept which has been largely written about, there is no exact definition as many authors have given their view of a definition for entrepreneurship and corporate entrepreneurship.

This chapter aims to give the reader different definitions of entrepreneurship and corporate entrepreneurship. It also aims to discuss the dynamics and dimensions of corporate entrepreneurship, the entrepreneurial characteristics of an entrepreneur. The chapter will establish the influence of an entrepreneurial climate, how an entrepreneurial climate can be established and the important role middle management plays in maintaining an entrepreneurial climate.
2.2 DEFINING ENTREPRENEURSHIP

For more than a hundred years researchers interested in innovation processes and new venture creation have attempted to find and construct definitions of what constitutes an entrepreneur. The term was first recognised by French economist Richard Cantillon (1725), as quoted by Levander and Raccuia (2001: 8), linked the risk bearing activities in an economy with that of the entrepreneur. Ever since, the discipline of entrepreneurship has followed several different patterns of evolution, resulting in an extensive body of research that reveals some similarities as well as great many differences in the definitions of an entrepreneur.

According to Hisrich and Peters (2002: 7), the word entrepreneur is derived form the French language and when translated literally, it means "between-taker" or "go-between. Banfe (1991: 2) believes that entrepreneurship involves the re-thinking of conventional paradigms by discarding the traditional ways of doing things.

Schumpeter (1984: 8) defines an entrepreneur as somebody who innovates and carries out new combinations so that new goods are introduced or existing products are improved, new methods of production are developed, new markets are opened and new resources are found. On the other hand, Johnson (2001: 135) believes that an entrepreneur takes initiative, assumes responsibility, manages risk and has the willpower to see things through. Johnson (2001: 135) further adds that an entrepreneurial attitude and entrepreneurial behaviour include factors of motivation to achieve and taking ownership. Decisions can be made independently, combined with creative and flexible thinking as well as awareness for risk and the management thereof, thereby explaining that entrepreneurship in its narrowest sense involves the capturing of ideas and converting them into products and/or services and the building of a venture to take the product to market.

The definition of entrepreneurship, according to Dees (1998: 1), that in common parlance, being an entrepreneur is associated with starting a business, which is a very loose application of a term that has a rich history and a much more significant future.
According to Kuratko and Hodgetts (2004: 30), entrepreneurship is more than the creation of business. Although it is important, it also includes a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essentially it includes the willingness to take calculated risk in terms of time, equity or career, the tenacity to push an idea through to reality and combining it into a special perspective that permeates entrepreneurs. Entrepreneurs have the ability to formulate an effective venture team, the creative skill to marshal needed resources as well as the fundamental skill of building solid business plans. Furthermore entrepreneurship is the vision to recognise opportunity where others see chaos, contradiction and confusion.

According to Shane and Venkatamaran (2000: 218), entrepreneurship involves the study of sources of opportunities, the process of discovery, the evaluation and the exploitation of opportunities as well as the individuals who discover, evaluate and exploit. The definition of Shane and Venkatamaran (2000: 218) has been quoted as a popular definition as it does not view entrepreneurs as only the founders of new organisations, but it implies that any person can be an entrepreneur; an options trader as well as a corporate salesman who discovers and pursues opportunities for the creation of new products (Shane, Locke and Collins 2003: 259). This definition shows that entrepreneurship is a creative process, by rearranging resources in a new way, entrepreneurs engage in creative activities.

Shane et al. (2003: 259) explain the definition by adding that the degree of creativity involved in entrepreneurship varies across the types of resource recombination that occurs. Entrepreneurship also involves human agency as the entrepreneurial process occurs because people act to pursue opportunities, and people differ in their willingness and abilities to act on these opportunities as one individual differs from the next.

The debate about what entrepreneurship entails will continue despite various efforts to define the concept, but what stands out in the literature is that entrepreneurship is doing things differently to achieve a more successful outcome.
2.3 DEFINING CORPORATE ENTREPRENEURSHIP

According to Pinchot (1985: vii), corporate entrepreneurship is within an established business organisation, he perceived corporate entrepreneurship as an extension of individual entrepreneurship within the context of existing organisations. Sharma and Chrisman (1999: 11), as well as Geisler (1993: 53), define corporate entrepreneurship as the process where an individual or group of individuals in association with an established organisation, creates a new organisation, or instigates renewal or innovation within the current organisation. Corporate entrepreneurship revitalises, reinvigorates and reinvents. It is the catalyst that places firms on the path to competitive superiority or keep them in a competitively advantageous position (Nayager & Van Vuuren, 2005: 30). According to Antoncic and Hisrich (2003: 9), corporate entrepreneurship not only refers to the creation of new business ventures, but to innovative activities such as the development of new products, services, technologies, administrative techniques, strategies and competitive postures.

These definitions have one aspect in common that is either an individual or a group of people within an established organisation created through innovation new ways of doing things. The organisation, can through these entrepreneurial actions, make the organisation competitive in the industry.

Dess, Lumpkin and McKee (1999: 85) describe hardware, people and software as interrelated concepts which capture the salient attributes inherent in corporate entrepreneurship. Dess et al. (1999: 85) add that these three concepts mentioned above, must fit together in the organisation as a whole for strategic renewal and innovation to take place. Hardware refers to the structure of the organisation, its business and planning systems, the control mechanisms as well as the reporting relationships within the organisation. On the other hand people refer to the skills of employees, their personalities and their characters whilst software refers to the informal networks, practices, values and culture of the organisation.
Morris and Kuratko (2002: 23) take the definition of corporate entrepreneurship a step further as they state that entrepreneurship is about creating wealth, enterprise, employment, change, innovation, value and growth. Morris and Kuratko (2002: 33) add that corporate entrepreneurship should be integrated throughout the organisation and not just as a discrete activity or an event which occurs once and never again. They are of the opinion that the entrepreneurial intensity must have a direct and a positive influence on the performance of the organisation. This can only be done by the integration of the organisation’s vision, mission, strategies, objectives, structures as well as the overall organisational culture (Morris & Kuratko, 2002: 34). Ireland, Kuratko and Morris (2006: 24) observed that the entrepreneurial intensity tends to be associated with higher levels of performance and entrepreneurial intensity differs across industries. Ireland et al. (2006: 24) proposed that an organisation’s entrepreneurial intensity is a consequence of the organisation’s corporate entrepreneurial climate. This is an assessment if the organisation’s internal work environment supports entrepreneurial behaviour and the use of a corporate entrepreneurial strategy.

2.4 DIMENSIONS OF CORPORATE ENTREPRENEURSHIP

Wang and Li-Hua (2006: 2) cited a number of authors who had views on the dimensions of corporate entrepreneurship. The first view being that of Lumpkin and Dess (1996) who stated that as with the definition of corporate entrepreneurship, no agreements have been reached about the key dimensions of corporate entrepreneurship and some studies view corporate entrepreneurship in terms of entrepreneurial orientation and emphasised by characteristics such as innovativeness, proactiveness, risk taking autonomy and competitive aggressiveness. Others consider it as a three dimension construct, e.g. venturing, innovation and self-renewal Zahra (1993) or proactiveness, risk taking and innovativeness. Luo, Zhou and Liu (2005: 277 -284) or a four dimension construct new business venturing, innovativeness, self renewal and proactiveness. Antoncic and Hisrich (2001) Two years later, Antoncic and Hirsch (2003: 9) altered their four dimension construct of entrepreneurial orientation to that of innovativeness, proactiveness, competitive aggressiveness and autonomy.
According to Foba and De Villiers (2007: 4), there are four key or primary dimensions of corporate entrepreneurship, namely corporate or new venturing, proactiveness, self-renewal or transition and competitive aggressiveness. Foba and De Villiers (2007: 4) add that in addition to these four dimensions, the following characteristics of the entrepreneur should also be included i.e. strategy, innovativeness, autonomy, risk-taking and team building. The expansion of the dimensions to nine is supported by Antoncic (2002) who concluded that the construct of entrepreneurship comprises of dimensions which exceed the commonly accepted four “key” or primary dimensions.

Foba and De Villiers (2007: 5) state that if these dimensions are expressed properly within organisations, they will translate into a different form playing roles of facilitation or enabling the dimensions to be effective, isolating and identifying these translated dimensions, and referring to them as the enablers of the “true” dimensions of entrepreneurship.

The significance of these findings is that analysis of the construct of corporate entrepreneurship, the following key variables which facilitate or enable the practice of corporate entrepreneurship, can be identified and defined:

- To identify the enablers as being the vision, mission, objectives, strategy, culture, structure, risk-taking, team work, autonomy, employee involvement, processes, resources, reward systems, competitiveness, innovativeness, proactiveness and learning.
- Synthesise the dimensions and enablers into a conceptual model to measure behaviour of entrepreneurial employees in a corporate environment aiming to achieve competitiveness
- Identify and define the key variables which characterise entrepreneurial employees, i.e. innovativeness, proactiveness, autonomy, commitment, risk-taking, competence and the ability to learn or to be trained.

Source: Adapted from (Foba & De Villiers, 2007: 5)
For the purpose of the study, four key dimensions of corporate entrepreneurship were identified and discussed as elements of entrepreneurial orientation, innovativeness, risk taking, proactiveness and aggressiveness.

According to Dess and Lumpkin (2005: 147), entrepreneurial orientation is a business strategy which companies invoke to assist in searching and pursuing opportunities. It further represents a frame of mind and a perspective about entrepreneurship which is reflected in the ongoing processes and in the corporate culture. Rauch, Wiklund, Lumpkin and Frese (2004: 164) add that entrepreneurial orientation can be viewed as the strategy process where organisations enact their purpose, sustaining their vision and create a competitive advantage. Entrepreneurial orientation consists of innovativeness, risk taking, proactiveness and aggressiveness.

Innovativeness reflects on the tendency of an organisation to engage and support new ideas, novelty, experimentation as well as to be involved in the creative processes which could result in new products, services and processes (Lumpkin & Dess, 1996: 142). According to Rauch et al. (2004: 165), innovativeness is the predisposition to engage in creativity and experimentation by introducing new products or services and technological leadership.

Risk taking refers to the willingness of an organisation to capture a venture opportunity although it does not know if the venture will be successful or not, and to act with boldness without knowing what the outcomes will be (Dess & Lumpkin, 2005: 152). Risk taking includes financial risks, personal risks and business risks.

Dess and Lumpkin (1996: 146) describe proactiveness as taking initiative by anticipating emerging markets and pursuing new opportunities. Dess and Lumpkin (2005: 150) also add changes in demand to having a forward-looking perspective, monitoring trends and identifying future needs of existing customers.

Lumpkin and Dess (1996: 148) refer to competitive aggressiveness as how organisations relate to competitors, i.e. how firms respond to trends and demands.
which already exist in the market place, and how organisations respond towards achieving a competitive advantage, where autonomy means having the ability and motivation to self-direct the pursuit of opportunity.

The contribution of the above is that two conceptual models of corporate entrepreneurship have been developed which include the dimensions of corporate entrepreneurship as well as the characteristics of an entrepreneurial organisation and an entrepreneurial employee (Foba & De Villiers, 2007: 6).

2.5 ENTREPRENEURIAL CHARACTERISTICS

Studies on entrepreneurship in organisations show that entrepreneurship in existing organisations differs in approaches and in definitions. Gartner (1993: 232) notes that the choice of words used to define entrepreneurship sets the boundaries of how we think about and study it. In this section a behavioural approach is followed that emphasises entrepreneurial activities which are centered on the individual characteristics of the entrepreneur. Pirich et al. (2001: 14-15) believe that entrepreneurship is a process and not a static phenomenon and involves change as well as choice related issues.

