

CHAPTER 1: INTRODUCTION AND BACKGROUND TO STUDY

“... The more the organisation can exhibit entrepreneurial properties/qualities and its people believe in behaving entrepreneurially – the greater the firm’s ability to achieve maximum innovation or entrepreneurial success.”

Echols and Neck (1998:39)

1.1 INTRODUCTION

The global economy is creating profound and substantial changes for businesses and industries throughout the world. These changes make it necessary for businesses to examine their purpose carefully and to devote a great deal of attention to selecting and following strategies in their pursuit of the levels of success that have a high probability of satisfying multiple stakeholders. Johnson (2001:135) states that many people in large businesses believe that once a business reaches a certain size, it unavoidably loses its capacity to act entrepreneurially and to stimulate and foster innovation. According to Christensen (2004:302) businesses have been faced with increasing demands for both faster product development and more features in smaller products, and higher and uniform quality, stability and lower prices, despite the inherent incompatibility of such demands.

Christensen (2004:302) indicates that many large businesses find it difficult to integrate the entrepreneurial spirit in a well-structured or bureaucratic business. Therefore these businesses must think non-traditionally to cope with the increasing paradoxes. According to Johnson (2001:135), if a business does not adopt a proactive attitude towards innovation and the creation of new ventures, it is unlikely to survive in an increasingly aggressive, competitive and dynamic market place.

Aloulou and Fayolle (2005:24) indicate that the need for corporate entrepreneurship has arisen from a variety of pressing problems among larger businesses, including stagnation,

decline and weakness of managerial practice and turnover of innovative-inclined employees who were constrained by the bureaucratic inertia of their businesses.

Miller and Camp (1985) in Kuratko, *et al.* (2004:78) warn managers who attempt to practice business as usual when these businesses move from positions with mature businesses, that they may misapply management practices that have worked before but will not work now. Zahra and O'Neil (1998) also point out that when the factors in the external environment and the internal business interact, managers are challenged to respond creatively and act in innovative ways. Established businesses seeking to “refocus” or “transform” themselves through entrepreneurial behaviours and actions are finding the challenges overwhelming but the outcomes productive. Barringer and Bluedorn (1999) suggested that, increasingly, “...entrepreneurial attitudes and behaviours are necessary for firms of all sizes to prosper and flourish in competitive environments”.

Kuratko and Hodgetts (2007:54) state that in response to rapid, discontinuous and significant changes in businesses' internal and external environments, many established businesses have restructured their operations in fundamental and meaningful ways.

Businesses are turning to corporate entrepreneurship because they are not experiencing the continual innovation, growth and value creation that they once had (Thornberry, 2001:1).

Corporate entrepreneurship is recognised as a potentially viable means of promoting and sustaining competitiveness, and transforming businesses and industries into opportunities for value-creating innovation (Aloulou and Fayolle, 2005:24; Antoncic and Zorn, 2004:7; Kuratko and Hodgetts, 2007:56; Kuratko, Ireland, Covin and Hornsby, 2005:699).

According to Ireland, *et al.* (2006a:10), businesses increasingly rely on corporate entrepreneurship and innovation to develop and nurture simultaneously today's and tomorrow's competitive advantages. Leading edge businesses see the effective use of corporate entrepreneurship as a source of competitive advantage and as a path to higher levels of financial and non-financial performance.

According to Morris, *et al.* (2008:20), remaining competitive is very different from achieving sustainable competitive advantage. The quest for competitive advantage requires that businesses and the managers within them continually reinvent themselves.

From this brief introduction it is clear that businesses and industries throughout the world are operating in an uncertain and dynamic global economy. Businesses of the future need continual innovation, growth and value creation to survive. Through corporate entrepreneurship the entrepreneurial spirit within the organisational boundaries can be created, allowing an atmosphere of innovation to prosper. It is also highlighted that businesses need to achieve a sustainable competitive advantage to remain competitive.

Current knowledge is inadequate and poorly researched in terms of providing empirical evidence in the field of corporate entrepreneurship. Thornberry (2003:333) noted that there is relatively little field research regarding the successes or failures of large businesses who have tried systematically to instil corporate entrepreneurship within their businesses. Zahra (1991:193) also indicated that “a lack of compelling evidence on the contributions of corporate entrepreneurship performance exists. Even though some research has attempted to fill this gap in literature there is still much more to be learned about the substance and process of corporate entrepreneurship”.

The purpose of this study is to assess the corporate entrepreneurial and innovative levels in South African short-term insurance businesses.

This chapter provides the background and literature review of the study. It sets out the research problem, purpose of the study, research objectives, hypotheses, research methodology, importance and benefits, as well as an outline of chapters two to seven. This is done to guide the flow of the study. In this study various terminologies are sighted by different authors - terminology such as business, organisation, company, enterprise, venture and firm. For purposes of this study the term “business” will be used which refer to a profit seeking entity. Where authors are directly referred to these constructs will not be changed.

1.2 LITERATURE REVIEW

The literature review will give a brief overview of research on and about: the concept of corporate entrepreneurship; the relation between corporate entrepreneurship and innovation; the importance and value of corporate entrepreneurship; how to foster, develop and implement corporate entrepreneurship; sustaining corporate entrepreneurship and innovation; conceptual models for corporate entrepreneurship; measuring instruments for corporate entrepreneurship and, lastly, corporate entrepreneurial research conducted in South Africa.

1.2.1 Defining corporate entrepreneurship

As with the definition of entrepreneurship, various authors according to (Kuratko, Hurley and Hornsby, 2001:199) have various interpretations of the definition of corporate entrepreneurship. Pinchot (1985) defines “intrapreneurship” as entrepreneurship inside the organisation where individuals will champion new ideas from development to complete profitable reality. Ireland, *et al.* (2006a:1) define corporate entrepreneurship as a process through which individuals in an established business pursue entrepreneurial opportunities to innovate, without regard for the level and nature of currently available resources. Stevenson and Jarrilo (1990:23) refer to corporate entrepreneurship as a process by which individuals inside businesses pursue opportunities without regard to the resources controlled by them. Antoncic and Hisrich (2003a, 2004, 2007) refer to emergent behavioural intentions or behaviours deviating from the customary way of doing business, and Hisrich, Peters and Shepherd (2008:68) as a spirit of entrepreneurship within the existing business. Morris, *et al.* (2008:11) define corporate entrepreneurship as a term used to describe entrepreneurial behaviour inside established mid-sized and large businesses.

Vesper (1984) in Kuratko, *et al.* (2001:199) developed three major definitions of corporate entrepreneurship, which can be identified as (1) new strategic direction; (2) initiative from below; and (3) autonomous business creation. Vesper’s study illustrates that corporate entrepreneurship could be any one of these individual types, as well as any or all possible combinations.

Zahra (1991:196) includes all the major aspects of corporate entrepreneurship in the following definition of corporate entrepreneurship: “Corporate entrepreneurship refers to formal and informal activities aimed at creating new business in established companies through product and process innovations and market developments. These activities may take place at the corporate, division (business), functional, or project levels, with the unifying objective of improving a company’s competitive position and financial performance. Corporate entrepreneurship also entails the strategic renewal of an existing business.”

For purposes of this research the construct “corporate entrepreneurship” will be referred to as defined by Sharma and Chrisman (1999:18): “Corporate entrepreneurship is the process whereby an individual or a group of individuals, in association with an existing organisation, create a new organisation or instigate renewal or innovation within the organisation”.

The associated terminology with the construct “corporate entrepreneurship” will be referred to Thornberry’s (2003:330) four broad categories of corporate entrepreneurship: corporate venturing, intrapreneuring, organisational transformation and industry rule-breaking. Corporate venturing involves starting businesses within a business and usually originates from a core competency or process. Intrapreneuring is an attempt to take the mindset and behaviours of external entrepreneurs to create and build businesses and bring these characteristics to bear inside an existing, and usually large, corporate setting. Organisational transformation involves corporate renewal. This type of entrepreneurship fits the original Schumpeterian definition if transformation involves innovation and a new arrangement or combination of resources, and results in the creation of sustainable economic value. Industry rule-breaking is a subset of transformation and involves the competitive environment of the industry.

1.2.2 Corporate entrepreneurship and innovation

According to Antoncic and Hisrich (2003b:13), innovation cannot be discounted as a defining element of entrepreneurship and corporate entrepreneurship. Innovation and entrepreneurship research have an important common historical background. This background pertains to the broad view of the Schumpeterian innovation. Schumpeter

(1934:66) understood innovation broadly as: the introduction of a new product or a new product quality; the introduction of a new production method (this may be based on a new scientific discovery, but not need be. It can also be a new way of dealing with a product commercially); the opening-up of a new market; the use of new raw materials or sources of semi-manufactures; and the creation of a new industry business such as the establishment of a monopoly situation for the breakdown of a monopoly.

Ireland, *et al.* (2006a:10) support this and also indicate that innovation takes place in businesses in the form of new products, new processes to create products and new administrative structures and routines to help the firm operate efficiently and effectively.

Schumpeter positioned the entrepreneur as an agent of change, whose creative behaviour in terms of different innovation aspects was seen as a disruption (a creative disruption) in the economic equilibrium of an industry. Drucker (1985) also considered innovation a specific function of entrepreneurship. In Drucker's view, innovation distinguishes the difference between what is entrepreneurial and what is managerial. It is the Schumpeterian innovation that differentiates behaviour of entrepreneurs from non-entrepreneurial managers, making entrepreneurship and innovation almost inseparable.

Hitt, Ireland, Camp and Sexton (2001:484) indicate that there is a strong interrelationship between innovation and entrepreneurship. Lumpkin and Dess (1996) argue that a key dimension of an entrepreneurial orientation is an emphasis on innovation.

Johnson (2001:136) claims that many people view innovation and corporate entrepreneurship as a vehicle to stimulate growth and development. If a business does not adopt a proactive attitude towards innovation and the creation of new ventures, it is unlikely to survive in an increasingly aggressive, competitive and dynamic market place.

1.2.3 The importance and value of corporate entrepreneurship

Kuratko, *et al.* (2004:78) cite a few researchers who indicate that, as the corporate landscape becomes more complex, competitive and global, established businesses have increasingly embraced corporate entrepreneurship for the purposes of: profitability (Zahra, 1991); strategic renewal (Guth and Ginsberg, 1990); fostering innovativeness (Baden-

Fuller, 1995); gaining knowledge for future revenue streams (McGrath, Venkataraman and MacMillan, 1994); and international success (Birkshaw, 1997).

Kuratko, Ireland, Covin and Hornsby (2005:699) support these researchers and indicate that corporate entrepreneurship is also practiced in businesses to develop competitive advantages and a separate identifiable strategy.

