



An analysis of internal organisational factors that support intrapreneurship in BoP business units

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ABSTRACT

The Base of the Pyramid (BoP), the world's four billion poorest people, represents an opportunity for large companies to grow their revenue. However, the challenges in the BoP require organisations to adopt an entrepreneurial orientation in order to be successful. Entrepreneurship within an existing organisation, known as intrapreneurship, requires the prevalence of certain internal organisational factors.

This study sought to establish if the internal organisation factors that support intrapreneurship were prevalent in BoP business units; to establish the limitations/shortcomings in this regard and to establish the changes required to further support intrapreneurship. A review of the intrapreneurship literature highlighted three prominent internal organisational factors that support intrapreneurship, management support, autonomy/work discretion and reward/reinforcement, which formed the scope of the study.

A list of characteristics describing the three internal organisational factors was developed from literature. Expert interviews were conducted to obtain perspective on how the three internal organisation factors exhibit themselves in BoP business units. The results of the study confirmed the prevalence of the three internal organisational factors in BoP business units, highlighted the limitations/shortcomings in terms of supporting intrapreneurship and the changes required to the internal organisational factors to further support intrapreneurship.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any another university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Rajesh Ramsundhar

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CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

1.1 ILLUSTRATION OF RESEARCH PROBLEM

Revenue growth of large companies is a challenge as their existing markets are saturated. The Base of the Pyramid (BoP), the world's four billion poorest people that constitute the bottom of the world economic pyramid, represents an opportunity for large companies to grow their revenue (Prahalad and Hammond, 2002).

Many companies view the BoP market as a strategy for growth and see their participation in this market and particularly in emerging markets as crucial to their long-term competitiveness and success (WBCSD, 2004). However, the BoP has specific business challenges compared to other tiers of the economic pyramid and companies need to consider BoP-specific solutions to be successful in the BoP market (Klein, 2008).

Doing business in the BoP market requires innovation in business models and a departure from traditional business models that serve other tiers of the economic pyramid (Prahalad and Hart, 2002; Hart and Christensen, 2002; Klein, 2008; World Economic Forum, 2009a and 2009b). Prahalad and Hart (2002) indicated that an entrepreneurial orientation is required for companies to realise opportunities in the BoP market.

To develop and implement innovative and new business models for the BoP market, companies need to “unshackle the organisation”. This implies adopting organisational structures, metrics, rewards and accountability systems that support, measure and reward business initiatives focused on the BoP market (World Economic Forum, 2009a, p. 32).

The essence of the research problem is that companies need to develop new and innovative business models to participate successfully in the BoP market and they need to have an entrepreneurial orientation. This, in turn, requires a different internal organisational environment from that which serves the traditional markets.

1.2 BACKGROUND TO THE RESEARCH PROBLEM

In September 2000, 189 heads of state signed the Millennium Declaration which gave rise to the Millennium Development Goals. The Declaration focused on reducing poverty and improving the quality of people’s lives, ensuring environmental sustainability and building partnerships that ensure that globalisation becomes a more positive force for all the world’s people (Nelson and Prescott, 2008).

The Millennium Development Goals put the world’s poor firmly on the political and management agenda of countries and organisations (Klein, 2008). A couple of years after the launch of the Millennium Development Goals, Prahalad and Hart

published a groundbreaking article, “The fortune at the bottom of the pyramid” (2002). The article proposed that the world’s four billion poorest people, who constitute the bottom of the world economic pyramid, represent an untapped and underserved market that provides multinational companies with a great opportunity to generate profits and contribute to poverty alleviation at the same time (Prahalad and Hart, 2002). They defined the BoP as the four billion people earning less than USD1, 500 (purchasing power parity) per annum.

Simanis and Hart (2008) suggested that “Base of the Pyramid” as opposed to “Bottom of the Pyramid” be used due to the negative connotations associated with the word “bottom”. Following this suggestion of Simanis and Hart, the term “Base of the Pyramid” is used in this report, except in direct quotations from literature, and will have the same meaning as Bottom of the Pyramid as used in literature prior to Simanis and Hart (2008).

Subsequent to Prahalad and Hart (2002), there have been numerous articles and books written on the BoP, some of which have supported and extended the proposition put forward by Prahalad and Hart (2002) and some that have challenged and refuted the proposition. Despite the different views, a general area of agreement is that the BoP market presents specific challenges and that accessing the BoP market successfully requires new and innovative business models.

The business model (defined as how a firm does business so that it sustains itself) for the other tiers of the market may not be suitable for dealing with the challenges of the BoP market. Doing business in the BoP market requires innovation in business models and a departure from traditional business models that serve other tiers of the economic pyramid (Klein, 2008).

Prahalad and Hart (2002) indicated that an entrepreneurial orientation is required for companies to realise the opportunities available in the BoP market. Entrepreneurship in an existing organisation is commonly referred to as intrapreneurship or corporate entrepreneurship. Intrapreneurship implies that the behaviour of an organisation (emerging or existing) is different from the normal way of doing business (Antoncic and Hisrich, 2003).

As firms grow larger, they lose their ability to derive the high growth rates from their mainstream business and, as a result, they have to identify and exploit opportunities outside their mainstream activities, which can be achieved through intrapreneurship (Burgelman, 1984). Intrapreneurship is seen as an imperative for organisations to survive and prosper amidst increasing global competition, rapid technological progress and major structural changes in corporations (Dess, Lumpkin and McGee, 1999).

The BoP and intrapreneurship literature suggests that there is a significant overlap between the drivers for organisations participating in the BoP market and for

organisations adopting an intrapreneurship strategy. Furthermore, the BoP literature suggests that intrapreneurship is required for the success of organisations participating in the BoP market.

One of the foundational elements in adopting an intrapreneurship strategy is a “pro-entrepreneurship organisational architecture” which suggests that certain internal organisational factors must be prevalent to adopt an intrapreneurship strategy (Ireland, Covin and Kuratko, 2009, p. 38). The literature on internal organisational factors that support intrapreneurship is rich and dates back 30 years.

The BoP literature addresses internal organisational factors necessary for the success of companies engaging the BoP market as is evidenced in Klein (2008) and other articles referenced in the literature review (Chapter 2). However, the literature is not explicit and extensive on the subject matter and does not deal specifically with the internal organisational factors that influence intrapreneurship in a BoP context.

1.3 OBJECTIVE OF THE RESEARCH

This study aimed to establish whether certain internal organisational factors identified from intrapreneurship literature are prevalent in BoP business units and to what extent, to establish the limitations or shortcomings that BoP business units

have in terms of these internal organisational factors and to establish the changes that BoP business units require in terms of these internal organisational factors to support intrapreneurship further.

The study assessed the relevant internal organisational factors from two perspectives – as they apply to the BoP business unit in the context of the organisation and as they apply within the BoP business unit itself.

1.4 MOTIVATION FOR THE RESEARCH

South Africa has a dual economy with the affluent sector of the economy being similar to most developed markets whilst the poor sector of the economy is similar to most developing countries. The distribution of income in South Africa is amongst the most unequal in the world (Economic Intelligence Unit, 2008). Hammond, Kramer, Katz, Tran and Walker (2007) suggested that 75% of South Africa's population remain in the BoP and that the South African BoP market is worth USD 44 billion (in 2005 Purchasing Power Parity).

The BoP proposition as put forward by Prahalad and Hart (2002) indicates that there is an untapped and underserved market in the BoP and that companies can generate significant profits and contribute to poverty alleviation by serving the BoP market. Given the need to address poverty and inequality in South Africa and the size of the BoP market, the BoP proposition as suggested and the organisational

fundamentals required to succeed in the BoP market is of significant relevance and importance to the country and companies operating in the country. It is also relevant to South African companies extending their operations to other emerging markets, particularly in Africa.

The BoP literature has grown significantly since Prahalad and Hart (2002) and although there have been numerous case studies done on South African companies, there is limited published research on the BoP in a South African context. Intrapreneurship literature dates back 30 years and whilst it is comprehensive in most aspects, the intrapreneurship literature in a South African and BoP context is not extensive.

In addition to the above, the BoP and intrapreneurship literature, whilst addressing internal organisational factors in the individual context, is not clear on the internal organisational factors that influence intrapreneurship in a BoP context. This research analyses the internal organisational factors that influence intrapreneurship within BoP business units in South African companies and therefore contributes to BoP and intrapreneurship literature in general and the BoP and intrapreneurship literature in a South African context.

1.5 SCOPE OF THE RESEARCH

This study was conducted through expert interviews with individuals in BoP business units of South African based companies that operate in the BoP market in

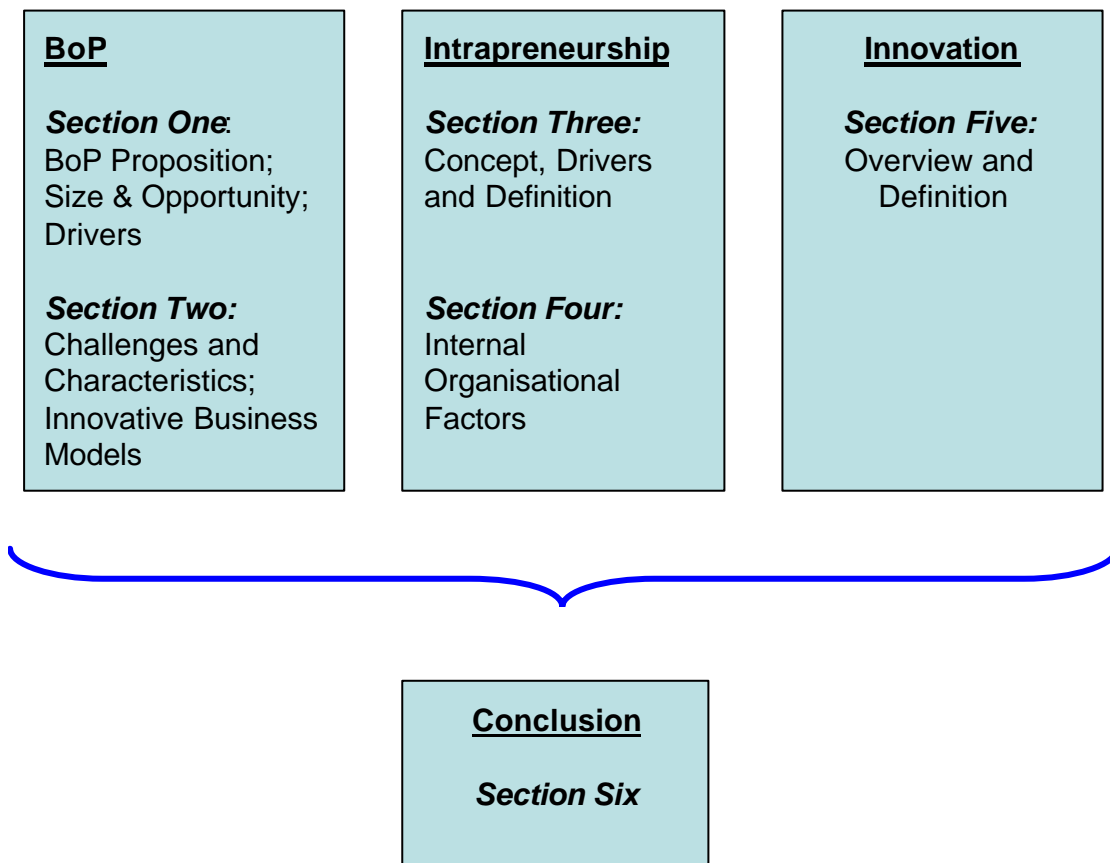
South Africa and/or other African markets. To maintain a distinct focus in the time frame available, this study was limited to companies in the food and beverage sector, the telecommunications sector and the financial services sector and also to key internal organisational factors identified from intrapreneurship literature.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The literature review is made up of six sections as illustrated in Figure 2.1.

Figure 1: The Six Sections of the Literature Review



Section 1 highlights the BoP proposition, provides an overview of the size of and opportunity found in the BoP market, and puts forward the drivers for companies participating in the BoP market. Section 2 deals with the characteristics and challenges of the BoP and the need for companies to develop innovative business models to be successful in the BoP market.

The concept of intrapreneurship is introduced in Section 3, which also puts forward the drivers for adopting an intrapreneurship strategy and offers a few definitions of intrapreneurship. Section 4 provides an overview of the internal organisational factors that influence intrapreneurship in an organisation and identifies the three internal organisational factors that form the basis of this study.

Section 5 provides a brief overview of the drivers for innovation as well as a definition of innovation which in turn provides some context given that innovation is extensively referred to in both the BoP and intrapreneurship literature. Section 6 provides a conclusion of the literature review.

2.2 SECTION 1

2.2.1 BOP PROPOSITION

“The real source of market promise is not the wealthy few in the developing world, or even the emerging, middle income consumers: It is the billions of *aspiring poor*

who are joining the market economy for the first time” (Prahalad and Hart, 2002, p. 1).

Prahalad and Hart (2002) in their groundbreaking article entitled, “The fortune at the bottom of the pyramid” challenged the conventional thinking and assumptions of multinational corporations (MNCs) which suggested that MNCs cannot do business with the poor in a profitable manner. They proposed that the population at the bottom of the economic pyramid presented an untapped opportunity for MNCs and that MNCs can generate significant profits and contribute to poverty alleviation by selling products and services to the underserved BoP market. They defined the BoP as the world’s poor, the four billion people earning less than USD 1 500 per annum in purchasing power parity (PPP) terms.

The BoP proposition as put forward by Prahalad and Hart (2002) was reaffirmed by Prahalad and Hammond (2002) and Prahalad (2005) with tremendous support for the BoP proposition since then. Notwithstanding this, there has also been a fair amount of criticism. Karnani (2007a; 2007b) was one of the earliest critics of the BoP proposition put forward by Prahalad (2005) and Prahalad and Hammond (2002). His major contentions were that the size of the BoP market was overstated by Prahalad, Hammond and Hart, that the BoP market was too small and, given the challenges in the BoP market, it was unlikely to be profitable for large companies. He went on to suggest that companies should rather view the poor as a source of producers and emphasise buying from them instead of selling to them.

Landrum (2007) brings together critiques of the BoP proposition, including Karnani, and also disputes the size of the BoP market and its suitability for MNCs.

2.2.2 SIZE AND OPPORTUNITY

Prahalad and Hart (2002) initially suggested that the BoP represented the four billion people earning less than USD 1 500 (PPP) per annum. A few months later, Prahalad and Hammond (2002) suggested that the BoP represented the four billion people earning less than USD 2 000 per year (PPP). Prahalad (2005) defined the BoP market as those earning less than USD 2 per day and suggested that the BoP market potential was four to five billion people representing an economy worth USD 13 trillion (PPP).

