

**ENTREPRENEURSHIP'S CONTRIBUTION TO  
THE SUCCESS OF DEREGULATED  
ELECTRICITY UTILITIES.**

BY

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## The degree PhD: Entrepreneurship

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William George Harwood Dykman was born in Nigel on 7 January 1953. He matriculated in 1970 at The Middelburg High School in the then Eastern Transvaal. In 1982 he completed the B.Eng. (Electrical) degree at the University of Pretoria. In 1989 he completed a Master in Business Leadership (MBL) at the University of South Africa (UNISA). He worked for 17 years in various middle- and top management positions at Verwoerdburg – and Pretoria City Councils. Since 2001 he is the Manager: Energy Business for the City of Tshwane Metropolitan Municipality.

In his thesis entitled '**Entrepreneurship's contribution to the success of deregulated electricity utilities**' the promovenda's researched the entrepreneurial orientation and its impact on South African Electricity Distribution Organizations' success. By means of a comprehensive empirical study, making use of descriptive analysis, factor analysis, and analysis of variance, the candidate provides sufficient proof that the South African Electricity Distribution Organizations can, in general, not be classified as being entrepreneurial. Given the excellent results of the Cronbach Alpha and Factor Analysis, the instrument developed proved to be reliable and valid and could be used for similar studies. Correlation between constructs influencing corporate entrepreneurship is identified and recommendations made. It was found that the strategy of the organizations to be entrepreneurial is interrelated with the demographic variables of organizational structure, business experience, reward systems, and business area. It is recommended that these factors receive priority attention during the development of a South African programme to develop entrepreneurship within the South African Distribution Organizations. The framework and recommendations makes a contribution to the body of knowledge on this subject, especially with regards to the state – and municipal controlled electricity departments in South Africa.

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## ABSTRACT

Against the background of the Report on the restructuring of the electricity distribution industry in South Africa, indicating that some of the, to be formed, Regional Electricity Distributors may find it difficult to be viable, it was suggested that the promotion of entrepreneurship within the distributors will enhance performance.

Stemming from this general suggestion, the following questions for the purpose of this thesis evolved:

- Can corporate electricity utilities be seen as “normal” corporate business or should it be seen as ‘monopolistic organizations’?
- Will corporate entrepreneurs jeopardize or enhance the availability and affordability of the organizational products, in this instance electricity supply?
- What will the implications be on the success of the utility/corporation?
- How should management promote entrepreneurship?

In the review of the related literature it was found that very little information is available on electricity utilities. However, the literature on corporate entrepreneurship was used to inform the study, as the electricity utility can be seen as one type of corporate enterprise. The literature converged on several constructs namely:

- The organizational culture and strategy
- Organizational structure
- Organizational reward systems
- Risk taking

The literature is clear on the finding that when management promoted and supported corporate entrepreneurship in these constructs, the prospect of organizational success improved dramatically.

A test instrument was designed and used to evaluate the present South African Electricity Distribution Industry, consisting of 283 Municipal Distributors and Eskom, the national distributor. From the results gained in this study it was found that the present industry differs widely in the following aspects namely:

- Distributor Size
- Performance both on service levels and finances
- Entrepreneurial orientation
- Growth
- Management

It became clear that the South African Electricity Utility environment could, in general, not be seen as being entrepreneurial in nature. This led to the conclusion that the South African Electricity utility should, in the light of international research findings on corporate entrepreneurship, develop an entrepreneurial culture as a major component of their development strategy.