Antoncic and Zorn (2004:6-7) state that past research has presented much evidence for the relationship of corporate entrepreneurship to organisational growth (Covin and Slevin 1986, Covin 1991, Zahra and Covin, 1985; Morris and Sexton, 1996; Wiklund, 1999; Antoncic and Hisrich, 2001) and profitability (Covin and Slevin, 1986; Zahra, 1991, 1993; Zahra and Covin, 1995; Wiklund, 1999; Antoncic and Hisrich, 2000, 2001).

Morris and Sexton (1996) in Antoncic and Hisrich (2004:524) found a significant positive relationship between entrepreneurial intensity and increased growth. Zahra and Covin (1995) and Wiklund (1999) found that entrepreneurial orientation of businesses tends to have sustainable long-term effects on growth and financial performance in addition to short-term effects.

Hisrich and Peters (1998) proved that entrepreneurship often results in the creation of new value. Organisational wealth creation has been considered an important, yet implicit, consequence of corporate entrepreneurship in general (Kanter, 1984; Peters and Waterman, 1982; Pinchot, 1985 in Hisrich and Peters, 1998) as well as in corporate entrepreneurship induced performance measurement (Naman and Slevin, 1993, in Hisrich and Peters, 1998).

Antoncic and Hisrich (2004:542) indicate that businesses with entrepreneurial top management postures engaging in entrepreneurial activities are expected to achieve higher levels of growth (absolute – growth in sales and in number of employees and relative – growth in market share), profitability (absolute – return of sales, return on equity, and return on assets and relative – in comparison to competitors) and new wealth creation (new available funds), than businesses that are lower in corporate entrepreneurship engagement.

Ireland, *et al.* (2006a:10) proved that leading edge businesses see the effective use of corporate entrepreneurship as a source of competitive advantage and as a path to higher levels of financial and non-financial performance. Corporate entrepreneurship can be a source of competitive advantage at both the corporate and the business unit levels.

Thornberry (2001:2) states that not all businesses need to embrace a concept of corporate entrepreneurship. Some businesses are doing quite well running their businesses in a planned, effective and efficient manner. But some businesses need an infusion of creativity, especially if they are operating in a rapidly changing or turbulent environment. Thornberry (2001:2) indicates that it is the large slow-moving bureaucratic business operating in an increasingly turbulent environment that needs to do the most entrepreneurial soul searching.

1.2.4 How to foster, develop and implement corporate entrepreneurship

Hisrich, Peters, and Shepherd (2008:68) define an entrepreneurially fostering environment as an environment that enhances organisational members' perceptions of entrepreneurial action as both feasible and desirable.

Antoncic and Zorn (2004:7) point out that one important organisational element that is beneficial to corporate entrepreneurship is organisational and management support for entrepreneurial activities.

Antoncic and Zorn (2004:8) state that organisational support refers to management encouragement, worker's discretion about their work-related decisions, designating idea champions, establishing procedures to solicit and examine employee ideas, permeability of job boundaries, training, rewards and reinforcement, and availability of time and financial resources for pursuing new ideas or projects.

Organisational support for entrepreneurial activities has been proved as beneficial for corporate entrepreneurship in the following ways: top management involvement (Merrifield, 1993; Antoncic, 2007); training (Stevenson and Jarillo, 1990); trusting individuals within the business to identify opportunities (Stevenson and Jarillo, 1990);

resource availability (Kanter, 1984; Pinchot, 1985); encouragement (Hisrich and Peters, 1984); and rewards (MacMillan, 1986; Hisrich, *et al.*, 2008).

Organisational support elements such as management support, work discretion, rewards, time availability and loose intra-organisational boundaries, identified by Hornsby, *et al.* (1993) have been seen as crucial elements impacting on corporate entrepreneurship.

Echols and Neck (1998:39) indicate that behaviours of employees and the structure of a business are primary ingredients necessary for corporate entrepreneurial success. Entrepreneurial success is defined in terms of innovative capacity that enables a business to renew itself and survive longer.

Nayager and Van Vuuren (2005:37) did research on the analysis of an organisational strategy, structure and culture that supports corporate entrepreneurship. In this research Nayager and Van Vuuren (2005:37) indicate that, in order to create innovation, the business must have an internal environment or orientation that supports entrepreneurship. The businesses' strategies, structure, systems, policies, procedures and managers should therefore support innovation and corporate entrepreneurship. If managers understood or knew how their businesses were performing in the various facets of entrepreneurial orientation, the managers would know where to make improvements.

The key to making an organisational structure entrepreneurial involves several factors, especially fostering the right climate or culture (Echols and Neck, 1998:42). An entrepreneurial climate that promotes the detection and facilitation of opportunities, as well as fostering motivation to pursue opportunities, provides an ideology to which employees can commit while facilitating the emergence of social capital.

Parboteeah (2000) states that developing and nurturing an entrepreneurial culture will contribute to businesses' ability to develop innovative solutions and sustain strategic competitive advantages.

Kuratko and Hodgetts (2004:63) suggest that to structure the business for a corporate entrepreneurial climate, businesses need to invest heavily in entrepreneurial activities that allow new ideas to flourish in an innovative environment. As a way for businesses to

develop key environmental factors for intrapreneurial activity, a corporate entrepreneurship training programme often induces the change needed in the work atmosphere.

Toftaoy and Chatterjee (2005:15) state that corporate entrepreneurship training programmes, within the business, will separate businesses from their competitors. The corporate entrepreneurship training programme is a way of launching corporate entrepreneurial teams, via intrapreneurship workshops or seminars.

Marcus and Zimmerer (2003:11) investigated the corporate performance of Fortune 500 companies. The investigation focused on corporate entrepreneurial training programmes in Fortune 500 companies, and utilised a self-reporting technique in order to determine the presence of such programmes in the business. All the respondents indicated that the impact of intrapreneurial programmes was positive.

Marcus and Zimmerer (2003:18) conclude their findings and indicate that as corporate entrepreneurship programmes provide opportunities for success, increasing future research could provide an objective basis for determining the extent to which such programmes are feasible and have the potential to be incorporated into organisational structures.

1.2.5 Sustaining corporate entrepreneurship and innovation

Aloulou and Fayolle (2005:25) refer to some researchers who indicated that corporate entrepreneurship is recognised as a potentially viable means for promoting and sustaining competitiveness and transforming corporations and industries by providing opportunities for value-creating innovation (Miller, 1983; Guth and Ginsberg, 1990; Naman and Slevin, 1993; Stopford and Baden-Fuller, 1994; Lumpkin and Dess, 1996).

Morris, *et al.* (2008:8) state that traditionally competitive advantage was achieved by having lower costs than the competition, achieving higher quality or product performance, adding a new product feature, or delivering better customer service. This unfortunately will no longer produce sustainable advantage.

According to Morris, *et al.* (2008:20), remaining competitive is very different from achieving sustainable competitive advantage. The quest for competitive advantage requires that businesses and the managers within them continually reinvent themselves. Advantage derives from five key company capabilities: adaptability, flexibility, speed, aggressiveness and innovativeness.

Ireland, *et al.* (2006a:15) state that sustainable corporate entrepreneurship is more likely in businesses where all individuals' entrepreneurial potential is sought and nurtured and where organisational knowledge is widely spread.

Businesses that are more adaptable, flexible, fast, aggressive and innovative are better positioned not only to adjust to a dynamic, threatening and complex external environment, but to create change in that environment. These businesses do not take the external environment as a given, and instead define themselves as agents of change, leading customers instead of following them, creating new markets, and rewriting the rules of the competitive game.

1.2.6 Conceptual models for corporate entrepreneurship

From the research conducted in the field of corporate entrepreneurship various conceptual models have been developed for the aspects in corporate entrepreneurship. Most researchers also use these models to guide research actions. The most prominent conceptual models for corporate entrepreneurship are briefly indicated.

Guth and Ginsberg (1990) developed a domain model for corporate entrepreneurship. This model attempted to provide a framework for tracking research in corporate entrepreneurship. Covin and Slevin (1991) developed a conceptual model of organisational behaviour in examining the behaviours of entrepreneurs and their impact on the businesses' actions. A third model is the organisational model for internally developed ventures developed by Brazeal (1993). This model defines corporate venturing as an internal process that embraces the ultimate goal of growth through the development of innovative products, processes and technologies that should be institutionalised as a process geared towards long-term prosperity.

Hornsby, *et al.* (1993) developed an interactive model of the corporate entrepreneurial process. This model is an expansion of the model of Brazeal and describes the interaction of organisational factors and individual characteristics that is ignited by precipitating events that lead to successful corporate entrepreneurship.

Kuratko, *et al.* (2004) developed a model for sustaining corporate entrepreneurship. Kuratko, *et al.* (2004:86) indicate that it has been established that change or transformational triggers cause businesses to pursue strategies for entrepreneurial activities and to institute certain internal organisational factors to ensure their implementation. The model proposes that it is the degree of ongoing entrepreneurial behaviour of individuals and the perceptions of a businesses' executive management towards entrepreneurial activities that need to be focused upon in future research. This model will be used as the basic framework for this study.

Morris, *et al.* (2008:50) adapted a model from Covin and Slevin, the strategic integration framework. The focus of this framework is the ongoing interaction of entrepreneurship throughout the entire business.

Lastly Shaw, O'Loughlin and McFadzean (2005) developed the micro-model of corporate entrepreneurship and innovation. This model is a multi-stage, multi-individual, complex process that helps to provide insight for altering the organisational dynamics.

1.2.7 Methods for measuring entrepreneurial activity

In the field of corporate entrepreneurship a few measuring instruments exist that were developed to measure various aspects of entrepreneurship in businesses. These measuring instruments form the basis of various researchers' research where the instruments are used as originally developed or where they are adapted to fit the exact research purpose.

Khandwalla (1977) developed a questionnaire to measure various dimensions of corporate entrepreneurship. The ENTRESALE was refined by Miller and Friesen (1982) and Covin and Slevin (1989). The goal of the ENTRESALE instrument, according to Knight (1997:213) is: "entrepreneurship at the firm level ... reflecting innovative and proactive

disposition of management". The ENTRESALE includes a corporate entrepreneurial orientation in research and development activities, leadership and proactiveness. It also explores activities such as the number of marketed new lines of products and services. The ENTRESALE not only assesses management's orientation towards corporate entrepreneurship, but also what management favours and how they act, especially in terms of the external environment and the competition. It does not address adequately the internal orientation towards corporate entrepreneurship.

