ENTREPRENEURSHIP: KEY TO ORGANISATIONAL PERFORMANCE
A CASE OF VOLKSWAGEN GROUP OF SOUTH AFRICA

by

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DECLARATION OF ORIGINAL WORK

I, Junior Lechaba declare that the thesis presented here is my original work except where appropriately referenced, which is submitted to the Nelson Mandela Metropolitan University in partial fulfilment of the requirements for the degree Master in Business Administration.

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CHAPTER 1:

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Intrapreneurship expresses organisational activities aimed at increasing quality of products, reducing production cost, capture or creates new product markets, and/or improving processes and services. This research study covers the investigation of potential influences on the intrapreneurial activity within an established organisation, and the possible outcome on financial performance.

In the rapidly changing business environment of today, it has become necessary for the organisations to move from boundary-oriented thinking to continuous improvement in order to provide the disruptive competitive advantages necessary to survive and thrive in an environment where the ‘rules of the game’ change quickly in almost all companies and industries (Voelpel, Leibold and Tekie, 2005). Moreover, the automotive industry is no exception to this rule.

In general, established companies deal with two significant challenges. First, they have to adapt to the external challenges of constantly changing and developing markets to keep pace with rapid technological evolution, globalisation, and progressively sophisticated competitors (Kemelgor, 2002; Kuratko, Hornsby and Goldsby, 2004). Second, they must deal with the internal challenges of modernising bureaucratic structures and processes, which can lead to slow development, decision-making and an inability to adapt easily to new situations (Hammer and Champy, 1994).

In today’s context of increasing market globalisation, companies wishing to maintain their competitiveness must innovate constantly (Carrier, 2001). Recognising the importance of meeting these challenges, organisational leaders must create high performance organisations in order to compete in a global mega-economic world. The old ways of doing business as usual and overwhelmed policies and procedures
must be rooted out in order for the organisation to compete by identifying and sustaining diversified employees within a global economy (Kennedy, 2010).

Companies generally engage in innovation for achieving an increase in quality of products, a reduction in production cost, capture or create new product markets, and reduce the firm’s reliance upon unreliable factors of production (Webster, 2004). There is a growing consensus that established companies must nurture intrapreneurial activity throughout their operations to continue to compete successfully (Sathe, 2003).

Numerous authors have suggested intrapreneurship as a method of stimulating innovation and using the creative energy of employees by giving them the resources and independence they need to innovate within the firm (Carrier, 2001; Amo and Kolvereid, 2005). However, there is a certain amount of ambiguity around the concept of intrapreneurship, and this may lead to questions about the difference between intrapreneurship and intrapreneurship (Carrier, 2001). It is therefore important, before introducing the object of this research, to look more closely at the concept on which intrapreneurship is based, and to examine the trends in the research on intrapreneurship.

The research conducted by Eesley and Longenecker (2006) suggest that intrapreneurship is a practice of creating new business products and opportunities in an organisation through proactive empowerment and risk-taking. This is considered a key component to organisational success; especially in organisations that operate in rapidly changing industries (Eesley and Longenecker, 2006). Intrapreneurship can manifest itself at every level of the company and regardless of the nature of the position held. Hence, we could have intrapreneurs in technical or non-technical functions; senior, middle or junior management levels; line or staff functions, and manufacturing or service related roles.

Beyond this wide perspective, other authors have suggested that intrapreneurship requires a culture built around emotional commitment, autonomy, empowerment, earned respect, and a strong work ethic (Axtell, Holman, Unsworth, Wall, Waterson and Harrington, 2000).
They believed intrapreneurship is inseparably connected with leadership, since it involves mobilising teams of people towards a cause much greater than the individuals involved often in the face of significant resistance from status quo preserving forces within and outside the organisation (Seshadri and Tripathy, 2006). Therefore, the failure of organisations to take members inputs on organisational improvement; sanction, promote and encourage risk-taking, empowerment, and improvement actions; give clear organisational direction, priorities, and objectives; and lack of top management support in risk-taking and improvement initiatives, could stifle intrapreneurship (Eesley and Longenecker, 2006).

In light of the scope and the group target, intrapreneurship can be considered beneficial for the revitalisation and performance of companies, both large corporations and small and medium-sized enterprises. Previous research conceptualised intrapreneurship in terms of four dimensions that were somewhat distinct in terms of their activities and orientations (Antoncic and Hisrich, 2001):

- New business venturing;
- Innovativeness;
- Self-renewal; and
- Proactiveness.

The intended contribution of this study is to make use of a self-constructed measuring instrument to demonstrate that intrapreneurship has had a positive influence on corporate performance within an established organisation, in the automotive industry of South Africa.