Karnani (2007a; 2007b) refuted the assertions made by Prahalad, Hammond and Hart and claimed that the BoP market was worth USD 1,2 trillion in 2002 PPP terms and USD 0,3 trillion if viewed in current exchange rates. Subsequent to Karnani (2007a; 2007b) and other critiques, Hammond *et al* (2007) conducted a study which provided more rigour to the estimate of the size and opportunity in the BoP market. Hammond *et al* (2007) used survey data from 110 countries and estimated the BoP market to be USD 5 trillion (2005 PPP) but USD 1, 3 trillion using current exchange rates (2005 exchange rates). They defined the BoP as the population earning less than USD 3 000 (2002 PPP) and suggested that 72% of the world's population, roughly four billion, make up the BoP. These estimates

have been adopted in more recent BoP articles, Guesalaga and Marshall (2008) and the World Economic Forum (2009a; 2009b).

The World Economic Forum (2009a) suggested that the BoP market spends 2.3 trillion a year (in 2008 US dollars), an amount that is increasing significantly as the income in the BoP has been growing by 8% per annum. They indicated that the BoP market is expected to grow to USD 4 trillion by 2015, and represents a substantial business opportunity for growth and competitive advantage for those companies that can access the market.

The World Economic Forum (2009a) concurred with the views of Hammond *et al* (2007) and Guesalaga and Marshall (2008) that India and China represent the largest BoP markets. They suggested that India and China account for 27% and 34% of the global BoP market respectively and that Africa accounts for 16%. Placing this in a South African context, Hammond *et al* (2007) suggested that 75% of South Africa's population remain in the BoP and that the South African BoP market was worth USD 44 billion (2005 PPP).

The initial BoP literature, Prahalad and Hart (2002) and Prahalad and Hammond (2002) viewed the BoP purely as a consumer market. This view has been extended in subsequent literature, and the BoP is now viewed not only as a consumer market, but also as a source of employees, producers and distributors (Prahalad,

2005; Hammond *et al*, 2007; Jenkins, 2007; Simanis and Hart, 2008; World Economic Forum, 2009a; Klein, 2008).

In addition to revenue growth, Jenkins (2007) suggested that the BoP presents companies with an opportunity to reduce costs and increase flexibility by utilising the BoP market as producers and distributors. Klein (2008) conducted a study on social value creation and the financial performance of firms. In support of his conclusion that firms can “do well by doing good” (p. 126), Klein indicated that the BoP presents a further opportunity in that innovations or solutions for the BoP may be relevant to other tiers of the pyramid.

2.2.3 DRIVERS FOR ENTERING THE BOP MARKET

Revenue growth of large companies is a challenge as they have saturated their existing markets. The BoP market therefore represents an opportunity for MNCs to grow their revenue (Prahalad and Hammond, 2002). In line with this, WBCSD (2004) put forward that many companies view the market consisting of the four billion poor people in the world as a growth strategy and see their participation in this market, and particularly in emerging markets, as crucial to their long-term competitiveness and success.

Martinez and Carbonell (2007) indicated that many companies are expending vast amounts of time in an attempt to obtain a marginal increase in the market share in

developed countries and they are taking a dangerous stance if they ignore the BoP opportunity. Jenkins (2007) indicated that opportunities as well as risk provide reasons for business to engage the BoP market – risk in the sense that the lack of economic opportunity in the BoP could result in government and society placing undue expectations on companies which, if met, will result in increased costs to the company and if not met, could negatively affect the sustainability of the company.

UNDP (2008) suggested that doing business with the poor could be more profitable than doing business with the rich. However, they cautioned that the reason for doing business with the poor is not necessarily immediate profit, but rather long-term competitiveness and growth, which is brought about by innovation in the BoP.

In summary, Prahalad and Hammond (2002) suggested that business can gain three important advantages from serving the BoP, namely a new source of revenue growth, greater efficiency and access to innovation.

2.3 SECTION 2

2.3.1 CHARACTERISTICS AND CHALLENGES IN THE BOP

The characteristics of the BoP create specific business challenges for companies operating in the BoP market (Klein, 2008). Prahalad and Hart (2002) indicated that the majority of the BoP market lives in rural areas, urban slums or informal settlements. They do not have title to their dwellings and are generally hard to

reach due to poor infrastructure such as roads and telecommunication networks. Their educational levels are low and the quality of products or services available in the BoP market is low. Hammond *et al* (2007) added that the BoP lacks basic services such as water, electricity and health services and they depend on informal markets to sell their goods or labour where they are generally exploited. Furthermore, the BoP market pays higher prices for goods and services than wealthier customers do.

The BoP households have low and unpredictable income, they are generally smart shoppers and investors, and do not spend money on products or services they do not understand or trust (World Economic Forum, 2009a). The World Economic Forum (2009a) concurred with the view put forward by Prahalad and Hammond (2002) and Prahalad (2005) which suggests that BoP households pay more for inferior goods. They suggested that there are two factors that lead to the higher prices and poor-quality goods that the BoP market is subjected to, namely the limited spend of the BoP market and the poor distribution channels in the BoP market. A further characteristic of the BoP market is the limited information available in terms of the market's needs and requirements, their capabilities and resources (UNDP, 2008).

In consideration of these characteristics, Klein (2008) highlighted the following specific challenges for businesses operating in the BoP market:

- Changing or overcoming the mindsets of the consumers in the BoP market
- The limited buying power of consumers in the BoP market
- Revenue collection and enforceability of contracts in the BoP market
- Operating in an environmentally sustainable manner
- Educating customers in the BoP market about the products and services
- Reducing costs as much as possible
- Developing and educating employees that focus on the BoP market
- Improving the functioning of the value chain in the BoP market, for example improving the way in which a company reaches its customers which in a BoP context could involve using the BoP as a source of distributors.

2.3.2 INNOVATIVE BUSINESS MODELS FOR THE BOP

The preceding section highlighted the characteristics of the BoP and the business-specific challenges that companies will encounter when participating in the BoP market. Doing business in the BoP will require radical innovation in technology and the business model to overcome the business-specific challenges prevalent in the BoP market. Existing business models that serve the traditional markets will not suffice. Companies need to adopt an entrepreneurial approach to overcome the challenges and realise the opportunities available in the BoP (Prahalad and Hart, 2002). Prahalad and Hammond (2002) supported this view and went on to suggest that success in the BoP market requires MNCs to think creatively. They indicated that the biggest change has to come in the attitudes and practices of CEOs.

Hart and Christensen (2002) suggested that growth opportunities in the BOP market are likely to be taken up by local entrepreneurs. However, global corporations pursuing disruptive innovation can also seize these opportunities although they need to build new business models that include governance and organisational structures suited to the BoP market, and they also need to manage the BoP opportunities independently from the processes and values of their main business. Simanis and Hart (2002, p. 5) claimed that companies that follow the principles of disruptive innovation will be taking a great leap into the base of the pyramid and will give themselves a chance to sustain growth.

Prahalad (2005) affirmed the previous literature and suggested that it is easy to take advantage of the opportunity for growth in the BoP market. However, companies must learn to innovate as traditional products and services and management processes will not work in the BoP market. Klein (2008) and the World Economic Forum (2009a; 2009b) supported this view and suggested that business models, defined by Klein (2008) as how a firm does business so that it sustains itself, for the other tiers of the market may not be suitable for dealing with the challenges of the BoP market and companies need innovative business models to deal with these challenges.

Companies will need to make structural changes to participate successfully in the BoP market. They need to have a diverse group of people from the corporation that

ignores the traditional methods as this will probably lead to greater innovation (Prahalad and Hammond, 2002). Aligned to this, Aguiar, Bhalla, Jain, Pikman and Subramanian (2007) suggested that one of the principles that business should adopt when engaging the BoP market is to unleash the organisation. By this they meant that the motivation for serving the BoP market must be clear, the organisation must encourage growth over short-term profitability, must foster innovation and adopt low-cost processes.

Similarly, the World Economic Forum (2009a; 2009b) suggested that companies need to unshackle the organisation to help new business models succeed. The organisational cultures, structures and metrics that are in place for serving the other tiers of the economic pyramid will not be appropriate for the BoP market.

Simanis and Hart (2008) indicated that for business to engage the BoP successfully they need a “license to imagine” (p. 5) and they suggested that the BoP team should have entrepreneurial experience. The UNDP (2008) proposed that developing inclusive business models which include the poor as customers, employees, producers and business owners, requires entrepreneurship, either from start-up companies or individuals pushing for innovation within an existing company.

2.4 SECTION 3

2.4.1 INTRAPRENEURSHIP

The BoP literature suggested that companies participating in the BoP market must adopt an entrepreneurial approach to be successful (Prahalad and Hart, 2002; Simanis and Hart, 2008; UNDP, 2008). This study focused on existing organisations and therefore entrepreneurship within an existing organisation, which is referred to as intrapreneurship or corporate entrepreneurship (Antoncic and Hisrich, 2003). These terms have been used interchangeably and are deemed to have the same meaning for the remainder of this report.

Intrapreneurship is viewed as an imperative for organisations to survive and prosper amidst increasing global competition, rapid technological progress and major structural changes in corporations (Dess, Lumpkin and McGee, 1999). As firms grow larger, they lose their ability to derive high growth rates from their mainstream business and as a result, they have to identify and exploit opportunities outside their mainstream activities, which can be done through corporate venturing (a form of intrapreneurship) and/or acquisition (Burgelman, 1984).

Zahra (1991, p. 262) defined corporate entrepreneurship as “the 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.”

Covin and Miles (1999) suggested that intrapreneurship implies innovation with the aim of rejuvenating or redefining the organisation, markets or industries to bring about sustainable competitive superiority. They went on to suggest that intrapreneurship has four forms, namely regeneration, organisational rejuvenation, strategic renewal and domain redefinition. Regeneration refers to the organisation’s ability to develop new products or enter new markets regularly. Organisational rejuvenation refers to changing internal processes, structures and/or capabilities to sustain or improve competitive advantage. Strategic renewal refers to repositioning the organisation in the context of the market and domain redefinition refers to the organisation’s ability to create and exploit a market for new products.

Antoncic and Hisrich (2003), on reviewing definitions of intrapreneurship in past literature, defined intrapreneurship as entrepreneurship within an existing organisation, referring to the behaviour of an organisation (emerging or existing) that is different from the normal way of doing business. It is an activity-based or activity-oriented concept that operates at the boundary of the organisation and pushes current organisational products and services, technologies, norms, orientations, structures or operations in new directions. They suggested that

intrapreneurship be viewed as a multidimensional concept that has eight distinctive but related components which are as follows:

- New ventures: establishing new units or firms that are autonomous or semi-autonomous, and that are new elements in the organisational structure
- New business: generating new business within the organisational structure
- Product or service innovation: introducing new products/services or technology; enhancing products/services or technology
- Process innovation: introducing new processes/technology; enhancing processes/technology
- Self-renewal: transforming the organisation; redefining the organisation
- Risk taking: quick, bold decisions on opportunities linked to proactivity and aggressiveness; committing resources quickly
- Proactivity: pioneering and initiative taking prevalent in management actions
- Competitive aggressiveness: propensity to take on or challenge competitors.

2.5 SECTION 4: INTERNAL ORGANISATIONAL FACTORS SUPPORTING INTRAPRENEURSHIP

Ireland *et al* (2009, p. 38) suggested that one of the foundational elements in adopting an intrapreneurship strategy is a “pro-entrepreneurship organisational architecture”. This effectively means that certain internal organisational factors must be prevalent when adopting an intrapreneurship strategy.

Hisrich and Peters (1986) suggested that a good corporate environment for successful new business ventures (a form of intrapreneurship) encourages new ideas, allows for mistakes and failure, makes resources available, encourages teamwork, establishes broad performance goals and an appropriate reward system, and has top management support.

McGinnis and Verney (1987) proposed four factors that would support intrapreneurship in an organisation. They suggested that:

- employees in the organisation must know and understand the goals of the organisation
- they must understand the industry in which they operate
- the organisation must reward innovation
- the operating rules must be eased to allow employees more freedom to innovate.

Kolchin and Hyclack (1987) supported the notion of rewarding innovation and easing rules and went on to suggest that the firm must put in place the correct organisational structures to promote innovation. Chisholm (1987) claimed that bureaucracy in an organisation stifles intrapreneurship and affirmed the reward system and management commitment as organisational factors that support intrapreneurship.

Kuratko, Montagno and Hornsby (1990) reviewed past intrapreneurship literature and identified five internal organisational factors that were consistent in the literature, namely the appropriate use of rewards, management support, resource availability, the organisational structure and risk taking. They developed a tool, called the Intreprenurial Assessment Instrument, to test for the existence of these five internal organisational factors in intreprenurial companies. Their study found support for three organisational factors that support intrapreneurship – management support for entrepreneurship, organisational structure and resource availability.

The aforementioned authors conducted a further test in 1990 and this time found support for all five internal organisational factors (Hornsby *et al*, 1993). They renamed the five internal organisational factors as management support, autonomy/work discretion, rewards and reinforcement, time availability and organisational boundaries. Hornsby *et al* (1993) offered the following definitions for these five internal organisational factors:

- Management support: the extent to which managers encourage employees to innovate
- Autonomy/work discretion: employees can make decisions on how they perform their work
- Reward/reinforcement: rewards and reinforcement that motivate innovative behaviour

- Time availability: Time to incubate ideas, not constrained by time limits or workload
- Organisational boundaries: standard procedures, narrow job descriptions and rigid standards of performance that prevent employees from looking beyond what they do.

Hornsby *et al* (2002) confirmed the consistency of the five internal organisational factors in past intrapreneurship literature as suggested by Kuratko *et al* (1990). They developed an assessment instrument, called the Corporate Entrepreneurship Assessment Instrument (CEAI), to assess a company's internal entrepreneurial environment and to test for the existence of the five internal factors that appear consistently in literature. They conducted a survey of 761 managers, the results of which confirmed the existence of five internal organisational factors in a company's internal entrepreneurial environment.

Holt *et al* (2007) conducted research on the influence of organisational factors (referred to as process) on corporate entrepreneurship using the CEAI and confirmed support for four organisational factors, namely management support, autonomy/work discretion, rewards and reinforcement and organisational boundaries. Scheepers *et al* (2008) conducted research in a South African context that confirmed support for three organisational factors, namely management support, autonomy/work discretion, and rewards and reinforcement.

The reliability tests conducted by Hornsby *et al* (2002), Holt *et al* (2007) and Scheepers *et al* (2008) on the five internal organisational factors, suggested that management support and autonomy/work discretion are the strongest factors. In their initial analysis, Hornsby *et al* (2002) reflected reward and recognition as the third strongest factor, after management support and autonomy/work discretion. The results of Holt *et al* (2007) and Scheepers *et al* (2008) were consistent with this finding.

Overall the recent studies on the internal organisational factors supporting intrapreneurship reflect that management support, autonomy/work discretion and reward and reinforcement are the most relevant factors as reflected in the reliability tests conducted by Hornsby *et al* (2002), Holt *et al* (2007) and Scheepers *et al* (2008).

Hornsby *et al* (1993) indicated that management support is the extent to which managers encourage employees to innovate. This is reflected in the quick adoption of ideas, the recognition of employees who bring forward ideas, support by management for experimentation and providing funding for the development of ideas. Scheepers *et al* (2008) concurred with this view to a large extent but added that the experience of managers with the innovation process is a further element of management support. Kuratko, Ireland, Covin and Hornsby (2005) included the championing of ideas as a further aspect of management support.