In 1990 Kuratko, *et al.*, developed an instrument - initially called the intrapreneurial assessment instrument (IAI) – and later changed to the corporate entrepreneurship assessment instrument (CEAI). The CEAI was developed to identify the dimensional structure of businesses with respect to their ability to foster intrapreneurial activity (Kuratko, *et al.*, 1990:54). The CEAI is designed around five key antecedents to the creation of sustainable entrepreneurship in a business. These antecedents include management support; work discretion/autonomy; reinforcement; time availability and organisational boundaries. The instrument has been shown to be psychometrically sound as a viable means for assessing areas requiring attention and improvement in order to achieve intended results through the use of a corporate entrepreneurship strategy (Morris, *et al.*, 2008:331).

Pinchot and Pellman (1999) developed the Innovative Climate Questionnaire. This questionnaire consisted of nineteen Innovative Success Factors that together create the conditions for cost-effective innovation. This instrument can only be used to predict a businesses' capacity to have an innovative climate, and does not measure whether or not a business is entrepreneurial in nature.

The Entrepreneurial Performance Index (EPI) was developed by Morris (1998). The items in this instrument capture the degree and frequency of entrepreneurship, as well as the underlying dimensions of innovativeness, risk-taking and proactiveness. In addition, product, service and process innovation are covered (Morris and Kuratko, 2002:291).

Hill (2003) developed an instrument, the Intrapreneurial Intensity Index. This measuring instrument was developed to determine the intensity of intrapreneurship within large South African businesses. The instrument can provide an overall view of the businesses

intrapreneurial ability, as well as identify the specific areas in the business that require change or modification in order to become more intrapreneurial.

1.2.8 Research conducted in South Africa

Limited South African research exists in the field of corporate entrepreneurship and more specifically in terms of evaluating corporate entrepreneurial mindsets, corporate entrepreneurship training programmes and the effect thereof as well as fostering corporate entrepreneurship.

Existing research that could influence this research study (briefly mentioned) are as follows:

- The development of an instrument to measure intrapreneurship: entrepreneurship within the corporate setting (Hill, 2003);
- Key factor intrapreneurship – the development of a systems model to facilitate the perpetuation of entrepreneurship in the larger South African business (Goosen, 2002);
- Conducting an entrepreneurial audit (Govender, 1998);
- The importance of entrepreneurship in large enterprises: a critical evaluative study (Nel, 1993);
- The identification of corporate intrapreneurial characteristics among middle level managers at Sasol Fertilisers (Ras, 2000);
- The relationship between corporate entrepreneurship, market orientation, organisational flexibility and job satisfaction (Adonisi, 2004);
- The nature and being of entrepreneurship and its importance for business success (Swanevelder, 2001);
- Factors affecting the institutionalisation of corporate entrepreneurship (Mwale, 1998);
- Assessing the impact of remuneration systems on corporate entrepreneurship, a critical view (Parbhoo, 1997);
- An overview of the most important components for the development of an entrepreneurial culture model for the South African Broadcasting Corporation (Evans, 1996);

- Corporate Entrepreneurship in Development Finance Institutions: A focus on the Development Bank of Southern Africa (Gantsho, 2006);
- Entrepreneurship's contribution to the success of deregulated electricity utilities (Dykman, 2005);
- Corporate Entrepreneurship within Pretoria East Hospital (Bauwmeester, 2005) and
- Factors impacting on corporate entrepreneurial behaviour within a retail business – a case study (Kamffer, 2004).

From the mentioned research the studies that would mostly have an impact on this research study are the research of Gantsho (2006), Bauwmeester (2005), Kamffer (2004) and Govender (1998). These studies used and adapted a measuring instrument similar to the one that will be used in this study. In both Gantsho (2006) and Bauwmeester's (2005) research an experimental case study design was followed.

1.3 THE RESEARCH PROBLEM

From the literature review it is evident that to develop and nurture businesses' current and future competitive advantages, advantages that are grounded in innovation, businesses increasingly have to rely on corporate entrepreneurship. Corporate entrepreneurship represents the framework for the facilitation of ongoing change and innovation in established businesses (Morris and Kuratko, 2002). There is a significant amount of written consensus regarding corporate entrepreneurship as a means for promoting and sustaining global corporate competitiveness and economic growth. This consensus mainly focuses on international businesses and not on businesses in South Africa. The management dilemma that exists (in particular in South Africa) is then how to foster and implement corporate entrepreneurship in businesses to sustain this competitive advantage and improve performance.

In spite of its potential to create value by contributing to improved organisational performance, many established businesses do not encourage entrepreneurial behaviour and often have structural barriers in place that prevent this from occurring (Ireland, *et al.*, 2006a:11). From research conducted by Ireland, *et al.* (2006a:16), a conclusion was made that businesses that are successful in terms of their corporate entrepreneurial

strategies are those where the employees have an entrepreneurial mindset. The process of combining entrepreneurial behaviours with strategic actions is vital to designing and successfully using a corporate entrepreneurship strategy that will result in competitive advantage.

Kuratko, *et al.* (2004) developed a model for sustaining corporate entrepreneurship. The model proposes that it is the degree of ongoing entrepreneurial behaviour of individuals, and the perceptions of a businesses' executive management towards entrepreneurial activities, that need to be focused upon in future research. Kuratko, *et al.* (2004:86) note that this model should provide insights for researching the entire corporate entrepreneurship process from both the individual and organisational levels. "This area has great potential for research in terms of its impact on organisational change and ultimately on organisational success."

Guth and Ginsberg (1990:9) commented on the research which has been done by Kuratko, *et al.*, in developing a corporate entrepreneurial assessment instrument for an effective corporate entrepreneurial environment where a quasi experimental design was followed within one business and factor-analysis technique used. Guth and Ginsberg's conclusion was that more thorough empirical methods like these are needed to develop theory in this important area of corporate entrepreneurship.

Morris, *et al.* (2008:323) indicates that as the businesses aggressively pursue the future, managers must continually assess the actual levels of entrepreneurial activity occurring within the business. Organisations must track outcomes related to innovation, competitive position and financial performance.

Ireland, *et al.* (2006b) developed a health audit to assess corporate entrepreneurship and innovation in a business. This instrument can be used to assess the degree to which businesses' employees are prepared to engage in entrepreneurial behaviour as exercised through innovation, risk-taking and proactive actions. Firstly, the businesses' level of entrepreneurial intensity is determined. Then the businesses' internal work environment is examined to understand the factors accounting for the degree of entrepreneurial intensity the business has at a point in time. Lastly, the audit reveals to the business the type of work to be done to help employees form an entrepreneurial mindset as the source of, and

reinforcement for, the entrepreneurial behaviour needed to display for the chosen corporate entrepreneurial strategy to be successfully implemented.

The management question that needs to be addressed is: Can corporate entrepreneurship and innovation levels be assessed in South African industries?

From this management question the following research questions are formulated:

- Can the model for sustaining corporate entrepreneurship be applied in South African short-term insurance businesses?
- Will the health audit instrument be able to determine the entrepreneurial intensity and the entrepreneurial culture in South African short-term insurance businesses?
- Will it be possible to develop a corporate entrepreneurial development programme for South African short-term insurance businesses, from the results of the health audit?
- How can a corporate entrepreneurial development programme be used to develop and sustain corporate entrepreneurship in South African short-term insurance businesses?
- How can a corporate entrepreneurial development programme be used to address the gaps between the various business unit levels in South African short-term insurance businesses?
- What will be the content of a corporate entrepreneurial development programme for South African short-term insurance businesses?

Limited empirical research is available on corporate entrepreneurship in South Africa. No formal study has been conducted in South Africa where the Health Audit of Ireland, Kuratko and Hornsby had been used. A few research studies did make use of the Entrepreneurial Performance Index and the Corporate Entrepreneurship Assessment Instrument individually. There is also no record of any formal research conducted on corporate entrepreneurship amongst the short-term insurance businesses in South Africa.

1.4 PURPOSE OF THE STUDY

The purpose of the study is to make use of a corporate entrepreneurial assessment instrument, the Health Audit Instrument developed by Ireland, *et al.* (1996) to assess the corporate entrepreneurial and innovative levels in South African short-term insurance businesses. The purpose is to develop a corporate entrepreneurial development programme that can be used to foster and implement corporate entrepreneurship in South African short-term insurance businesses.

This study will also inform and provide proof to other South African businesses of the value of assessing their businesses in terms of their corporate entrepreneurial and innovative mindset which could assist in sustaining a competitive advantage.

The research objectives of this study, formulated to address the management and research questions, are addressed in the next section.

1.5 RESEARCH OBJECTIVES

The primary and secondary objectives of the study are presented below.

1.5.1 Primary objective

The primary objective of this research is to assess corporate entrepreneurial and innovative levels in South African short-term insurance businesses.

1.5.2 Secondary objectives

In order to achieve this primary objective various secondary objectives are formulated. The secondary objectives of the study are:

To determine by means of a literature study:

- how entrepreneurship and corporate entrepreneurship relate to one another;
- the link between corporate entrepreneurship and innovation;

- the importance and value of corporate entrepreneurship;
- how to foster, develop and implement corporate entrepreneurship;
- how to sustain corporate entrepreneurship and innovation;
- the conceptual models that exist for corporate entrepreneurship;
- the methods of measuring entrepreneurial activity; and
- the design, content and structure of a corporate entrepreneurial development programme.

To determine by means of a case study design:

- how to assess corporate entrepreneurial and innovative levels in South African short-term insurance businesses, by means of a corporate entrepreneurial health audit instrument.

1.6 HYPOTHESES

The following hypotheses are formulated for this study and were seen as important by senior management in each short-term insurance business:

Ho1: There is no statistical difference in terms of **the years that the employees have been working** in South African short-term insurance businesses and the perceptions on **the rate of new products/service introductions compared to competitors.**

Ho2: There is no statistical difference in terms of the **years that the employees have been working** and the perceptions that **top level decision-making is characterised by an active search of big opportunities** in South African short-term insurance businesses.

Ho3: There is no statistical difference in terms of the **years that the employees have been working** in South African short-term insurance businesses and the perceptions that **top level decision-making is characterised by large bold decisions despite uncertainties of the outcomes.**

- Ho4: There is no statistical significant difference in terms of the **years that the employees have been working** in South African short-term insurance businesses and the perceptions **that top level decision-making is characterised by compromises** among the conflicting demands of owners, government, management, customers, employees and suppliers are made by a business.
- Ho5: There is no statistical significant difference between the **business unit levels** and the **emphasis** that South African short-term insurance businesses **place on continuous improvement in methods of production and/or service delivery**.
- Ho6: There is no statistical significant difference between the **business unit levels** in South African short-term insurance businesses and how the **top level decision-making is characterised by cautious, pragmatic, step-at-a-time adjustments to problems**.
- Ho7: There is no statistical significant difference between the **management levels** in South African short-term insurance businesses and how **the executives take risks in exploring new opportunities**.
- Ho8: There is no statistical significant difference between the **management levels** in South African short-term insurance businesses and the **“live and let live” philosophy in dealing with competitors**.
- Ho9: There is no statistical significant difference between **the management levels** in South African short-term insurance businesses and **how top level decision-making is characterised by cautious, pragmatic, step-at-a-time adjustments to problems**.
- Ho10: There is no statistical significant difference between **the management levels** in South African short-term insurance businesses and **how top level decision-making is characterised by large, bold decisions despite uncertainties of the outcomes**.

