Corporate Entrepreneurship in Development Finance Institutions:

An experimental case study design

By

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Professor Jurie van Vuuren

University of Pretoria
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Thanks be to God, who I believe is the only source of complete knowledge and wisdom.

“The heart of the discerning, acquires knowledge, and
The ears of the wise, seek it out”.

“...”
Abstract

This study examines innovation and corporate entrepreneurship (I&CE) thinking and acting in Development Finance Institutions (DFIs). Based on the reviewed literature, the study supports the proposition that entrepreneurship is not limited to new ventures and that established organisations, both commercial and non-commercial, such as DFIs, can benefit from entrepreneurship principles. To demonstrate that I&CE can be fostered in DFIs, the study employed a Pre-test-Post-test Control Group True Experimental Design (OXO / Control Group), in which I&CE climate was diagnosed in an experimental DFI (O₁) and in a number of control group DFIs (O₃); a training intervention was conducted (X) on managers and senior professionals of the experimental DFI; and a post-intervention diagnosis was made to determine the effect of the training intervention (O₂). The diagnostic observations were conducted using a modification of the CEAI developed by Hornsby et al. (1990). The measurement properties of the modified instrument, herein called the ICEAI, including a factor analysis and reliability assessment, were determined. Results confirmed that five distinct corporate entrepreneurship internal organisational factors, similar to those suggested in the literature, and two additional innovation internal organisational factors, do exist. Based on how the items loaded on each factor, the CE factors were entitled: management support; work discretion; rewards/reinforcement; time availability; and organisational boundaries. The innovation factors were entitled: innovation organisational support; and innovation portfolio management.

From a DFI managerial perspective, the results of the experiment indicate: that the ICEAI can be a useful tool in diagnosing the innovation and corporate entrepreneurship environment in DFIs; that the training intervention used in the study yields overall statistically significant improvements in all but two constructs of I&CE; that ICEAI can be a useful tool in identifying categories of employees (i.e. those with ‘longer’ experience and ‘higher’ education) with whom I&CE training is less likely to succeed, or should be applied in a more focused way or using different strategies; that after the training intervention of the leadership group in the experimental DFI, there was a notable increase in developed and approved new venture plans, indicating that organisational leaders can be change agents for I&CE.
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
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<td>CE</td>
<td>Corporate Entrepreneurship</td>
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<tr>
<td>CEFMO</td>
<td>Corporate Entrepreneurship Flexibility Market Orientation</td>
</tr>
<tr>
<td>DBSA</td>
<td>Development Bank of Southern Africa</td>
</tr>
<tr>
<td>DFIs</td>
<td>Development Finance Institutions</td>
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<tr>
<td>EI</td>
<td>Entrepreneurial Intensity</td>
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<td>EO</td>
<td>Entrepreneurial Orientation</td>
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<tr>
<td>Exco</td>
<td>Executive Committee</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GBEs</td>
<td>Government Business Enterprises</td>
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<td>I&amp;CE</td>
<td>Innovation and Corporate Entrepreneurship</td>
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<td>ICEAI</td>
<td>Innovation Corporate Entrepreneurship Assessment Instrument</td>
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<td>KM</td>
<td>Knowledge Management</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>Nepad</td>
<td>New Partnership for Africa’s Development</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-Operation and Development</td>
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<tr>
<td>OXO</td>
<td>Observation Experimentation Observation</td>
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<td>O₁</td>
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SADC  Southern African Development Community

SNI  Siemens-Nixdorf Information