These sentiments were supported by Robbins and Judge (2007) who suggested that the degree to which employees are encouraged to innovate and take risks is one of the primary characteristics of organisational culture and that the actions of management have a major impact on the culture of an organisation. They claimed that how management behaves, what they say and the norms they establish determine the level of risk taken by the organisation. They also suggested that the freedom/autonomy management provide to employees and how they reward employees also impacts the innovation and risk taking in the organisation.

Robbins and Judge (2007) and Cummings and Worley (2005) shared a similar view of autonomy as the extent to which an organisation provides employees with freedom and discretion in how they schedule their work and how they carry it out. The description by Hornsby *et al* (1993) of autonomy was in line with this. They suggested that autonomy would be reflected in an organisation that allows employees to make decisions on their work process and that allows for mistakes, particularly in an innovative environment. Kuratko *et al* (2005) affirmed that autonomy/work discretion implies that management tolerate failure, that they provide their employees with latitude by delegating responsibility and that they do not exercise excessive oversight over employees.

Robinson and Judge (2007) indicated that positive reinforcement in the form of reward or recognition can be used to shape employee behaviour. They also indicated that reward must be linked to performance to encourage innovative

behaviour. Cummings and Worley (2005) concurred with this and indicated that the reward could be intrinsic or extrinsic in nature. Intrinsic rewards could be in the form of opportunities for challenge, development or accomplishment whilst extrinsic rewards could be in the form of financial rewards.

Kuratko *et al* (2005) suggested that the reward system that supports intrapreneurship has to be linked to performance, must highlight significant achievements and encourage challenging work. Hornsby *et al* (1993) indicated that rewards and reinforcement encourage innovative behaviour and suggested that increasing responsibility is another form of reward and reinforcement in addition to that mentioned by Kuratko *et al* (2005).

2.9 SECTION 5: INNOVATION

Davila, Epstein and Shelton (2005) suggested that organisations cannot expect to survive without innovation. They indicated that organisations that embrace innovation can redefine their industries or create new ones; they can develop competitive advantages and dictate the rules of the industry.

The concept of innovation is diverse and there are many definitions of innovation in the extensive literature available. This research touched on innovation in an organisational context and therefore a definition of organisational innovation is appropriate to provide context for this study. Damanpour (1991) suggested that organisational innovation involves the generation, development and

implementation of new ideas or behaviours and that the innovation could be a new product or service, a new production process technology, a new structure or administrative system, or a new plan or program relating to organisational members.

2.10 SECTION 6: CONCLUSION

The BoP proposition put forward by Prahalad and Hart (2002) suggested that companies can generate profits and contribute to poverty alleviation by serving the world's poor, the four billion people at the base of the economic pyramid.

The literature review indicated that there is no agreement on the size of the BoP market. For the purposes of this research, reliance was placed on the findings of Hammond *et al* (2007). The BoP market is therefore defined as the segment of the population that earns less than USD 3 000 per annum (2002 PPP).

Apart from the opportunity to generate profits and contribute to poverty alleviation, the literature indicated that the BoP presents companies with an opportunity to innovate, improve efficiency and become more flexible (Prahalad, 2005; Jenkins, 2007; Klein, 2008; World Economic Forum, 2009a and 2009b). Without detracting from these opportunities, the underlying characteristics of the BoP present challenges for companies engaging the BoP market. To overcome these challenges and capitalise on the opportunities available, companies have to move

away from the traditional business models that serve the existing markets (Klein 2008; World Economic forum, 2009a and 2009b; Prahalad and Hart, 2002). Companies have to adopt innovative business models that meet the needs and requirements of the BoP market and must unleash or unshackle their organisations to apply the new business models successfully (World Economic Forum, 2009a and 2009b; Aguiar *et al*, 2007).

The BoP literature suggested that companies need to have an entrepreneurial orientation to be successful in the BoP market. Entrepreneurship within an organisation is referred to as intrapreneurship, also known as corporate entrepreneurship (Antoncic and Hisrich, 2001). Intrapreneurship implies innovation and aims to rejuvenate or redefine the organisation, markets or industries to bring about sustainable competitive superiority.

The intrapreneurship literature suggested that for an intrapreneurship strategy to be successful, certain internal organisational factors must be prevalent in an organisation. Five internal organisational factors appear consistently in the literature, namely management support, autonomy/work discretion, reward/reinforcement, time availability and organisational boundaries.

The more recent studies on the internal organisational factors supporting intrapreneurship reflected that management support, autonomy/work discretion

and reward and reinforcement are the most relevant internal organisational factors for an intrapreneurship strategy.

In conclusion, the literature review illustrated that intrapreneurship is imperative for success in the BoP and highlighted three internal organisational factors that must be prevalent to adopt an intrapreneurship strategy, namely management support, autonomy/work discretion and reward/reinforcement. This research was therefore limited to exploring these three factors.

CHAPTER 3: RESEARCH QUESTIONS

The literature review illustrated that intrapreneurship is imperative for success in the BoP and highlighted three internal organisational factors that must be prevalent to adopt an intrapreneurship strategy, namely management support, autonomy/work discretion and reward/reinforcement.

The purpose of this research was to establish the extent to which the three internal organisational factors that support intrapreneurship are prevalent in BoP business units, if the BoP business units have challenges in this regard and to establish what changes organisations can make to these internal organisational factors to support intrapreneurship further. This gave rise to the following research questions:

- 1) Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?**

- 2) What are the limitations/shortcomings of the current, established internal organisational factors in supporting intrapreneurship in BoP business units?**

- 3) What changes are required to these internal organisational factors to further support intrapreneurship in BoP business units?**

CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

The research undertaken was exploratory and qualitative in nature given the extent to which the research problem was covered in existing literature and the objectives of the research. There were two stages in the research process; the first involved a review of existing literature to obtain a list of the characteristics that describe the three internal organisational factors that are being studied. This list was created to provide a reference upon which primary data could be collected and analysed and research questions could be answered. The second stage involved the collection and analysis of primary data from a sample of 8 respondents to establish a perspective on how the three internal organisational factors are exhibited in a BoP context.

The primary data was collected using the expert interview method and semi-structured interviews. The data analysis process was split into two phases, the analysis of data per interview and the aggregation/consolidation of data from all interviews. The sections that follow provide further clarity on the research methodology adopted and the justification for adopting this methodology.

4.2 RESEARCH CLASSIFICATION

This research was classified as exploratory given the objective of the research and extent to which the research topic was covered in existing literature. Zikmund (2003) indicated that exploratory research aims to clarify ambiguous problems, i.e. to obtain a better understanding of the problems. He suggested that the majority of exploratory research provides qualitative data and information that can be used to analyse a situation, rather than to provide conclusive evidence.

This research was based primarily on two areas of literature, the BoP literature and intrapreneurship literature. The BoP literature gained prominence with the writings of Prahalad and Hart (2002) and whilst there has been a significant amount of literature published since, the literature was not extensive. In particular, the BoP literature had limited coverage of intrapreneurship. Antoncic and Hisrich (2003) referenced literature on intrapreneurship that dates back to the late 1970s, more than 30 years ago. There was an extensive amount of literature on intrapreneurship in general and on the internal organisational factors that support intrapreneurship. However, the literature on intrapreneurship in a BoP and in a South African context was limited. In summary, the research problem that formed the basis of this study was not adequately covered in existing literature and was viewed as ambiguous.

The objective of the research was to gain an understanding of the existence, challenges and changes required to the internal organisational factors that support

intrapreneurship. The intent was not to obtain any conclusive evidence in this regard, but rather to understand the current situation better. Saunders, Lewis and Thornhill (2000) suggested that exploratory research is a useful approach to clarify understanding

Qualitative research is a form of exploratory research that provides insights and understanding of a problem setting (Malhotra, 2007). The research objectives and questions therefore lent itself to a qualitative research methodology. .

4.3 RESEARCH DESIGN

To answer the research questions, perspectives, perceptions and understanding on how the relevant internal organisational factors exhibit themselves in a BoP business unit were required. A phenomenological design was therefore selected for this research as this type of study aims to understand people's perceptions, perspectives and understanding of a particular situation (Leedy and Ormondy, 2001).

Saunders *et al* (2000) suggested that there are three principal ways of conducting exploratory research, a search of the literature, talking to experts on the subject and conducting focus group interviews. Two of these approaches were used for the purpose of this research, a review of the literature to identify the characteristics that

describe the internal organisational factors and expert interviews to source the primary data.

Welman, Kruger and Mitchell (2005) suggested that the aim of phenomenological research is to understand social and psychological phenomena from perspectives of people involved. Flick (2009) suggested that people in the organisation/s that have a specific function, specific experience and knowledge, is a target group for expert interviews. The complexity and nature of the research questions required data collection from informants that were senior, experienced, knowledgeable about the BoP context and the way in which the BoP business unit and organisation operates. This research therefore lent itself to the expert interview approach.

Following the use of two different methods to conduct this research the research process was split into two stages. Stage 1 involved the review of intrapreneurship literature to identify the characteristics that describe the three internal organisational factors that are being studied. Stage 2, involved the collection of primary data using the expert interview method and the analysis of the primary data to obtain a perspective on how the three internal organisational factors are exhibited in a BoP business unit context.

4.4 STAGE 1: DEVELOPING A LIST OF THE CHARACTERISTICS THAT DESCRIBE THE THREE INTERNAL ORGANISATIONAL FACTORS

To develop a list of characteristics that describe the three internal organisational factors that are being studied, the intrapreneurship literature as reflected in Section Four of the literature review in Chapter 2 was reviewed extensively. An analysis on the various pieces of literature was done to identify the common characteristics for each of the three internal organisational factors.

The objectives of the list being developed were as follows:

- To provide input into the interview guide used for the semi structured interviews
- To assist in the data analysis process by providing a list of characteristics that formed a basic framework for the analysis of primary data
- To assist in the answering the research questions by using the list as a reference point

4.5 STAGE 2: PRIMARY DATA COLLECTION AND ANALYSIS

4.5.1 POPULATION

Zikmund (2003, p.373) defined the target population as “the specific, complete group, relevant to the research project.” The population of relevance was defined as individuals employed in BoP business units in South African companies that have a good understanding of the BoP business and strategy within their organisation, have a good understanding of the way the BoP business unit and the organisation operates.

For the purposes of this research, a BoP business unit in a South African company was defined as a profit-seeking business unit in a company based in South Africa that engages the population earning less than USD 3 000 per annum (2002 PPP) as a market of consumers, employees, suppliers or distributors.

The unit of analysis for this study was the perspective and perceptions of individuals on the three internal organisation factors as it applied to their BoP business unit and as it applied within their business unit.

4.5.2 SAMPLING

Qualitative research is more akin to purposive sampling (Miles and Huberman, 1994). Purposive sampling, also known as judgmental sampling, allows the researcher to choose cases that best answer the research questions and meet the research objectives (Saunders, Lewis and Thornhill, 2000). Three levels of judgmental sampling were applied in this study.

Firstly, for practical reasons the research was limited to individuals in BoP business units operating in three industry sectors, namely food and beverage, financial services and telecommunications. These sectors were selected on the basis of their relevance and importance in a BoP context. The food and beverage sector is the largest sector in the BoP market whilst the telecommunications sector is the

fastest growing sector in the BoP market (Hammond *et al*, 2007). Finance and insurance are one of the biggest constraints in the BoP (UNDP, 2008).

Secondly the participants in this research were selected on the basis of their seniority in the BoP business unit, their knowledge and understanding of the BoP business and strategy, their knowledge and understanding of how the BoP business unit and organisation operates. This sampling criteria was viewed as critical for obtaining the necessary information required to answer the research questions and fulfil the research objectives.

A total of eight individuals from 7 organisations were interviewed. Two individuals were from the same organisation but were employed in two different BoP business units within the same organisation. Two of the organisations were from the telecommunications sector, two from the food and beverage sector and three from the financial services sector. A list of the participants is provided in Appendix A. Due to the sensitivity of information collected in the interview the researcher agreed to conduct the interviews on condition of anonymity, which implied that names of the organisations and the interviewees would not be disclosed.

Qualitative research generally involves small samples (Miles and Huberman, 1994; Malhotra, 2007). Leedy and Ormondy suggested a sample size of 5-25 individuals with long interviews of 1-2 hours was adequate for phenomenological studies. Boyd (2001, in Groenewald, 2004) and Creswell (1998, in Groenewald, 2004) suggested that up to ten long interviews is sufficient for the purposes of a

phenomenological study. Due to accessibility and availability of individuals that met the sampling criteria as well as the time constraints to conduct the necessary research the sample size was limited to eight participants. The interviews were scheduled for one to one and a half hour, based on the respondents' availability and the average duration of interviews conducted was one hour..

4.5.3 DATA COLLECTION

4.5.3.1 METHOD

The primary data was collected via in depth, semi structured, face to face interviews with respondents who met the sampling criteria. Interviews are a common tool used to collect data in exploratory and qualitative research (Saunders *et al*, 2000; Welman *et al*, 2005; Leedy and Ormondy, 2001).

Saunders *et al* (2000) and Welman and Kruger (1999) indicated that interviews vary in structure, ranging from structured interviews to semi-structured to unstructured interviews. Semi-structured interviews represent a compromise between structured and unstructured interviews and can be used for exploratory research. A list of themes and questions can be prepared and utilised in semi-structured interviews, the questions can be asked in a different order depending on the flow of the discussion with the interviewee and questions can be omitted from one interview to another. Furthermore, probing and requesting elaboration is permissible.

The richness of the intrapreneurship literature allowed for themes (internal organisational factors) and research questions to be defined prior to conducting interviews. However, a detailed understanding of the internal organisational factors in the context of a BoP business unit was needed for the purposes of this research, and to extract this detail, probing and requesting elaboration was required. Semi-structured interviews were therefore deemed appropriate for the purposes of collecting the data required for this research.

4.5.3.2 INTERVIEW GUIDE

Welman and Kruger (1999) referred to the themes and questions developed for an interview as an interview guide. An interview guide (Appendix B) was developed and used for the purposes of conducting the interviews. The first section of the interview guide consisted of general questions about the BoP business unit. The second section of the interview guide contained questions specific to the internal organisational factor (themes). These questions were developed from the list of characteristics of the three internal organisational factors, as identified in the first stage of the research process. The interview questions were linked to the research questions as reflected in Table 1 below.

Table 1: Link between Research Questions and Interview Questions

Research question	Interview Questions
Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?	1, 2, 5, 6, 9, 10, 11, 14, 15, 16, 19, 20, 21, 24, 25, 26
What are the limitations/shortcomings of the current, established internal organisational factors in supporting intrapreneurship in BoP business units?	3, 7, 12, 17, 22, 27
What changes are required to these internal organisational factors to further support intrapreneurship in BoP business units?	4, 8, 13, 18, 23, 28

4.5.3.3 PROCESS

Prior to conducting the interviews, formal consent was obtained from the respondents. The interviews were conducted in a private meeting room in the respondents' offices and on average the interviews lasted sixty minutes. All interviews were recorded and written notes were also taken to record observations made about the respondents during the interview process. A third party agency was utilised to transcribe the recorded interviews and produce written documents (transcripts).