This study can be viewed as a reciprocal contribution to companies seeking to create an intrapreneurial climate aimed, on the other hand at creating high performance organisation and on the other hand to motivate professionals in these companies requiring a wider portfolio of significant knowledge and skills development.
1.2 THE RESEARCH PROBLEM

The relentless pressures of competition stemming from globalisation, technological changes, etc., are increasingly buffeting organisations (Seshadri and Tripathy, 2006). Companies have reacted to these obstacles and challenges by reducing costs, reducing the numbers of employees, reducing product offering, and outsourcing production sites to low-cost areas.

In contrast to intrapreneurship, however, these activities often produce short-term effects and often do not provide the long-term effects that the companies may need (Christensen, 2004; Garvin and Levesque, 2006). Intrapreneurship represents the framework for facilitation of on-going change and innovation in established organisations (Morris and Kuratko, 2002). The management dilemma that exists is then how to foster and implement intrapreneurship in established organisations in order to sustain competitive advantage and improve corporate performance.

A rapid decline of existing businesses, especially the large ones, due to lack of innovation, poses a significant social threat today to employment, financial stability, social order, and governmental responsibility. Therefore, in order to impart stability and leadership in a transition of this magnitude, existing businesses will have to learn how to survive and prosper (Bhattacharyya, 2006).

In research conducted by Christensen (2004) and Garvin and Levesque (2006), a conclusion was drawn that identifying and implementing intrapreneurial actions, such as developing new ideas and products (innovativeness), and adapting their internal processes to new situations (flexibility), can help established organisations remain competitive and viable.

Some authors consider that today’s businesses, especially the large ones, are not likely to survive in this period of rapid change and innovation unless they acquire intrapreneurial competence (Bhattacharyya, 2006). Empirical research indicates that in the current era of rapid change, the success of a company will clearly depend on how much top management encourages and practices intrapreneurship and innovation.
Morris, Kuratko and Covin (2008) indicate that as the organisations aggressively pursue the future, managers must continually assess the actual levels of intrapreneurial activity occurring within the organisation. Organisations must track outcomes related to innovation, competitive position, and financial performance.

In spite of the potential to create value by contributing to improved organisational performance, many established organisations do not encourage intrapreneurial behaviour and often have structural barriers that prevent intrapreneurship from occurring (Ireland, Covin and Kuratko, 2009). Ireland et al. (2009) concluded that organisations that have successful intrapreneurial strategies are those where the employees have an intrapreneurial mindset. The process of combining intrapreneurial behaviour with strategic actions is vital in designing and successfully using intrapreneurship strategy that result in competitive advantage, and improve corporate performance.

The management questions that this study sought to answer are:

Can intrapreneurship and innovation levels have a positive influence on corporate performance of an established organisation in South African? From this, the following research questions are formulated:

- Are sales or profits significantly impacted when intrapreneurial activity is incorporated into the organisation?

- Is the return on investments significantly impacted when intrapreneurial activity is incorporated into the organisation?

What influences employee’s perceptions of the successful intrapreneurial activity within an organisation? From this, the following research questions are formulated:

- How can intrapreneurial developed programmes be used to develop and sustain competitive advantage?
- What intrapreneurial strategies and visions must be developed to foster intrapreneurial innovation?

- What intrapreneurial support is provided to functional areas for product or idea development within the organisational?

- What mindset do `intrapreneurs` possess as opposed to the `employee` mindset?

- What impact will organisational constrains have on the intensity of intrapreneurial innovation?

- How does strategic leadership style influence the intensity of intrapreneurial climate and culture?

- How do interrelationships between intrapreneurs, strategic leadership and organisational conduct/form enable employees to unleash their potential?

Existing studies have discussed intrapreneurship and its conceptual meaning, developed conceptual models, and analysed the relationship between intrapreneurship at organisational level and company’s performance. In general, this relationship has been widely confirmed (Rauch, Wiklund, Frese and Lumpkin, 2005). Limited empirical research is available on intrapreneurship in South Africa. There is no record of any formal research examining intrapreneurship within an established organisation in the automotive industry of South Africa.

A significant amount of literature has been written in management literature about innovation in general, and intrapreneurship as a potent tool for delivering innovation. However, the reason it is important is that it is challenging, fulfilling, personally and professionally rewarding, and is urgently required by corporations—both big and small—the world over to thrive meaningfully in today’s uncertain times (Seshadri and Tripathy, 2006).
1.2.1 Conceptual Framework

Intrapreneurial innovation can be incremental or radical. The arena for intrapreneurial innovation could be an existing business, and at times could even result in a very new business being created within the organisation (Seshadri and Tripathy, 2006). Four different dimensions identified in a meta-analysis by Saly (2001) can describe the intensity of intrapreneurship in an organisation:

- Innovativeness
- Risk propensity
- Proactiveness
- Corporate venturing and Self-renewal

As a basic assumption Churchill (1992) stated that increased consensus has been attained on the concept of intrapreneurship as the process of uncovering and developing an opportunity to create value through innovation and seizing that opportunity without regard to either resources (human capital) or the location of the intrapreneur—in a new or existing company. The research model of this study is based on a theoretical foundation regarding select organisational practice and intrapreneurial mindset.