According to Frijs, Paulsson and Karlsson (2002: 1-2), existing definitions of entrepreneurship often relate to the functional role of entrepreneurs. Carree and Thurik (2002: 8) mention three of the most frequently mentioned functional roles of entrepreneurship which are associated with the schools of thought on entrepreneurship: risk seeking, innovativeness and opportunity seeking. One operational definition of entrepreneurship that successfully synthesises the functional roles of entrepreneurs is the manifested ability of individuals, on their own, within and outside existing organisations, to perceive and create new economic opportunities (new products, new production methods, new organisational schemes and new product-market combinations) and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions (Wennekers & Thurik, 1999: 46 -47).
One of the most important theoretical foundations for the entrepreneurial traits approach is the studies done by David McClelland, a psychologist from Harvard (1961). The traits approach concentrates on who the entrepreneur is and what are the personality traits of an entrepreneur. McClelland emphasised the importance of the motivational aspect of the entrepreneur, and his studies show that entrepreneurial behaviour is driven by the need for personal achievement. McClelland also identified 10 personal entrepreneurial competencies for detecting and strengthening entrepreneurial potential which are opportunity seeking and initiative, risk taking, demand for efficiency and quality, persistence, commitment to the work, information seeking, goal setting, systematic planning and monitoring, persuasion and networking and independence and self-confidence (McClelland, 1961: 205–301). Philipsen (1998: 8) summarised the different personality trait theories as an internal locus of control, low aversion to risk, aggressiveness, ambition, being over optimistic, a desire for autonomy and personal values.

The entrepreneurial orientation, one of the personality traits, depends on McClelland’s theory of the need to achieve, a theory which states that the need for achievement is strongly related to entrepreneurial behaviour (Duygulu, 2008: 5). According to this theory, individuals who have a strong need to achieve are those who want to solve problems themselves, set targets and achieve these targets through their own efforts. The theory suggests that individuals with a strong need to achieve often find their way to entrepreneurship and succeed better than others as entrepreneurs (Duygulu, 2008: 5). On the other hand, with respect to Littunen (2000: 296) and Hansemark (1998: 35–36), the locus of control of an individual is seen as either internal or external. An external control refers to the attitude which focuses on the actions of other people, or on fate, luck or chance (Littunen, 2000: 296). Based on the view of McClellan, internal locus of control and pro-activity can be seen as entrepreneurial traits.

In a most recent research, Barendsen and Gardner (2004: 45) noted that entrepreneurs are energetic, persistent, and usually confident, with the ability to inspire others. These entrepreneurs are also deeply committed to their cause, they are very independent, and they are able to explain the link between their specific goals and a broader picture. Barendsen and Gardner (2004: 47) add that most
entrepreneurs are also spiritual or religious and believe in human potential and the possibility of change.

According to Epelle (2003: 2), corporate entrepreneurs are achievement orientated and results focused as well as determined, they take decisive decisions and see projects through. This is a result of the entrepreneur’s commitment and dedication. Epelle (2003: 2) argues that entrepreneurs are leaders with the ability to influence the behaviour of a group of people in a changing environment. They take calculated risks and have the ability of coping with change and uncertainty. These entrepreneurs can identify opportunities, and because entrepreneurs are creative, they can match the business goals with that of the organisation.

2.6 DETERMINANTS OF AN ENTREPRENEURIAL CLIMATE

Organisational climate has been defined as the relatively enduring quality of the internal environment of an organisation that is experienced by its members; it influences their behaviour and can be described in terms of the values of a particular set of characteristics or attitudes of the organisation. The organisational climate is the ether within which the organisation exists (Taguiri & Litwin, 1968: 27). Burton, Lauridsen and Obel (1999: 2) define the definition of (Taguiri & Litwin, 1968: 29) further by adding that the organisational climate can be measured in terms of trust, morale, conflict, equity in rewards, credibility, resistance to change and scapegoating.

Climate refers to a situation and its link to thoughts, feelings and behaviours of the organisational members, it is temporal, subjective and often subject to direct manipulation by people in power and who have influence (Denison, 1996: 644). According to Schneider, Brief and Guzzo (1996: 9), the dominant paradigm within organisational climate, is regarded as an organisational parameter whose direct or indirect influence on organisational performance is studied.
Schneider et al. (1996: 11) identify four key organisational climate dimensions, where the first three are related to function and the last one to goals:

- The nature of interpersonal relationships: mutual sharing, trust, relationships between functional units, importance of personal welfare amongst colleagues and with management
- The nature of the hierarchy: Participative decision making and team work, cohesion between management and employees
- The nature of the work: Challenging, employee autonomy, necessary tools to do the job and information sharing
- The focus of support and rewards: Shared goals and standards, customer focus, rewards for quality and quantity, provision of training and which facets of performance are appraised and rewarded.

Where organisational climate is the experience of employees of the internal environment of the organisation, is culture a system of shared meaning held by members that distinguishes the organisation from other organisations. According to Robbins (2001: 510), culture serves as a control mechanism that guides and shapes the attitude and behaviours of employees. Culture allows organisations to develop a core set of assumptions, understandings and implicit rules that govern day-to-day behaviour in the workplace. Nayager and Van Vuuren (2005: 31) add that entrepreneurial culture should encourage employees to be creative and innovative, to experiment with new products, to make suggestions for the improvement of products and internal processes, to take risks, responsibility and ownership of their creations.

According to Hornsby et al. (1993: 29), Kuratko, Montagno and Hornsby (1990: 49) and Hisrich and Peters (1998: 47), as cited by Nayager and Van Vuuren (2005: 32), organisational characteristics that foster corporate entrepreneurship are: rewards for innovation, management support of entrepreneurial projects, resource availability, risk-taking and a tolerance for failure. Management has control over each mentioned elements (Nayager & Van Vuuren, 2005: 32). Stevenson and Jarillo-Mossi (1986: 15) argue that beliefs must be instilled in employees stating that it is in their best interest to pursue and act upon discovering opportunities, which can be done through rewards and by reducing the risk of failure.
2.7 DEVELOPING AN ENTREPRENEURIAL CORPORATE ENVIRONMENT

According to Elenkov, Judge and Wright (2005: 680), internal organisational factors influence the types of corporate entrepreneurship pursued by the organisation. Elenkov et al. (2005: 680) further add that internal factors that could influence the pursuit of corporate entrepreneurship are organisational leadership, the culture and value system, structures and processes, systems and the availability of resources. Entrepreneurial intensity has a direct and positive influence on company performance which can be done by integrating the vision and mission of the organisation, strategies, objectives and structures of the organisation as well as the overall culture of the organisation (Morris & Kuratko, 2002: 34).

According to Kuratko and Hornsby (1996: 3), the first step in planning a strategy of corporate entrepreneurship for the organisation is sharing the vision of innovation that executives wish to achieve. Due to the suggestion that corporate entrepreneuring results from the creative talents of people in the organisation, the employees need to know and understand the vision.

Russel and Russel (1992: 640) state that entrepreneurial strategy is the component of corporate strategy that promotes the persistent search for competitive advantage through innovation. Kuratko and Morris (2002: 154) argue that the presence of corporate entrepreneurship creates opportunities to be innovative and more dynamic. Although it could place the organisation at risk, employees should have a strong understanding that innovation is part of the organisational strategy, thereby supporting daily innovative actions.

Covin and Selvin (1991: 44), as cited by Nayager and Van Vuuren (2005: 31), state that organisations can be characterised by the degree to which they have an organic or mechanic where the organic organisation has more open communication and a more loosely controlled or a flat structure. A mechanistic organisation tends to be more traditional and hierarchical in its approach.
Christensen (2004: 302) supports this view and states that many large companies find it very difficult to integrate the entrepreneurial spirit in a well-structured or bureaucratic organisation, and must think non-traditionally to cope with these increasing paradoxes. Some companies tend to stick to the 'old ways' of doing business, i.e. preserving the well-known techniques, business concepts and ways of cooperation while others reorganise, re-create themselves, merge, split up, become virtual, enter new markets and create unforeseen alliances.

From the above it can be argued that an organisational structure which can respond to changes quickly, communicate these changes quickly, has a positive impact on effective and efficient communication between the employees of all business units. It is also imperative that that the organisational structure supports the delegation of responsibilities enabling employees to be creative in solving issues.

If organisational entrepreneurship is seen as a behaviour that consists of different components, managers can manage and control entrepreneurship (Nayager & Van Vuuren, 2005: 31).

2.8 ROLE OF MIDDLE MANAGEMENT

Kanter (2004: 152) states that because middle managers have their fingers on the pulse of operations, they can conceive, suggest and get new ideas into motion. To support the integral role played by middle managers in corporate entrepreneurship, the larger organisation must provide support to facilitate and exploit the potential contributions of the middle manager. According to Hornsby et al. (1999), as cited by Kuratko, Ireland, Covin and Hornsby (2005: 703- 704), there are five antecedences an organisation should provide in an effort to facilitate the entrepreneurial behaviour of the middle manager:

- Management support: top level management to promote entrepreneurial behaviour, championing of innovative ideas, resources for entrepreneurial actions.
Work autonomy: tolerance for failure, own decision making, delegation of authority from top management to middle management, freedom from excessive oversight.

Rewards/ reinforcement: Development and the use of systems that reward performance, highlighting significant achievements and encouragement of pursuing challenging work.

Time availability: Ensuring individuals and groups have the time required to pursue innovations, structuring jobs to support efforts to achieve all the goals of the organisation.

Organisational boundaries: In depth explanation of the outcomes expected from the organisational work as well as the development of mechanisms for evaluating, selecting and using innovations.

Kuratko et al. (2005: 699) state that the entrepreneurial behaviour of the middle manager is linked to successful corporate entrepreneurship. Typical characteristics of effective middle managers are that they are comfortable with change, they see unmet needs as opportunities, they have a participative management style and they are persuasive, persistent and display discretion. Middle managers also have a participative and collaborative management style with a strong association with being innovative. Their management style is more persuasive than ordering, they have team buildings by using frequent staff meetings and sharing information while welcoming the input and ideas from others (Kanter, 2004: 158).

According to Kuratko et al. (2005: 705), a middle manager can be described as existing in a three-factor model of entrepreneurship which includes an entrepreneur, an entrepreneurial opportunity as well as resources facilitating the entrepreneur to pursue the entrepreneurial opportunity. Kuratko et al. (2005: 705) are of the opinion that middle management is in direct contact with the lower and upper levels within the organisation. When potential entrepreneurial opportunities are identified by lower levels, the middle manager can evaluate and endorse these opportunities to the upper levels of management, therefore middle managers can refine the idea, and give their perspective on how the opportunity or idea could fit better into the organisation. The idea could be interpreted by the middle manager and structured in a way that it is understood and accepted on a higher level.
A further role of the middle manager is to pass an initiative from a lower level on to higher levels by using their support network to ensure that these initiatives gain momentum and receive the necessary attention (Floyd & Woolridge, 1992; King Fowler & Zeithaml, 2001), as cited by Goldsby, Kuratko, Hornsby, Houghton and Neck (2006: 20), state that middle management acts a hub through which most of the organisational knowledge flows. Middle management must have the technical competence to understand the initial development, subsequent shaping, and continuous application of the firm’s core competencies. Through the interactions of middle management with senior and first-level management, they can influence and shape the corporate entrepreneurship strategies of the organisation.

2.9 FOSTERING AN ENTREPRENEURIAL CLIMATE

Nonake and Takeuchi as cited by Hornsby, Kuratko and Zahra (2002: 257) highlight the central role played by middle managers in an organisation. Middle managers interact with suppliers, observe the market and analyse the competition, they are well positioned to identify areas where innovation is needed. Hornsby et al. (2002: 269) measure the key internal organisational factors which have an influence on middle managers which initiate corporate entrepreneurship activities. These factors are: the appropriate use of rewards, the support from top management, availability of time, organisational boundaries and work autonomy. Because middle management plays an important role in creating an environment which encourages and stimulates innovation and entrepreneurship, they can influence the commitment of employees on these entrepreneurial activities resulting in the organisational benefiting.