4.5.4 DATA ANALYSIS

Data analysis is the application of reasoning to understand and interpret the data that has been collected (Zikmund, 2003). The data analysis was conducted in two phases. Phase 1 involved the analysis of data gathered from each interview to identify patterns across the three themes (internal organisational factors) per research question and interview. Phase 2 involved the aggregation/consolidation of the output of Phase 1 using content analysis.

4.5.4.1 PHASE 1: ANALYSIS OF INDIVIDUAL INTERVIEWS

Miles and Huberman (1994) suggested that data analysis has three concurrent processes, namely data reduction, data display and conclusion drawing/verification. This phase of the data analysis adopted two of the processes, data reduction and data display. According to Miles and Huberman (1994) data reduction involves identifying or focusing on pertinent data in transcripts, transforming and simplifying the data so that conclusions can be drawn and verified. Data display enables conclusion drawing by presenting the data in an organised and compressed format.

The following data reduction process was adopted for each interview:

- Categories, or labels summarising the data, were developed from the literature review and the data collected
- Categories were allocated to chunks of data as reflected in the transcripts

- The chunks of data in the same category were grouped
- The groups of data were summarised into patterns

The data reduction process was in line with the process of coding and pattern coding as put forward by Miles and Huberman (1994) as well as the data analysis process as put forward by Saunders *et al* (2000).

A table was developed to display the findings for each research question. The table was designed to have two columns, to reflect the theme (internal organisational factor) and the findings (patterns). The patterns as identified in the data reduction process were allocated to the appropriate research question and reflected alongside the relevant theme in the table.

4.5.4.2 PHASE 2: AGGREGATION OF INTERVIEW DATA

Welman *et al* (2005) indicated that the technique of content analysis involves the counting and sequencing of particular words, concepts and phrases. Content analysis was done on the output of Phase 1 of the data analysis process to determine the frequency and sequencing of patterns, per theme, per research question.

The content analysis process involved the use of an Excel spreadsheet to capture the patterns per research question and theme from all interviews. A frequency

analysis was done to determine the number of times that a pattern was reflected on the Excel spreadsheet. This count was noted and formed the basis for the sequencing of patterns per research question and theme.

A table was developed to display the aggregated findings per research question and theme. The table was designed to have three columns, to reflect the sequence of the pattern, the description of the pattern and the frequency count. The patterns per research questions and theme were drawn from the Excel spreadsheet and placed in the table developed, in sequence and with the frequency count reflected.

4.5.5 DATA RELIABILITY

Saunders *et al* (2000) indicated that the reliability of qualitative data is compromised by the non-standardised approach adopted in a semi-structured interview and the potential for interviewer and interviewee bias. The interviews were conducted using an interview guide based on intrapreneurship literature which provided a systematic way of conducting the interview. The interview may not have been standardised but had some structure which reduced the concerns regarding the reliability of the data.

Saunders *et al* (2000) put forward the following measures to overcome bias in qualitative interviews:

- Preparation and readiness for the interview
- Level of information supplied to the interviewee
- Appropriateness of the researcher's appearance at the interview
- Nature of opening comments in the interview
- Approach to questioning
- Nature of interviewer's behaviour during the course of the interview
- Demonstration of attentive listening skills
- Scope to test understanding
- Approach to recording data.

To limit interviewer and interviewee bias, extensive preparation was conducted prior to the interview – the interviewee was provided with an adequate level of background information, the interviewer used business attire for the interview, the interviewer opened each interview by providing a background to the research project; the questions posed were open ended and the interviewer allowed the interviewee to respond without interruption; the interviews were recorded using a Dictaphone and the interview was conducted in a private meeting room at the interviewee's premises.

CHAPTER 5: RESULTS

The research process was split into two stages. Stage 1 involved the analysis of secondary data to identify the characteristics that describe the three internal organisational factors that are being studied. Stage 2 involved the collection and analysis of primary data using expert interviews to establish a perspective on how the three internal organisational factors are exhibited in a BoP business unit context.

The remainder of this section displays the results from the two stages of the research process.

5.1 FINDINGS FROM STAGE 1: CHARACTERISTICS OF THE INTERNAL ORGANISATIONAL FACTORS

The list of characteristics that describe the three internal organisational factors was developed through an extensive review of the intrapreneurship literature as reflected in Section 4 of the literature review (Chapter 2). The process adopted was as follows:

- Each intrapreneurship article/book referenced in section four was analysed to identify the characteristics that describe the three internal organisational factors

- These characteristics were listed in a table per internal organisational factor and the relevant references were noted
- The list was refined by identifying and retaining characteristics, per internal organisational factor, that were common across literature

A list of references supporting each characteristic is presented in Appendix C. Tables 2-4 below provide a list of the characteristics that describe each internal organisational factor:

Table 2: List of Characteristics Describing Management Support

#	Description of Characteristics
1	Management promotes and supports intrapreneurship strategy
2	Management championing of innovative ideas
3	Management providing the necessary financial and human resources
4	Management encouraging generation of ideas
5	Management creates a team with diverse experience and knowledge
6	Management experience with innovation
7	Management encouraging risk taking and experimentation
8	Management creates an enabling process and environment for development of initiatives

Table 3: List of Characteristics Describing Autonomy/Work Discretion

#	Description of Characteristics
1	Employees are encouraged to make decisions about their work process
2	Management is tolerant of failure/mistakes
3	The teams has freedom from excessive oversight

4	Management delegates authority and responsibility
5	Management encourages risk taking and experimentation

Table 4: List of Characteristics Describing Reward/Reinforcement

#	Description of Characteristics
1	Reward based on achievement; completion of initiatives/achievement of objectives
2	Strong link between performance and reward
3	Broad performance measures/goals in place
4	Reward and recognise innovation and idea generation
5	Increasing responsibility of employees
6	Reward system that encourages challenging work

The objectives for creating this list were as follows:

- To provide input into the interview guide used for the semi structured interviews
- To assist in the data analysis process by providing a list of characteristics that formed a basic framework for the analysis of primary data
- To assist in the answering the research questions by using the list as a reference point

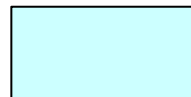
5.2 STAGE 2: FINDINGS FROM IN DEPTH INTERVIEWS

In depth interviews were conducted to establish perspectives on how the three internal organisational factors exhibit themselves in the context of a BoP business unit. The analysis of the data from the interviews was done in two phases. Phase

One involved the analysis of data gathered from each interview to identify patterns across the three themes (internal organisational factors) per research question and interview. Phase 2 involved the aggregation/consolidation of the output of Phase 1 using content analysis. The data analysis process is explained in detail in Chapter Four.

This section contains the aggregated findings from Stage 2 of the research process; the results per individual interview are presented in Appendix D. The aggregated findings are presented in table format, by research question and theme (internal organisational factor) and are supplemented with commentary to summarise the results. A coding framework was developed to highlight the findings (patterns) that were consistent with the “list of characteristics” as in Tables 2-4 and the results that were outside the “list of characteristics.” The following coding framework was developed to indicate the two categories of findings:

Consistent with “list of characteristics



Outside of “list of characteristics”



5.2.1 RESULTS FOR RESEARCH QUESTION 1

Research Question 1: Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

The results for Research Question 1 is presented per internal organisational factor in the following order, management support, autonomy/work discretion and lastly reward and reinforcement. A conclusion on the results for Research Question 2 is provided after the results for the last internal organisational factor, reward and reinforcement.

The findings for management support are presented in Table 5 as well as the commentary that follows Table 5.

Table 5: Research Question 1: Management Support

Rank	Findings	Frequency Count
1	Management of the BoP business unit and/or senior management of the organisation encourages experimentation	8
2	Senior Management places priority and focus on the BoP business	7
2	Senior Management provides capital/funding for BoP business initiatives	7
4	The BoP team is encouraged to bring ideas forward and is allowed the time and forums to do this	5
5	Senior Management supports the BoP strategy	3
5	Senior Management facilitates access to the resources in the organisation for the development of BoP initiatives	3
5	Management of the BoP business unit or senior management of the organisation has experience in innovation	3
8	Senior Management of the organisation reinforces BoP	2

	strategy in the wider organisation	
8	Senior Management of the organisation is patient for returns from the BoP business unit	2
10	BoP Management sponsors/champions ideas generated in the BoP business unit	1
10	Senior management ensures that the people with the right experience and expertise are employed in the BoP business unit	1
10	The BoP business unit has been provided with training courses on innovation	1

The results illustrated a number of characteristics that describe management support and therefore the prevalence of the internal organisational factor of management support in BoP business units. Management support was most notably illustrated in terms of encouraging experimentation, senior management priority and focus on the BoP business and providing capital for initiatives in BoP business unit. Mr. Adam from FoodCo did not affirm the priority/focus that senior management places on the BoP business. Only one respondent Mr. Venter from TechCo did not explicitly point out that capital/funding was provided for initiatives in the BoP business unit; however he mentioned that the business is undertaking new initiatives/projects, which would imply that capital/funding is provided.

There was also good evidence of management encouraging ideas from the BoP team and to a lesser extent senior management facilitating access to resources in the organisation (human and non human) for the development of BoP initiatives. In terms of experience with innovation Mr. Venter from TechCo made a pertinent

comment, he indicated that the senior managers of the organisation were entrepreneurs and they naturally promote a culture of innovation.

The findings for autonomy/work discretion are presented in Table 6 as well as the commentary that follows Table 6.

Table 6: Research Question 1 - Autonomy/Work Discretion

Rank	Findings	Frequency Count
1	Senior management of the organisation and management of the BoP business unit is tolerant of mistakes/failures	7
2	Senior management provides the BoP business with latitude to make decisions up to a certain level	6
3	Members of the BoP team have some discretion in terms of how they go about executing their responsibilities	3
3	Small BoP teams with flat structure allows for quick decision making	3
5	Senior Management of the organisation and the BoP business unit share accountability for decisions made	2
6	Management in the BoP business unit delegate responsibility to the team	1
6	Management of BoP business unit has moderate to low oversight on the team	1
6	Decision making process in the organisation is quick due to the access and availability of senior management	1

The results highlighted a number of characteristics that describe the internal organisational factor of autonomy and therefore the prevalence of autonomy in

BoP business units. Management tolerance for failure and the decision making authority that BoP business units have were the most common characteristics perceived by the respondents. Mrs. Jacobs from MobileCo was the only respondent that did not provide a definitive answer on managements approach to mistakes/failure. In saying this most respondents indicated that mistakes/failure is tolerated to an extent.

Mr. Smith from BankCo1 and Mr. James from BankCo2 indicated that the BoP business units generally have a significant amount of discretion in the initial stages of initiatives, however once the business/model is established the discretion tends to decrease. Employees in the BoP business units are generally confined to the processes of the organisation in terms of how they go about executing their responsibilities however Mr. Venter from TechCo, Ms. Jacobs from MobileCo and Mr. Adam from FoodCo indicated that the members of their team do had some discretion in how they go about their work process.

The findings for reward/reinforcement are presented in Table 7 as well as the commentary that follows Table 7.

Table 7: Research Question 1 - Reward/Reinforcement

Rank	Findings	Frequency Count
1	Broad performance criteria in place for the BoP business unit and individuals in the team	6

2	Strong link between performance and reward	3
3	Management of BoP business unit reward achievement/completion of initiatives	1
3	Performers in BoP team are given more responsibility and more challenging work	1
3	Non Financial recognition for good performance in BoP business unit	1
3	Innovation as a performance criteria	1
3	The organisation has a specific reward/incentive program for innovation	1
3	The reward system is flexible and allows for rewards outside the general reward program	1

The results indicated a number of characteristics that describe the internal organisational factor of reward and reinforcement however with the exception of two characteristics there was little commonality across respondents. The characteristic that appeared most common across the respondents was the broad performance goals, which implied goals that were not restricted to the traditional financial measures like profitability. Most of the organisations tend to relax the profitability requirements for the BoP business units and tend to focus on factors such as volume, revenue and others, according to most respondents. There was some evidence which suggested a strong link between performance and reward.

5.2.2 CONCLUSION: RESEARCH QUESTION 1

Overall the findings indicate that the BoP business units' exhibits characteristics of the three internal organisational factors that support intrapreneurship. The evidence suggests that there is a reasonable prevalence of management support and autonomy. The evidence was weak in terms of the prevalence of reward and reinforcement in the BoP business units and suggested a low prevalence.

5.2.3 RESULTS FOR RESEARCH QUESTION 2

Research Question 2: What are the limitations/shortcomings of the current, established internal organisational factors in supporting intrapreneurship in BoP business units?

The results for Research Question 2 is presented per internal organisational factor in the following order, management support, autonomy/work discretion and lastly reward and reinforcement. A conclusion on the results for Research Question 2 is provided after the results for the last internal organisational factor, reward and reinforcement.

The findings for management support are presented in Table 8 as well as the commentary that follows Table 8.

Table 8: Research Question 2 - Management Support

Rank	Findings	Frequency Count
1	Senior Management of the organisation lack understanding and appreciation of the challenges in the BoP market	4
2	Senior Management of the organisation expect quick returns from the BoP business	3
3	Senior Management of the organisation limit the number of experiments the BoP business can undertake	2
3	Lack of experienced resources in the BoP team	2
5	Criteria to obtain approval for capital/funding of BoP initiatives is the same as that for other business units	1
5	The BoP business unit is focussing on building capability and the focus results in less space for new ideas/innovation	1
5	Access to capital/funding for new initiatives is limited due to the impact of the financial crisis	1

The results suggested that a common problem that the BoP business units faced in terms of management support was senior management's lack of understanding and appreciation for the challenges in the BoP market. Ms. Jacobs from MobileCo indicated that the lack of understanding impacts the time to make decisions as the BoP business unit has to repeatedly explain the circumstances to senior management when seeking decisions on initiatives put forward.

A further matter that was highlighted is the senior management expectation of quick returns from the BoP business unit. Respondents indicated that the reason for this is that senior management does not differentiate the BoP business from the

traditional business of the organisation. Although the results for Research Question 1 indicated that experimentation is encouraged, Mr. Smith from BankCo1 and Ms. Jacobs from MobileCo indicated that senior management limits experimentation which does not encourage intrapreneurship. The lack of experienced resources was seen by a couple of the respondents as a limiting factor in terms of intrapreneurship.

The findings for autonomy/work discretion are presented in Table 9 as well as the commentary that follows Table 9.