In this study, the researcher hypothesised: that there is a positive interrelationship between select organisational practices (staff selection, rewards, training and development, specialist assignment, promote and encourage risk-taking, empowerment, and improvement actions; give clear organisational direction, priorities, and objectives) and intrapreneurship.

A growing body of research suggests that there is a wide variety of possibilities for intrapreneurial activity to take place. The major thrust behind intrapreneurship is a revitalisation of innovation, creativity, and managerial development in the corporations (Shabana, 2010).
Intrapreneurship in an organisation exists because of the interrelationships between potential influences on intrapreneurship, which in turn will result to corporate performance. The current study focuses on the effects and significance of intrapreneurism in the pursuit for a climate conducive to corporate performance.

1.3 PURPOSE OF THE STUDY

The purpose of the study is to make use of a self-constructed measuring instrument to demonstrate that intrapreneurship has a positive influence on corporate performance within an established organisation, in the automotive industry of South Africa. Another purpose of the study was to identify possible influences employee’s perceptions have on the successful intrapreneurial activity within an organisation.

The purpose of this study is to investigate potential influences of intrapreneurial activity (development and/or improvement of products and/or processes) on overall corporate performance. The literature study also investigate how intrapreneurship motivates professionals in these companies to require a wider portfolio of skills, more significant knowledge development, and enables them to redefine their roles in their
organisations. The research objectives of this study, formulated to address the research questions, will be addressed in the following sections.

1.4 RESEARCH OBJECTIVES

Intrapreneurship can reboot a company by recreating the inspiring environment of early stage start-ups. Most companies start with a great product, idea, or technology but gradually shift their focus away from visionary thinking towards control. Intrapreneurship and open innovation can help re-ignite the spirit and passion of early stage companies (Shabana, 2010). The primary and secondary objectives of the study are presented below.

1.4.1 Primary Objective

The primary objective of this study is to demonstrate that intrapreneurial programmes at Volkswagen Group of South Africa have a positive influence on overall corporate performance. The study is conducted with a view to suggesting improvements in their strategy, structures, systems, and procedures to enhance their innovation-sponsoring capability.

1.4.2 Secondary Objectives

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

To determine by means of a literature study:

- how intrapreneurship and corporate performance relate to one another;

- the link between intrapreneurship and innovation;

- the importance and value of intrapreneurship for sustaining competitive advantage;

- what mindset ‘intrapreneurs’ possess, opposed to the ‘employee’ mindset;
- what impact do programmes for the development and/or improvement of products and/or processes (otherwise termed intrapreneurial programmes) have on overall corporate performance;

- if there are positive relationships between select variables (see conceptual framework);

- what strategic leadership style will influence the intensity of intrapreneurial climate and culture, conducive to intrapreneurial innovation;

- what and how the organisational constrains, such as culture and processes, impact the intensity of intrapreneurial innovation.

To demonstrate by means of case study at Volkswagen Group of South Africa:

- How an increase in intrapreneurial activity can positively influence corporate performance within an established organisation, at Volkswagen Group of South Africa, by means of a self-constructed instrument.

1.4.3 Research Design Objectives

To achieve the aforementioned research objectives, the following research design objectives will be pursued:

- A literature review will be conducted with regards how intrapreneurship and corporate performance are interrelated and how the innovators perceive the organisational constraints.

- A questionnaire will be constructed, based on knowledge gained from the literature review.

- Once a questionnaire has been constructed, a poll is conducted using a questionnaire.
- The questionnaire will be improved, based on reliability and validity results of the pilot study.

- Once the questionnaire has been improved, data will be collected to test hypothesis and achieve significant validity.

- The captured data will be administered within a excel computer software programme.

- Using the collected data from the questionnaire, various statistical techniques will be used to test how an increase in intrapreneurial activity can positively influence corporate performance.

- Discussion, conclusion, and recommendations to select organisation will be made once the findings have been interpreted.

1.5 HYPOTHESIS

The following hypotheses were derived in chapter 3 and will assistance in investigating the existence and possible influence of intrapreneurship at Volkswagen Group of South Africa.

- H_{01}: Lack of management support, improvement initiatives has a negative influence on intrapreneurial spirit among employees.

- H_{02}: Effective rewards and recognition spur intrapreneurial activity.

- H_{03}: Autonomous and employee empowerment is positively associated with the practice of creating new business products and innovation in the organisation.

- H_{04}: Lack of time and resources has a negative influence on generating, and implement ideas.
- **H05**: Supportive organisational structure that is organic, has fewer hierarchical levels, and has extensive integration mechanisms, will positively moderate the effect of individual competencies on intrapreneurship.