In support of the views above, Hornsby, Naffziger, Kuratko and Mantagno (1993: 30) emphasise that if an organisation strives to foster corporate entrepreneurship, a reward system based on results needs to be implemented. In addition to the reward system, employees must have resources available, e.g. time to spend on innovative activities. Lastly, employees and management must be willing to take risks and be tolerance in the case of failures.
According to Hornsby et al. (2002: 261), the strategy of an organisation influences the internal factors which in turn have an influence on corporate entrepreneurship. An organisation needs to be market orientated as well as focused on business opportunities to facilitate corporate entrepreneurship (Lampikoski & Emben, 1996: 161). The strategy of the organisation has to be based on a vision, and the organisational structure should be flat and flexible. The organisational culture should be one where risk taking, respect for people, tolerance for mistakes, sense of pride and a drive for improvement and development exists. Lampikoski and Emben (1996: 161) add that work should be organised to allow shared responsibility, controlled freedom as well as job rotation. Hisrich and Peters as cited by Van Aardt and Van Aardt (1997: 23), identify factors which are critical for the implementation of corporate entrepreneurship in large organisations:

- Organisation to be at the forefront of technological development
- Encouraging new ideas
- Encouraging experimenting
- Permitting failures
- No boundaries for opportunities
- Multi-disciplinary team approach
- Voluntary participation
- Availability of sponsors and champions

The above can only be possible if top management has a commitment towards corporate entrepreneurship.

According to Pinchot and Pellman (1999: 93), there are additional factors that top management has to consider to promote innovative and entrepreneurial behaviour in an organisation:

- Dissatisfaction with status quo.
- Creation of a vision to empower employees as well as guide the individual innovative employee.
- Allow employees to put their innovative ideas forward.
• Remove obstacles which might hinder innovation.
• Search for sponsors as well as rewards for sponsors.
• Open system for innovation on value improvement, products and services, new working ways.
• Flexible organisation by catering for choice on projects and time spent.
• Measuring innovation and climate for innovation.

2.10 SUMMARY

The concept of entrepreneurship has sparked depth research and has touched many schools of thought. Intrapreneurship or entrepreneurship within established organisations has been researched for a few decades, and the impact of entrepreneurial behaviour for the future existence of an organisation, is dependant on people within an organisation. People who can see an opportunity where others see chaos, people who take calculated risk to make an idea work, people who act as catalysts to make things work during times when other wait for things to happen. Different definitions of entrepreneurship and corporate entrepreneurship have seen the light over the years, but the golden thread that weaves these definitions together is doing things differently to achieve a different and a more successful outcome.

Corporate entrepreneurship exists within organisational structures, its business and planning systems as well as control and reporting mechanisms within the organisation. One can not forget the impact of the people skills, their personalities and their characters as well as the organisational values making the effort of corporate entrepreneurship a well worth happening to pursue. The smooth interlinking of these factors will result in wealth creation, not only for the organisation and its employees, but also for its shareholders.

Corporate entrepreneurship is not a one dimensional concept, but is a complex concept with dimensions referring to individual as well as organisational characteristics. These characteristics include innovativeness, autonomy, proactiveness, competitive aggressiveness, risk taking, self-renewal, team building, entrepreneurial strategy and entrepreneurial leadership.
Entrepreneurial climate, being the enduring quality of the internal environment of an organisation, is an important internal organisational factor which is the make or break factor for entrepreneurial behaviour. Organisational climate is the ether which exists within organisation, the morale of employees, the measure of trust amongst employees, conflict handling as well as the appropriate use of recognition and rewards.
CHAPTER 3
OVERVIEW OF ABSA BANK

3.1 INTRODUCTION

As an emerging market, Africa represents an exciting opportunity for future growth and investment. Growth is prevented by challenges such as the tough economic environment, competitive market practices and disparity in processes and capabilities when compared to global banking leaders. These challenges have considerable implications for the banking sector in South Africa.

The South African retail market is dominated by Absa, Nedbank, Standard Bank and First National Bank. These banks are called the Big4 and together they hold the biggest customer base in South Africa. Competition in the South African banking industry is extremely fierce and customers can switch from one bank to the next one quite easily.

It is only through innovative products, service excellence and entrepreneurial behaviour within these established organisations that a competitive advantage can be achieved and maintained.

3.2 HISTORICAL OVERVIEW OF ABSA BANK

The year 1991 signified the formation of Amalgamated Banks of South Africa Limited (Absa) through the merger of UBS Holdings, the Allied and Volkskas Groups, and certain interests of the Sage Group. In 1992 Absa acquired the entire shareholding of the Bankorp Group which included Trustbank, Senbank and Bankfin whereby its asset base was extended even further. In 1997 the name of the holding company, Amalgamated Banks of South Africa Limited was changed to Absa Group Limited, consisting of three main operating divisions, and by 1998 the United, Volkskas, Allied and Trustbank brands were consolidated into a single brand. A new corporate identity and brand were adopted by Absa. In 2005, Barclays acquired a majority
stake in Absa as part of its drive to expand its global product and international retail and commercial banking business in attractive markets outside the United Kingdom.

Absa is a subsidiary of Barclays Bank PLC which holds a majority stake of 58.8%. Barclays is a major global financial service provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the United States of America, Africa and Asia.

The Absa Group Limited (Absa), listed on the Johannesburg Stock Exchange Limited (JSE), is one of South Africa's largest financial services groups and conducts business primarily in South Africa, and in addition to this, the Group has equity holdings in banks in Mozambique, Angola and Tanzania (Absa, 2008).

3.3 ABSA VALUES AND CULTURE

Absa believes that the organisation’s values are lived and is illustrated in the way colleagues interact with each other and with Absa customers. An annual employee opinion survey gives employees the opportunity to voice their opinions and although the survey is not compulsory, it is widely supported. In 2007 the survey saw 98% of employees participating thereby demonstrating the high levels of engagement of which Absa is very proud.

Absa has an approach whereby all employees are recognised as talent. The bank strives to support the talent and in line with this, regular transparent talent review sessions are held. The objective of these discussions is to find the best possible role for each person in the organisation.

Absa’s performance development process, which is linked to the business objectives, is well entrenched. Formal coaching and mentoring takes place at all levels within the organisation. Various training and development courses are available internally as well as externally.
3.4 OVERVIEW OF ABSA BANK LIMITED - RETAIL BANK

Absa can be distinguished by its retail franchise and by the size of its customer base which is more than 9 000 000, making the Retail Bank division within the Absa Group the largest retail bank in South Africa. The retail business of the Absa Group currently accounts for around 50% of the total revenue of the group (Lafferty, 2007: 4).

A number of focussed business units provide the full array of customised banking solutions to individuals and small enterprises throughout South Africa. (Absa Operational review, 2007). According to the Absa Operational view (2007), Retail bank has contributed 49.1% attributable earnings to the total group earnings. From these figures, it is quite easy to determine that Retail Bank is in essence the “engine” of the Absa Group Limited.

Absa Retail Banking consists of various functional departments which are briefly discussed below:

- Absa Private Bank offers the service of dedicated personal bankers and wealth planners for the upper income group of customers.
- Retail Bank provides financial solutions to individuals who are just entering the banking market up to the affluent individual customer.
- Home Loans offers residential and ownership solutions to target market segments.
- Card Division provides the customer with global card acceptance, electronic payment and financial solutions in selected market segments.
- Absa Vehicle and Asset Finance offers customised vehicle and asset finance products and services to customers in the corporate, commercial and personal markets.
- Absa Fiduciary Services offer Fiduciary services, investment services, consultants and actuaries and health care consulting.
Absa External Sales is a new concept which takes the banking to the workplace making it convenient for both employer and employee to receive banking services on site.

The June 2008 interim results showed that Retail bank contributed 42% nationally of the Absa Group earnings with a customer growth of 7%. The key successes of Absa Group Retail Bank were a strong growth in electronic channels, the largest individual deposit base and an internet customer base of a million. The Absa brand has still remained a leader and the retail sector has also managed to implement risk mitigating measures to protect future earnings.

The retail sector also experiences challenges in terms of the macro economic environment remaining challenging with rising impairments in unsecured lending as well as in the financing of movable assets.

The strategic view of the Absa Group Retail Bank in general is to grow the customer base, to grow the retail affluent market and to offer a full banking proposition and superior service to customers. (Absa Group Limited. Interim Financial Results, 2008)

For Absa Retail Bank the year 2007 was characterised by improved customer excellence, further extension of its distribution footprint, leveraging of strategic alliances, synergy-related initiatives flowing from the Barclays transaction as well as changes in the different channel options to customers. These include external sales and Workplace Banking (Absa Operational Review, 2007).

3.4 ABSA GROUP RETAIL BANK GAUTENG PROVINCE

The Absa Group has a national footprint in nine provinces which are Western Cape, Eastern Cape, Limpopo, Mpumalanga, Gauteng, Free State, KwaZulu-Natal, North West and the Northern Cape. As mentioned in Chapter one, Gauteng is the heartbeat of the economy as well as the province where vast majority of opportunities lie in terms of business. The figure below gives a view of the land areas of the nine
provinces in South Africa. As the figure indicates, Northern Cape is the largest province and Gauteng is the smallest.

Figure 3.1: Land areas of provinces in South Africa

Population density correlates with the provinces' slice of South Africa's economy, with Gauteng having the biggest. This tiny province punches way above its weight, contributing 33.3% to the national gross domestic product and a phenomenal 10% to the GDP of Africa as a whole. Next is KwaZulu-Natal with 16.7%, followed by the Western Cape with 14.4% (Source: Statistics South Africa). Refer to figure 3.2 for a graphical outlay of the contribution of the provinces to the South African GDP.
Absa is the largest retail bank in South Africa. Gauteng province is the smallest province in South Africa, yet in terms of Absa Group Retail Bank, the province is the financial hub when it comes to achieving the highest production targets. The rationale behind this is that most company head offices are based in Gauteng which creates the perception that "getting these companies on Absa’s books", will have a national impact on achieving sales targets. The onus for achieving the retail targets set by the Absa Group is on the middle management of the different business units reporting into the Provincial General Manager of Retail in the various regions nationally.
The above figure demonstrates the different business units which form part of Retail Bank nationally as well as in Gauteng Province. Area managers and Regional managers report to the Provincial General Manager. On branch level, the sales managers and branch managers report into the area managers who in return manage the branch and sales consultants.

The Provincial General Manager is responsible for other business units within the retail structure. Those business units being card division, home loans, Absa vehicle and asset finance digital products, external sales and Absa fiduciary services.

All sales targets for Absa Group Retail Bank Gauteng Province are the responsibility of the above mentioned business units. The achievement of these targets is solely the responsibility of all middle management levels in Retail Bank. To be successful, innovative ways of staying abreast of the competition is needed to achieve the retail targets as well as to contribute to the overall vision of the Absa Group.
3.5 CAUSAL FACTORS TO THE STUDY

The literature study in chapter two aimed to give an overview of the definitions of corporate entrepreneurship, its dimensions, the characteristics of the entrepreneur, the internal environment of established organisations as well as the important role middle management plays in creating and fostering a climate which can promote entrepreneurial behaviour.

In a constantly changing economic climate, organisations have to change even faster to keep abreast of its nearest competitor. These changes sometimes happen so rapidly that the organisation's biggest assets, its people, don't always change as fast as the organisation requires.

Being a global player, Absa is constantly changing and in the Retail Bank space these changes occur at least every 12 to 18 months. These changes have a negative effect on the employees as grapevine rumours are sometimes more timeous than the communication via the Group Communication department. This creates uncertainty in the system, mistrust between employees and managers wondering who will be next to exit the organisation.

Sometimes employees are lifted from one position and dropped into another position. This happens when structural change occurs and very often is due to improper planning of new structures before implementation, hence people without the necessary skills are place in top management positions.