Table 9: Research Question 2 - Autonomy/Work Discretion

Rank	Findings	Frequency Count
1	The BoP business unit has to go through extensive processes and structures in the organisation to get approval for initiatives – slow decision making process	4
1	The activities/developments of the BoP business are subjected to the traditional controls, standards and processes within the organisation	4
3	The BoP business unit has a reliance on support areas in the organisation for the development of initiatives: A fight for priority and delivery with mature businesses	2
3	Senior Management of the organisation does not tolerate mistakes to the extent required in a BoP business	2
5	The BoP business unit has inexperienced people who require more oversight	1
5	The financial performance of the business unit limits the autonomy that can be given to the BoP team	1

5	Senior Management has increased their oversight on the BoP business unit due to the impact of the financial crisis	1
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The results indicated that the organisational decision making processes and structures is a common factor that inhibits intrapreneurship in BoP business units. The respondents indicated that the time taken to make decisions through the organisational structure and process slows down their time to market with products/initiatives. A further limiting factor was the standards and controls that the BoP business unit have to adhere to when developing their initiatives. This increases the cost of the product/services, reduces their competitiveness and likelihood of success in the market, according to the respondents. The respondents indicated that the BoP business units do not have the authority/ability to go outside of the organisational standards and processes.

The reliance on organisational resources for development of BoP business initiatives was also reflected as an inhibiting factor in terms of intrapreneurship. Mr. Smith from BankCo1 indicated that despite the higher cost and poor delivery from the support areas in the organisation he does not have the authority and ability to outsource the development.

Lastly the results for Research Question 1 indicated that mistakes are tolerated in the BoP business units however two respondents indicated that mistakes are not tolerated to the extent required, Mr. Smith from BankCo1 and Mr. Davids from BankCo2..

Three of the respondents, Mr. Venter from TechCo, Mrs. Kruger from DairyCo and Mr. Adams from FoodCo indicated that they did not perceive any shortcomings/limitations in terms of autonomy.

The findings for reward/reinforcement are presented in Table 10 as well as the commentary that follows Table 10.

Table 10: Research Question 2 - Reward/Reinforcement

Rank	Findings	Frequency Count
1	Subjected to the same reward system that applies across the organisation – no differentiation for the BoP business unit	4
2	Narrow performance criteria: predominantly financial and at similar levels as mature businesses in the organisation	1
2	The link between performance and reward for the BoP business unit is not strong due to incorrect performance criteria	1
2	Performance criteria of new business units has a high weighted in terms of numbers/financials for the first two years	1
2	The performance criteria for developing the BoP business has a low weighting in terms of overall performance	1
2	The reward system does not reward innovation or individual performance	1

The results indicated that the only issue in terms of reward and reinforcement that is somewhat common across respondents is the lack of differentiation in the reward system. This implies that the BoP business units are subjected to the same reward system as applied to other business units. Mrs. Kruger from DairyCo indicated that there were no shortcomings/limitations in terms of reward and reinforcement.

5.2.4 CONCLUSION: RESEARCH QUESTION 2

The results indicated a few shortcomings/limitations with respect to the three internal organisational factors insofar as it supports intrapreneurship. In terms of management support a common shortcomings/limitations was the lack of understanding of the BoP market by senior management and senior management's expectations in terms of quick returns from the BoP business. The findings reflected a number of limitations/shortcoming in terms of autonomy however the organisational decision making process and structure as well as the need to comply with organisational standards processes and controls were the two most common issues. The results for reward and reinforcement pointed to one common issue, the application of a standard reward system across the organisation and the lack of differentiation of the reward system for the BoP business.

5.2.5 RESULTS FOR RESEARCH QUESTION 3

Research Question 3: What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

The results for Research Question 3 is presented per internal organisational factor in the following order, management support, autonomy/work discretion and lastly reward and reinforcement. A conclusion on the results for Research Question 3 is provided after the results for the last internal organisational factor, reward and reinforcement.

The findings for management support are presented in Table 11 as well as the commentary that follows the Table 11.

Table 11: Research Question 3 - Management Support

Rank	Findings	Frequency Count
1	Senior management must facilitate support and cooperation from other areas of the organisation for BoP business initiatives	4
2	Senior Management of the organisation must encourage more experimentation and risk taking	3
3	Senior Management must improve their knowledge and understanding of the BoP business	2
3	The BoP team must have the people with the right knowledge and experience	2

5	Senior Management must adjust their expected timelines for returns from the BoP business	1
5	BoP management must create the time and forums for the team to bring forward and discuss ideas	1
5	Senior Management must adjust their criteria for allocation of capital to BoP business initiatives	1
5	Senior Management must increase accessibility for finance to develop BoP initiatives	1
5	Senior Management must delegate full responsibility for running the BoP business to the BoP team	1
5	Senior Management must accept losses on bad ideas and not persist with trying to make it work by allocating more money	1

The results highlighted a number of changes that can be made in terms of management support to further support intrapreneurship. There is a degree of commonality amongst respondents on some of the changes but overall the perspectives are fairly diverse.

One of the changes that a few respondents suggested is the intervention of senior management in facilitating support and priority from other areas of the organisation for the development of BoP business initiatives. Support from other areas of the organisation was reflected as a limitation/shortcoming in the previous section. A few respondents indicated that the organisation should encourage more experimentation and risk taking which ties back to one of the limitations/shortcomings reflected in the previous section. Mr. Smith from BankCo1 suggested that senior management should support a portfolio approach whereby a

number of initiatives are investigated and those with the most promise are taken forward. Senior management improving their understanding of the BoP business and an experienced team was also seen by a couple of respondents as changes that could be made in terms of management support.

The findings for autonomy/work discretion are presented in Table 12 as well as the commentary that follows Table 12.

Table 12: Research Question 3 - Autonomy/Work Discretion

Rank	Findings	Frequency Count
1	The BoP business unit should operate separate to the organisation and independently from the organisation	2
1	The BoP business unit must be exempt from the organisational processes and controls or the processes and controls must be adapted for the BoP business	2
3	The prioritisation process for initiatives in the organisation should be more flexible to allow for urgent developments to be put ahead of the development queue	1
3	Management of BoP business unit can delegate more responsibility to the team	1

The results in terms of the changes required on autonomy/work discretion are thin despite the various limitations/shortcomings as reflected in the results for Autonomy/work discretion in Research Question 2. Only two of the changes were supported by more than one respondent. Firstly Mr. Smith from BankCo1 and Mr.

Dauids from BankCo2 suggested that the BoP business units should operate separately and independently from the organisation. The main driver for this change was to get away from the processes, controls and standards that the organisation imposes on the BoP business unit. This leads on to second suggestion which emanated from the two respondents from BankCo2, Mr. Dauids and Mr. James, who indicated that the organisation should relax their standards, process and controls insofar as it applied to the BoP business unit or they should exempt the BoP business unit from these standards, processes and controls, altogether.

Three of the respondents, Mr. Venter from TechCo, Mrs. Kruger from DairyCo indicated that they did not foresee any changes to autonomy insofar as it applied to the BoP business unit.

The findings for re are reward/reinforcement are presented in Table 13 as well as the commentary that follows Table 6.

Table 13: Research Question 3 - Reward/Reinforcement

Rank	Findings	Frequency Count
1	A reward system that supports a share in profits like a venture capital reward system	2
1	A reward system that encourages risk taking	2
1	A reward system that encourages innovation	2
1	A reward system that is based more on business unit	2

	performance than organisational performance	
1	The performance criteria for a BoP business unit should be different from other businesses in the organisation	2
6	Performance criteria should include measures to encourage innovation	1
6	A reward system that recognises significant achievements and encourages challenging work	1
6	A relaxation on the financial performance criteria for the first two years of a new business like a BOP business	1
6	Incorporate team performance measures in individual performance agreements	1

The results indicated a diverse range of changes suggested by the respondents but there is not much commonality in the changes suggested. Mr. Jones from InsureCo and Mr. Smith from BankCo1 suggested that a change to a venture capitalist reward system would stimulate intrapreneurship. Two of the respondents suggested changes to the reward system to encourage more innovation and risk taking. Mr. Davids from BankCo2 and Ms. Jacobs from MobileCo suggested that the reward should be linked to the performance of the BoP business unit and not the organisation. Mr. Davids from BankCo2 and Mr. Adam from FoodCo suggested that the performance criteria for the BoP business unit should be different to that of other business units.

5.2.6 CONCLUSION: RESEARCH QUESTION 3

With the exception of the changes suggested for management support the findings/results for Research Question 3 was thin. Overall there was a broad range of changes suggested by the respondents, but with very little commonality. The key changes for management support as highlighted by the results include the intervention of senior management to facilitate support and cooperation from other areas of the organisation and for senior management to encourage more experimentation and risk taking.

In terms of autonomy, two respondents indicated the need for the BoP business unit to operate separately and independent from the organisation and the need for exemption or relaxation of the organisational controls, standards and processes as it applied to the BOP business unit. The common changes for reward and reinforcement as reflected in the results were around adopting a venture capitalist reward system, a reward system that encourages risk taking and innovation, a reward system based on business unit performance and performance criteria for the BoP business unit being different from that of other business unit in the organisation.

5.3 CONCLUSION OF CHAPTER 5

The results of the second stage of research indicated that the three internal organisational factors that support intrapreneurship are prevalent in BoP business

units; however the extents to which they are prevalent vary. The results highlighted a number of characteristics that describe management support and autonomy/work discretion and therefore suggested a reasonable prevalence of management support and autonomy/work discretion. The results for reward and reinforcement highlighted only one common characteristic amongst respondents which suggested a weak prevalence of this internal organisational factor.

The results highlighted a number of shortcomings/limitations that the BoP business units had in terms of the three internal organisational factors, particularly in terms of management support and autonomy/discretion. The results for the changes required to the internal organisational factors, with the exception of that for management support, were diverse and had little commonality. The findings are discussed in more detail in Chapter 6 of this report.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 INTRODUCTION

This Chapter discusses the results of the research as presented in Chapter 5 and draws on intrapreneurship and BoP theory to explain or justify the results. The results are discussed in terms of the three research questions and the three internal organisational factors. The discussion will focus largely on the findings that had a degree of commonality across respondents (the findings with a frequency count > 1).

6.2 DISCUSSION OF RESULTS FOR RESEARCH QUESTION 1

Research Question 1: Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

The objective of the Research Question 1 was to establish if the three internal organisational factors, management support, autonomy/work discretion and reward/reinforcement are prevalent in BoP business units and to identify the characteristics that illustrate degree of prevalence of the three internal organisational factors. The results for each internal organisational factor are discussed separately and a conclusion to Research Question 1 is provided.

6.2.1 MANAGEMENT SUPPORT

The results indicated the prevalence of a number of characteristics across BoP business units that fall under the theme of management support. The relevant findings were extracted from Chapter 5 and each finding is presented and discussed individually as follows: :

Rank	Findings	Frequency Count
1	Management of the BoP business unit and/or senior management of the organisation encourages experimentation	8

All the respondents indicated that experimentation is encouraged in the BoP business. A few respondents, Mr. Smith from BankCo1, Mr. Jones from InsureCo and Ms. Jacobs from MobileCo, qualified that experimentation is encouraged to a certain extent or in certain areas. The intrapreneurship literature suggested that encouraging experimentation is a key characteristic of management support (Hisrich and Peters, 1986; Kuratko *et al*, 1990; Scheepers *et al*, 2008). A further explanation can be drawn from BoP literature which suggested that the challenges in the BoP market require organisations to experiment with solutions for the BoP market in order to be successful (Prahalad and Hammond, 2002; Anderson and Billou, 2007).

Rank	Findings	Frequency Count
2	Senior Management places priority and focus on the BoP	7

	business	
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World Economic Forum (2009, a) suggested that success in the BoP requires top down commitment and that the BoP business should be on senior managements radar and receive disproportionate attention to motivate employees to be part of the effort. In the context of intrapreneurship Hisrich and Peters (1986) suggested that senior management presence/time in the business is a demonstration of management support for intrapreneurship. With the exception of Mr. Adam from FoodCo all the respondents indicated that senior management places priority and focus on the BoP business. This could be as a result of the fact that FoodCo do not have a dedicated business unit that focuses on the BoP business, the BoP business is regarded as a segment.

Rank	Findings	Frequency Count
2	Senior Management provides capital/funding for BoP business initiatives	7

Only one respondent Mr. Venter from TechCo did not explicitly point out that capital/funding was provided for initiatives in the BoP business unit; however he mentioned that the business is undertaking new initiatives/projects, which would imply that capital/funding is provided. Providing resources in the form of capital/funding to undertake initiatives is a demonstration of management support for intrapreneurship (Kuratko and Zahra, 2002; Hisrich and Peters, 1986; Hornsby *et al*, 1993); Kuratko *et al*, 2002; Kuratko, 2005). The allocation of capital to the

BoP businesses can be viewed as recognition by senior management that the opportunities in the traditional markets are drying out and that the potential for growing revenue is in the BoP market (Prahalad and Hammond, 2002). The results in terms of provision of capital also support the finding which suggested that experimentation in the BoP business is encouraged.

Rank	Findings	Frequency Count
4	The BoP team is encouraged to bring ideas forward and is allowed the time and forums to do this	5

The respondents indicated a number of practices in their organisation which suggested that management encourage employees to generate ideas and bring them forward. The DairyCo example as illustrated by Mrs. Kruger is probably the best example to demonstrate this. DairyCo has set up labs for various initiatives including the BoP initiative, and they encourage employees to spend time in a safe and free environment to generate ideas that could improve the business. Some respondents indicated that they have regular forums whereby ideas can be presented and discussed. These practices are strong evidence of management encouraging ideas and creating the necessary environment to do so. Hisrich and Peters (1986), Kuratko *et al* (1990) and Scheepers *et al* (2008) listed management encouragement for employee ideas as a characteristic of management support. Hisrich and Peters (1986), Kuratko *et al* (1990) and Kuratko *et al* (2002) indicated

that the creation of an enabling processes and an environment for development of ideas is a further illustration of management support.

Rank	Findings	Frequency Count
5	Senior Management supports the BoP strategy	3

The respondents that provided this perspective were of the view that the senior management support for the BoP strategy was necessary to support and encourage intrapreneurship in the BoP business unit. This characteristic is not dealt with specifically in intrapreneurship literature and can best be explained in terms of BoP literature. Reference was made earlier to the top down commitment of senior management for the BoP business (World Economic Forum, 2009a). Should senior management not support the BoP strategy this commitment will not be present.

Rank	Findings	Frequency Count
5	Senior Management facilitates access to the resources in the organisation for the development of BoP initiatives	3

This finding ties back to the need for senior management to provide resources, financial or human resources, for the development of initiatives (Kuratko and Zahra, 2002; Hisrich and Peters, 1986; Hornsby *et al*, 1993). The BoP teams are generally small and do not have their own support areas such as Technology,

Legal and Human Resources. They therefore have a reliance on these areas when they undertake various development initiatives. Senior managements role in facilitating access to these resources are fundamental to the progress of the initiatives undertaken by the BoP business.

Rank	Findings	Frequency Count
5	Management of the BoP business unit or senior management of the organisation has experience in innovation	3

Hisrich and Peters (1986) and Kuratko *et al* (1990) highlight management experience in innovation as a characteristic of management support. Three respondents indicated that the management of the BoP business unit or senior management of the organisation has experience in innovation. Mr. Venter from TechCo stated that the senior management are entrepreneurs and have extensive experience in innovation and as a result they promote a culture of innovation.