- **H06**: Collectivistic organisational culture will positively moderate the effect of individual competencies on intrapreneurship.

- **H07**: An organisation that easily adapts to the environment essentially survives and the ones that does not, is eliminated by competition.

- **H08**: Staff selection with regard to intrapreneurial criteria positively influences the intensity of intrapreneurship.

- **H09**: Staff development and training that focus on intrapreneurial facets positively influence the intensity of intrapreneurship.

- **H010**: Intrapreneurial innovation is a significant method for companies to reinvent themselves and improve performance.

- **H011**: Intrapreneurship is expected to be positively associated with performance in terms of growth and profitability.

- **H012**: Intrapreneurship in an organisation exists because of the interrelationships between potential influences on intrapreneurship, which in turn will result to corporate performance.

### 1.6 RESEARCH METHODOLOGY

In this study, the primary objective is to investigate potential influences on intrapreneurship, and potential outcome as a result of organisation's intrapreneurial programmes measured at Engine Plant, a business unit at Volkswagen Group of South Africa.
The conceptual framework clearly indicates that qualitative paradigm will be used to test the theory drawing on the practical experience of intrapreneurs and management by highlighting:

- the potential influences on intrapreneurial innovation;
- their implication for intrapreneurship management; and
- interrelationships between potential influences on intrapreneurship, and corporate performance.

Quantitative analysis will then be used to test the relationship between intrapreneurship and corporate performance. There are three variables of potential influences on intrapreneurship namely: leadership, organisational culture, and human resource management. These will be investigated to determine whether they are the driver’s for intrapreneurship and their influences on corporate performance – measured in terms of wealth creation, productivity, profitability, and growth as a result of intrapreneurial orientation among the employees.

FIGURE 1.2 – Conceptualised framework for intrapreneurship (see chapter 3)
1.6.1 Research Paradigm

**Positivist (quantitative)** – A positivist paradigm, which is commonly referred to as quantitative research, considers reality or views the world as objective and singular as opposed to qualitative research which views the world as subjective and multiple observed by participant (Collis and Hussey, 2003).

Quantitative research regards the researcher independent from the researched object or subject. The researcher is therefore not part of what is been researched, and dedicates their research focus on object or subject (Collis and Hussey, 2003). In this regard, the data and its analysis are value-free and do not change because they are been observed (Collis and Hussey, 2003; Healy and Perry, 2000).

In the quantitative research, personal opinions and values that are possessed by the researcher are not used to influence the findings. The research process which quantitative research undertakes is cause and effect analysis (Collis and Hussey, 2003).

The process is a deductive process that is accurate and reliable, through validation and reliability. Quantitative research is therefore concerned with testing and validating relationships between variables that are developing conceptual structures (Collis and Hussey, 2003).

**Phenomenological (qualitative)** – A phenomenological paradigm that is commonly referred to as qualitative research considers reality as subjective and multiple as observed by participant (Collis and Hussey, 2003). Qualitative research involves analysing human reaction or thinking of the researched object/subject (Collis and Hussey, 2003).

The researcher in this case interact actively with the subject of the study to obtain data, inquiry changes both the researcher and subject, and knowledge is context and time dependent (Coll and Chapman, 2000; Cousins, 2002). This form of research is biased as it is based on opinions and values from participant or the researcher (Collis and Hussey, 2003).
The research therefore seeks to understand beliefs and determine which of these beliefs should be regarded or recognised as facts. The research process which qualitative research undertakes is based on shaping of factors from participants (Collis and Hussey, 2003).

The process is therefore inductive process that is accurate and reliable through verification (Collis and Hussey, 2003). Qualitative research is concerned with developing and verifying theories or patterns developed for understanding from empirical reality.

1.6.2 Sample Design

In view of the prior research findings and conceptual framework (see Figure 1.2), it can be stated that intrapreneurship depends on intrapreneurs/innovators, strategic leaders, as well as organisational factors or form.

It was therefore decided that there is a need to control the influences of individual factors on the responses of the research by focusing only on intrapreneurial employees who have already demonstrated individual capabilities towards innovation. It is with this perspective that the researcher decided to use a selected sample representative of management and employees at Engine Plant who were nominated for employee recognition awards.

1.6.3 Measurement Instrument

A Self-constructed measuring instrument will be used to measure the independent variables against the depended variable.

- **Independent Variable**

  **Leadership** – The influence strategic leaders had on fostering an intrapreneurial climate conducive to intrapreneurial innovation.

  **Organisational conduct/form** – Organisational constraints as perceived by the innovators.
Human resource management – Human resource management practices that has an influence on intrapreneurship.

- Dependent Variable

Corporate performance – measured in terms of wealth creation, productivity, profitability, and growth because of intrapreneurial programmes.

Intrapreneurship – expresses organisational activities aimed at increasing quality of products, reducing production cost, capture or creates new product markets, and/or improving processes and services.