These factors of improper placement of people, restructuring occurring constantly, managers being place on reassignment or placed in a new position, have an impact on the organisational climate as well as on the perception of employees about the entrepreneurial characteristics of themselves as well as that of their superiors.

If middle management can be the catalysts for entrepreneurial behaviour when these uncertain times occur, Absa will be able to achieve and maintain its competitive advantage.
3.7 SUMMARY

Absa is entering 2009 boldly with a continued focus on maximising value amongst all stakeholder groupings through combining profits with employee and customer engagement. Absa wants to be an employer of choice to their employees and from a customers’ point of view, the pre-eminent South African Bank.

The heart of Absa’s business strategy will be embedded in market leadership through market share as well as defining competitiveness in the chosen market segments such as credit cards and home loans. Absa can only be a leader in the banking environment in terms of their employees and by providing excellent customer service through well defined processes and operational excellence, effective risk management. Not to mention developing their employees into becoming employees of choice.

Retail Bank being the engine room of the Absa Group has a large responsibility towards their employees and customers to be innovative in order to take banking to the next level of absolute expertise. Only then can Absa Group Retail Bank in any province nationally become a market leader.
CHAPTER 4
RESULTS AND DISCUSSION OF EMPIRICAL RESEARCH

4.1 INTRODUCTION

The purpose of this chapter is to provide a more detailed description of the research methodology and to present and discuss the results of the empirical research.

The chapter consists of two stages, the first being the gathering of the data and the second the presentation and discussion thereof. The findings discussed include demographic information, the self and superior assessment of the entrepreneurial characteristics, the assessment of the entrepreneurial climate based on the identified thirteen constructs, the reliability of the questionnaire and the relationship between the demographic variables and the 13 constructs measuring entrepreneurial climate.

4.2 RESEARCH METHODOLOGY

The literature study in Chapter 2 highlighted the importance of entrepreneurial behaviour in established organisations. The dimensions of corporate entrepreneurship, the elements of entrepreneurial orientation as well the entrepreneurial characteristics of individuals were defined and discussed. From an organisational perspective, the assessment of entrepreneurial characteristics, the determinants of an entrepreneurial climate, how to develop an entrepreneurial climate as well as the role of middle management in creating and fostering an entrepreneurial climate were also discussed.

To assess corporate entrepreneurship in middle management in the Absa Group Retail Bank Gauteng Province, an empirical study was undertaken.
4.2.1 Development of the measuring instrument

As discussed in chapter one, the questionnaire used was based on a literature study done by Oosthuizen (2006: 130 -146) on the characteristics of an entrepreneurial climate. The questionnaire was based on four different instruments, namely:

- The Entrepreneurial Performance Index (EPI) developed by Michael Morris (Morris & Kuratko 2002: 292-294);
- The Corporate Entrepreneurship Assessment Instrument (CEAI) developed by Kuratko et. al. (Morris & Kuratko 2002: 295-298);
- The Innovation Climate Questionnaire developed by Gifford Pinchot (Pinchot & Pellman 1999: 107-116); and
- The Litwin and Stinger Organisational Climate Questionnaire (LSOQC) developed by Litwin and Stringer (1968).

Based on the literature study and the instruments developed by leading scholars as discussed above, thirteen constructs related to entrepreneurial climate were identified which could be used to measure the perceptions of middle managers regarding the entrepreneurial climate in the organisation. These constructs are: Entrepreneurial leadership, Management support, Champions or sponsors, Tolerance for risk, mistakes and failure, Innovation and creativity/New ideas encouraged, Appropriate rewards and reinforcement, Vision and strategy intent, Discretionary time and work, Empowered teams/Multi-disciplined teamwork and diversity, Resource availability and accessibility, Continuous- and cross- functional learning, Strong customer focus and a Flat organisational structure with open communication and a strong sense of belonging. A comprehensive measuring instrument was designed to measure and evaluate these constructs.

The measuring instrument used in this study assessed each of the thirteen constructs with five statements on the basis of a 5-point Likert type scale ranging from Strongly disagree (1) to Strongly agree (5). The respondents had to indicate the degree to which they agreed or disagreed with each of the statements made (Huysamen, 1994: 125).
The survey questionnaire in terms of the self evaluation and the superior assessment on entrepreneurial characteristics was also assessed by the researcher to determine if all instructions were clear.

Based on the literature study, 30 entrepreneurial characteristics were identified. Middle managers had to first rate themselves (self assessment) on the 5-point Likert scale how they perceived their relative strengths or weaknesses with regard to a specific characteristic. The middle managers then had to rate the entrepreneurial characteristics of their superior managers (superior assessment) to whom they report to in the reporting line.

The demographic information included gender, age, race, academic qualification, job level, job position and department were also collected.

The relationships between the demographical variables and the constructs measuring the entrepreneurial climate were also investigated.

4.2.2 The study population

According to Shaughnessy, Zechmeister and Zechmeister (2003: 128), a study population is a set of all cases of interest. The population of this study was middle managers in the branch network and in the business units being presented in the Absa Group Retail Bank Gauteng Province. These are: branch managers, sales managers, managers of Absa Vehicle and Asset Finance, Card division, Home loans, Fiduciary services, External sales Digital channels and other. Regional managers of the branch network as well as the regional managers of the business units presented could take part in the survey.

A contact list of the above mentioned middle managers was obtained from the Absa Regional office of the Gauteng Province. The contact list consisted of the name, telephone number as well as the e-mail addresses of the middle managers. A total of 133 middle managers were targeted to complete the survey questionnaire. The criteria for inclusion in the sample stipulated that the individuals had to be a middle
manager during the period January 2008 to June 2008 in the Gauteng Retail Bank sector.

4.2.3 Data collection

According to Wegner (2002: 25), there is a growing tendency to use e-mail and internet to collect information. As all middle managers have access to e-mails, this method of data collection could work well for this study.

The technique to distribute and complete the questionnaires was as follows: The Provincial General Manager provided the researcher with a letter of permission to do the survey amongst the middle managers. To ensure that the managers would take part in the survey the Provincial General Manager decided that the questionnaire should be mailed from the Regional Office. To ensure the anonymity of the respondents, the personal assistant of the Provincial General Manager offered to collate all completed surveys emailed to her. The completed questionnaires she received were numbered and copied onto a disc. Follow up telephone calls as well as follow up e-mails to Regional Managers as well as to the branch network managers were done daily to ensure that as many possible questionnaires were completed and returned. The questionnaires were checked and incomplete questionnaires were mailed back to the respective individual to complete.

The questionnaire was mailed with a covering letter which guaranteed the confidentiality of their responses. A general letter was also mailed to all the middle managers to thank them for assisting the researcher.

Out of the 133 questionnaires which were mailed, a total of 70 fully completed and usable questionnaires were collected. This represents a response rate of 52.6%.

4.2.4 Statistical analysis

The data collected were statistically analysed, using Statistica (Statsoft, 2008) and SPSS (SPSS, 2005). The reliability of the questionnaire was determined by means of calculating Cronbach alpha coefficients. The entrepreneurial characteristics and
entrepreneurial climate were also assessed. The relationships between demographical variables and the findings of the thirteen constructs were also explored by means of t-tests and effect sizes.

The results which were obtained from the analysis of the data gathered for the purpose of the study are presented and discussed.

4.3 RESULTS OF THE DEMOGRAPHIC INFORMATION

The first section of the questionnaire provides information on the demographic profile of the participating managers which will act as a frame of reference for the interpretation of the results.

4.3.1 Gender

The gender of the participating managers is presented in Table 4.1.

Table 4.1: Results of the demographic variable: Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>16</td>
<td>22.86%</td>
</tr>
<tr>
<td>Female</td>
<td>54</td>
<td>77.14%</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

According to the above table, 22.86% of the respondents are males and 77.14% are females.

4.3.2 Age group classification

The age group classifications of the middle managers who responded to the survey are presented in Table 4.2 below.
From table 4.2 it is noticed that respondents between the ages of 40 to 49 have the largest representation in terms of age (38.57%), followed by the age group 30 to 39 with a percentage of 25.71% and the age group 50 to 59 with a percentage of 21.43%. Only 14.29% of the participants are younger than 29 years old.

### 4.3.3 Race distribution

Table 4.3 contains results of the race group classification of the participating middle managers.

<table>
<thead>
<tr>
<th>Race</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>3</td>
<td>4.29%</td>
</tr>
<tr>
<td>White</td>
<td>55</td>
<td>78.57%</td>
</tr>
<tr>
<td>Coloured</td>
<td>5</td>
<td>7.14%</td>
</tr>
<tr>
<td>Indian</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

It is evident from table 4.3 that the majority of respondents (78.57%) fall in the white population. The minority of the respondents are from the black population with a total percentage of only 4.29%.

### 4.3.4 Highest academic qualification

The highest academic qualifications of the participating middle managers are presented in Table 4.4.
Table 4.4: Results of the demographic variable: Highest academic qualification

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 12</td>
<td>36</td>
<td>51.43%</td>
</tr>
<tr>
<td>Certificate</td>
<td>11</td>
<td>15.71%</td>
</tr>
<tr>
<td>Diploma</td>
<td>9</td>
<td>12.86%</td>
</tr>
<tr>
<td>Degree</td>
<td>8</td>
<td>11.43%</td>
</tr>
<tr>
<td>Post-Graduate</td>
<td>6</td>
<td>8.57%</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

From table 4.4 it can be seen that most of the respondents have a matric or grade 12 qualification (51.43%), while 15.71%, 12.86% and 11.43% of respondents respectively have a certificate, a diploma or a degree. A total of 8.57% of the respondents have a post graduate qualification.

4.3.5 Job levels

Table 4.5 gives the results of the distribution of the two job levels within middle management.

Table 4.5: Results of the demographic variable: Job level

<table>
<thead>
<tr>
<th>Job Level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>M-Level</td>
<td>49</td>
<td>70%</td>
</tr>
<tr>
<td>T-Level</td>
<td>21</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.5 shows that the majority of respondents are M-Level managers (70%), with 30% of the respondents on T-Level.

4.3.5 Job positions

Table 4.6 provides the job positions of the participating middle managers.
Table 4.6: Results of the demographic variable: Job position

<table>
<thead>
<tr>
<th>Job Position</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Manager</td>
<td>3</td>
<td>4.29%</td>
</tr>
<tr>
<td>Sales Manager</td>
<td>22</td>
<td>31.43%</td>
</tr>
<tr>
<td>Branch Manager</td>
<td>34</td>
<td>48.57%</td>
</tr>
<tr>
<td>Team Leader</td>
<td>10</td>
<td>14.29%</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1.43%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

From table 4.6 it is evident that 48.57% of the respondents are branch managers and 31.43% are sales managers. Team leaders who responded represented 14.29% and regional managers 4.29% of the participating middle managers.

4.5.6 Departments

The departments in which the participating middle managers work in are presented in Table 4.7.

Table 4.7: Results of the demographic variable: Department

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Loans</td>
<td>1</td>
<td>1.43%</td>
</tr>
<tr>
<td>Vehicle and Asset Finance</td>
<td>1</td>
<td>1.43%</td>
</tr>
<tr>
<td>Digital</td>
<td>6</td>
<td>8.57%</td>
</tr>
<tr>
<td>External</td>
<td>1</td>
<td>1.43%</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>1</td>
<td>1.43%</td>
</tr>
<tr>
<td>Branch</td>
<td>57</td>
<td>81.43%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>4.29%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.7 indicates clearly that the majority of respondents were from the branch network with a percentage of 81.43%. The next highest is Digital channels with a percentage of 8.57%, other department on 4.29% and Home loans, Vehicle and Asset Finance; and External and Fiduciary all on 1.43%.
4.4 ASSESSMENT OF THE ENTREPRENEURIAL CHARACTERISTICS

The assessments of the entrepreneurial characteristics are presented in this section.