Rank	Findings	Frequency Count
8	Senior Management of the organisation reinforces BoP strategy in the wider organisation	2

Mrs. Venter from DairyCo and Mr. Adam from FoodCo were the two respondents that indicated that senior management reinforces the BoP strategy in the organisation. This is more in line with BoP literature which suggests that success in

the BoP business requires top down commitment and advocacy in the organisation (World Economic Forum, 2009a). Senior Management efforts to reinforce the strategy are a demonstration of working towards top down commitment and advocacy of the BoP strategy in the organisation.

Rank	Findings	Frequency Count
8	Senior Management of the organisation is patient for returns from the BoP business	2

Having a long term horizon for investment is seen by Hisrich and Peters (1986) as a characteristic of management support. Two of the respondents, Mr. Smith from BankCo1 and Mr. James from BankCo2 indicated that senior management are patient for returns and therefore have a long term horizon for investments. The need for a long term horizon is also supported by BoP literature, Simanis and Hart (2008) indicate that innovation is greatest when it is supported by patient capital.

6.2.2 AUTONOMY/WORK DISCRETION

The results indicated the prevalence of a number of characteristics across BoP business units that fall under the theme of autonomy/work discretion. The relevant findings were extracted from Chapter 5 and each finding is presented and discussed individually as follows:

Rank	Findings	Frequency Count
1	Senior management of the organisation and management of the BoP business unit is tolerant of mistakes/failures	7

All but one respondent, Ms. Jacobs from MobileCo, indicated that mistakes are tolerated to an extent. Ms. Jacobs however did not suggest that mistakes were not tolerated. A number of the BoP businesses that the respondents belonged to were in development stage and they were not mature businesses, hence the tolerance for mistakes. The literature indicated that tolerance for mistakes is a characteristic of autonomy required for an intrapreneurship strategy (Kuratko and Zahra, 2002; Kuratko *et al*, 1990; Hornsby *et al*, 1993 and Kuratko *et al*, 2002).

Rank	Findings	Frequency Count
2	Senior management provides the BoP business with latitude to make decisions up to a certain level	6

The BoP literature indicated that in order to be successful in the BoP market organisations have to adopt a different and innovative business model (Prahalad and Hart, 2002; Prahalad and Hammond 2002). The World Economic Forum (2009a) suggested that the organisations need to be unshackled to make the new business models work and one of the strategies they suggest is to provide the relevant department with the necessary decision making authority. Six of the respondents indicated that the BoP business has latitude to make decisions within

a certain level. Mr. Smith from BankCo1 and Mr. James from BankCo 2 qualified that the latitude decreases as the business model approaches a developed stage. Decision making authority is an imperative element of autonomy as described in intrapreneurship literature (Ireland *et al*, 2009; Kuratko and Zahra, 2002 and Scheepers *et al*, 2008)

Rank	Findings	Frequency Count
3	Members of the BoP team have some discretion in terms of how they go about executing their responsibilities	3

The respondents who indicated that employees have discretion in their work process qualified that this was the case insofar as it was within the policies and processes of the organisation. Nonetheless, it was an indication that employees do an element of discretion in their work process which is a characteristic of autonomy as suggested by (Ireland *et al*, 2009; Kuratko and Zahra, 2002 and Scheepers *et al*, 2008).

Rank	Findings	Frequency Count
3	Small BoP teams with flat structure allows for quick decision making	3

The respondents indicated that a small team with flat structures enable them to make decisions within the BoP team quickly. The BoP team members are not

subjected to rigid structures or lengthy processes within the team, which reduces their ability to get decisions made and therefore their autonomy.

6.2.3 REWARD/REINFORCEMENT

The results highlighted only two characteristics of reward and reinforcement that were common in terms of the perspective provided by the respondents. The relevant findings were extracted from Chapter 5 and each finding is presented and discussed individually as follows:

Rank	Findings	Frequency Count
1	Broad performance criteria in place for the BoP business unit and individuals in the team	6

Hisrich and Peters (1986) and McGinnis and Verney (1987) highlighted broad performance goals/objectives as an element of a reward and reinforcement approach that supports intrapreneurship. Six of the respondents confirmed the existence of broad performance measures for the BoP business unit. Broad performance measures imply a range of measures in the performance scorecard of the business unit and measures that are not restricted to the traditional financial measures of profitability. A number of the respondents indicated performance measures are more focused on sales than profitability. This is in line with The

World Economic Forum (2009a) which suggests that organisations that operate in the BoP market need to adjust their performance metrics to focus on factors such as sales in the short term and profitability in the long term.

Rank	Findings	Frequency Count
2	Strong link between performance and reward	3

Mr. Venter from TechCo, Ms. Jacobs from MobileCo and Mr. Jones from InsureCo indicated that there was a strong link between performance and reward in their organisation. A strong link between performance and reward is regarded as an element of reward and reinforcement that supports an intrapreneurship strategy (Hisrich and Peters, 1986; Mcginnis and Verney, 1987; Hornsby *et al*, 1993).

6.2.4 CONCLUSION TO RESEARCH QUESTION 1

The findings of the research indicated that the three internal organisational factors (management support, autonomy/work discretion and reward/reinforcement) are prevalent in BoP business units but the extent to which they are prevalent vary. The findings highlighted a number of characteristics of management support, which was consistent with intrapreneurship theory, and this suggested a reasonable prevalence management support. The results also suggested a reasonable presence of autonomy/work discretion as a number of characteristics of autonomy/work discretion, as described in intrapreneurship theory, were evident in

the results. The results were limited in terms of characteristics of reward/reinforcement which suggested that there is a low prevalence of this internal organisational factor in BoP business units.

6.3 DISCUSSION OF RESULTS FOR RESEARCH QUESTION 2

Research Question 2: What are the limitations/shortcomings of the current, established internal organisational factors in supporting intrapreneurship in BoP business units?

The objective of the Research Question 2 was to establish the shortcomings/limitations of the three internal organisational factors, management support, autonomy/work discretion and reward/reinforcement in terms of supporting intrapreneurship. The results for each internal organisational factor are discussed separately and a conclusion to Research Question 2 is provided.

6.3.1 MANAGEMENT SUPPORT

The results highlighted a few shortcomings/limitations in terms of management support. The relevant findings were extracted from Chapter 5 and each finding is presented and discussed individually as follows:

Rank	Findings	Frequency Count
1	Senior Management of the organisation lack understanding and appreciation of the challenges in the BoP market	4

BoP literature suggests that the challenges in the BoP market require organisations to develop innovative business models and to be entrepreneurial when engaging the BoP market (Prahalad and Hart, 2002). If senior management does not appreciate or understand the challenges in the BoP market, they would not recognise the need to be innovative or be entrepreneurial. This in turn would limit the management support that is required for entrepreneurship within the organisation i.e. intrapreneurship.

Rank	Findings	Frequency Count
2	Senior Management of the organisation expect quick returns from the BoP business	3

The concept of quick returns was discussed in the results for Research Question 1. As indicated Hisrich and Peters (1986) suggested that management should have a long term investment horizon and this was echoed in the BoP literature which suggested that innovation is greatest when it is supported by patient capital (Simanis and Hart, 2008). The expectation of quick returns is therefore a limitation/shortcoming in terms of supporting intrapreneurship.

Rank	Findings	Frequency Count
3	Senior Management of the organisation limit the number of experiments the BoP business can undertake	2

While the results for Research Question 1 indicated that the experimentation is encouraged Mr. Smith from BankCo1 and Ms. Jacobs from MobileCo indicated that experimentation is limited to certain areas or to a certain extent. As indicated by Anderson and Billou (2007) experimentation has allowed many organisations engaging the BoP market to be successful. Encouraging experimentation is an indication of management support for intrapreneurship (Kolchin and Hyclack, 1987; Kuratko *et al*, 1990; Hornsby *et al*, 1993) and limiting the amount of experimentation that can be done implies limiting intrapreneurship.

Rank	Findings	Frequency Count
3	Lack of experienced resources in the BoP team	2

Having a team with experience and knowledge is a requirement for an intrapreneurship strategy (Hisrich and Peters, 1986 and McGinnis and Verney, 1987). One of the shortcomings that Mr. James from BankCo2 pointed out is not having a person in his team who knows the organisation and this limits their ability to navigate through organisation and draw on the resources of the organisation for development and implementation of their initiatives. The lack of experienced and knowledgeable resources is a limitation in terms of intrapreneurship.

6.3.2 AUTONOMY/WORK DISCRETION

The results highlighted a number of shortcomings in terms of autonomy/work discretion that were common across respondents. The relevant findings were extracted from Chapter 5 and each finding is presented and discussed individually as follows :

:

Rank	Findings	Frequency Count
1	The BoP business unit has to go through extensive processes and structures in the organisation to get approval for initiatives – slow decision making process	4

The respondents who listed this limitation/shortcoming are from large organisations such as BankCo1, BankCo2 and MobileCo. Mr. James from BankCo2 puts this down to the sheer size of the organisation. The slow decision making or the inability of the BoP business unit to make such decisions outside of the processes and structures of the organisation does not support intrapreneurship.

Rank	Findings	Frequency Count
1	The activities/developments of the BoP business are subjected to the traditional controls, standards and processes within the organisation	4

The respondents that have listed this shortcoming are from large organisations which have rigid standards, controls and processes and there is no relaxation in terms of these controls and processes for the BoP business initiatives. This impacts the ability of the BoP business units to develop and implement their initiatives within the organisation. Hisrich and Peters (1986) suggested that success in terms of intrapreneurship is reliant on entrepreneurial behaviour and being set apart from the structures of the organisation. In this instance the BoP business units are bound by the structures of the organisation which does not support intrapreneurship.

Rank	Findings	Frequency Count
3	The BoP business unit has a reliance on support areas in the organisation for the development of initiatives: A fight for priority and delivery with mature businesses	2

Mr. Jones from InsureCo and Mr. Smith from BankCo raised the reliance on support areas of the organisation as a shortcoming/limitation. Mr. Smith indicated that despite high costs and poor delivery he cannot outsource the functions carried out by support areas as he does not have the decision making authority. Mr. Jones indicated that they have fight for priority with mature businesses.

Rank	Findings	Frequency Count
3	Senior Management of the organisation does not tolerate	2

	mistakes to the extent required in a BoP business	
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The discussion of the results in Research Question 1 indicated that mistakes are tolerated to an extent. Two respondents, Mr. Smith from BankCo1 and Mr. Davids from BankCo2 were of the view that the organisation did not tolerate risk to the extent required which in turn limits intrapreneurship. Mr. Smith further suggested that banking executives have a limited lifespan which limit the amount of mistakes that they can make.

6.3.3 REWARD/REINFORCEMENT

The results highlighted only one limitation/shortcoming in terms of reward and reinforcement that was common across more than one respondent and it is discussed as follows:

Rank	Findings	Frequency Count
1	Subjected to the same reward system that applies across the organisation – no differentiation for the BoP business unit	4

The respondents listed this as a limitation as they were of the view that a standard reward system across all business units including the BoP business unit does not encourage a different behaviour which is required in terms of intrapreneurship.

6.3.4 CONCLUSION TO RESEARCH QUESTION 2

The results highlighted a number of shortcomings/limitations in terms of the three internal organisational factors in supporting intrapreneurship in BoP business units. In terms of management support the major shortcomings/limitations were senior managements understanding and appreciation of the challenges in the BoP market; senior management's expectation of quick returns; senior management limiting experimentation and the lack of experienced resources in the BoP team. The shortcomings/limitations for autonomy/work discretion were the approval processes and structures that the BoP business unit has to follow; the organisational controls, standards and processes that the BoP business unit is subjected to; the reliance on support areas in the organisation and the low tolerance of mistakes. There was only one common shortcoming/limitation for reward and this was around the standard reward system that is applied across the organisation.

6.4 DISCUSSION OF RESULTS FOR RESEARCH QUESTION 3

Research Question 3: What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

The objective of Research Question 3 was to establish the changes required to the three internal organisational factors, management support, autonomy/work discretion and reward/reinforcement, to further support intrapreneurship in BoP

business units. The results for each internal organisational factor are discussed separately and a conclusion to Research Question 3 is provided.

6.4.1 MANAGEMENT SUPPORT

The findings highlight a few key changes in terms of management support. The key findings were extracted from Chapter 5 and each finding is presented and discussed individually as follows:

Rank	Findings	Frequency Count
1	Senior management must facilitate support and cooperation from other areas of the organisation for BoP business initiatives	4

The BoP business units rely on resources in other areas of the organisation for support when developing the various initiatives they undertake. Providing access to resources is a key element of management support (Kuratko and Zahra, 2002; Hisrich and Peters, 1986; Hornsby *et al*, 1993) and in this instance the requirement is for senior management to facilitate the access to resources in the organisation and encourage them to support the BoP business unit. The respondents indicated that this change will further support intrapreneurship.

Rank	Findings	Frequency Count
2	Senior Management of the organisation must encourage more experimentation and risk taking	3

In the results for Research Question 2 the limitation on experimentation was listed a shortcoming in terms of management support. Three respondents suggested the need for the senior management to encourage more experimentation and risk taking and all three respondents were from the financial services sector. Mr. Smith from BankCo1 suggested that senior management should allow a portfolio approach whereby multiple initiatives can be investigated at the same time and the best ones taken forward. The respondents were of the opinion that encouraging more experimentation will support intrapreneurship.

Rank	Findings	Frequency Count
3	Senior Management must improve their knowledge and understanding of the BoP business	2

In the discussion of results for Research Question 1 the need for senior management to improve their knowledge and understanding of the BoP business was discussed. The basic principle was that a better understanding of the BoP business will enhance senior managements support for intrapreneurship in the BoP business.

Rank	Findings	Frequency Count
3	The BoP team must have the people with the right knowledge and experience	2

The lack of an experienced and knowledgeable team was mentioned as a limitation/shortcoming in the discussion of the results for Research Question 1. The respondents are therefore suggesting that management must ensure that the team has the right experience and knowledge. Mr. James from BankCo2 suggested that the team must have a blend of experience and knowledge in innovation, about the BoP business and about the capabilities of the organisation. The intrapreneurship (Hisrich and Peters, 1986; McGinnis and Verney, 1987) suggests the need for an experienced team to support an intrapreneurship strategy.

6.4.2 AUTONOMY/WORK DISCRETION

The findings highlight two changes in terms of autonomy/work discretion, which are shared by more than one respondent. These findings were extracted from Chapter 5 and are discussed individually as below:

Rank	Findings	Frequency Count
1	The BoP business unit should operate separate to the organisation and independently from the organisation	2

Prahalad (2005) suggested that organisations need to make structural changes to capitalise on the innovation in the BoP. Two respondents, Mr. Smith from BankCo1 and Mr. Davids from BankCo2 indicated that the BoP business units should operate separately and independent from the organisation. This change is effectively a means of getting away from the organisational controls and the reliance on organisational resource which implies more autonomy to progress the BoP business. More autonomy would be supportive in terms of intrapreneurship.