The reliability coefficient and the Cronbach’s alpha will be reported based on the finding of the study. The questionnaire used in this research has been formatted according to the five point Likert Scale. It ranges from (1) Strongly Disagree to (5) Strongly Agree.

1.6.4 Data Collection and Analysis

For the literature section of the study, data will be collected by means of a literature search using secondary data such as textbooks, journals, library database and the internet.

A self-administered questionnaire (see Appendix 1) will be used to assess how intrapreneurial programmes at Volkswagen Group of South Africa, had a positive influence on corporate performance. A written permission to conduct the research study was obtained from research committee at Volkswagen Group of South Africa. Prior to voluntary participation, informed consent (see Appendix 2) was obtained from respondents.

In this study, confidentiality was maintained by keeping the response confidential and not revealing participants identifying information to anyone who is not directly involved in the study when reporting or publishing the study. No identifying information was required on the questionnaires, and anonymity was ensured by not
disclosing participant’s name on the questionnaire or when reporting or publishing the study.

The author decided to approach this study using an integrated data collection and analysis procedure. This was achieved by using Statistica 1.9, where the results of the both qualitative and quantitative were collected and analysed. The author collected both qualitative and quantitative data to test hypothesis and apply both methods to examine the relationship between intrapreneurship and corporate performance. More specifically a comparison was made between the opinions of management and employees of Volkswagen Group of South Africa.

1.7 DEFINITION OF CONCEPTS

**Entrepreneurship** – The process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risk and receiving the resulting reward of momentary and personal satisfaction (Hisrich, Peters and Shepherd, 2008).

**Intrapreneurship** – A practice of creating new business products and opportunities in an organisation through proactive empowerment and risk-taking is considered a key component to organisational success, especially in organisations that operate in rapidly changing industries (Eesley and Longenecker, 2006).

**Intrapreneur** – Internal + Entrepreneur = Intrapreneur. Internal entrepreneurs working within an organisation utilising basic entrepreneurial management skills are called Intrapreneurs, and the management concept itself is known as intrapreneurship (Shabana, 2010).

**Corporate Performance** – The area of business intelligence involved with monitoring and managing an organisation’s performance, according to key performance indicators such as revenue, return on investment, overhead, and operational cost.
**Human Capital** – Human capital is the stock of competencies, knowledge, social and personality attributes, including creativity, embodied in the ability to perform labour so as to produce economic value. It is an aggregate economic view of the human being acting within economies, which is an attempt to capture the social, biological, cultural and psychological complexity as they interact in explicit and/or economic transactions (Mahroum, 2007).

**Competitive Advantages** – Competitive advantage occurs when an organisation acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, access to highly trained and skilled personnel human resources, new technologies such as robotics and information technology either to be included as a part of the product or to assist making it (Clulow, Gerstman and Barry, 2003).

### 1.8 OUTLINE OF THE STUDY

The following chapters have been planned:

**Chapter 1 – Scope of the study** – In chapter 1 the researcher starts with a brief and broad overview of the literature in the field of intrapreneurship and provided the background of the study, by setting out the research questions, purpose of the study, research objectives, hypothesis, research methodology as well as an outline of chapters in the study.

**Chapter 2 – Literature review** – Chapter two focuses on literature review in the field of intrapreneurship. Firstly, the researcher determined by means of a literature study what previous researchers have said about intrapreneurship in established organisations, the mindset of innovators, as opposed to employees and leadership influences on intrapreneurship. The next section dealt with the relationship between: (1) intrapreneurship and innovation, and (2) intrapreneurship and corporate performance. Lastly, this was followed by the leadership influence and organisational constraints on intrapreneurship.
Chapter 3 – Hypothesized model – This chapter will present a hypothesized model that intrapreneurism in an organisation exists because of interrelationships between intrapreneurs, strategic leadership and organisational conduct/form.

Chapter 4 – Intrapreneurship measurement instrument – This chapter will present various measuring instruments that are available and have been used, with success to measure components of intrapreneurship. These instruments will guide the research in developing an instrument for the purpose of this study.

Chapter 5 – Methodology of the study – In this chapter research methodology in Chapter 1 is discussed in more detail. The chapter discusses the research approach design of the empirical study, outlining the specific methods used to gather the empirical information. A detailed discussion is given on the sample design, the sample population, and how the case study will be conducted. Reliability of the study will also be addressed, as well as ethical consideration. Finally, data processing and analysis is discussed.

Chapter 6 – Research findings – In this chapter, data processing and analysis is explained by means of statistical technique used. The significant findings of the research obtained by various techniques are highlighted and presented in a tabular format.