Ho11: There is no statistical significant difference between the **management levels** in South African short-term insurance businesses and **how top level decision-making is characterised by compromises** among conflicting demands of owners, government, management, customers, employees and suppliers.

Ho12: The **degree of entrepreneurship** is not a high in South African short-term insurance businesses.

Ho13: The **frequency of entrepreneurship** is not high in South African short-term insurance businesses.

Ho14: The **entrepreneurial intensity** in South African short-term insurance businesses.

Ho15: There is no statistical significant difference between the **years working** in South African short-term insurance businesses and the **number of product improvements/revisions**.

Ho16: There is no statistical significant difference between **years in current job** in South African short-term insurance businesses and the **number of product improvement/revisions**.

Ho17: There is no statistical significant difference between the **business units** in South African short-term insurance businesses and the **number of product improvement/revisions**.

Ho18: There is no statistical significant difference between the **management levels** in South African short-term insurance businesses and the **number of product improvements/revisions**.

Ho19: There is no statistical significant difference between the **years working** in South African short-term insurance businesses and the **number of product improvements/revisions compared with competitors**.

Ho20: There is no statistical significant difference between **years in current job** in South African short-term insurance businesses and the **number of product improvement/revisions compared with competitors**.

Ho21: There is no statistical significant difference between the **business units** in South African short-term insurance businesses and the **number of product improvement/revisions compared with competitors**.

Ho22: There is no statistical significant difference between the **management levels** and the **number of product improvements/revisions compared with competitors**.

Ho23: There is no statistical significant difference between the **years** in South African short-term insurance businesses and the **number of product improvements/revisions that include products that did not previously exist in the market (“new to the market”)**.

Ho24: There is no statistical significant difference between **years in current job** in South African short-term insurance businesses and the **number of product improvement/revisions that include products that did not previously exist in the market (“new to the market”)**.

Ho25: There is no statistical significant difference between the **business units** in South African short-term insurance businesses and the **number of product improvement/revisions that include products that did not previously exist in the market (“new to the market”)**.

Ho26: There is no statistical significant difference between the **management levels** in South African short-term insurance businesses and the **number of product improvements/revisions that include products that did not previously exist in the market (“new to the market”)**.

Ho27: There is no statistical significant difference between the corporate entrepreneurship opinions of the **managers and employees** in South African short-term insurance

businesses regarding the corporate entrepreneurship construct: **managerial support** for corporate entrepreneurship.

Ho28: There is no statistical significant difference between the corporate entrepreneurship opinions of the different **business unit levels** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **managerial support** for corporate entrepreneurship.

Ho29: There is no statistical significant difference between the corporate entrepreneurship opinions of the **managers and employees** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **work discretion**.

Ho30: There is no statistical significant difference between the corporate entrepreneurship opinions of the different **business unit levels** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **work discretion**.

Ho31: There is no statistical significant difference between the corporate entrepreneurship opinions of the **managers and employees** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **rewards/reinforcement**.

Ho32: There is no statistical significant difference between the corporate entrepreneurship opinions of the different **business unit levels** in South African short-term insurance businesses regarding the corporate entrepreneurship **construct: rewards/reinforcement**.

Ho33: There is no statistical significant difference between the corporate entrepreneurship opinions of the **managers and employees** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **time availability**.

Ho34: There is no statistical significant difference between the corporate entrepreneurship opinions of the different **business unit levels** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **time availability**.

Ho35: There is no statistical significant difference between the corporate entrepreneurship opinions of the **managers and employees** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **organisational boundaries**.

Ho36: There is no statistical significant difference between the corporate entrepreneurship opinions of the different **business unit levels** in South African short-term insurance businesses regarding the corporate entrepreneurship construct: **organisational boundaries**.

Ho37: There is no need for a **corporate entrepreneurship development programme** in short-term insurance businesses in South Africa.

1.7 RESEARCH METHODOLOGY

1.7.1 Research design

This research is designed as a formal study. The goal of a formal research design is to test the hypotheses or answer the research questions posed (Cooper and Schindler, 2006:140). The formal study consists of a literature review and an empirical study. The literature review aims to survey the background on corporate entrepreneurship in terms of the concept corporate entrepreneurship, the relationship between corporate entrepreneurship and innovation, the importance and value of corporate entrepreneurship, how to foster, develop and implement corporate entrepreneurship, sustaining corporate entrepreneurship and innovation, conceptual models for corporate entrepreneurship and methods for measuring entrepreneurial activity. The literature review will provide an insight and understanding into the research problem as well as the necessary background to guide the empirical part of the study.

The empirical part of the study will focus on the assessment of corporate entrepreneurial and innovative levels in South African short-term insurance businesses. The assessment will be done by means of a corporate entrepreneurial health audit instrument developed by Ireland, *et al.* (1996). The empirical method is embedded in a case study design. Cooper

and Schindler (2008:153) indicate that case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. In a case study the emphasis on detail provides valuable insight for problem solving, evaluation and strategy. Cooper and Schindler (2008:153) also state that a single well designed case study can provide a major challenge to a theory and simultaneously provide a source of new hypotheses and constructs.

The time dimension of the study is cross-sectional. The research will be conducted in a field environment in South African short-term insurance businesses.

1.7.2 Sampling

The target population will be employees in South African short-term insurance businesses. The parameters of interest indicate that the participants must be employees from different short term insurance businesses employed in the South African short-term insurance industry; the employees must be full time employees in South African short-term businesses; and the full time employees must include employees from top management level to normal workers in all the various business units in the businesses.

The study will make use of a non-probability, purposive or judgmental sampling technique. In a purposive or judgmental sampling technique, an experienced individual selects the sample based upon some appropriate characteristic of the sample members (Zikmund, 2003:213). The sample is drawn from different insurance businesses in the South African short-term insurance industry. The sample size is 1900.

1.7.3 Data collection

For the literature section of the study, data will be collected by means of a literature search using secondary data such as journals, textbook, databases and the Internet. A self-administered questionnaire will be used to assess the corporate entrepreneurial and innovative levels in five South African short-term insurance businesses. The responses will be anonymous and this data source will be respected in the study. This was the only way in which data could be accessed. There was an agreement between the respective businesses to treat the anonymity as highly confidential.

The entrepreneurial health audit developed by Ireland, *et al.* (2006) will be used to conduct the assessment. The entrepreneurial health audit consists of three stages. First, the business level entrepreneurial intensity is determined by means of the Entrepreneurial Performance Index (EPI) of Morris (1998). The EPI consist of 21 questions. The first 12 questions determine the degree of entrepreneurship in terms of innovativeness, risk-taking and proactiveness, and the other 9 questions determine the frequency of entrepreneurship. Together these 21 questions determine a businesses entrepreneurial intensity level. The EPI has been proved as a reliable and valid instrument.

Secondly, the insurance businesses internal work environment is examined to understand the factors accounting for the degree of entrepreneurial intensity the insurance business has at a point in time. The Corporate Entrepreneurship Assessment Instrument (CEAI) of Kuratko, *et al.*, will be used to collect this information. Kuratko, *et al.*, developed the CEAI in 1990. The instrument consists of 78 five-point likert-style questions. The desired outcome of the CEAI is to assess a level of corporate entrepreneurship intensity and recognition of corporate entrepreneurship by management within a business. Six distinct internal organisational factors are addressed: management support, work discretion, organisational boundaries, rewards/reinforcement, time availability and specific climate variables. The CEAI has been proved as a reliable and valid instrument.

Thirdly, the audit reveals to businesses the type of work to be completed, to help employees form an entrepreneurial mindset as the source of, and reinforcement for, the entrepreneurial behaviour to be displayed, in order for the chosen corporate entrepreneurial strategy to be successfully implemented. As a way for businesses to develop a sound programme for understanding entrepreneurial activity, a corporate entrepreneurial development programme should be established.

1.7.4 Data analysis

The quantitative data of the questionnaires will be analysed with a statistical package (SPSS) by the University of Pretoria's statistical department. For comparative purposes, comparative statistical tools such as the ANOVA discriminant and correlation analysis will be used to test the hypotheses and to make statistical inferences. More specifically a comparison will be made between the opinions of the managers and staff; and also

between the various business unit levels in South African short-term insurance businesses.

1.7.5 Referencing technique

The Harvard Referencing technique is used in this study.

1.8 IMPORTANCE AND BENEFITS OF THE STUDY

It is hoped that this research will contribute to the understanding of corporate entrepreneurship and innovation, and lead to ideas for structuring of corporate entrepreneurial units that are unique to the South African market. These insights are helpful to businesses in understanding what can be done to improve the businesses ability to compete in the complex, rapidly changing competitive environments.

The findings of the research can help South African businesses understand the corporate entrepreneurial process and can provide guidelines for businesses involved in corporate entrepreneurship. This will also assist managers in undertaking change efforts directed at stimulating a corporate entrepreneurial and innovative mindset.

The findings are important for South African management faced with the challenge of developing world-class businesses through the process of institutionalising corporate entrepreneurship.

The entrepreneurial health audit tool developed by Ireland, *et al.* (2006) can be used by decision makers as part of their effort to help their businesses successfully engage in entrepreneurship as a path to organisational effectiveness.

The South African short-term insurance industry in particular will benefit from this study as no other formal study in the field of corporate entrepreneurship has ever been conducted in this industry. The results can be used to set standards for benchmarking for short term insurance businesses.

1.9 OUTLINE OF THE STUDY

The study will be presented in such a way that it follows a logical progression to build up to the specific research problem and objectives. The research starts with a thorough and broad literature review based on the field of entrepreneurship, corporate entrepreneurship, corporate entrepreneurship development programmes and measuring instruments. Thereafter the research methodology followed by this research is explained in full detail followed by the findings, conclusions and recommendations of this study. Figure 1.1 gives an illustration of the research process followed.

Chapter 2: The field of entrepreneurship

Chapter two focuses on the literature review in the field of entrepreneurship. Firstly entrepreneurship is defined, followed by a brief history on the field of entrepreneurship. The next section deals with the role of entrepreneurship in the economy and the entrepreneurial process. This section is followed by the relationship between entrepreneurship and innovation. Lastly the relationship between entrepreneurship and corporate entrepreneurship is discussed.