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**DEDICATED TO MY DAD**

## TABLE OF CONTENTS

<b>CHAPTER 1:</b>	<b>BACKGROUND AND ORIENTATION TO THE PROBLEM</b>	<b>1</b>
1.1	INTRODUCTION	1
1.2	THE MANAGEMENT DILEMMA	3
1.3	MANAGEMENT QUESTIONS	3
1.4	RESEARCH QUESTIONS	4
1.5	RESEARCH OBJECTIVES	4
1.6	IMPORTANCE/BENEFITS OF THE STUDY	5
1.7	DESCRIPTION OF CONSTRUCTS	6
1.7.1	Corporate Entrepreneurship	6
1.7.2	Organizational Success	11
1.7.3	Organizational Demographics	11
1.8	RESEARCH DESIGN	11
1.8.1	Design	11
1.8.2	Hypotheses	12
1.9	METHODOLOGY	13
1.9.1	Measurement	13
1.10	THE STRUCTURE OF THE THESIS	15
<b>CHAPTER 2:</b>	<b>LITERATURE REVIEW: THE CLASSICAL THEORY</b>	<b>16</b>
2.1	INTRODUCTION	16
2.1.1	The Economists	16
2.1.1.1	Richard Cantillon (1680-1734)	16
2.1.1.2	Jean-Baptiste Say (1776 - 1832)	17
2.1.1.3	Joseph A Schumpeter (1883 – 1950)	17
2.1.2	The Behaviorists	17
2.1.3	Post 1980	17
2.2	THE ENTREPRENEUR IN FORMAL MODELS	18
2.3	THE PSYCHOLOGY OF THE ENTREPRENEUR	18

<b>2.4</b>	<b>ENTREPRENEURSHIP – INTRODUCTION</b>	<b>19</b>
<b>2.5</b>	<b>THE CLASSICAL ENTREPRENEUR</b>	<b>20</b>
2.5.1	Entrepreneurial personality	20
2.5.2	Entrepreneurial motivation	21
2.5.3	Creativity and Innovation	23
2.5.4	Creation, innovation and renewal within an existing organization	23
2.5.4.1	New business venturing	24
2.5.4.2	Innovativeness	25
2.5.4.3	Self-renewal	26
2.5.4.4	Proactiveness	26
2.5.5	Risk-taking	26
2.5.6	Entrepreneurial process	27
<b>2.6</b>	<b>CORPORATE ENTREPRENEURSHIP</b>	<b>30</b>
2.6.1	Corporate Entrepreneurial Orientation	30
2.6.2	Creativity and Innovation	33
2.6.3	Growth	37
2.6.4	Organizational structure	40
2.6.5	Controlling the entrepreneurial activity	43
2.6.6	Entrepreneurial culture	43
2.6.7	Creating the Venture's culture	44
2.6.8	Measuring entrepreneurial performance	46
2.6.9	Reward systems	47
<b>2.7</b>	<b>ENTREPRENEURSHIP AND MARKETING RELATIONSHIP</b>	<b>49</b>
<b>CHAPTER 3:</b>	<b>LITERATURE REVIEW: APPLIED THEORY</b>	<b>51</b>
<b>3.1</b>	<b>INTRODUCTION</b>	<b>51</b>
<b>3.2</b>	<b>CORPORATE ENTREPRENEURSHIP</b>	<b>51</b>
3.2.1	The definition and culture of utilities	51
3.2.2	Management Strategies	57
3.2.3	The role of middle management	62
3.2.4	Changing the electricity industry	65

3.2.5	Measuring Corporate Entrepreneurship	66
<b>3.3</b>	<b>THE ROLE OF ORGANIZATIONAL COMPENSATION SYSTEMS</b>	<b>66</b>
<b>3.4</b>	<b>SUCCESS</b>	<b>68</b>
<b>CHAPTER 4:</b>	<b>METHODOLOGY</b>	<b>70</b>
<b>4.1</b>	<b>INTRODUCTION</b>	<b>70</b>
<b>4.2</b>	<b>RESEARCH DESIGN</b>	<b>70</b>
4.2.1	Methodology	70
4.2.2	Hypotheses	71
4.2.3	Measurement instrument	72
4.2.3.1	Measuring Entrepreneurial Orientation	73
4.2.3.2	Measuring Success (Performance)	73
4.2.3.3	Control Variables	73
4.2.3.4	Demographics	74
4.2.3.5	Tests and expected results	74
4.2.4	Testing and implementation	75
<b>4.3</b>	<b>DATA COLLECTION</b>	<b>76</b>
<b>4.4</b>	<b>PREPARATION OF THE DATA</b>	<b>76</b>
<b>4.5</b>	<b>DATA ANALYSIS</b>	<b>79</b>
4.5.1	Reliability through Cronbach's Alpha	79
4.5.2	Factor Analysis	79
4.5.3	Testing for statistical significance	80
4.5.4	Correlation	80
4.5.5	GLM Procedure	81
<b>CHAPTER 5:</b>	<b>RESULTS AND FINDINGS</b>	<b>82</b>
<b>5.1</b>	<b>INTRODUCTION</b>	<b>82</b>
<b>5.2</b>	<b>DESCRIPTIVE STATISTICS</b>	<b>82</b>
5.2.1	Biographic variables	82
5.2.2	Demographical variables	83
5.2.3	Demographical statistics variables	84
5.2.4	Company orientation statistics	92