4.4.1 Self assessment

Table 4.8 contains the results of the self assessment of the entrepreneurial characteristics by the 70 participating middle managers. The results were obtained on the managers rating themselves in terms of their own individual entrepreneurial characteristics. The results were sorted from the highest mean to the lowest mean.

The characteristic Ability to take responsibility ($\bar{x} = 4.86$) obtained the highest arithmetic mean value, followed by the characteristics Integrity and reliability ($\bar{x} = 4.79$), High levels of commitment ($\bar{x} = 4.67$), High levels of perseverance and problem solving skills ($\bar{x} = 4.54$) respectively.

The characteristics that were evaluated the lowest by the participating managers ($\bar{x} < 4.00$) are: Calculated risk-taking ($\bar{x} = 3.99$); the Ability to see opportunities in the market place ($\bar{x} = 3.99$); Limited need for status and power ($\bar{x} = 3.96$); Able to conceptualise and sweat the details ($\bar{x} = 3.90$); High levels of creativity and innovativeness ($\bar{x} = 3.89$); Patience ($\bar{x} = 3.60$); Restlessness with status quo ($\bar{x} = 3.54$) and Tolerance for failure ($\bar{x} = 3.03$).

Refer to Table 4.8 for the results of the rest of the characteristics. The standard deviation across all 30 averages ranges from 0.35 for Ability to take responsibility to 1.18 for Tolerance for risk, mistakes and failure.
Table 4.8: Results of entrepreneurial characteristics: Self assessment

<table>
<thead>
<tr>
<th>Number</th>
<th>Entrepreneurial characteristics</th>
<th>n</th>
<th>$\bar{x}$</th>
<th>$s$</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1/07</td>
<td>Ability to take responsibility</td>
<td>70</td>
<td>4.86</td>
<td>0.35</td>
</tr>
<tr>
<td>B1/16</td>
<td>Integrity and reliability</td>
<td>70</td>
<td>4.79</td>
<td>0.45</td>
</tr>
<tr>
<td>B1/01</td>
<td>High levels of commitment</td>
<td>70</td>
<td>4.67</td>
<td>0.47</td>
</tr>
<tr>
<td>B1/06</td>
<td>High levels of perseverance</td>
<td>70</td>
<td>4.54</td>
<td>0.61</td>
</tr>
<tr>
<td>B1/08</td>
<td>Problem solving skills</td>
<td>70</td>
<td>4.54</td>
<td>0.58</td>
</tr>
<tr>
<td>B1/15</td>
<td>Generosity</td>
<td>70</td>
<td>4.46</td>
<td>0.72</td>
</tr>
<tr>
<td>B1/28</td>
<td>Drive to achieve and grow</td>
<td>70</td>
<td>4.43</td>
<td>0.60</td>
</tr>
<tr>
<td>B1/03</td>
<td>High energy levels</td>
<td>70</td>
<td>4.41</td>
<td>0.69</td>
</tr>
<tr>
<td>B1/25</td>
<td>Self-starter (internal locus of control)</td>
<td>70</td>
<td>4.41</td>
<td>0.63</td>
</tr>
<tr>
<td>B1/24</td>
<td>Willingness to undertake personal sacrifice</td>
<td>70</td>
<td>4.40</td>
<td>0.97</td>
</tr>
<tr>
<td>B1/22</td>
<td>Quick learner who does not make same mistake twice</td>
<td>70</td>
<td>4.40</td>
<td>0.64</td>
</tr>
<tr>
<td>B1/10</td>
<td>Self-reliance</td>
<td>70</td>
<td>4.39</td>
<td>0.69</td>
</tr>
<tr>
<td>B1/21</td>
<td>Self-awareness (personal strengths and weaknesses)</td>
<td>70</td>
<td>4.36</td>
<td>0.59</td>
</tr>
<tr>
<td>B1/30</td>
<td>Open-mindedness (lateral thinker)</td>
<td>70</td>
<td>4.34</td>
<td>0.63</td>
</tr>
<tr>
<td>B1/11</td>
<td>Courage</td>
<td>70</td>
<td>4.31</td>
<td>0.75</td>
</tr>
<tr>
<td>B1/09</td>
<td>Capacity to inspire others</td>
<td>70</td>
<td>4.26</td>
<td>0.81</td>
</tr>
<tr>
<td>B1/20</td>
<td>High level of emotional stability</td>
<td>70</td>
<td>4.23</td>
<td>0.78</td>
</tr>
<tr>
<td>B1/17</td>
<td>Good judge of people</td>
<td>70</td>
<td>4.17</td>
<td>0.72</td>
</tr>
<tr>
<td>B1/13</td>
<td>Ability to manage ambiguity and uncertainty</td>
<td>70</td>
<td>4.13</td>
<td>0.59</td>
</tr>
<tr>
<td>B1/19</td>
<td>Ability to adapt to change</td>
<td>70</td>
<td>4.10</td>
<td>0.71</td>
</tr>
<tr>
<td>B1/12</td>
<td>Self-confidence and optimism</td>
<td>70</td>
<td>4.09</td>
<td>0.81</td>
</tr>
<tr>
<td>B1/04</td>
<td>Low support needed</td>
<td>70</td>
<td>4.07</td>
<td>0.79</td>
</tr>
<tr>
<td>B1/05</td>
<td>Calculated risk-taking</td>
<td>70</td>
<td>3.99</td>
<td>0.79</td>
</tr>
<tr>
<td>B1/14</td>
<td>Ability to see opportunities in the marketplace</td>
<td>70</td>
<td>3.99</td>
<td>0.75</td>
</tr>
<tr>
<td>B1/26</td>
<td>Limited need for status and power</td>
<td>70</td>
<td>3.96</td>
<td>0.88</td>
</tr>
<tr>
<td>B1/23</td>
<td>Able to conceptualise and sweat the details</td>
<td>70</td>
<td>3.90</td>
<td>0.82</td>
</tr>
<tr>
<td>B1/02</td>
<td>High levels of creativity and innovativeness</td>
<td>70</td>
<td>3.89</td>
<td>0.83</td>
</tr>
<tr>
<td>B1/18</td>
<td>Patience</td>
<td>70</td>
<td>3.60</td>
<td>1.16</td>
</tr>
<tr>
<td>B1/27</td>
<td>Restlessness with status quo</td>
<td>70</td>
<td>3.54</td>
<td>0.88</td>
</tr>
<tr>
<td>B1/29</td>
<td>Tolerance for risks, mistakes and failure</td>
<td>70</td>
<td>3.03</td>
<td>1.18</td>
</tr>
</tbody>
</table>

4.4.2 Superior assessment

Table 4.9 contains the results of how the middle managers assess the entrepreneurial characteristics of their superiors. The findings are presented from the highest to the lowest calculated arithmetic mean value.
The characteristic, Ability to take responsibility obtained the highest arithmetic mean ($\bar{x} = 4.69$). The characteristics Drive to achieve and grow ($\bar{x} = 4.66$), High levels of perseverance ($\bar{x} = 4.63$), Integrity and reliability ($\bar{x} = 4.61$), Courage ($\bar{x} = 4.60$) and High levels of commitment ($\bar{x} = 4.59$) also obtained high rankings.

The participating managers ranked the following characteristic of their superiors ($\bar{x} < 4.00$). These characteristics are: Restlessness with status quo ($\bar{x} = 3.96$), Low...
support needed ($\bar{x} = 3.94$), Limited need for status and power ($\bar{x} = 3.82$), High levels of creativity and innovativeness ($\bar{x} = 3.81$), Patience ($\bar{x} = 3.60$) and Tolerance for failure ($\bar{x} = 3.16$) were ranked the lowest of the measured characteristics.

The standard deviation across all 30 averages ranges from 0.57 for High levels of perseverance to 1.37 for Tolerance for risk, mistakes and failure.

### 4.4.3 Comparison between the self and superior assessments

The comparison between the self assessment and the superior assessment, assessed by the participating managers, were examined by dependent sample (paired) t-tests and effect sizes.

Statistical significance tests have the tendency to yield small p-values (indication of significance) as the size of the data sets increases. If the variables have a p-value of ($p < 0.05$) one could assume that the variable is statistical significant regarding to that specific constructs’ contribution towards family harmony. The effect size, however, is independent of the sample size and is a measure of practical significance (Ellis & Steyn, 2003:51). A natural way to comment on practical significance is to use the standardised difference between the means of two populations, i.e. the difference between the two means divided by the estimate for standard deviation, $d = \frac{|\bar{x}_{\text{diff}}|}{s_{\text{diff}}}$, where $|\bar{x}_{\text{diff}}|$ is the difference between the average scores of active and inactive family members, without taking the sign into consideration, and $s_{\text{diff}}$ is the standard deviation of the difference.

Table 4.10 presents the comparison between the self and superior assessment with mean ($\bar{x}$), standard deviation ($s$), statistical significance ($p$) and effect sizes ($d$).
Table 4.10: Comparison between self and superior assessment

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self</th>
<th></th>
<th></th>
<th></th>
<th>Variable</th>
<th>Self</th>
<th></th>
<th></th>
<th></th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1/01</td>
<td>4.67</td>
<td>0.47</td>
<td></td>
<td></td>
<td>B2/01</td>
<td>4.59</td>
<td>0.63</td>
<td></td>
<td></td>
<td>p</td>
</tr>
<tr>
<td>B1/02</td>
<td>3.89</td>
<td>0.83</td>
<td></td>
<td></td>
<td>B2/02</td>
<td>3.81</td>
<td>1.08</td>
<td></td>
<td></td>
<td>d</td>
</tr>
<tr>
<td>B1/03</td>
<td>4.41</td>
<td>0.69</td>
<td></td>
<td></td>
<td>B2/03</td>
<td>4.31</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/04</td>
<td>4.07</td>
<td>0.79</td>
<td></td>
<td></td>
<td>B2/04</td>
<td>3.94</td>
<td>0.96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/05</td>
<td>3.99</td>
<td>0.79</td>
<td></td>
<td></td>
<td>B2/05</td>
<td>4.3</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/06</td>
<td>4.54</td>
<td>0.61</td>
<td></td>
<td></td>
<td>B2/06</td>
<td>4.63</td>
<td>0.57</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/07</td>
<td>4.86</td>
<td>0.35</td>
<td></td>
<td></td>
<td>B2/07</td>
<td>4.69</td>
<td>0.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/08</td>
<td>4.54</td>
<td>0.58</td>
<td></td>
<td></td>
<td>B2/08</td>
<td>4.39</td>
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<td>B2/09</td>
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<td>B2/10</td>
<td>4.3</td>
<td>0.73</td>
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</tr>
<tr>
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<td></td>
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<td>B2/11</td>
<td>4.6</td>
<td>0.67</td>
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<td></td>
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<tr>
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<td></td>
<td></td>
<td>B2/13</td>
<td>4.44</td>
<td>0.69</td>
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</tr>
<tr>
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<td></td>
<td></td>
<td>B2/14</td>
<td>4.29</td>
<td>0.82</td>
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<tr>
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<td></td>
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<td>B2/15</td>
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<td>0.84</td>
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<tr>
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<td>0.69</td>
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<tr>
<td>B1/17</td>
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<td>B2/17</td>
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</tr>
<tr>
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<td>1.16</td>
<td></td>
<td></td>
<td>B2/18</td>
<td>3.6</td>
<td>1.20</td>
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</tr>
<tr>
<td>B1/19</td>
<td>4.1</td>
<td>0.71</td>
<td></td>
<td></td>
<td>B2/19</td>
<td>4.34</td>
<td>0.80</td>
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</tr>
<tr>
<td>B1/20</td>
<td>4.23</td>
<td>0.78</td>
<td></td>
<td></td>
<td>B2/20</td>
<td>4.4</td>
<td>0.94</td>
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</tr>
<tr>
<td>B1/21</td>
<td>4.36</td>
<td>0.59</td>
<td></td>
<td></td>
<td>B2/21</td>
<td>4.41</td>
<td>0.67</td>
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</tr>
<tr>
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<td>4.39</td>
<td>0.64</td>
<td></td>
<td></td>
<td>B2/22</td>
<td>4.54</td>
<td>0.67</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>B1/23</td>
<td>3.9</td>
<td>0.82</td>
<td></td>
<td></td>
<td>B2/23</td>
<td>4.33</td>
<td>0.76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/24</td>
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<td></td>
<td></td>
<td>B2/24</td>
<td>4.29</td>
<td>0.95</td>
<td></td>
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</tr>
<tr>
<td>B1/25</td>
<td>4.41</td>
<td>0.63</td>
<td></td>
<td></td>
<td>B2/25</td>
<td>4.37</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/26</td>
<td>3.96</td>
<td>0.88</td>
<td></td>
<td></td>
<td>B2/26</td>
<td>3.83</td>
<td>1.19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/27</td>
<td>3.54</td>
<td>0.88</td>
<td></td>
<td></td>
<td>B2/27</td>
<td>3.96</td>
<td>0.94</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/28</td>
<td>4.43</td>
<td>0.60</td>
<td></td>
<td></td>
<td>B2/28</td>
<td>4.66</td>
<td>0.66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/29</td>
<td>3.03</td>
<td>1.18</td>
<td></td>
<td></td>
<td>B2/29</td>
<td>3.16</td>
<td>1.37</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/30</td>
<td>4.34</td>
<td>0.63</td>
<td></td>
<td></td>
<td>B2/30</td>
<td>4.21</td>
<td>0.99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A p-value of 0.5 indicates that there is a 5% probability that there is no relationship between the variables. The p-value of 0.5 is therefore customarily treated as a border-line acceptable error level. Results that are significant at the p ≤ .01 level are commonly considered statistically significant, and p ≤ .005 or p ≤ .001 levels are often called highly significant.
The following gaps are statistically significant:

- Self-confidence and optimism (p < 0.001: highly significant)
- Being able to conceptualise and sweat the details (p < 0.001: highly significant)
- Restlessness with the status quo (p < 0.001: highly significant)
- Ability to manage ambiguity and uncertainty (p = 0.001: highly significant)
- Calculating risk-taking (p < 0.001: highly significant)
- Courage (p = 0.01: statistically significant)
- Drive to achieve and grow (p < 0.001: highly significant)
- Opportunities in the market place (p = 0.01: statistically significant)
- Ability to adapt to change (p = 0.01: statistically significant)

According to Cohen's guidelines, effect sizes (d) are interpreted as follows: small effect (d=0.2), medium effect (d=0.5) and large effect (d=0.80). Results with medium effects can be regarded as visible effects and with d ≥ 0.8 as practically significant, since it is the result of a difference having a large effect (Field, 2005: 32; Ellis & Steyn, 2003: 51-53; Thompson, 2001: 80-93).

The small to medium effect sizes calculated for the comparisons between the self and superior assessments are the following:

- Calculated risk-taking (d = 0.36: small to medium effect)
- Courage (d = 0.32: small to medium effect)
- Self-confidence and optimism (d = 0.47: medium effect)
- Ability to manage ambiguity / uncertainty (d = 0.40: small to medium effect)
- Ability to see opportunities in the market place (d = 0.30: small effect)
- Ability to adapt to change (d = 0.29: small effect)
- Ability to conceptualise and sweat the details (d = 0.44: medium effect)
- Restlessness with status quo (d = 0.43: medium effect)
- Drive to achieve and grow (d = 0.32: small effect)
4.5 ASSESSMENT OF THE CONSTRUCTS MEASURING AN ENTREPRENEURIAL CLIMATE

Table 4.11 presents the results of the assessment of the entrepreneurial climate with mean (\(\bar{x}\)) and standard deviation (s). The thirteen constructs were ranked from the construct with the highest mean to the construct with the lowest mean.

Table 4.11: Constructs of an entrepreneurial climate

<table>
<thead>
<tr>
<th>No.</th>
<th>Construct</th>
<th>n</th>
<th>(\bar{x})</th>
<th>s</th>
<th>Cronbach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Entrepreneurial leadership</td>
<td>70</td>
<td>3.89</td>
<td>0.81</td>
<td>.817</td>
</tr>
<tr>
<td>11</td>
<td>Continuous and cross-functional learning</td>
<td>70</td>
<td>3.71</td>
<td>0.76</td>
<td>.752</td>
</tr>
<tr>
<td>2</td>
<td>Management support</td>
<td>70</td>
<td>3.45</td>
<td>0.81</td>
<td>.821</td>
</tr>
<tr>
<td>3</td>
<td>Sponsors/Champions</td>
<td>70</td>
<td>3.31</td>
<td>0.81</td>
<td>.642</td>
</tr>
<tr>
<td>4</td>
<td>Tolerance for risk, mistakes and failure</td>
<td>70</td>
<td>3.25</td>
<td>0.71</td>
<td>.678</td>
</tr>
<tr>
<td>9</td>
<td>Empowered teams/Multi-disciplined teamwork and diversity</td>
<td>70</td>
<td>3.44</td>
<td>0.78</td>
<td>.827</td>
</tr>
<tr>
<td>5</td>
<td>Innovation and creativity/New ideas encouraged</td>
<td>70</td>
<td>3.51</td>
<td>0.77</td>
<td>.775</td>
</tr>
<tr>
<td>6</td>
<td>Appropriate rewards and reinforcement</td>
<td>70</td>
<td>3.52</td>
<td>0.79</td>
<td>.758</td>
</tr>
<tr>
<td>7</td>
<td>Vision and strategic intent</td>
<td>70</td>
<td>4.08</td>
<td>0.72</td>
<td>.800</td>
</tr>
<tr>
<td>12</td>
<td>Strong customer orientation</td>
<td>70</td>
<td>3.97</td>
<td>0.81</td>
<td>.836</td>
</tr>
<tr>
<td>13</td>
<td>Flat organisational structure with open communication</td>
<td>70</td>
<td>3.25</td>
<td>0.87</td>
<td>.798</td>
</tr>
<tr>
<td>10</td>
<td>Resource availability and accessibility</td>
<td>70</td>
<td>2.75</td>
<td>0.87</td>
<td>.850</td>
</tr>
</tbody>
</table>

The construct Vision and strategic intent (\(\bar{x} = 4.08\)) obtained the highest arithmetic mean value, followed by the constructs Strong customer orientation (\(\bar{x} = 3.97\)); Entrepreneurial leadership (\(\bar{x} = 3.89\)); Continuous and cross-functional learning (\(\bar{x} = 3.71\)); Discretionary time and work (\(\bar{x} = 3.55\)), Appropriate rewards and reinforcement (\(\bar{x} = 3.52\)), Innovation and creativity/new ideas encouraged (\(\bar{x} = 3.51\)), Management support (\(\bar{x} = 3.45\)), Empowered teams/multi disciplined teamwork and diversity (\(\bar{x} = 3.44\)), Sponsors/champions (\(\bar{x} = 3.31\)), Tolerance
for risk, mistakes and failure (\( \bar{x} = 3.25 \)); Flat organisational structure with open communication and strong sense of belonging (\( \bar{x} = 3.25 \)) respectively. The construct, Resources availability and accessibility (\( \bar{x} = 2.75 \)) obtained the lowest score.

In order to determine the internal consistency between the items of the constructs, Cronbach alpha coefficients were calculated (Page & Meyer 2000: 292). Field (2005: 666) is of the opinion that an instrument that produces different scores every time it is used on the same person under the same conditions has a low reliability. The Cronbach alpha coefficient is based on the average correlation of variables within a test. (SAS 2005: 295). The larger the Cronbach alpha coefficient, the more reliable is the scale. A suggestion from Nunnally and Bernstein (1994: 265), is that for the acceptable reliability, the Cronbach alpha coefficient should be higher than 0.7. In this study the internal consistency in 11 of the 13 constructs are acceptable with the only exceptions the constructs Sponsors/champions (a= 0.642) as well as Tolerance for risk and failure (a= 0.678). According to Field (2005: 668), values of below 0.7 can be expected when dealing with diverse constructs.

4.6 RELATIONSHIP BETWEEN THE DEMOGRAPHIC VARIABLES AND CONSTRUCTS

The relationships between the demographical variables and the 13 constructs were examined by independent t-tests and effect sizes. For the purpose of this analysis, any statistical significant differences regarding the p-values (p ≤ 0.05) will only be mentioned, but any significant differences regarding the d-values will be discussed in more detail. 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 practical significant, since it is the result of a difference having a large effect (Field 2005:32; Ellis & Steyn 2003:51-53; Thompson, 2001: 80-93).
The demographical data that will be used in this analysis were classified according to the following categories:

- Gender: Male; female
- Age: 40 years and younger; over 40 years of age
- Job level: M-level; T-level
- Race: White; Black

4.6.1 Relationship between gender and entrepreneurial climate constructs

Table 4.12 presents the comparative perception of the females and males on the thirteen entrepreneurial constructs.

Table 4.12: Relationship between the demographical variable, gender and the constructs measuring entrepreneurial climate

<table>
<thead>
<tr>
<th>Construct</th>
<th>Female</th>
<th>Male</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>x</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>s</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n</td>
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<td></td>
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<tr>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The relationships between the two constructs, namely Management support and Sponsors/Champions and the demographic variables gender (male and female), were examined by a paired t-test and effect sizes. The analysis was performed on the thirteen constructs where the average scores for each of the thirteen constructs were taken as data points.
In terms of gender, there was no statistical significant difference (p <0.05) in the evaluation of male participants in direct comparison with female participants. With regard to the effect size analysis, Two medium effect sizes were calculated, i.e. Management support (d = 0.37) and Sponsors/Champions (d = 0.42).

4.6.2 Relationship between age group and entrepreneurial climate constructs

The age groups were divided into two groups, namely younger than 40 years and older than 40 years. Table 4.13 presents the results of managers in the age groups younger than 40 years and older than 40 years.

Table 4.13: Relationship between the demographical variable, age group and the constructs measuring entrepreneurial climate

<table>
<thead>
<tr>
<th>Construct</th>
<th>Age group</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;40</td>
<td>&gt;40</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>x̄</td>
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<td></td>
</tr>
<tr>
<td>s</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>p</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>d</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1 Leadership</td>
<td>28</td>
<td>3.74</td>
<td>0.85</td>
<td>42</td>
<td>3.99</td>
<td>0.77</td>
</tr>
<tr>
<td>2 Support</td>
<td>28</td>
<td>3.36</td>
<td>0.94</td>
<td>42</td>
<td>3.51</td>
<td>0.72</td>
</tr>
<tr>
<td>3 Sponsor</td>
<td>28</td>
<td>3.41</td>
<td>0.84</td>
<td>42</td>
<td>3.23</td>
<td>0.79</td>
</tr>
<tr>
<td>4 Tolerance</td>
<td>28</td>
<td>3.38</td>
<td>0.62</td>
<td>42</td>
<td>3.17</td>
<td>0.75</td>
</tr>
<tr>
<td>5 New Ideas</td>
<td>28</td>
<td>3.46</td>
<td>0.84</td>
<td>42</td>
<td>3.53</td>
<td>0.73</td>
</tr>
<tr>
<td>6 Rewards</td>
<td>28</td>
<td>3.50</td>
<td>0.68</td>
<td>42</td>
<td>3.53</td>
<td>0.85</td>
</tr>
<tr>
<td>7 Vision</td>
<td>28</td>
<td>3.84</td>
<td>0.76</td>
<td>42</td>
<td>4.24</td>
<td>0.65</td>
</tr>
<tr>
<td>8 Time</td>
<td>28</td>
<td>3.46</td>
<td>0.71</td>
<td>42</td>
<td>3.61</td>
<td>0.77</td>
</tr>
<tr>
<td>9 Teams</td>
<td>28</td>
<td>3.39</td>
<td>0.74</td>
<td>42</td>
<td>3.47</td>
<td>0.82</td>
</tr>
<tr>
<td>10 Resources</td>
<td>28</td>
<td>2.74</td>
<td>0.80</td>
<td>42</td>
<td>2.76</td>
<td>0.91</td>
</tr>
<tr>
<td>11 Learning</td>
<td>28</td>
<td>3.69</td>
<td>0.75</td>
<td>42</td>
<td>3.72</td>
<td>0.78</td>
</tr>
<tr>
<td>12 Customer</td>
<td>28</td>
<td>3.81</td>
<td>0.66</td>
<td>42</td>
<td>4.07</td>
<td>0.89</td>
</tr>
<tr>
<td>13 Structure</td>
<td>28</td>
<td>3.36</td>
<td>0.72</td>
<td>42</td>
<td>3.18</td>
<td>0.95</td>
</tr>
</tbody>
</table>

For the purpose of this study, the age groups have been divided into two groups, namely <40 years and > 40 years.