Chapter 3: Corporate entrepreneurship – a theoretical overview

Chapter three gives a theoretical overview of corporate entrepreneurship. The definition of corporate entrepreneurship is firstly discussed. This is followed by a discussion on the necessity of corporate entrepreneurship and the various corporate entrepreneurship conceptual models. Fourthly the various aspects of entrepreneurial intensity are discussed. This is followed by an explanation of the relationship between corporate entrepreneurship and innovation. The fostering, development and implementation of corporate entrepreneurship, as well as the various conceptual models of corporate entrepreneurship are presented next, highlighting its relevance to this particular study. Lastly, corporate entrepreneurship as a strategy is discussed.

Chapter 4: Corporate entrepreneurship measuring instruments and development programmes

Chapter four focuses on the literature on corporate entrepreneurship, measuring instruments and development programmes. Three specific measuring instruments will be discussed. The content of various corporate entrepreneurship development programmes will be discussed and compared.

Chapter 5: Research methodology

In this chapter the research methodology introduced in chapter one is discussed in more detail. The research problem, purpose of the study, objectives and hypotheses are stated, as well as the means of testing the hypotheses. The chapter discusses the research design according to Cooper and Schindler (2008:147), outlining the specific methods used to gather the empirical information. A detailed discussion is given on the sampling design and how the case study is conducted. A detailed explanation will be given on the questionnaire used to obtain the empirical data. The reliability and validity of the study will also be addressed. Finally, the data processing and analysis is explained by means of statistical techniques used. These tests include ANOVA discriminant and correlation analysis.

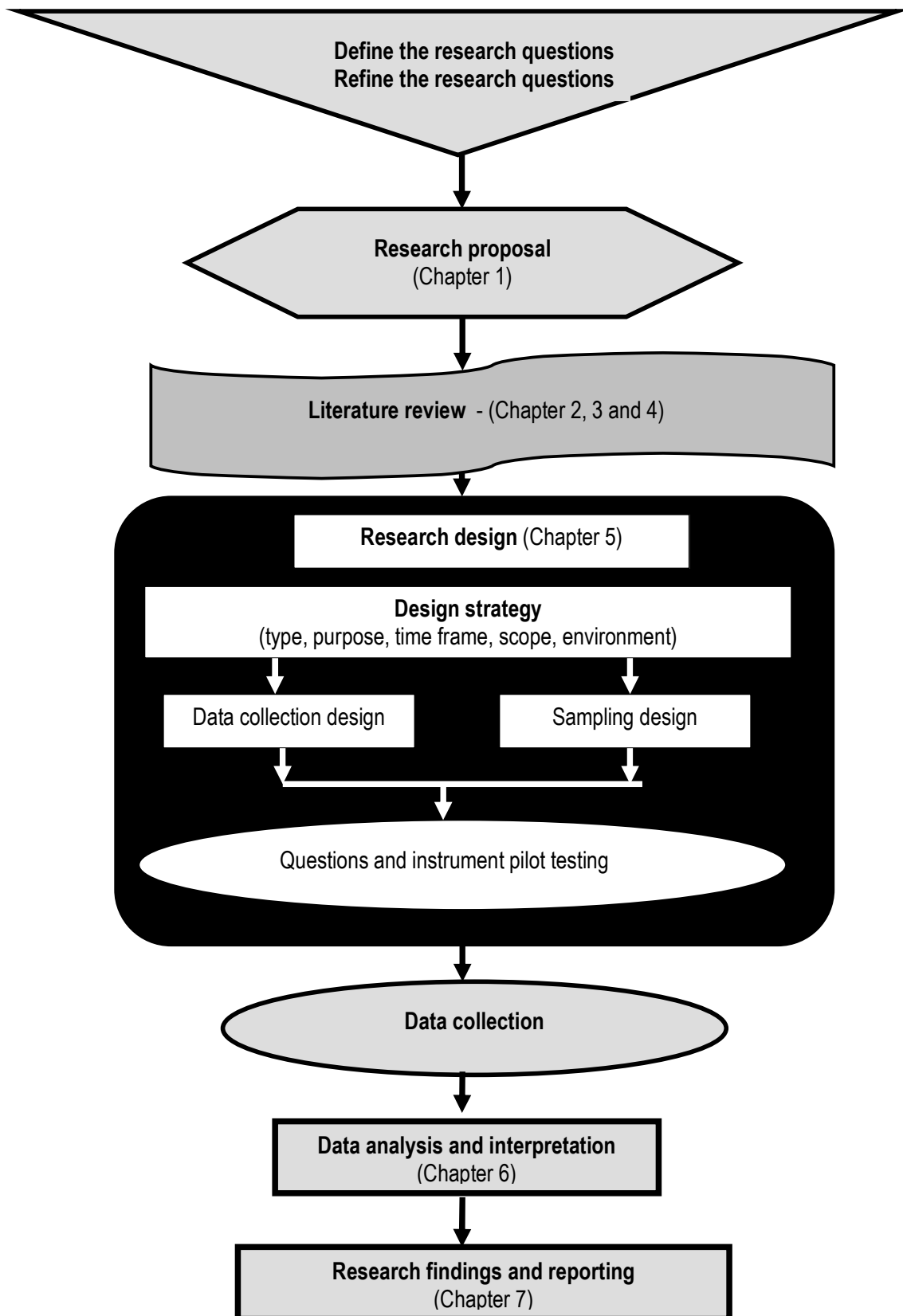
Chapter 6: Research findings

This chapter highlights the major findings of the research. Firstly demographic data will be presented followed by other descriptive statistics. Next the research findings obtained by the various analysis techniques will be presented in tabular format.

Chapter 7: Summary, conclusion and recommendations

Chapter seven summarises the major purpose and findings of the research study. A conclusion and recommendations of this study are presented. The research objectives and hypotheses are revisited. Finally, limitations of the study, contributions to the field of entrepreneurship and corporate entrepreneurship and recommendations for further research are presented.

FIGURE 1.1 The research process of the study



Source: Adapted from Cooper and Schindler (2008:65)



1.10 ABBREVIATIONS

CE	Corporate Entrepreneurship
CEAI	Corporate Entrepreneurship Assessment Instrument
CEDP	Corporate Entrepreneurship Development Programme
DV	Dependent variable
EI	Entrepreneurial Intensity
EO	Entrepreneurial Orientation
GEM	Global Entrepreneurship Monitor
EPI	Entrepreneurial Performance Index
IAI	Intrapreneurial Assessment Index
III	Intrapreneurial Intensity Index
IV	Independent variable
TEA	Total Entrepreneurial activity

CHAPTER 2: THE FIELD OF ENTREPRENEURSHIP

“Entrepreneurship is the most powerful economic force known to humankind!
The entrepreneurial revolution that captured our imagination during the late 1990s has now
permeated every aspect of business thinking and planning.”

Kuratko and Hodgets (2007:xix)

2.1 INTRODUCTION

This chapter presents a review on various aspects in the field of entrepreneurship. The purpose of this review is to give a background on what entrepreneurship entails and its relationship with corporate entrepreneurship. The aspects that will be addressed are the definition of entrepreneurship; history of the field of entrepreneurship; the role of entrepreneurship in the economy; the entrepreneurial process and the relationship between entrepreneurship and corporate entrepreneurship.

Kuratko and Hodgets (2007:xix) stress that: “Not too long ago the field of entrepreneurship was considered little more than an applied trade as opposed to an academic area of study. The economy was actually based upon entrepreneurship, and history has proven that with each downturn in the economy it is the entrepreneurial drive and persistence that brings entrepreneurship back”.

2.2 DEFINING ENTREPRENEURSHIP

Shane and Venkataraman (2000) observed that entrepreneurship is seen as a broad label under which a mixture of research is housed. Various researchers have mentioned that the problem with entrepreneurship is that a common definition and establishing the boundaries of entrepreneurship research have still not been solved (Bruyat and Julien, 2000; Usbasaran, Weasthead and Wright, 2001; Morris, 1998). The term entrepreneurship has been used to define a wide range of activities for example: creating,

founding, adapting and managing a venture (Cunningham and Lischeron, 1991; Hoy and Vesper, 1994; in Maes 2003:2).

Table 2.1 summarises various definitions of entrepreneurship from prominent researchers in the field of entrepreneurship.

TABLE 2.1: Definitions of entrepreneurship

Author	Definition
Schumpeter (1934)	Entrepreneurship is seen as new combinations including the doing of new things or the doing of things that are already being done in a new way. New combinations include (1) introduction of new goods, (2) new methods of production, (3) opening of a new market, (4) new source of supply, (5) new organisations.
Kirzner (1973)	Entrepreneurship is the ability to perceive new opportunities. This recognition and seizing of the opportunity will tend to “correct” the market and bring it back toward equilibrium.
Miller (1983)	A firm’s actions relating to product-market and technological innovation.
Drucker (1985)	Entrepreneurship is an act of innovation that involves endowing existing resources with new wealth-producing capacity.
Stevenson, Roberts and Grousbeck (1985)	Entrepreneurship is the pursuit of an opportunity without concern for current resources or capabilities.
Kanter (1985)	The creation of new combinations
Gartner (1985, 1989)	The process of new venture creation; the process by which new organisations come into existence.
Schuler (1986)	The practice of creating or innovating new products or services within existing businesses or within newly forming businesses
Rumelt (1987)	Entrepreneurship is the creation of new businesses, new business meaning that they do not exactly duplicate existing businesses but have some element of novelty.
Low and MacMillan (1988)	Entrepreneurship is the creation of new enterprise.

Hisrich and Peters (1989; 2008)	Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risk and receiving the resulting rewards of monetary and personal satisfaction.
Stevenson and Jarrilo (1990)	The process by which individuals – either on their own or inside organisations – pursue opportunities without regard to the resources they currently control. Entrepreneurship is the pursuit of opportunity beyond the resources you currently control.
Guth and Ginsberg (1990)	Entrepreneurship involves the identification of market opportunity and the creation of combinations of resources to pursue it.
Jones and Butler (1992)	The process by which firms notice opportunities and act to creatively organise transactions between factors of production so as to create surplus value
Krueger and Brazeal (1994)	The pursuit of an opportunity irrespective of existing resources
Timmons (1997)	Entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach, and leadership balanced.
Venkataraman (1997)	Entrepreneurship seeks to understand how opportunities to bring into existence future goods and services are discovered, created, and exploited, by whom and with what consequences.
Morris (1998)	Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organisational context and results in a variety of possible outcomes, including new ventures, products, services, processes, markets and technologies.
Sharma and Chrisman (1999)	Entrepreneurship encompasses acts of organisational creation, renewal, or innovation that occur within or outside an existing organisation.
Kouriloff (2000)	The process of creating a new venture

Shane and Venkataraman (2000)	The discovery, creation and exploitation (including by whom and with what consequences) between factors of production so as to create surplus value
Low (2001)	The creation of a new enterprise
Global entrepreneurship monitor (Harding, 2002)	Any attempt at new business or new venture creation such as self-employment, a new business organisation, or the expansion of an existing business by an individual, team of individuals, or established businesses
Kuratko and Hodgetts (2007)	Entrepreneurship is a process of innovation and new-venture creation through four major dimensions – individual, organisational, environmental, process – that is aided by collaborative networks in government, education and institutions. All of the macro and micro positions of entrepreneurial thought must be considered while recognising and seizing opportunities that can be converted into marketable ideas capable of competing for implementation in today’s economy.