5.2.5	New product/service introduction statistics	103
5.2.6	Business behavioral statistics	105
5.2.7	Performance statistics	107
<b>5.3</b>	<b>FACTOR ANALYSIS</b>	<b>120</b>
5.3.1	Company Orientation	120
5.3.1.1	Reliability through Cronbach's Alpha	120
5.3.1.2	Determining the optimum number of factors	121
5.3.1.3	Naming the factors	123
5.3.1.4	Factor correlation	126
5.3.2	Satisfaction with Organizational Performance	126
5.3.2.1	Reliability through Cronbach's Alpha	126
5.3.2.2	Determining the optimum number of factors	127
5.3.2.3	Factor correlation	130
<b>5.4</b>	<b>CORRELATION</b>	<b>131</b>
5.4.1	Correlation of new product creation with management structure and reward systems	134
<b>5.5</b>	<b>ANOVA</b>	<b>136</b>
5.5.1	Entrepreneurial orientation	136
5.5.2	Non Entrepreneurial orientation	140
5.5.3	Financial success	140
5.5.4	Social success	141
<b>CHAPTER 6:</b>	<b>DISCUSSION OF FINDINGS</b>	<b>146</b>
<b>6.1</b>	<b>DESCRIPTIVE STATISTICS</b>	<b>146</b>
<b>6.2</b>	<b>FACTOR ANALYSIS AND ITEM ANALYSIS</b>	<b>147</b>
6.2.1	Company Orientation	148
6.2.2	Organisation Performance	148
6.2.3	Correlation between new product/service introduction and product uniqueness, management structures and reward systems	148
<b>6.3</b>	<b>THE RELATIONSHIP BETWEEN NON-ENTREPRENEURIAL ORIENTATION AND BIOGRAPHIC VARIABLES</b>	<b>150</b>
<b>6.4</b>	<b>THE RELATIONSHIP BETWEEN NON-ENTREPRENEURIAL ORIENTATION AND BIOGRAPHIC VARIABLES</b>	<b>150</b>

6.5	THE RELATIONSHIP BETWEEN FINANCIAL SUCCESS AND BIOGRAPHIC VARIABLES	151
6.6	THE RELATIONSHIP BETWEEN SOCIAL SUCCESS AND BIOGRAPHIC VARIABLES	151
6.7	THE RELATIONSHIP BETWEEN ENTREPRENEURIAL ORIENTATION, NON- ENTREPRENEURIAL ORIENTATION, FINANCIAL SUCCESS AND SOCIAL SUCCESS	151
6.8	EVALUATING THE MAIN HYPOTHESIS	153
6.9	LIMITATIONS OF THE CURRENT STUDY	154
6.10	DIRECTIONS FOR FUTURE RESEARCH	154
<b>CHAPTER 7:</b>	<b>CONCLUSIONS AND RECOMMENDATIONS</b>	<b>155</b>
7.1	CLASSICAL ENTREPRENEURSHIP THEORY	155
7.2	APPLIED ENTREPRENEURSHIP THEORY	155
7.3	EMPIRICAL RESEARCH	156
7.4	SUMMARY	157
7.5	RECOMMENDATIONS	158
<b>CHAPTER 8:</b>	<b>REFERENCES</b>	<b>160</b>

## LIST OF TABLES

<b>CHAPTER 1:</b>	<b>1</b>
Table 1-1	Definitions of corporate entrepreneurship / entrepreneurship 6
<b>CHAPTER 2:</b>	<b>16</b>
Table 2-1	Some key attributes of the Four Forms of Corporate Entrepreneurship 36
Table 2-1	Roles and actions of Venture Leaders 46
Table 2-3	Morris & Kuratko – Principles to guide award programmes for entrepreneurship 48
<b>CHAPTER 3:</b>	<b>51</b>
Table 3-1	Worldview of Engineers vs. Entrepreneurs 64
<b>CHAPTER 4:</b>	<b>77</b>
Table 4-1	Coding of variables 76
<b>CHAPTER 5:</b>	<b>82</b>
Table 5-1	Age of respondents 84
Table 5-2	Gender 85
Table 5-3	Level of education 86
Table 5-4	Business Area 87
Table 5-5	Work function 88
Table 5-6	Organizational position 89
Table 5-7	Years in position 90
Table 5-8	Nature of utility 91
Table 5-9	Company has a high rate of new products introduced 92
Table 5-10	Company emphasis's continuous improvement of service/product delivery 93