Rank	Findings	Frequency Count
1	The BoP business unit must be exempt from the organisational processes and controls or the processes and controls must be adapted for the BoP business	2

Prahalad (2005) suggested that organisations engaging the BoP market cannot adopt the same management processes that they apply in their traditional markets. This change, recommended by the two respondents from BankCo2 is in support of Prahalad's view. The change may be organisation specific given that both respondents were from the same organisation.

6.4.3 REWARD/REINFORCEMENT

The findings highlight five changes that are suggested by more than one respondent. The findings were extracted from Chapter 5 and each finding is presented and discussed individually as follows:

Rank	Findings	Frequency Count
1	A reward system that supports a share in profits like a venture capital reward system	2

Mr. Jones from InsureCo and Mr. Smith from BankCo were the respondents who suggested that a venture capital reward system should be considered for the BoP business units. They suggested that this reward system will encourage the BoP team to take more risks and be more innovative, and will further support intrapreneurship.

Rank	Findings	Frequency Count
1	A reward system that encourages risk taking	2

The two respondents indicated that a reward system that encourages risk taking would be more supportive in terms of intrapreneurship.

Rank	Findings	Frequency Count
1	A reward system that encourages innovation	2

The two respondents indicated that a reward system that encourages innovation would be more supportive in terms of intrapreneurship. This is line with

intrapreneurship theory (McGinnis and Verney, 1987; Hornsby *et al*, 1993; Scheepers *et al*, 2008)

Rank	Findings	Frequency Count
1	A reward system that is based more on business unit performance than organisational performance	2

The two respondents who suggested this change were Mr. Davids from BankCo and Ms Jacobs from MobileCo. They suggested that their BoP business units performed better than the wider organisation however they were subjected to the same reward as other business units who did not perform at the same level. They intimated that a change in the reward system as suggested would further support intrapreneurship in the BoP business unit.

Rank	Findings	Frequency Count
1	The performance criteria for a BoP business unit should be different from other businesses in the organisation	2

World Economic Forum (2009a) suggested that organisations cannot apply their standard performance metrics for BoP business units. Two of the respondents have indicated that the organisation needs to put in place performance metrics that are specific to the BoP business and different from that applied in other business units of the organisation.

6.4.4 CONCLUSION TO RESEARCH QUESTION 3

The findings suggested a number of changes to the three internal organisational factors that will further support intrapreneurship in BoP business units. The key changes in terms of management support were senior management to facilitate support and cooperation from other areas of the organisation; senior management to encourage more experimentation and risk taking; senior management to improve their knowledge and understanding of the BoP business and having experienced and knowledgeable resources in the BoP team. There were only two changes suggested in term of autonomy, operating the BoP business separately and independently from the organisation and the relaxation of organisational controls and processes applied to the BoP business unit or exemption from organisational controls and processes. The recommended changes to reward and reinforcement were a move to a venture capitalist reward system; a reward system that encourages risk taking and innovation; a reward system based more on business unit performance than organisation performance and performance criteria that are specific to the BoP business.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This chapter will provide a background to the research problem and objective; highlight the main findings from the research; provide recommendations to business; indicate the limitations of the research and highlight implications for future research.

7.2 RESEARCH BACKGROUND AND OBJECTIVES

The Base of the Pyramid (BoP) represents an untapped market and an opportunity for companies to grow their revenue. However the BoP has specific challenges which require companies to be innovative and have an entrepreneurial orientation to achieve success in the BoP market (Prahalad and Hammond, 2002). Entrepreneurship within an existing organisation is referred to as intrapreneurship (Antoncic and Hisrich, 2003). An intrapreneurship strategy requires the existence of certain internal organisational factors.

The objective of this research report was to establish if the internal organisational factors that support intrapreneurship are prevalent in BoP business units, to establish the limitations/shortcomings that the BoP business units have in terms of these internal organisation factors and the changes that are required to the internal

organisational factors to further support intrapreneurship. A review of intrapreneurship literature highlighted three internal organisational factors that were fundamental in supporting an intrapreneurship strategy, management support, autonomy/work discretion and reward/reinforcement. This research was focussed on the three internal organisational factors as identified from literature

7.3 MAIN FINDINGS

Eight indepth, expert interviews, were conducted with senior resources from BoP business units to obtain perspectives on how the three internal organisational factors are exhibited in a BoP business unit, the challenges that the BoP business units have in terms of the three internal organisational factors, and the changes required thereto to further support intrapreneurship.

The research has found that the three internal organisational factors are prevalent in BoP business units however the extent to which they exist vary. The findings suggested a reasonable prevalence of management support in BoP business units. This was most notably illustrated by the priority and focuses that senior management places on the BoP business unit, the provision of funding/capital for initiatives of the BoP business unit and senior management encouragement for experimentation. Similarly the findings suggested a reasonable prevalence of autonomy/work discretion. This was most notably illustrated by the tolerance of mistakes in the BoP business and the latitude that the BoP business has in terms

of decision making. The findings for reward/reinforcement highlighted only one characteristic of significance, broad performance goals, which indicated that there was a low prevalence of reward and reinforcement in BoP business units.

The research highlighted a number of shortcomings/limitations of the three internal organisational factors insofar as they supported intrapreneurship in BoP business units. The top two limitations/shortcomings in terms of management support were senior management's lack of understanding and appreciation of the BoP business and senior management's expectation for quick returns. In terms of autonomy/work the top two limitations were the extensive approval process and structure that BoP initiatives were subjected to and the organisational standards, controls and processes that the BoP initiatives had to adhere to. The research highlighted only one significant limitation in terms of reward/reinforcement and this related to the lack of differentiation in the reward system.

The research highlighted a number changes required to the three internal organisational factors. The need for senior management to facilitate support and cooperation from other areas of the organisation and for senior management to encourage more experimentation and risk taking in the BoP business were the top two changes required in terms of management support. The key changes in terms of autonomy/work discretion were around the BoP business unit operating separately and independent from the organisation and the need for BoP business

unit to be exempt from the organisational controls and processes or for the organisational controls and processes adapted for the BoP business unit.

7.4 RECOMMENDATIONS TO BUSINESS

The challenges in the BoP require organisations to adopt innovative business models to attain success in the BoP market. The organisational structures appear to be inhibiting the BoP businesses from developing the innovative business models that are required, particularly in large organisations where it is difficult to operate differently. As a result the BoP businesses appear to be making incremental advances as opposed to the radical changes that are required.

Organisations have to develop a structure that allows the BoP business unit with the capacity and freedom to come up with innovative business models. Running the BoP business as a lab, as is the case with DairyCo or like a research and development initiative as suggested by Simanis and Hart (2008) should be considered. This will allow the BoP business the freedom and capacity to do things differently and not be confined or restricted as is currently the case in most organisations. Within this structure the BoP business must be given the opportunity to develop and grow and at an appropriate stage it can be integrated into the wider organisation. This is perhaps similar to an incubation process, but that is essentially what needs to be done to get a different result.

One of the respondents suggested an internal marketing and promotion exercise to overcome the boundaries that the BoP business comes up against when engaging other areas of the organisation for support. He suggested that the other areas in the organisation do not recognise the merits of the business and by undertaking the internal marketing and promotion exercise he educates the support areas and finds that the understanding and support is more forthcoming. This is certainly an idea worth considering.

Finally during the research process it was evident that organisations participating in the BoP market do not collaborate. Given the challenges that are prevalent in the BoP market and the resources and time required to make a success in the market collaboration with other players should be strongly considered. It provides access to another pool of knowledge and experience which should be welcomed considering the challenges in the BoP market and it could lead to joint developments which imply less capital investment and less risk.

7.5 LIMITATIONS OF THE RESEARCH

The research was exploratory in nature and was conducted using a qualitative research methodology which gave rise to the following limitations:

- The research was based on a limited number of interviews from individuals in three industry sectors and was therefore not fully representative of the

population. This inhibits the ability to project these findings beyond the sample.

- The use of a non standardised approach to conduct the interviews could have introduced interviewer or interviewee bias
- Four of the eight respondents were from the financial services industry which could present a bias in the results towards the financial services industry
- The researcher was not formerly trained in terms of techniques used to conduct the study

Lastly the scope of the research was limited to three internal organisational that support intrapreneurship which precluded other internal organisational factors that could have been more relevant in a BoP context

7.6 IMPLICATIONS FOR FUTURE RESEARCH

This research was limited to three internal organisational factors that support intrapreneurship in a BoP context. The study could be extended to include other internal organisational factors suggested in intrapreneurship literature such as time/resources and organisational boundaries.

The sample size of the study was small and it was restricted to respondents in three industry sectors. A further study could increase the sample size and be

extended to respondents from other industry sectors to obtain a broader perspective.

The case study approach, using multiple sources of information may be a more appropriate method to conduct the study given that the objective of the study was to establish how the relevant factors exhibit themselves within a business unit in an organisation.

Lastly, two of the respondents indicated that the BoP business units performed better than the other business units in the organisation. It would be interesting to understand why the BoP business units performed better than the other business units.

7.7 CONCLUSION

This research set out to establish if the internal organisational factors that support an intrapreneurship strategy are prevalent in BoP business units; the limitations/shortcomings of the internal organisational factors in supporting intrapreneurship and the changes required to these internal organisation factors to further support intrapreneurship.

The research was focussed on three internal organisational factors (management support, autonomy/work discretion and reward/reinforcement) and the findings

confirmed the prevalence of these internal organisational factors in BoP business units, highlighted the limitations/shortcomings and the changes required to further support intrapreneurship. The results fulfilled the objectives of the research and in doing so contributed to the body of knowledge on intrapreneurship and BoP, in a South African context.

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APPENDICES

APPENDIX A: LIST OF INTERVIEW PARTICIPANTS

<u>Name of Respondent</u>	<u>Company Name</u>	<u>Sector</u>	<u>Role/Responsibility</u>
Mr. Jones	InsureCo	Financial Services	Head of BoP Business Unit
Mr. Smith	BankCo1	Financial Services	Head of BoP Business Unit
Mr. Davids	BankCo2	Financial Services	BoP Strategy: BoP 1 Business unit
Mr. James	BankCo2	Financial Services	Head of BoP 2 Business Unit
Mrs. Kruger	DairyCo	Food and Beverage	Head of BoP Business Unit
Mr. Adam	FoodCo	Food and Beverage	Marketing and Strategy for BoP Business Unit
Ms. Jacobs	MobileCo	Telecommunications	Marketing and Segment Strategy for BoP Business Unit
Mr. Venter	TechCo	Telecommunications	Head of BoP Business Unit

APPENDIC B: INTERVIEW GUIDE

General questions (10 minutes)

- 1) Does your business unit engage the BoP market as customers, a source of employees, distributors or suppliers?
- 2) How long has the business unit been in existence?
- 3) How big is your business unit in terms of the number of employees?
- 4) Is your business unit a “for profit” business?
- 5) Is your business unit profitable?
- 6) How long did it take for the business to turn a profit, i.e. the time in years since inception?

Themes and related questions (60 minutes)

Management support for intrapreneurship

BoP business unit

- 1) Does senior management in the organisation encourage and support innovation in your business unit? How do they demonstrate their support and encouragement?
- 2) On what basis does senior management in the organisation approve and allocate funding for initiatives in your business unit?
- 3) What do you see as the limitations and shortcomings of senior management’s support for innovation in your business unit?
- 4) How can senior management improve their encouragement and support for innovation in your business unit?

Within the BoP business unit

- 5) How do you and your management team encourage and support innovation in the business unit?
- 6) How do you prioritise, approve and finance ideas/initiatives in your business unit?
- 7) What do you view as limitations or shortcomings in your management team’s ability to encourage and support innovation in the business unit?
- 8) How can you and your management team enhance encouragement and support for innovation in your business unit?

Autonomy/work discretion

BoP business unit

- 9) What discretion does your business unit have in terms of the initiatives and risk you take on?
- 10) Is your business unit subjected to the decision-making processes and structures that exist in the wider organisation? If yes, how does this impact the length of time taken to make decisions?
- 11) How does the organisation deal with mistakes made by your business unit?
- 12) What are limitations/restrictions that the organisation places on your business unit in terms of the risk and initiatives you undertake?
- 13) Can the organisation give your business unit more discretion to operate? How?

Within the BoP business unit

- 14) What discretion do employees have in terms of when and how they execute their responsibilities?
- 15) What are the process and structures for decision making in your business unit and how does this affect the length of time to make decisions?
- 16) How do you and your management team deal with mistakes made by employees?
- 17) What are the constraints and limitations placed on employees in the context of when and how they execute their responsibilities?
- 18) How can you provide employees with more discretion and control over their responsibilities?

Rewards and reinforcement

BoP business unit

- 19) What criteria does the organisation use to measure performance of your business unit?
- 20) What is the general time frame for business unit goals/objectives as set by the organisation?
- 21) How does the reward system for your business unit compare to the rest of the organisation?
- 22) What are the key limitations/constraints of the performance and reward systems of your business unit in terms of stimulating intrapreneurship?
- 23) How can the organisation improve the performance and reward systems for your business unit to stimulate intrapreneurship?

Within the business unit

- 24) What are the performance measures and standards for employees in your business unit?
- 25) What is the general time frame for goals/objectives in your business unit as defined by you and your management team?
- 26) What are the circumstances that lead to employee recognition and reward?

- 27) Do you have any specific challenges in recognising and rewarding employees in your business unit? Explain.
- 28) How can your business unit improve the performance measurement and reward system applicable to employees to stimulate intrapreneurship?