Source: (Meyer, Neck and Meeks in Hitt, Ireland, Camp and Sexton (2002:22); Welsch and Maltarich (2004:3); Maes (2003:7); Tang and Koveos (2004:162); Hisrich and Peters (1989); Guth and Ginsberg (1990); Kuratko and Hodgetts (2007)

As can be seen from table 2.1, entrepreneurship has multiple definitions of which no one definition has been accepted by the field of entrepreneurship. In a review of journal articles and textbooks over a five-year period Morris (1998) found 77 different definitions for entrepreneurship. From this research Morris determined that the most common terms associated with entrepreneurship are starting or creating a new venture, innovating or creating new combinations of resources, pursuing opportunity, acquiring or bringing together necessary resources, risk-taking, profit-seeking and creating value.

Of the available perspectives on definitions about entrepreneurship the definition of Stevenson and Jarillo (1986) in Morris, *et al.* (2008:10-11) captures the essence of entrepreneurship by integrating its core elements. Entrepreneurship is: “the process of creating value by bringing together a unique combination of resources to exploit an opportunity”.

This definition includes four key elements. Entrepreneurship firstly involves a process. This means it is manageable, can be broken down into steps or stages and is ongoing. As a process, entrepreneurship can be applied in any organisational context. Secondly, entrepreneurs create value where there was none before. Entrepreneurs create value within businesses and in the market place. Third, entrepreneurs put resources together in a unique way. Unique combinations of money, people, procedures, technologies, materials, facilities, packaging, distribution channels and other resources represent the means by which entrepreneurs create value and differentiate their efforts. Lastly, entrepreneurship is opportunity-driven behaviour. It is the pursuit of opportunity without regard to resources currently controlled. The ability to recognise new opportunities in the external environment, evaluate and prioritise these opportunities, and then translate these opportunities into viable business concepts lies at the heart of the entrepreneurial process.

Parkinson and Howorth in Anderson and Sarnawska (2008:224) argue that the only consensus is about what entrepreneurship is not: a static entity that is the preserve of elite individuals with special personality traits or characteristics. A multifaceted, dynamic understanding of entrepreneurship is emerging that presents challenges to research, breaks with functionalists positivism and calls for constant review of epistemological and ontological presumptions (Fletcher, 2006 in Anderson and Sarnawska; 2008:224).

Despite the fact that a concise universally accepted definition has not yet emerged, the field of entrepreneurship has grown tremendously since 1970. A great deal of research has been conducted in this field. In the next section the history of the field of entrepreneurship will be addressed.

2.3 HISTORY OF THE FIELD OF ENTREPRENEURSHIP

The word entrepreneur is derived from the French word “entreprendre”, meaning “to undertake” (Kuratko and Hodgetts, 2007:32; Wichham, 2006:3; Hisrich, *et al.*, 2008:6).

The recognition of entrepreneurs dates back to the eighteenth-century when economist Richard Cantillon associated the “risk-bearing” activity in the economy with the entrepreneur. Jean-Baptiste Say was the second author to take interest in entrepreneurs during 1803. Say regarded economic development as the result of venture creation.

Cantillon and Say regarded entrepreneurs as risk-takers because they invested their own money (Filion, 1998:67). The economists were mainly interested in understanding the role played by the entrepreneur as the motor of the economic system – from this standpoint the economist according to Filion (1998:67) viewed entrepreneurs as detectors of business opportunities (Higgins, 1959; Penrose, 1959; Kirzner, 1976), creators of enterprises (Ely and Hess, 1893; Oxenfeldt, 1943; Schloss, 1968) and risk-takers (Leibenstein, 1968; Kihlstrom and Laffont, 1979; Buchanan and Di Pierro, 1980).

It was actually Schumpeter (1928) in Filion (1998:67) who really launched the field of entrepreneurship, by associating it clearly with innovation.

“The essence of entrepreneurship lies in the perception and exploitation of new opportunities in the realm of business ... it always has to do with bringing about a different use of national resources in that they are withdrawn from their traditional employ and subjected to new combinations.”

Stevenson and Jarillo (1990:18-22) indicated that after Schumpeter’s clarification of innovation most economists and other non-economists have accepted the connection of entrepreneurship with innovation.

Entrepreneurship as a field of study began to emerge in the 1970s. Birch did various studies in 1979 and 1987 which revealed that the economic impact of entrepreneurship was not only attributed to business formation, but also to the growth of new businesses.

Because of the earlier findings relating entrepreneurship to organisational growth, a movement began in the mid-1980s to separate entrepreneurship from small business management – the ultimate difference being the growth of the business. Growth is regarded as the essence of entrepreneurship (Sexton and Smilor, 1997:97 in Meyer, Neck and Meeks, 2002:21).

Filion (1998:70) states that during the 1980s the field of entrepreneurship exploded and spilled over into most of the soft sciences and management sciences. The transition was marked by two events – the publication of the first-ever encyclopaedia containing the state

of the art in the field (Kent, Sexton, Vesper: 1982), and the first major annual conference (the Babson conference) dedicated to research in the new field.

According to Meyer *et al.*, in Hitt *et al.* (2002:21) the 1990s was a decade of debate over the domain of entrepreneurship research, its legitimacy and its contribution to management practice. Entrepreneurship research has been criticised for lack of rigor, multiple levels of analysis and an absence of a unifying framework to guide the field's research. Bygrave and Hofer (1991) argue that it is impossible to operationalise a construct that is not defined.

Barrett and Weinstein (1998:57) indicate that the 1990s have witnessed a new era of entrepreneurship theory and practice. Academic scholars have taken entrepreneurship to higher levels of sophistication via conceptualisation, modelling and empirical study. Entrepreneurs and managers have embraced new marketing and business philosophies and practices such as corporate entrepreneurship, market orientation and organisational flexibility to survive and thrive in increasingly competitive markets.

The theoretical roots of entrepreneurship builds on Stevenson and Jarillo (1990:17) who argue that the management literature on entrepreneurship is often based on classical entrepreneurship literature, which can be divided into three main categories: the effects of entrepreneurship (what happens when entrepreneurs act), the causes of entrepreneurship (why entrepreneurs act) and entrepreneurial management (how entrepreneurs act). The main differences are due to the different theoretical backgrounds of the researchers. Stevenson and Jarillo (1990:18) indicate that economists have dominated the effects of entrepreneurship such as the Chicago tradition (Knight, 1964; Schultz, 1975; 1980), the German tradition (Schumpeter, 1934), and the Austrian tradition (Mises, 1949; Kirzner, 1985; 1987). In contrast, studies on the causes of entrepreneurship are dominated by psychologists (Collins and Moore, 1964; Brockhaus, 1980; Brockhaus and Horwitz, 1986) and sociologists (McClelland, 1961), and studies on entrepreneurial management have mainly been considered from a practical point of view (Stevenson and Jarillo, 1990:18). Despite the differences in perspectives there are several similarities and overlaps – especially in the definitions of entrepreneurship, which are dominated by the effect studies, with their focus on what initiated entrepreneurship (Christensen, 2004:303).

Morris (1998) characterised the entrepreneurial field as having seven perspectives that are quite representative of the evolution of the field, whilst also emphasising the apparent importance of creation of the field. These perspectives are: the creation of wealth, the creation of enterprise, the creation of innovation, the creation of change, the creation of employment, the creation of value and the creation of growth (Morris, *et al.*, 2008:9).

The domain of entrepreneurship research is classified according to Meyer, Venkataraman and Gartner (1999) in Meyer *et al.* (2004:25) as follows:

“Entrepreneurship is about creation. The research domain in the entrepreneurship field involves the:

- creation of new venture opportunities;
- creation of new combinations of goods and services, methods of production, markets and supply chains;
- recognition and exploitation of new and existing opportunities; and
- cognitive processes, behaviours and modes of action to exploit new and existing opportunities”.

This domain classification corresponds with the seven perspectives characterised by Morris (Morris, *et al.*, 2008:9).

Heinonen and Poikkijoki (2006:82) state that there is no single theory of entrepreneurship, and the research conducted in this field has touched on several themes: the theory, types of entrepreneurs, the entrepreneurial process, organisational forms, the external environment and outcomes. Researchers have shifted their attention away from identifying people with certain characteristics and personality traits who prefer to become entrepreneurs, towards understanding the nexus of enterprising individuals and valuable opportunities. This focus demands a deeper understanding of opportunity in the entrepreneurial process on which the entire concept is assumed to be based. Entrepreneurship is a process of becoming, and the change involved usually takes place in quantum leaps in a holistic process in which existing stability disappears.

Filion (1998) postulates that the field of entrepreneurship can be defined as the field that studies the practices of entrepreneurs. It examines entrepreneurs' activities, characteristics, economic and social effects and the support methods used to facilitate the expression of entrepreneurial activity. Table 2.2 summarises the research trends in entrepreneurship.

The thinking about entrepreneurs first established by Cantillon in 1755 began from a venture capital and economic perspective around 1700. This viewpoint according to Filion (1998) is still progressing, although it lost its leadership to the behaviourist perspectives in the 1950s. The behaviourists led the field for several decades. Their approach to the study of entrepreneurs, have been less dominant since the 1980s, when management scientists of all kinds were working to identify more appropriate support systems for entrepreneurs. The 1990s produced more research that can be applied to help the practice of entrepreneurial action, in particular regarding entrepreneurial activities and the related competencies. Filion (1998) also notes that it is interesting to observe that the emergence of a research perspective in the field of entrepreneurship is limited by, and has not generally led to, an evolution in the original discipline. For instance, the explosion of behavioural studies of entrepreneurs was a consequence of the emergence of the behavioural science itself, not vice versa, and the limits of that science were clearly revealed in the limited understanding of entrepreneurial behaviour that it produced. This means that the science of entrepreneurship is, to some extent, fettered by the limitations of source paradigms that have evolved as a result of their application to entrepreneurship, and by its own inability to generate new paradigms with existing tools.

Meyer *et al.*, in Hitt *et al.* (2002:26) indicate that entrepreneurship's documented importance to, and impact on, the global economy. It still challenges researchers to continue seeking answers to important questions about the birth, growth, failure, renewal and transformation of businesses. Because the resulting economic impact is wealth and job creation, organisational performance becomes a critical factor. Just as the individual can affect the business, the business can affect the economy.