In terms of the demographical variable, age group, a practical significant difference between the two age groups with regard to the entrepreneurial construct, Vision and strategic intent, was calculated (p = 0.02). With regard to the effect size calculations, a medium or visible effect was calculated for the construct Vision and
The results indicate that the managers younger than 40 years evaluated the strategic vision and intent visible lower than the managers older than 40. The results could, however, not be regarded as a practical significant difference.

4.6.3 Relationship between job level and entrepreneurial climate constructs

Table 4.14 presents the results of the relationship between the demographical variable, managers on M-level and T-level, and the 13 constructs measuring the entrepreneurial constructs.

Table 4.14: Relationship between the demographical variable job level and the constructs measuring entrepreneurial climate

<table>
<thead>
<tr>
<th>Construct</th>
<th>M-level</th>
<th>T-level</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>(\bar{x})</td>
<td>s</td>
</tr>
<tr>
<td>1 Leadership</td>
<td>49</td>
<td>3.92</td>
<td>0.81</td>
</tr>
<tr>
<td>2 Support</td>
<td>49</td>
<td>3.43</td>
<td>0.85</td>
</tr>
<tr>
<td>3 Sponsor</td>
<td>49</td>
<td>3.20</td>
<td>0.84</td>
</tr>
<tr>
<td>4 Tolerance</td>
<td>49</td>
<td>3.17</td>
<td>0.75</td>
</tr>
<tr>
<td>5 New Ideas</td>
<td>49</td>
<td>3.44</td>
<td>0.81</td>
</tr>
<tr>
<td>6 Rewards</td>
<td>49</td>
<td>3.44</td>
<td>0.82</td>
</tr>
<tr>
<td>7 Vision</td>
<td>49</td>
<td>4.02</td>
<td>0.74</td>
</tr>
<tr>
<td>8 Time</td>
<td>49</td>
<td>3.49</td>
<td>0.77</td>
</tr>
<tr>
<td>9 Teams</td>
<td>49</td>
<td>3.32</td>
<td>0.80</td>
</tr>
<tr>
<td>10 Resources</td>
<td>49</td>
<td>2.62</td>
<td>0.90</td>
</tr>
<tr>
<td>11 Learning</td>
<td>49</td>
<td>3.64</td>
<td>0.82</td>
</tr>
<tr>
<td>12 Customer</td>
<td>49</td>
<td>3.92</td>
<td>0.88</td>
</tr>
<tr>
<td>13 Structure</td>
<td>49</td>
<td>3.14</td>
<td>0.96</td>
</tr>
</tbody>
</table>

The majority of the 70 middle managers were branch managers (34) and sales managers (22). The minority of the middle managers were team leaders (10), regional managers (3) and other (1). A total of 34 managers were branch managers and 22 were sales managers. With regards to the different departments, a total of 57 middle managers were from the branch environment. The total of 57 (departments) is different to the total of 56 (job positions), as team leaders were present in all the demographical information recorded.
With regards to job level, only one construct had a p-value equal to 0.05, that being of the construct **Empowered teams/multi disciplined teamwork and diversity**. The following medium effect sizes (d = 0.50) were calculated: **Sponsors/champions** (d = 0.40); **Tolerance for risk, mistakes and failure** (d = 0.39) and **Resources availability and accessibility** (d = 0.46).

### 4.6.4 Relationship between race group and entrepreneurial climate constructs

Table 4.14 presents the results of how the different race groups perceive the entrepreneurial climate in the organisation. Indian, Blacks and Coloureds were grouped together as Black.

**Table 4.15: Relationship between the demographical variable, race and the constructs measuring entrepreneurial climate**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Race</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>White</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>n</td>
<td>(\bar{x})</td>
<td>s</td>
<td>n</td>
<td>(\bar{x})</td>
</tr>
<tr>
<td>Leadership</td>
<td>1</td>
<td>55</td>
<td>3.94</td>
<td>0.74</td>
<td>15</td>
<td>3.71</td>
</tr>
<tr>
<td>Support</td>
<td>2</td>
<td>55</td>
<td>3.45</td>
<td>0.76</td>
<td>15</td>
<td>3.41</td>
</tr>
<tr>
<td>Sponsor</td>
<td>3</td>
<td>55</td>
<td>3.27</td>
<td>0.80</td>
<td>15</td>
<td>3.44</td>
</tr>
<tr>
<td>Tolerance</td>
<td>4</td>
<td>55</td>
<td>3.24</td>
<td>0.71</td>
<td>15</td>
<td>3.31</td>
</tr>
<tr>
<td>New Ideas</td>
<td>5</td>
<td>55</td>
<td>3.50</td>
<td>0.74</td>
<td>15</td>
<td>3.52</td>
</tr>
<tr>
<td>Rewards</td>
<td>6</td>
<td>55</td>
<td>3.51</td>
<td>0.79</td>
<td>15</td>
<td>3.56</td>
</tr>
<tr>
<td>Vision</td>
<td>7</td>
<td>55</td>
<td>4.13</td>
<td>0.69</td>
<td>15</td>
<td>3.88</td>
</tr>
<tr>
<td>Time</td>
<td>8</td>
<td>55</td>
<td>3.54</td>
<td>0.75</td>
<td>15</td>
<td>3.60</td>
</tr>
<tr>
<td>Teams</td>
<td>9</td>
<td>55</td>
<td>3.42</td>
<td>0.78</td>
<td>15</td>
<td>3.51</td>
</tr>
<tr>
<td>Resources</td>
<td>10</td>
<td>55</td>
<td>2.71</td>
<td>0.88</td>
<td>15</td>
<td>2.90</td>
</tr>
<tr>
<td>Learning</td>
<td>11</td>
<td>55</td>
<td>3.66</td>
<td>0.78</td>
<td>15</td>
<td>3.89</td>
</tr>
<tr>
<td>Customer</td>
<td>12</td>
<td>55</td>
<td>3.96</td>
<td>0.84</td>
<td>15</td>
<td>4.00</td>
</tr>
<tr>
<td>Structure</td>
<td>13</td>
<td>55</td>
<td>3.23</td>
<td>0.91</td>
<td>15</td>
<td>3.33</td>
</tr>
</tbody>
</table>

With regards to the different race groups within Absa Group Retail Bank Gauteng Province, the majority of middle managers were white (55), followed by Indians (7), Coloureds (5), with the minority of middle managers black (3). The race groups were sorted as white (55) and black (15).
In terms of race groups, there was no construct which had a statistical significance as none of the p-values were \( p < 0.05 \). In terms of the effect size analysis, only small effect sizes were calculated.

### 4.5 SUMMARY

The empirical chapter started with the research methodology and how the measuring instrument was developed. The study population was discussed and how the data was collected. A short statistical background was discussed and how the statistical analysis was collected.

Demographic information was presented in a tabular form with a short discussion of the results. The entrepreneurial characteristics of the individual manager as well as how they perceived their superiors, were also presented in a tabular form and discussed. Both the self and superior assessment was presented from the highest mean to the lowest.

The 13 constructs of an entrepreneurial climate was presented in a tabular form, from the highest mean to the lowest mean. The Cronbach Alpha for each of the constructs was also presented. Certain demographic information, gender, age, race and job level was presented in a tabular form and the statistical significance for each discussed. The age groups were divided into two, managers younger than 40 and managers older than 40 years. Race groups were also divided into white and black. The black group consisted of blacks, Indians and coloureds. The latter two demographics were grouped in this manner to ensure ease of comparison and discussion.

Conclusions from this study and the recommendations to address the identified gaps will be discussed in chapter 5.
CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

In the final chapter, conclusions and recommendations will be made relating to the objectives of the study. Firstly the conclusions reached from the empirical study will be discussed, thereafter recommendations will be made. The recommendations will be based on the following:

- The knowledge of experts and researchers as discussed in the literature study (Chapter 2).
- Results gained from the empirical research on the demographic information.
- Results gained from the empirical research on the assessment of the entrepreneurial characteristics (self-assessment and superior assessment).
- Results gained from the empirical research on the assessment of the constructs measuring an entrepreneurial climate.
- Results gained from the relationship between the demographic variables and the constructs measuring the entrepreneurial climate.

Finally a brief evaluation will be done to confirm that the primary and secondary objectives of the study have been met.

5.2 CONCLUSIONS BASED ON THE EMPIRICAL RESULTS

5.2.1 Demographic information

From the demographic information obtained, a few conclusions be made. They are the following:

- The majority of middle managers are between 40 to 50 years old.
- The majority of these managers are females.
• The largest percentage represented in the different race groups are Whites.
• The majority of the participating middle managers have a grade 12 qualification.
• The majority of the middle managers who completed the survey were branch managers, followed by sales managers.
• Most of the participating middle managers work in the branch network.

5.2.2 Entrepreneurial characteristics. Comparison between self and superior assessment

The comparison between the self assessment and the superior assessment, assessed by the participating managers, were examined by dependent sample (paired) t-tests and effect sizes. No practically significant differences could, however, be found between the self and superior assessment with regard to the 30 entrepreneurial characterises assessed in this study.

5.2.3 Reliability of the questionnaire

The Cronbach alpha coefficient was used to determine the internal consistency between the items measuring the entrepreneurial climate constructs. The questionnaire used in this study to measure entrepreneurial climate, has acceptable reliability. Eleven of the constructs obtained Cronbach Alpha coefficient values higher than the customary cut-off value of 0.70 suggested for internal consistency (Nunnally & Bernstein, 1994: 265). The overall conclusion can thus be made that, based on the results obtained by the calculation of the Cronbach alpha coefficients, there appears to be internal consistency between the items measuring the constructs.

5.2.4 Entrepreneurial climate survey

Following the climate questionnaire which analysed the thirteen constructs conducive for entrepreneurial activity and behaviour, the following conclusions are made: Responses were indicated on a 5-point Likert-type scale ranging from 1 = Strongly disagree to 5 = Strongly agree. A higher number will therefore be representing a relative high perceived importance of the constructs of an entrepreneurial climate. A
lower number, on the other hand, representing a relative low perceived importance of the construct for an entrepreneurial climate.

**Entrepreneurial leadership** (\( \bar{x} = 3.89 \)): Leaders in Absa Group Retail Bank Gauteng Province have a long–term view of the organisation, and the articulation of the vision to all levels in Retail Bank is well communicated and established. Although the mean was very close to being strongly agreed, there is still room for improvement in maximising value from opportunity.

**Management support** (\( \bar{x} = 3.45 \)): Developing ideas for the improvement of the organisation is supported by management. Top management is aware of employees’ ideas and suggestions, and they do encourage the execution thereof. Support from management occurs continuously. There is however room for improvement.

**Sponsors (Champion)** (\( \bar{x} = 3.31 \)): There are managers who assist employees to get their work done by removing obstacles, but middle managers who originate new ideas, find it difficult to implementing these new ideas. Top management can support more, as the results are close to a “middle of the road” perception.