Chapter 7 – Discussion, conclusion and recommendations – in this chapter the summary of the major purpose and findings of the research study and recommendations of the study are presented. The research objectives and hypotheses are revisited and revised accordingly. Finally, limitations of the study, contributions to the field of the study, and recommendation for further research are presented.
CHAPTER 2

LITERATURE REVIEW

2.1. INTRODUCTION

In Chapter 1, the researcher provided the background of the study by setting out the research questions, purpose of the study, research objectives, hypothesis, research methodology, as well as an outline of chapters in the study. In Chapter 2, a review of the literature in the field of intrapreneurship is discussed.

The researcher will determine by means of a literature review how previous researchers define intrapreneurship in established organisations, what has been stated regarding innovators as opposed to employees, leadership influences on intrapreneurship and the relationship between: (1) intrapreneurship and innovation, (2) intrapreneurship and corporate performance, and as well as environmental antecedents on intrapreneurship.

Historically, intrapreneurship was considered little more than an applied trade as opposed to an academic area of study (Kuratko and Hodgetts, 2007). Whether in the private or public sector, organisations are faced with only two options, innovate or perish (Manimala, Jose and Raju, 2006). This study focuses on the effects and significance of intrapreneurial activity within an organisation in the pursuit for an intrapreneurial climate conducive to corporate performance.

2.2. DEFINING INTRAPRENEURSHIP

Intrapreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risk and receiving the resulting reward of momentary and personal satisfaction (Hisrich et al., 2008). Pinchot (2000) defines intrapreneurship as entrepreneurship inside the organisation where individuals will champion new ideas from development to complete profitable reality.
Aloulou and Fayolle (2005) state that the concept of intrapreneurship was formally defined and both theoretically and empirically in the works of Burgelman (1983) and Miller (1983). The term intrapreneurship consists of "intra-corporate" and "entrepreneurship" and the following synonymous names for intrapreneurship have been identified by Sharma and Chrisman (1999) as Intrapreneuring, Internal corporate entrepreneurship and internal entrepreneurship.

The concept of intrapreneurship combines two ideas. The first related to the internal nature, and the other one to the concept of entrepreneur. In other words, intrapreneurship is the addition of Internal and Entrepreneurs. Ireland et al. (2009) defined intrapreneurship “as a process through which individuals in established organisations pursue entrepreneurial opportunities to innovate, without regards to the level of and nature of current available resources”. This view is supported by Shabana (2010) definition of intrapreneur “as an internal entrepreneur working within an organisation and utilising basic entrepreneurial management skills, and the management concept itself is known as intrapreneurship”.

Intrapreneurship refers to a process that goes on within an existing organisation, regardless of its size, and leads to not only new business ventures, but to innovative activities and orientations such as developments of new products, services, technology, administrative techniques, strategies and competitive posture (Antoncic, 2001; Antoncic and Zorn, 2004).

A growing body of research suggests that there is a wide variety of possibilities for intrapreneurial activity to take place. The major thrust behind intrapreneurship is a revitalisation of innovation, creativity and managerial development in corporations (Shabana, 2010). Antoncic and Hisrich (2003; 2004; 2007) refer to emergent behavioural intentions or behaviour deviating from the customary way of doing business.

The international intrapreneurship literature indicates that perception of organisational and environmental antecedents influences intrapreneurial behaviour in companies (Hornsby, Kuratko and Zahra, 2002; Antoncic and Hisrich, 2001). The literature suggests that companies operating in turbulent, hostile and dynamic
environments, will exhibit high levels of intrapreneurial behaviour than their counter parts in a more stable environments (Scheepers, Hough and Bloom, 2007). Furthermore, Burns (2005) points out that when the environment is stable or hospitable, intrapreneurship is unlikely to flourish, as there is no need to change.

Changes in the external environment open new windows of opportunity for companies (Antoncic and Hisrich, 2001). Opportunities emerge from the dynamism of an industry where macro environmental changes, and where competitive rivalry and regulatory changes bring about new developments (Ferreira, 2002). Under these circumstances, companies formulate intrapreneurial strategies, such as new product developments, innovation, self-renewal or corporate venturing strategies, to exploit those opportunities (Kreiser, Marino and Weaver, 2002).

2.3. DEFINING INTRAPRENEUR

Seshadri and Tripathy (2006) highlighted that one of the pathways for companies to weather the dynamic business environments is through unleashing the intrapreneurial spirit latent in its employees enabling these employees to carve out new paths, initiate new ventures, defy the status quo in their organisations, and break fresh ground.

- **Taking ownership** – Intrapreneurship at any level (individual, group or organisation) fundamentally involves taking ownership, i.e., operating with an intrapreneurial mindset. In the corporate context, since the person leading the reinvention is not an autonomous intrapreneur, he/she is more appropriately referred to as an ‘intrapreneur.’ It is very unlikely that reinvention at any level can occur without this basic transformation of perspective from ‘employee’ to ‘psychological owner’ or intrapreneur (Seshadri and Tripathy, 2006).