Ucbasaran, Weasthead and Wright (2001:57) conducted research in terms of the focus of entrepreneurial research, the contextual and process issues. From this research a conclusion was made that additional research should be directed towards gaining a

greater understanding of the behaviour of different types of entrepreneur (e.g. nascent, novice, serial and portfolio entrepreneurs) and the different organisational forms selected (e.g. corporate venturing, management buy-outs and buy-ins, franchising and the inheritance of a family business) by entrepreneurs.

Cornelius, Landstorm and Persson (2006:393) conducted research on the dynamic research front of a developing social science during 1982 and 2004. These researchers indicate that entrepreneurship research has been increasingly self-reflective. The interest in entrepreneurial research has grown as disciplinary specialists examine the state of entrepreneurship research; assess where we have been, and where we are going. The research community recognises and identifies with a large number of core and contributing authors who have led the research into increasingly complex areas. The increasing complexity of the research in entrepreneurship indicates a greater maturity in the discipline. There are some consistencies in research interests, but these have evolved as the research community has become more established.

Cornelius, *et al.* (2006:394) give, as an example, the examination of policies to assist in the development of entrepreneurship has gone from the general to the specific with researchers examining financial policy, legal policies and regional economic policies. Rather than criticising entrepreneurship as fragmented, this shows the centrality of the entrepreneur to the social order and the importance of academic endeavour to understand, and consequently support, the activities of these major economic entities. Figure 2.1 indicates the entrepreneurship development clusters over time.

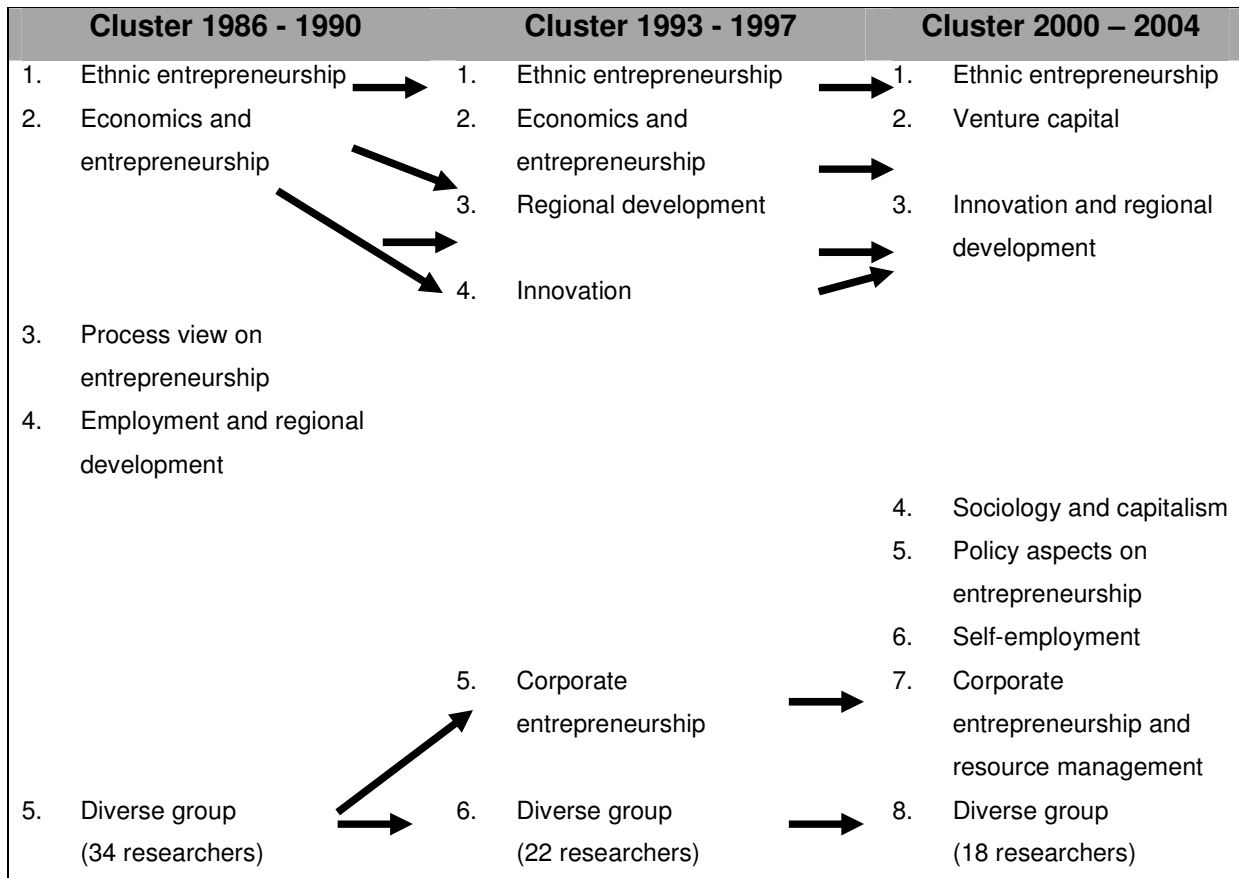
TABLE 2.2: Research trends in entrepreneurship

Period and topics	Perspective	Authors and researchers
1. What entrepreneurs do (1700) – (1950)	From an economic perspective	Cantillon; Say and Schumpeter
2. Who entrepreneurs are (1960) – (1980)	From a behaviourist perspective	Weber; McClelland; Rotter and De Vries
3. What entrepreneurs do and the trainability of entrepreneurs (1980 -)	From a management science perspective (finance, marketing, operation, human resources) and from an education perspective	Drucker; Mintzberg; McClelland; Gibb; Hisrich and Peters; Kuratko and Hodgetts
4. What support is needed by entrepreneurs (1985 -)	From a social perspective, including economists, geographers and sociologists	Gartner; Welsh; Bygrave and Reynold
5. What entrepreneurial activities are, and what competencies are required to perform these activities (1990 -)	From an entrepreneurship perspective	Timmons; Vesper and Brockhaus

Source: Filion (1998:10)

From these clusters Cornelius, *et al.* (2006:394) proposes that more autonomous research groupings will develop. These research groupings will involve networks where tacit knowledge can be developed and exchanged, in which consensus can be reached regarding the problems of interest, definitions, methodological approaches, and more. If the entrepreneurship research will follow the evolutionary pattern of many other research fields, combined with the tendency being shown towards specialisation among entrepreneurship researchers, these research groupings will be important to the development of a cognitive style, professional language and the creation of concepts that establish a clear role for the research field – providing it with a recognisable identity in relation to other fields of research.

FIGURE 2.1: Entrepreneurship development clusters over time



Source: Cornelius, *et al.* (2006:394)

As has been noted by various researchers, the field of entrepreneurship is one of the most complexes in the social sciences. This also offers challenges to researchers in the 21st century.

Kuratko and Hodgetts (2007:xxxiii) note that in 2007 the growth of entrepreneurship research are celebrated by the number of academic journals devoted to entrepreneurship, the number of endowed professorships and chairs in Entrepreneurship, the development of the 21st Century Entrepreneurship Research Fellows by the National Consortium of Entrepreneurship Centres, and the increasing number of top scholars devoting much of their valuable research time and efforts to publishing on aspects of entrepreneurship and academic journals.

“Entrepreneurship is the new revolution, and it’s about continual innovation and creativity. It is the future of our world economy” (Kuratko and Hodgetts, 2007:xxxiii).

The next section will deal with the reasons why entrepreneurship is the future of the world economy.

2.4 ROLE OF ENTREPRENEURSHIP IN THE ECONOMY

There is a widespread recognition that entrepreneurship is the engine that moves the economy and society of most nations (Brock and Evans, 1989:7; Acs, 1992:38; Carree and Thurik, 2000). Barringer and Ireland (2006:14) state that entrepreneurship’s importance to the economy and society was first articulated in 1934 by Schumpeter. Schumpeter in Barringer and Ireland (2006:14) argued that entrepreneurs develop new products and technologies that over time make current products and technologies obsolete. Schumpeter called this process creative destruction. Because new products and technologies are typically better than those they replace and the availability of improved products and technologies increases consumer demand, creative destruction stimulates economic activity. The new products and technologies may also increase the productivity of all elements of society.

Covin and Slevin (1991:7) indicated that the overriding reason for the increased interest in entrepreneurship is the widespread belief that entrepreneurial activity stimulates general economic development as well as the economic performance of individual businesses. Entrepreneurship is the key element for gaining competitive advantage and consequently greater financial rewards.

Stevenson and Jarillo (1990:19) state that Birch (1979, 1987) did extensive research on the effects of entrepreneurship. The entrepreneurial function is responsible for economic improvement in the society, due to its innovations. Entrepreneurship also goes beyond the creation of small businesses and paves the way of the legitimization of the concept of corporate entrepreneurship.

Timmons (1990) notes that “...there is growing realisation internationally that entrepreneurs are the fuel, engine and throttle that drive the economic engine of the country.”

Hisrich, *et al.* (2008:14) indicate that the role of entrepreneurship in economic development involves more than just increasing per capita output and income. It also involves initiating and constituting change in the structure of business and society. This change is accompanied by growth and increased output, which allows more wealth to be divided amongst the various participants.

Given the supply and demand nature of market forces, entrepreneurs are the gap-fillers who, through their skills, perceive and take steps to correct market deficiencies. To encourage transformation in the market, entrepreneurs not only provide new goods and services, but also create more and newer jobs. Innovative entrepreneurial activities are at the base of many of the current global giants (Wingham in Hitt, Ireland, Camp and Sexton, 2001:20).

Wingham in Hitt, Ireland, Camp and Sexton (2001:20) also states that evidence continues to accumulate that the national level of entrepreneurial activity has a statistically significant association with subsequent levels of economic growth. The future of the world economic growth is to be found through stimulated entrepreneurial activity.

The Global Entrepreneurship Monitor (GEM) is one of the foremost proponents of the positive entrepreneurship-economic growth link. The Global Entrepreneurship Monitor project undertakes surveys of the adult population in 40 to 45 countries to establish a Total Entrepreneurial Activity (TEA) index for each country. The TEA is a measure of the proportion of individuals in the working age population who are actively trying to start their own business, including self-employment or running their own business that is less than three and a half years old. In each of the GEM reports, starting in 1999, the evidence was compelling. The GEM consortium is in no doubt that there is a strong positive correlation between entrepreneurial activity in a country and its economic growth (Deakins and Freel, 2006:34).