Table 5-11	Company key executives actively explore chancy growth opportunities - risk-taking	94
Table 5-12	Company seeks unusual solutions through idea people	95
Table 5-13	Company top management emphasises proven products and services	96
Table 5-14	Top management makes cautious adjustment to problems	97
Table 5-15	Top management practices an active search for big opportunities	98
Table 5-16	Top management has set rapid growth as the dominant goal	99
Table 5-17	Top management makes large bold decisions despite uncertainties of outcomes	100
Table 5-18	Top management compromises among conflicting demands	101
Table 5-19	Top management makes decisions with steady growth and stability as primary concerns	102
Table 5-20	Company introduced new products / services in last year	103
Table 5-21	Degree of new products/services that did not previously exist	104
Table 5-22	Company structure allows movement	105
Table 5-23	The reward system is based on:	106
Table 5-24	Organizational revenue for last financial year	107
Table 5-25	Organizational post tax profit as % of revenue for last financial year	108
Table 5-26	Post-tax profit	109
Table 5-27	Growth in revenue from previous year	110
Table 5-28:	Growth in post-tax profit from previous year	111
Table 5-29	Growth in employment from previous year	112
Table 5-30	Satisfaction with performance of profit on revenue compared to competition	113
Table 5-31	Satisfaction with performance of profit on assets compared to competition	114
Table 5-32	Satisfaction with performance of growth in revenue compared to competition	115
Table 5-33	Satisfaction with performance of growth in post-tax profit compared to competition	116

Table 5-34	Satisfaction with performance of growth in employment compared to competition	117
Table 5-35	Satisfaction with performance on environmental protection compared to competition	118
Table 5-36	Satisfaction with performance in customer satisfaction compared to competition	119
Table 5-37	Calculated Squared Multiple Correlations and Cronbach's Alpha for Company Orientation	120
Table 5-38	Eigenvalues for Company Orientation variables	121
Table 5-39	Loadings for Company Orientation variables	122
Table 5-40	Factor correlation for rotated factors	123
Table 5-41	Factor score covariance	124
Table 5-42	Calculated Squared Multiple Correlations and Cronbach's Alpha for Satisfaction with Organizational Performance	125
Table 5-43	Eigenvalues for Satisfaction with Organizational Performance	126
Table 5-44	Loadings for Satisfaction with Organizational Performance variables	127
Table 5-45	Factor correlation	128
Table 5-46	Factor score covariance	129
Table 5-47	Table of Product Uniqueness by New Products	130
Table 5-48	Table of Management Structure by New Products	131
Table 5-49	Table of Reward Systems by New Products	132
Table 5-50	Chi-Square Statistics for the Management Structure related to New Products	133
Table 5-51	Chi-square statistics for the Reward Systems related to New Products	134
Table 5.52	Analysis of variance results for Factor 1- Entrepreneurial Orientation by All Demographics and Business Behaviour	135
Table 5-53	ANOVA of the factors regarding Entrepreneurial Orientation	136
Table 5-54	Exceedence probability values for differences in Entrepreneurial Orientation between Business Areas [ $Pr >  t $ for $H_0: LSMean (i) = LSMean (j)$ ]	137