- **Risk-taking propensity** – Further study by Shabana (2010) states that intrapreneurship is propelled by an individual's or a team's willingness to take calculated risks and act to create business opportunities that serve an organisation's needs for growth and improvement. Intrapreneurship is the practice of intrapreneurship by employees within an organisation.
Desire for autonomy – Intrapreneurs, however, must have a fair amount of latitude within a company in order to effect any significant changes. Workers who earn the title ‘intrapreneur’ usually go well beyond their narrow job descriptions, providing valuable help in innovative aspect of their companies (Shabana, 2010). Execution must be left to the best judgment of the professionally qualified and competent executive team, without the top leadership having to intervene on a daily basis.

Goal orientated – An intrapreneur thinks like an intrapreneur looking out for opportunities, which profit the organisation. They are extremely goal-oriented doers, not talkers. Perhaps most importantly, they will not take ‘no’ for an Answer and tend to be highly motivated people who can work on their own with little supervision. They are highly dedicated and creative, with clear visions about how to help the company (Shabana, 2010).

Proactive individuals – Intrapreneurs are proactive individuals with a strong desire for action. They are 'self-starters' who do not have to be asked to take an initiative. In fact, they usually do not even ask for permission and may ignore disapproval and other negative reactions from their environment about their ideas. Secondly, their proactive behaviour is focused on the pursuit of an opportunity without regard to the resources they currently control somehow intrapreneurs always seem to find a way. Thirdly, intrapreneurs often pursue something that in some sense is 'new' or 'innovative', i.e. intrapreneurial behaviour and actions deviate from the status quo (Shabana, 2010).

Need for achievement – Successful intrapreneurs, whatever their individual motivation — be it money, power, curiosity or a great desire for fame and recognition — try to create value and make a tangible contribution. It is true that successful intrapreneurs aim high. They are not content simply to improve on what already exists or to modify it. They try to create new and different value propositions to convert a ‘material’ into a ‘resource,’ or to combine the existing resources in a new or more productive configuration. It is this change that always provides the opportunity for the new and different (Bhattacharyya, 2006). Carter, Tagg and Dimitrators (2004) argue that greater insights about
the factors influencing an individual’s choice to pursue intrapreneurial activity could lead to better designed economic and development programmes.

- **Innovative/creativity** – The individual qualities for innovation include belief in innovation; creative but pragmatic imagination; psychological security and autonomous nature; achievement orientation; interpersonal skills; energy, determination, and persistence; and sense of timing (McGinnis and Verney, 2005). Amo and Kolvereid (2005) argue that innovation behaviour is thus conceived as an initiative from employees concerning the introduction of new processes, new products, and new markets or combinations of such into the organisation. The initiative could be a response to market demand, management request, or an autonomous intrapreneurial initiative.

Hence, the intrapreneur focuses on innovation and creativity and transforms an idea into a profitable venture, while operating within the organisational environment. Fostering Intrapreneurship is a way to position your company as an innovative corporation that believes in the intrapreneurial potential of every employee (Shabana, 2010).

### 2.4. INTRAPRENEURIAL ORIENTATION

Antoncic and Hisrich (2001) conceptualised intrapreneurship in terms of four dimensions that were somewhat distinct in terms of their activities and orientations:

- **New business venturing** (intrapreneurial efforts that leads creation of new business);

- **Innovation** (which is concerned with introducing something new to the market marketplace);

- **Self-renewal** (which is concerned with organisational renewal involving major strategic and/or structure changes); and
- Proactiveness (refers to a company's capacity to beat competitors in introducing new products, services, or technologies to the market).

Antoncic and Hisrich (2001) illustrated that intrapreneurship could be any one of these individual types, as well as any or all combinations. These activities may take place at the corporate, division, functional, operational or project levels with the unifying objective of improving organisation’s competitive position and financial performance.

According to Ferreira (2002), intrapreneurship activities can be internal or externally orientated. Internal activities are typified as the development within a large organisation of internal markets and relatively small and independent units designed to create internal test markets or expand improved or innovative staff service, technologies or production methods within the organisation.

External intrapreneurship consists of the process of combining resources dispersed in the environment by individual intrapreneurs with their own unique resources to create a new resource combination, independent of all others. External efforts entail merges, joint ventures, corporate ventures, venture nurturing and venture spin-offs. For the purpose of this research, intrapreneurship will be referred to as defined by Eesley and Longenecker (2006) defined Intrapreneurship as the practice of creating new business products and opportunities in an organisation through proactive empowerment and risk-taking.