Driver, Wood, Segal and Herrington, (2001:6) note that while the relationship between entrepreneurship and economic growth is multifaceted and complex, entrepreneurial capability is a necessary ingredient of a country's capacity to sustain economic growth.

2.5 ENTREPRENEURIAL PROCESS

The entrepreneurial process is one through which a new venture is created by an entrepreneur. Nieman, Hough and Nieuwenhuizen (2003:20) state that this process results from the actions of the entrepreneur in bringing resources together to form the business in order to pursue the opportunity. Hisrich, *et al.* (2008:9) indicate that the entrepreneurial process is the process of pursuing a new venture, whether it is new products into existing markets, existing products into new markets, and/or the creation of a new business.

Various researchers have proposed an entrepreneurial process, for example Moore (1986); Wickham (2006); Timmons and Spinelli (2007); Hisrich, *et al.*, 2008) and Morris, *et al.* (2008). The original entrepreneurial process of Moore has been enhanced by Bygrave (Bygrave, 1989:9) and is illustrated in figure 2.2.

resulting enterprise. These phases proceed progressively but no one stage is dealt with in isolation or is totally completed before work on other phases occur. Table 2.3 gives an illustration of the entrepreneurial process.

TABLE 2.3: Entrepreneurial process

Identify and evaluate the opportunity	Develop the business plan	Resources required	Manage the enterprise
<ul style="list-style-type: none"> • Opportunity assessment • Creation and length of opportunity • Real and perceived value of opportunity • Risk and returns of opportunity • Opportunity versus personal skills and goals • Competitive environment 	<ul style="list-style-type: none"> • Title page • Table of content <ul style="list-style-type: none"> ○ Executive summary ○ Major sections ○ Description of the business ○ Description of the industry ○ Technology plan ○ Marketing plan ○ Financial plan ○ Production plan ○ Organisation plan ○ Operational plan ○ Summary • Appendixes 	<ul style="list-style-type: none"> • Determine resources needed • Determine existing resources • Identify resource gaps and available suppliers • Develop access to needed resources 	<ul style="list-style-type: none"> • Develop management style • Understand key variables for success • Identify problems and potential problems • Implement control systems • Develop growth strategy

Source: Hisrich, *et al.* (2008:10)

The entrepreneurial process captures all the activities related to entrepreneurship. This process forms the essence of entrepreneurship as can be seen from the definitions (table 2.1) of various researchers (Gartner, 1985, 1989; Hisrich and Peters, 1989, 2008; Stevenson and Jarillo, 1990; Jones and Butler, 1992; Morris, 1989; Kouriloff, 2000; Kuratko and Hodgetts, 2007).

In the next section the relationship between entrepreneurship and corporate entrepreneurship will be addressed.

2.6 THE RELATIONSHIP BETWEEN ENTREPRENEURSHIP AND CORPORATE ENTREPRENEURSHIP

According to Rothwell and Zegveld (1982) in Maes (2003:1) entrepreneurship has long been seen as a synonym for establishing new small firms as a suitable vehicle for entrepreneurial endeavour. A parallel strand in literature was later developed where the importance of entrepreneurship for, and within, existing businesses was stressed.

Morris, *et al.* (2008:33) state that the basics of entrepreneurship are universal. In the definition of entrepreneurship as referred to in paragraph 2.2 the focus was on a process of value creation through unique resource combinations for the purpose of exploiting opportunity. This definition does not indicate anything about starting a small business. The context within which entrepreneurship occurs is not part of the definition. The entrepreneurship phenomenon can occur in start-up ventures, small businesses, mid-sized businesses, large conglomerates, non-profit businesses and even public sector agencies.

What essentially distinguishes corporate entrepreneurship from entrepreneurship is the context in which the entrepreneurial act takes place. Entrepreneurs innovate for themselves, while corporate entrepreneurs innovate on behalf of an existing business (Carrier, 1996:6).

Morris, *et al.* (2008:26) observe that it is a very narrow view to associate entrepreneurship only with the start-up of a new business. Entrepreneurship happens in businesses of all sizes and types. Seeking and capitalising on opportunity, taking risks beyond what is secure, and having the tenacity to push an innovative idea through to reality represent the essence of what entrepreneurs do. Entrepreneurship is a perspective that can be exhibited inside or outside a business, in profit or not-for-profit enterprises, and in business or non-business activities. The purpose of entrepreneurship is to turn innovative ideas into organisational realities. Entrepreneurs create the new, while replacing or destroying the old. Entrepreneurs challenge assumptions and bend or break rules.

Davidson, Low and Wright (2001:10) state that during the previous decade a broader acceptance of entrepreneurship as a phenomenon was made where entrepreneurship is not restricted to independent small businesses, but is also present in large established businesses. As an example, Davidson, Low and Wright (2001:10) emphasize that the *Entrepreneurship Theory and Practice Journal* devoted two full issues to corporate entrepreneurship (1999, vol 23, Spring and Fall). The editors' opening line was: "The study of corporate entrepreneurship (CE) has become an integral part of the literature".

Sharma and Chrisman (1999:13) observe that entrepreneurship has become a more hypothetical and abstract term attached to any individual or group creating new combinations (for example, Lumpkin and Dess, 1996; Pass, Lowes, Davies and Kronish, 1999), either on their own or attached to existing businesses. Sharma and Chrisman (1999:13) also state that while the terms "entrepreneurship" or "independent entrepreneurship" are used to describe entrepreneurial efforts of individuals operating outside the context of an existing business, a variety of terms is used for the entrepreneurial efforts within an existing business. Examples of these terms are: corporate entrepreneurship (Burgelman, 1984; Zahra, 1993), corporate venturing (Biggadike, 1979), intrapreneuring (Pinchot, 1985), internal corporate entrepreneurship (Jones and Butler, 1992), internal entrepreneurship (Schollhammer, 1982; Vesper, 1984), strategic renewal (Guth and Ginsberg, 1990) and venturing (Hornsby, *et al.*, 1993).

The entrepreneurial process referred to in paragraph 2.5 of this study describes how a new business might be started. This process can also be applied to the application of entrepreneurship inside a large business. Morris, *et al.* (2008:33) give the example that these same stages would be pursued by a manager attempting to introduce a new service concept within an operating division, or one trying to pursue entrepreneurship with a company sales force. In both instances, opportunities must be identified, innovative concepts developed, resources mastered, ideas implemented and initiatives harvested. The major objectives to be accomplished in each stage remain the same.

Morris, *et al.* (2008:34) summarised the similarities between corporate and start-up entrepreneurship as follows:

- Both involve opportunity recognition and definition.

- Both require a unique business concept that takes the form of a product, service or process.
- Both are driven by an individual champion who works with a team to bring the concept to fruition.
- Both require that the entrepreneur be able to balance vision with managerial skill, passion with pragmatism and proactiveness with patience.
- Both involve concepts that are most vulnerable in the formative stage, and that require adaptation over time.
- Both entail a window of opportunity within and upon which the concept can be successfully capitalised.
- Both are predicated on value creation and accountability to a customer.
- Both find the entrepreneur encountering resistance and obstacles, necessitating both perseverance and an ability to formulate innovative solutions.
- Both entail risk and require risk management strategies.
- Both find the entrepreneur needing to develop creative strategies for leveraging resources.
- Both involve significant ambiguity.
- Both require harvesting strategies.

There are also important differences between corporate entrepreneurship and start-up entrepreneurship. Morris, *et al.* (2008:36) summarises the differences in table format (see table 2.4).

TABLE 2.4 Corporate and Start-up entrepreneurship: major differences

Start-up entrepreneurship	Corporate entrepreneurship
<ul style="list-style-type: none"> • Entrepreneur takes the risk • Entrepreneur “owns” the concept or innovative idea • Entrepreneur owns all or much of the business • Potential rewards for the entrepreneur are theoretically unlimited • One misstep can mean failure • Vulnerable to outside influence • Independence of the entrepreneur, although the successful entrepreneur is typically backed by a strong team • Flexibility in changing course, experimenting or trying new directions • Speed of decision making • Little security • No safety net • Few people to talk to • Limited scale and scope initially • Severe resource limitations 	<ul style="list-style-type: none"> • Company assumes the risks, other than career-related risk • Company owns the concept, and typically the intellectual rights surrounding the concept • Entrepreneur may have no equity in the company, or a very small percentage • Clear limits are placed on the financial rewards entrepreneurs can receive • More room for errors; company can absorb failure • More insulated from outside influence • Interdependence of the champion with many others; may have to share credit with any number of people • Rules, procedures and bureaucracy hinder the entrepreneur’s ability to manoeuvre • Longer approval cycles • Job security • Dependable benefit package • Extensive network for bouncing around ideas • Potential for sizeable scale and scope fairly quickly • Access to finances, research and development, production facilities for trial runs, an established sales force, an existing business, distribution channels that are in place, existing databases and market research resources and an established customer base

Source: Morris, *et al.* (2008:36)

It is clear from the arguments raised by the researchers in the field of entrepreneurship that entrepreneurship can happen in businesses of all sizes and types. Entrepreneurship does not only refer to starting a small business and it is not limited to selecting a set of people. An entrepreneurial perspective can be developed in any individual – inside or outside a business. According to Ferreira (2002:3) corporate entrepreneurship activities can be internally or externally oriented. Internal activities are typified as the development within a large business of internal markets and relatively small and independent units designed to create internal test markets or expand improved or innovative staff services,

technologies or production methods within the business. These activities may cover product, process and administrative innovations at various levels of the business. External entrepreneurship consists of the process of combining resources dispersed in the environment by individual entrepreneurs with their own unique resources to create a new resource combination independent of all others. External efforts entail mergers, joint ventures, corporate ventures, venture nurturing and venture spin-offs.

2.7 CONCLUSION

The purpose of the literature overview of the field of entrepreneurship discussed in this chapter was mainly to give the rationale of the phenomenon of entrepreneurship in established businesses. The literature review started with the definition of entrepreneurship. Researchers do not have an agreed-upon definition for entrepreneurship but most definitions correlate with the seven perspectives of Morris (1998): the creation of wealth; the creation of enterprise; the creation of innovation; the creation of change; the creation of employment; the creation of value and the creation of growth.

A brief history on the emergence of entrepreneurship was given as well as some research areas, identified by prominent researchers, for future research.

The entrepreneurial process (identify an opportunity; develop the business plan; resources required; and the management of the enterprise) captures all the activities related to entrepreneurship regardless of the context in which it takes place.

From the relationship between entrepreneurship and corporate entrepreneurship section, it is clear that corporate entrepreneurship is a definite field of study within the entrepreneurship domain. This knowledge is important for this study as it motivates and gives meaning to the phenomenon of entrepreneurship in established businesses.

Chapter 3 will address a literature review on all the various elements of corporate entrepreneurship. These elements form the theoretical underpinnings of this study.