**Tolerance for risk, mistakes and failure** (\( \bar{x} = 3.25 \)): Financial institutions take calculated risks at times, and practical experimentation by middle managers is acceptable and to an extent mistakes are allowed. There is still room for improvement for top management to have a bigger tolerance for risk, mistakes and failures.

**Innovation and creativity/New ideas encouraged** (\( \bar{x} = 3.51 \)): Opportunities for employees to be creative and try their own methods to do their jobs are provided. Innovative and new ideas is prevalent, but the organisation needs to respond faster to improve work methods developed by middle managers.

**Appropriate rewards and reinforcement** (\( \bar{x} = 3.52 \)): Recognition and rewards do occur in the financial industry, specifically related to job performance. Often recognition and rewards do not correlate with the added value impacted by the innovation.
Vision and strategic intent (\( \bar{x} = 4.08 \)): In the financial industry organisational vision and strategies are clear to middle managers. The vision and strategic intent does inspire different departmental levels.

Discretionary time and work (\( \bar{x} = 3.55 \)): Freedom to use time to safely divert from assigned tasks to explore new ideas without having to ask for permission occurs as well as free time to develop an idea further is acceptable for effective corporate entrepreneurship. Top management can allow more discretionary time and work methods.

Empowered teams/ Multi-disciplined teamwork and diversity (\( \bar{x} = 3.44 \)): Cross-functional project teams have freedom to make decisions and act on them without the need to ask for permission. There is little interference from functional superiors. Team work across departments can be encouraged by top management.

Resource availability and accessibility (\( \bar{x} = 2.75 \)): Resources are not always readily available and accessible when new ideas and opportunities are being pursued, nor are attracting resource commitment for entrepreneurial ventures regarded as easy. The results were leaning toward the strongly disagree point on the 5-point Likert scale.

Continuous and cross-functional learning (\( \bar{x} = 3.71 \)): Ample opportunities for learning and growth exist and middle managers are encouraged to stay abreast of developments in their functional fields. The sharing of knowledge across functions does take place, but can be enhanced.

Strong customer orientation (\( \bar{x} = 3.97 \)): The financial industry has to focus on innovative products and services with a strong customer focus. A constant focus on satisfying customer needs is a necessity, although sufficient resources are limited.

Flat organisational structure with open communication and strong sense of belonging (\( \bar{x} = 3.25 \)): Making decisions without going through elaborate justification and approval processes are a challenge in the financial industry as there is still a substantial degree of hierarchical control.
5.2.5 Relationship between the demographic variables and the thirteen constructs of an entrepreneurial climate

With regards to the relationships between the demographic variables gender, age, job level and race, the conclusion made is that there are no significant relationship between the variables and the thirteen constructs of an entrepreneurial climate.

5.3 RECOMMENDATIONS

According to Carland, Hoy, Boulton and Carland (1984: 358), an entrepreneur ‘is an individual who establishes and manages a business for the principal purpose of profit and growth and is characterised principally by innovative behaviour and who employs strategic management practices.

5.3.1 Introduction

A first impression of the results of the entrepreneurial characteristics and the entrepreneurial climate assessments make the scale tilt towards neither positive, nor negative, with some results tilting towards the positive side. Many opportunities exist in the South African financial industry to address and counter the weaknesses and the threats. As per the theme of this study, it is subsequently proposed that the South African financial industry, with specific mention of the Absa Group Retail Bank Gauteng Province could build on its strengths, capitalise on the opportunities, remedy its weaknesses, and counter its threats by adopting a stronger corporate entrepreneurial orientation.

5.3.2 Demographics

In terms of the demographics, the following recommendations can be made:

- The majority of the middle managers in Absa Group Retail Bank Gauteng Province are females and minority are males. In terms of gender, no recommendations are made.
• Regarding age, the majority of middle managers are over the age of 40, which could have an impact on entrepreneurial behaviour. This statement is made purely on the perception of the researcher that younger managers have more potential to be creative and have higher energy levels to drive an innovative idea to execution. The older middle managers could be set in their ideas, that innovation and creation are not top of mind. The majority of the middle managers who completed the survey are branch managers, which indicates that procedures and policies have to be followed religiously. Sales managers, have to be more creative in achieving sales targets, are more likely to be more creative and entrepreneurial. This is the perception of the researcher. To enhance the entrepreneurial behaviour of the mentioned middle managers, an urgent focus on developing entrepreneurial skills should be implemented. This should become part of the performance management of the individual middle manager which should form part of their personal development plan. The middle managers older than 40 years should, however, not be replaced by a younger middle manager work force, as they have immense knowledge and experience.

• Regarding job level, the T-level middle manager should be developed to become an M-level. T-levels might feel they are only team leaders and that they do not have the mandate to be entrepreneurial. Proper talent management should occur to get the most out of all middle managers.

• In terms of job position, all positions of middle management in Retail Bank Gauteng Province should be developed with regards to being entrepreneurial.

• As the branch environment was represented the most in this study, it is important that all departments which are part of Retail Bank be developed and sensitise towards displaying entrepreneurial behaviour.

5.3.3 Assessment of entrepreneurial characteristics: Self-assessment

• The entrepreneurial characteristic of the individual middle manager showed a high ability to take responsibility, this characteristic can be seen as a strength which needs to be used to the advantage of Retail Bank Gauteng. This strength implies that whatever the task, the middle manager should be able to
take responsibility and execute the assigned task. If this task is to develop the
trepreneurial characteristics within him/herself, or within his/her own team,
top management can be ensured that this will be fulfilled.

- Tolerance for risk, mistakes and failures is a definite area of development. Soft
  skills training and workshops on how to improve this weakness within the
  middle managers, could add value.

- Another recommendation for the individual middle manager is that top
  management should determine the strengths and weaknesses of each middle
  manager and implement training initiatives to develop soft skills and enhance
  the entrepreneurial skills and characteristics.

- The other entrepreneurial characteristics can be addressed and developed
  with each individual middle manager in Retail Bank Gauteng Province.

5.3.4 Assessment of entrepreneurial characteristics: Superior assessment

- As with the individual self-assessment of the middle managers, the superior
  assessment showed one of the strengths as the ability to take responsibility.
  Like the self-assessment, this strength should be used to enhance the
  responsibility of developing entrepreneurial characteristics within the superior
  management’s teams.

- Tolerance for risk, mistakes and failures is also the characteristic which needs
  attention for development. A recommendation is for the middle managers and
  their superior management to have facilitated sessions whereby the factors
  creating a low tolerance for risk, mistakes and failure can be identified and
  discussed. Tools on how to deal with the issue of low tolerance should be
  discussed and the outcomes provided to all middle managers and their
  superiors for reference. Workshops with the two management levels should
  be implemented to work with this issue.

- As with the self-assessment, the other characteristics can be worked with
  during soft skills and entrepreneurial training sessions.
5.3.5 Entrepreneurial climate survey

- Entrepreneurial leadership can be improved and sustained by articulating an entrepreneurial vision to all levels of Retail Bank. As the largest response was from the branch environment, Retail leadership in Gauteng should ensure that all departments can maximise value from the opportunities without adhering to existing models, structures or resources.

- Management support could be improved with a brainstorming session by middle and superior management on how to enhance the performance of Retail Bank with entrepreneurial behaviour. Superior management should not make "the rules", and the middle managers have to "follow. Buy-in is only achieved if both parties decide on how implementation and execution of creative ideas should occur.

- The entrepreneurial construct sponsor/champion can only be "eliminated" if proper teamwork between middle managers and their superiors occur. Middle managers could perceive their superiors as being on a level higher than themselves. Teamwork should be encouraged and developed.

- Tolerance for risk, mistakes and failure could be a tricky issue as financial institutions should not take extreme risk in the environment they operate. Tolerance for risk, mistakes and failure should be minimised when related to standard banking procedures. In terms of how to reach targets and mine opportunities, tolerance for risk, mistakes and failure should be tolerated more.

5.4 CRITICAL EVALUATION OF THE STUDY

The measurement of success of this study is based upon the achievement of the primary and secondary objectives, as indicated in Section 1.4 of this study.

5.4.1 Primary objective

The primary objective of this study was to assess the entrepreneurial climate in Absa Group Retail Bank, Gauteng Province and to make recommendations to foster
corporate entrepreneurship in the bank. The achievement of the primary objectives depended upon the realising of the secondary objectives.

5.4.2 Secondary objectives

As indicated in Section 1.3 the secondary objectives had to be met to be able to achieve the primary objectives. The following secondary objectives had to be met:

- To define corporate entrepreneurship.
- To obtain insight into the dynamics of corporate entrepreneurship by means of a literature review.
- To obtain insight into the business environment of Absa Group Retail Bank, Gauteng Province.
- To assess the entrepreneurial characteristics of middle management.
- To determine the reliability of the questionnaire.
- To assess the entrepreneurial climate in Absa Group Retail Bank, Gauteng Province by means of a questionnaire to be completed by middle management.
- To examine the relationships between the demographic variables and the constructs measuring entrepreneurial climate.
- To suggest practical recommendations to foster corporate entrepreneurship in the organisation.

The first objective, to define corporate entrepreneurship, was achieved by defining corporate entrepreneurship in section 2.3 in chapter 2 of this study.

The second secondary objective, to obtain insight into the dynamics of corporate entrepreneurship by means of a literature review, was achieved by means of the literature study as presented in chapter 2. The third objective, to obtain insight into the business environment of Absa Group Retail Bank, Gauteng Province by means of a literature review, was also achieved by means of the literature study in chapter 3. The fourth objective, to assess the entrepreneurial characteristics of middle management, was achieved by means of a detailed empirical research, followed by a presentation thereof in chapter four, as well as conclusions made in chapter five. The
fifth object was to determine the reliability of the existing questionnaire. This objective was achieved as it was concluded that the existing questionnaire has acceptable reliability. Constructs that obtained low Cronbach alpha coefficients, should however, be investigated to improve the internal consistency of the items measuring the respective constructs. The empirical study in Section 4.5 discussed the calculated Cronbach alpha coefficients and the conclusions were put forward in Section 5.2.3 of this study.

The sixth objective, to assess the entrepreneurial climate in Absa Group Retail Bank, Gauteng Province by means of a questionnaire to be completed by middle management was achieved by means of a presentation and discussion of the findings in Section 4.5 of this study, as well as conclusions made in chapter five. The seventh objective to examine the relationship between the demographic variables and the constructs measuring entrepreneurial climate, was achieved by means of a presentation and discussion of the findings in Section 4.6 of this study. The eighth objective to suggest practical recommendation to foster corporate entrepreneurship was also achieved as discussed in chapter five of this study.

The conclusion can be made that all of the secondary objectives were achieved. Based on the realising of the secondary objectives, as well as the recommendation put forward in chapter five, it can be concluded that the primary objective of this study was achieved.

5.5 RECOMMENDATIONS FOR FURTHER RESEARCH

Despite the important role that corporate entrepreneurship plays in large established organisations globally as well as locally, very little literature is locally available concerning corporate entrepreneurship in specifically large financial institutions.

Therefore, scientific research on corporate entrepreneurship in large financial institutions in South Africa should be encouraged.
Existing knowledge and understanding should be broadened so that a common understanding and knowledge exists on the value of corporate entrepreneurship. Adherence to the latter will enhance the long-term survival of the organisation as well as in maintaining a competitive advantage.

5.6 SUMMARY

The study attempted to make a contribution to the body of knowledge on entrepreneurial characteristics and the constructs measuring an entrepreneurial climate in corporate organisations and can be regarded as a small step towards moving away from the current dependence on anecdotal evidence and case studies.

This study, however, only assessed some of the determinants of an entrepreneurial climate in a relative small sample of middle managers in only one corporate division and can be regarded as an exploratory study. More comprehensive research is still needed to clarify all the underlying dimensions of an entrepreneurial climate in corporate organisations to enhance our understanding of these issues.
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