

Corporate Entrepreneurship in Development Finance Institutions:

An experimental case study design

By

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*“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 (O_1) and in a number of control group DFIs (O_3); 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 (O_2). 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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Glossary of Abbreviations

AfDB	African Development Bank
ANOVA	Analysis of Variance
CE	Corporate Entrepreneurship
CEFMO	Corporate Entrepreneurship Flexibility Market Orientation
DBSA	Development Bank of Southern Africa
DFIs	Development Finance Institutions
EI	Entrepreneurial Intensity
EO	Entrepreneurial Orientation
Exco	Executive Committee
GDP	Gross Domestic Product
GBEs	Government Business Enterprises
I&CE	Innovation and Corporate Entrepreneurship
ICEAI	Innovation Corporate Entrepreneurship Assessment Instrument
KM	Knowledge Management
MDGs	Millennium Development Goals
Nepad	New Partnership for Africa's Development
OECD	Organisation for Economic Co-Operation and Development
OXO	Observation Experimentation Observation
O ₁	Pre-Intervention Observation
O ₂	Post-Intervention Observation
O ₃	Control Group Observation
NVEC	New Venture Evaluation Committee
Post-	Post-Intervention Observation Group
Pre-	Pre-Intervention Observation Group

SADC Southern African Development Community

SNI Siemens-Nixdorf Information