APPENDIX C: LIST OF CHARACTERISTICS WITH REFERENCES

Management Support

Description of Characteristics	Literature Reference
Management promotes and supports intrapreneurship strategy	Kuratko and Zahra (2002); Kuratko (2005)
Management championing of innovative ideas	Kuratko and Zahra (2002); Hisrich and Peters (1986); Kuratko <i>et al</i> (1990); Hornsby <i>et al</i> (1993); Kuratko <i>et al</i> (2002) Kuratko (2005); Scheepers (2008)
Management providing the necessary financial and human resources	Kuratko and Zahra (2002); Hisrich and Peters (1986); Hornsby <i>et al</i> (1993); Kuratko <i>et al</i> (2002); Kuratko (2005)
Management encouraging generation of ideas	Hisrich and Peters (1986); Kuratko <i>et al</i> (1990); Scheepers <i>et al</i> (2008)
Management creates a team with diverse experience and knowledge Management experience with innovation	Hisrich and Peters (1986); Mcginnis and Verney (1987) Hisrich and Peters (1986); Kuratko <i>et al</i> (1990)
Management encouraging risk taking and experimentation	Hisrich and Peters (1986); Kolchin and Hyclack (1987); Kuratko <i>et al</i> (1990); Hornsby <i>et al</i> (1993)
Management creates an enabling process and environment for development of initiatives	Hisrich and Peters (1986); Kuratko <i>et al</i> (1990); Kuratko <i>et al</i> (2002)

Autonomy

Description of Characteristics	Literature Reference
Employees are encouraged to make decisions about their work process	Ireland <i>et al</i> (2009) Kuratko and Zahra (2002); Scheepers <i>et al</i> (2008); Kuratko (2005); Hornsby <i>et al</i> (1993);
Management is tolerant of failure/mistakes	Kuratko and Zahra (2002); Hisrich and Peters (1986); Kuratko <i>et al</i> (1990); Hornsby <i>et al</i> (1993); Kuratko <i>et al</i> (2002); Scheepers <i>et al</i> (2008); Kuratko (2005)
The teams has freedom from excessive oversight	Kuratko and Zahra (2002); Kuratko (2005)
Management delegates authority and	Kuratko and Zahra (2002);

responsibility	Scheepers <i>et al</i> (2008); Kuratko (2005)
Management encourages risk taking and experimentation	Hisrich and Peters (1986); Kuratko <i>et al</i> (2002)
	Hornsby <i>et al</i> (1993); Kuratko <i>et al</i> (2002)

Reward and Reinforcement

Description of Characteristics	Literature Reference
Reward based on achievement; completion of initiatives/achievement of objectives	Hisrich and Peters (1986); Chisholm (1987); Kuratko (2005)
Strong link between performance and reward	Hisrich and Peters (1986); Mcginnis and Verney (1987); Hornsby <i>et al</i> (1993); Kuratko <i>et al</i> (2002); Scheepers <i>et al</i> (2003); Kuratko (2005)
Broad performance measures/goals in place	Hisrich and Peters (1986); Mcginnis & Verney (1987)
Reward and recognise innovation and idea generation Increasing responsibility of employees	Mcginnis & Verney (1987); Hornsby <i>et al</i> (1993); Scheepers <i>et al</i> (2003) Hornsby <i>et al</i> (1993); Scheepers <i>et al</i> (2003)
Reward system that encourages challenging work	Hornsby <i>et al</i> (1993); Kuratko (2005)

APPENDIX D: FINDINGS FROM INDIVIDUAL INTERVIEWS

Mr. Jones - InsureCo

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior management places priority and focus on the BoP Business
	Senior Management provides capital/funding for BoP business initiatives
	Senior management supports BoP business strategy
	Management of the BoP business unit sponsors/champions ideas generated in the business unit
	Management of the BoP business unit understands and has experience in the BoP market and innovation
	Management of the BOP business unit encourages innovation in certain areas
	Senior Management encourages experimentation within certain areas
Autonomy/ Work Discretion	Senior Management provides BoP business unit with a degree of latitude to make decisions; Management of BoP Business Unit provides team with a degree of latitude to make decisions
	Senior management of the organisation and management of the BoP business unit is tolerant of mistakes/failures
	Management in the BoP business unit delegate responsibility to the team
	Small team which allows for flexibility and quick decision making
	Management of the BoP business unit delegates responsibility
Reward/ Reinforcement	Broad performance criteria: Sales, no. of customers, premium flow, implementation of initiatives, and profitability to a smaller extent
	Strong link between performance and reward

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior management lack understanding and appreciation of the peculiarities in the BoP Business
	Elements of senior management expect quicker return on investment
	BoP team lacks operational and technology experience
Autonomy/ Work Discretion	Senior Management imposes certain controls to limit reputational risk
	Increased Oversight on the BoP business unit due to the impact of the financial crisis. BoP team has junior people who lack experience and therefore require more oversight
	The financial performance of the business unit limits the autonomy that can be given to members of the team
	Reliance on other areas of the organisation for development/implementation of initiatives: a fight for priority and delivery
Reward/ Reinforcement	Subjected to the same reward system that apply across the organisation – no differentiation

What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Elements of senior management must alter their expected timelines for returns
	Senior management needs to encourage more experimentation
Autonomy	Management of BoP business unit can delegate more responsibility
Reward/ Reinforcement	A reward system that encourages innovation and risk taking
	A reward system that recognises significant achievements and encourages challenging work
	A system that provides a share in profits, like a venture capitalist company.

Mr. Smith – BankCo1

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior management places priority and focus on BoP business
	Senior Management provides funding/capital for the BoP business initiatives
	Senior Management are patient for returns
	Senior management facilitates access to resources in and outside the organisation
	Senior Management encourages experimentation to an extent
	Management of BoP business unit encourages experimentation in certain areas
Autonomy/ Work Discretion	The BoP business unit was allowed the freedom to decide the initiatives they wanted to undertake in the initial stages
	Senior Management of the organisation and Management of the BoP business unit tolerates mistakes
	Management of BoP business unit has moderate to low oversight on the team
Reward/ Reinforcement	Broad Performance Criteria: Financial measures including business growth, number of clients as well as qualitative measures
	Management of BoP business unit reward achievement/completion of initiatives
	Performers in BoP team are given more responsibility and more challenging work
	Non Financial recognition for good performance in BoP business unit

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management limit the amount of experimentation that can be undertaken by the BoP Business unit
	Senior Management lack an understanding and appreciation of the peculiarities of the BoP business
	The BoP business is focussing on building capability and the focus results in less space for new ideas/innovation
	Senior Management persist with throwing money at bad ideas
Autonomy/ Work Discretion	Reliance on other areas of the organisation for development/implementation of initiatives: a fight for priority and delivery

	The BoP Business unit is subjected to controls imposed by other areas of the organisation
	The BoP business unit has to go through numerous processes and structures to get approval for initiatives
	Banking executives have limited life spans which discourage mistakes/failure
Reward/ Reinforcement	Subjected to the same reward system that apply across the organisation – no differentiation

What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management should allow the BoP Business to undertake more experiments – encourage a portfolio management approach which suggests that the BoP business runs with a number of initiatives at the same time, pick the best one and take it forward
	BoP business unit management to create an environment that allows the team to engage with each other and stakeholders in the Bank to discuss ideas and developments
	Senior Management must accept losses on bad ideas and not persist with throwing more money to make it work
Autonomy/ Work Discretion	Run the BoP business unit separate and independent from the processes and structures of the Bank, like a venture capital investment
	Senior Management must except losses on bad ideas and not persist with throwing money to make it work
Reward/ Reinforcement	Apply a venture capitalist reward system, basic plus share in profits, no bonus.

Mr. Davids – BankCo2

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management provides capital/funding for BoP business initiatives
	Management of the BoP business unit encourage innovation Management of the BoP business unit encourages the team to bring ideas forward and has the environment to discuss and present ideas
	The BoP team has been provided with training on creative thinking and innovation
	The BoP Management encourage experimentation and risk taking
	Senior Management facilitates access to resources in the organisation
	Senior Management supports BoP strategy and gives the BoP business time and priority
Autonomy/ Work Discretion	Senior Management of the organisation and management of the BoP team are tolerant of Mistakes/Failure to an extent
	The BoP team is small and has a flat structure which allows for quick decision making
Reward/ Reinforcement	Broad performance criteria: Financial and non financial

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Criteria to obtain approval for capital/funding of BoP initiatives is the same as that for other business units
	Senior Management expect quick returns on investment
Autonomy/ Work Discretion	The BoP business unit has to go through extensive processes and structures to get approval for initiatives – slow decision making process
	Senior Management does not support/encourage mistakes/failure to the extent required in a BoP business unit
	Implementation of BoP initiatives in the organisation requires adherence to the standards, controls and process applicable to mature businesses – No flexibility in organisational standards, controls and processes
	BoP team has to adhere to standard process in organisation in terms of how they go about doing their work within the team

Reward/ Reinforcement	Subjected to the same reward system that applies across the organisation – no differentiation
	Narrow performance criteria: predominantly financial and at similar levels as mature businesses in the organisation
	The link between performance and reward for the BoP business unit is not strong due to incorrect performance criteria

What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management needs to have a higher tolerance level for risk taking
	Senior Management needs to encourage support areas to relax the standard process and controls applied to the BoP business unit
	Criteria for allocation capital/funding for BoP business initiatives should be different from that of other businesses
Autonomy/ Work Discretion	The BoP business unit should operate as business that is separate and independent from the organisation The BoP business unit must be exempt from standard organisational processes and controls
Reward/ Reinforcement	Performance criteria should include measures to encourage innovation
	The performance criteria for the BoP business unit should be different from that of other business units in the organisation
	Reward system has to cater for higher levels of risk and failure in the BoP business
	A decrease in the link between reward and organisational performance – reward should be based more on the BoP business unit performance

Mr. James – BankCo2

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management facilitates support from other areas of the organisation for the development of BoP initiatives
	Senior Management provides capital/funding for BoP business initiatives
	Senior Management support BoP strategy and provide the BoP business with the necessary priority and focus
	The BoP team has dedicated time and forums to present and discuss ideas
	The leadership of BoP team is extremely experienced in the BoP business and innovation
	Senior management of the organisation and management of the BoP business unit encourages experimentation
	Senior management is patient for return on investment
	Senior Management places priority/focus on the BoP business
Autonomy/ Work Discretion	The BoP team has full discretion/decision making in terms of building the model for the BoP business
	Senior Management of the organisation and management of the BoP business unit is tolerant of mistakes in certain stages of the business
	Decision are made quickly within the BoP business unit making within team is quick
Reward/ Reinforcement	Broad performance criteria: based on achieving objectives, completing initiatives and to a lesser extent on financials
	The organisation has a specific reward/incentive program for innovation
	The reward system is flexible and allows for rewards outside the general reward program

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	The BoP team does not have experienced resources who understand how the organisation operates
Autonomy/ Work Discretion	Implementation of BoP initiatives in the organisation requires adherence to the standards, controls and process applicable to mature businesses – No flexibility in organisational standards,

	controls and processes
	The BoP business unit has to go through extensive processes and structures to get approval for initiatives – slow decision making process
Reward/ Reinforcement	Performance criteria of new business units has a high weighted in terms of numbers/financials for the first two years

What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management to develop a better understanding of the BoP business
	BoP Management must develop a team with knowledge and experience in innovation and an understanding of how the organisation operates
Autonomy/ Work Discretion Reward/ Reinforcement	Support areas in the bank need to adjust their traditional standards and processes for BoP initiatives
	A relaxation on the financial performance criteria for the first two years of a new business
	Change the individual performance measurement criteria for members of the BoP business unit to include a component for team performance

Mrs. Kruger – DairyCo

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management reinforces the BoP strategy through out the organisation
	Senior Management places priority/focus on the BoP business Senior Management encourages and incentivise employees to spend time in labs, to develop ideas and implement them
	Senior Management supports and encourages experimentation
	Senior Management provides capital/funding for BoP business initiatives
	Senior management ensures that the people with the right experience and expertise and passion are employed in the BoP business unit
Autonomy/ Work Discretion	The BoP business unit has freedom to decide what they do and how they go about meeting the objectives set for the BoP business unit
	Senior Management tolerates failures/mistakes in the BoP business unit
Reward/ Reinforcement	Broad Performance Criteria: Volume, profitability, completion of initiatives

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management lack experience and understanding of the local BoP market
Autonomy/ Work Discretion	None
Reward/ Reinforcement	None

What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management to encourage other areas of the organisation to collaborate with the BoP business unit
	Senior Management should delegate full responsibility for running the BoP business to the local team
Autonomy/ Work Discretion	None
Reward/ Reinforcement	None

Mr. Adam – FoodCo

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management supports the BoP strategy and reinforces it in the organisation
	Senior Management provides capital/funding for BoP business initiatives
	Senior Management supports experimentation in the BoP business
Autonomy/ Work Discretion	The BoP team has the authority to decide what they do and how they go about meeting the objectives for the BoP market
	Senior Management is tolerant of mistakes/failures made in the BoP business
Reward/ Reinforcement	Broad Performance Criteria: Emphasis on developing the BoP business/strategy

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management expect quick returns in the BoP market
	Senior Management are concerned about the margin and brand erosion that will result in engaging the BoP market
Autonomy/ Work Discretion	None
Reward/ Reinforcement	The performance criteria for developing the BoP business has a low weighting in terms of overall performance

What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior management to facilitate support and alignment of other areas in the organisation
	The BoP business needs to acquire the right people (skills, experience and passion) to drive the strategy in the BoP market
	The BoP business must operate as a separate business unit with dedicated resources
Autonomy/	None



Work Discretion	
Reward/ Reinforcement	Performance Criteria for the BoP business unit should be different from other areas of the organisation: Should focus largely on volume sold with a lesser focus on the percentage margin made

Ms. Jacobs – MobileCo

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management provides capital/funding BoP business initiatives
	Senior Management places priority/focus on the BoP business The BoP team is allowed time team members to research and investigate new initiatives
	The Management of the BoP business unit encourages experimentation in certain areas
Autonomy/ Work Discretion	The BoP business unit is allowed to make decisions on initiatives that lead to achieving their objectives; however initiatives that require investment need senior management approval.
	Senior Management and BoP business unit share accountability for initiatives undertaken
Reward/ Reinforcement	Innovation is a performance criteria
	Strong link between performance and reward at an organisational level

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management lack understanding and appreciation of the BoP business
	Experimentation in terms of process and product is limited/restricted due to the set ways and established products
Autonomy/ Work Discretion	The BoP business unit has to go through extensive processes and structure to get approval for certain initiatives which negatively impacts the timeline for development and implementation of initiatives
Reward/ Reinforcement	Subjected to the same reward system that apply across the organisation – no differentiation

What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management can facilitate dialogue and integration between the various business units in MobileCo including the

	BoP business unit
	Senior Management must improve their understanding of the BoP business to enable them to make decisions quicker and avoid the excessive work that has to be done by the BoP business unit to get the decision
Autonomy/ Work Discretion	The prioritisation process for initiatives in MobileCo should be more flexible to allow for urgent developments to be put ahead of the development queue
Reward/ Reinforcement	Rewards should be aligned to the contribution that the business unit makes to the organisation

Mr. Venter – TechCo

Are internal organisational factors that support intrapreneurship prevalent in BoP business units and to what extent?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior management are entrepreneurs and have extensive expertise and experience in terms of innovation
	Senior Management promotes a culture of innovation Senior management places priority and focus on BoP business
	Senior Management of the organisation and management of the BoP business unit has the necessary forums where ideas can be discussed/presented
	The BoP team is allowed time in market research and investigate new initiatives
	Senior Management and Management of the BoP team allow experimentation
Autonomy/ Work Discretion	The BoP Business unit has decision making authority up to a certain threshold.
	Members of the BoP team have the ability to decide and how and what they need to do to deliver on agreed objectives Decision making process is quick due to the access and availability of management
	Senior Management and management within the BoP business unit are tolerant of mistakes/failures and see it as a learning process
	Decisions are made as a collective and the BoP business and senior management takes accountability for the success or failure of initiatives
Reward/ Reinforcement	Strong link between performance and reward at an organisational level

What are the limitations/shortcomings of the current/ established internal organisational factors in supporting intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Access to capital/funding for new initiatives is limited due to the impact of the financial crisis
Autonomy/ Work Discretion	None
Reward/ Reinforcement	Primarily financial, no criteria on innovation
	The reward system does not reward innovation or individual

	performance
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What changes are required to these internal organisational factors to support intrapreneurship in BoP business units?

<u>Theme</u>	<u>Findings</u>
Management Support	Senior Management need to facilitate access to capital/funding for new initiatives and capacity building
Autonomy/ Work Discretion	None
Reward/ Reinforcement	Institute a reward system that rewards innovation and individual performance