Table 5-55	Exceedence probability values for differences in Entrepreneurial Orientation between Years Experience [ $Pr >  t $ for $H_0: LS\text{Mean}(i) = LS\text{Mean}(j)$ ]	138
Table 5-56	Exceedence probability values for differences in Entrepreneurial Orientation between Management Structure (Room to move) [ $Pr >  t $ for $H_0: LS\text{Mean}(i) = LS\text{Mean}(j)$ ]	138
Table 5-57	Exceedence probability values for differences in Entrepreneurial Orientation between Reward Systems (Based on variability of outcomes) [ $Pr >  t $ for $H_0: LS\text{Mean}(i) = LS\text{Mean}(j)$ ]	139
Table 5-58	ANOVA for Non-entrepreneurial Orientation related to Demographics and Business Behaviour	140
Table 5-59	ANOVA for Financial Success related to Demographics and Business Behaviour	140
Table 5-60	Analysis of variance results for Social Success by Demographics and Business Behaviour	141
Table 5-61	ANOVA of the effects regarding Social Success	142
Table 5-62	Exceedence probability values for differences in Social Success between Qualifications [ $Pr >  t $ for $H_0: LS\text{Mean}(i) = LS\text{Mean}(j)$ ]	143
Table 5-63	Exceedence probability values for differences in Social Success between Management Structures (Room to move) [ $Pr >  t $ for $H_0: LS\text{Mean}(i) = LS\text{Mean}(j)$ ]	143
Table 5-64	Exceedence probability values for differences in Social Success between Reward Systems (Based on variability of outcomes) [ $Pr >  t $ for $H_0: LS\text{Mean}(i) = LS\text{Mean}(j)$ ]	144
Table 5-65	Pairwise Spearman Correlation for All Factors [ $N = 147$ , $Prob >  r $ under $H_0: Rho = 0$ ]	145

## LIST OF FIGURES

<b>CHAPTER 2:</b>	<b>16</b>
Figure 2-1	Bygrave's model of the entrepreneurial process (Carlock, 1994:28) 28
Figure 2-2	Olson's Entrepreneurial Process (Ulrich 1998:4) 28
Figure 2-3	Morris, Lewis and Sexton's model of Entrepreneurial Inputs and Outputs 29
Figure 2-4	Curvilinear relationship between Cost-based Strategies and Performance 30
Figure 2-5	The dynamics of growth for the entrepreneurial venture 39
<b>CHAPTER 3:</b>	<b>51</b>
Figure 3-1	Fitting corporate entrepreneurship into strategic management 61
Figure 3-2	Strategic Integration of Entrepreneurship throughout the organisation 62
<b>CHAPTER 5:</b>	<b>82</b>
Figure 5-1	Age of respondents 84
Figure 5-2	Gender 85
Figure 5-3	Level of education 86
Figure 5-4	Business area 87
Figure 5-5	Work function 88
Figure 5-6	Organizational position 89
Figure 5-7	Years in position 90
Figure 5-8	Nature of utility 91
Figure 5-9	Company has a high rate of new product introduced 92
Figure 5-10	Company emphasis's continuous improvement of service/product 93
Figure 5-11	Company key executives actively explore chancy growth opportunities - risk-taking 94

Figure 5-12	Company seeks unusual solutions through idea people	95
Figure 5-13	Company top management emphasises proven products and services	96
Figure 5-14	Top management makes cautious adjustment to problems	97
Figure 5-15	Top management practices an active search for big opportunities	98
Figure 5-16	Top management has set rapid growth as the dominant goal	99
Figure 5-17	Top management makes large bold decisions despite uncertainties of outcomes	100
Figure 5-18	Top management compromises among conflicting demands	101
Figure 5-19	Top management makes decisions with steady growth and stability as primary concerns	102
Figure 5-20	Company introduced new products / services in last year	103
Figure 5-21	Degree of new products/services that did not previously exist	104
Figure 5-22	Company structure allows movement	105
Figure 5-23	The reward system is based on:	106
Figure 5-24	Organizational revenue for last financial year	107
Figure 5-25	Organizational post tax profit as % of revenue for last financial year	108
Figure 5-26	Post-tax profit	109
Figure 5-27	Growth in revenue from previous year	110
Figure 5-28:	Growth in post-tax profit from previous year	111
Figure 5-29	Growth in employment from previous year	112
Figure 5-30	Satisfaction with performance of profit on revenue compared to competition	113
Figure 5-31	Satisfaction with performance of profit on assets compared to competition	114
Figure 5-32	Satisfaction with performance of growth in revenue compared to competition	115
Figure 5-33	Satisfaction with performance of growth in post-tax profit compared to competition	116
Figure 5-34	Satisfaction with performance of growth in employment compared to competition	117



Figure 5-35	Satisfaction with performance on environmental protection compared to competition	118
Figure 5-36	Satisfaction with performance in customer satisfaction compared to the measurement supplies consistent results	119
Figure 5-37	Scree chart of eigenvalues for Company Orientation variables	123
Figure 5-38	Scree chart of eigenvalues for Satisfaction with Organizational Performance	128