2.5. LEADERSHIP AND INTRAPRENEURSHIP

Strategic leadership factors that can affect the degree of success with the pursuit of intrapreneurship are top-management support, rewards and recognition, autonomy, time and resource availability. Research by Hamel (2006) argued that while technology and product innovation deliver small-calibre advantages, a management breakthrough could deliver a potent advantage to the innovating company, and produce a seismic shift in industry leadership.
For intrapreneurship to flourish in an organisation leadership has to be willing to listen to and recognise good ideas whenever and from whomever they might arise. This message must be constantly reinforced from the highest levels of the organisation. The key is creating an environment where an employee's ideas, when properly presented, are taken seriously and then be properly supported and recognised. One never knows where good ideas will come from, especially in a corporate culture that supports Intrapreneurship (Shabana, 2010).

According to Hamel (2006), for creating enduring success, however, it requires meeting three conditions:

- The innovation should be based on novel principles challenging management orthodoxy;
- It is systemic, encompassing a range of processes and methods; and
- It is part of on-going programmes of invention, where progress compounds over time.

The management processes that turn management principles into everyday practices include strategic planning, capital budgeting, project management, hiring and promotion, executive development, and knowledge management (Shabana, 2010).

### 2.5.1 Top-Management Support

In re-establishing the drive to innovate in today's corporations, the final and possibly most critical step is to invest heavily in intrapreneurial activities that allow new ideas to nourish in an innovative environment (Shabana, 2010).

The top management's inconsistent, intermittent or sporadic enthusiasm or lack of commitment of the top management to the growth of the company, as perceived by the employees, can kill the intrapreneurial spirit in employees (Seshadri and Tripathy, 2006).
Timmons and Spinelli (2007) state that a leader learns and teaches faster and better, deals with adversity and is resilient, exhibits integrity, dependability, honesty and builds intrapreneurial culture and organisation. Once management identifies the desired balance between innovative and routine activities, it may seek to realize it through routines associated with certain styles of management, the nature of work culture in relation to learning and appropriation (Webster, 2004).

The book Primal Leadership, Goleman, Boyatzis and Mickee (2002) introduced six leadership styles. Most effective leaders can switch between these various styles, depending on the situation.

- **Visionary Leadership** – inspires, believes in own vision, empathetic and explains how and why people’s efforts contributes to the dream. This style is appropriate when changes require a new vision or clear direction is needed.

- **Coaching Style** – listens, helps people identify their own strengths and weaknesses, counsellor, encourages and delegates. This style is appropriate to help competent, motivated employees to improve performance by building long-term capabilities.

- **Affiliative Leadership** – promotes harmony, friendly, empathetic, boost morale and solves conflicts. This style is appropriate to heal rifts in teams, motivate during stressful times, and/or strengthen connections.

- **Democratic Leadership** – a superb listener, team worker, collaborator, and an influencer. This style is appropriate in building support or consensus and/or gets valuable input from employees.

- **Pacesetting Leadership** – strong urge to achieve, high own standards, initiative, low on empathy and collaboration, impatience, micromanaging and number-driven. This style is appropriate to get high-quality results from a motivated and competent team.
- **Commanding Leadership** – commanding, do it because I say so, threatening, tight control, monitoring studiously, creating dissonance, contaminates everyone’s mood and drives away talent. This style is appropriate in a grave crisis, or with problem employees, when starting an urgent organisational turnaround and traditionally related to military.

These leaders thus need interpersonal and teamwork skills that are called intrapreneural influence skills because they have a great deal in to do with the way these leaders exert influence over others (Timmons and Spinelli, 2009).

The leadership style creates the appropriate climate for intrapreneurship and innovation in an organisation. It is well known that promoters/founders of businesses are great intrapreneurs but not necessarily good leaders. On the other hand, successful business executives are not only good leaders but invariably turn out to be good intrapreneurs as well (Bhattacharyya, 2006).

The values and beliefs held by those who are expected to implement change are the second factor in the effectiveness of strategic change. Values are intrinsic, deep-seated beliefs so pervasive that they influence every major decision one makes, moral judgment, reactions to others, willingness to make commitments, and support organisational goals (Coetsee, 2001). Coetsee (2001) also states that individual values are closely related to personal goals and are reflected by our relationship with other people, commitment and promises we make, and our personal preferences and needs.

For an innovative idea to be successfully implemented, the support of the immediate supervisor is critical, particularly in the operating departments (Manimala et al., 2006). The interest of the supervisors in this case seems to be to show a good performance for the department, without projecting any individuals other than themselves!

Management and leadership styles are important influence and sends signal about appropriate behaviour. This support can take many forms, including championing
innovative ideas, providing necessary resources or expertise, or institutionalising the intrapreneurial activity within the firms system and processes (Hornsby et al., 2002).

Individuals can be trained to be intrapreneural, provided the organisational environment is conducive (Thornberry, 2003; Wunderer, 2001). It is in this context that researchers have been focusing more on the organisational facilitation of innovations than the individual characteristics supporting innovation (Antoncic, 2001).

### 2.5.2 Rewards and Recognition

Though there are practices of giving awards and certificates of recognition to innovators, they are not adequate or timely enough to motivate the employees to take up innovative projects. The common view among the staff is that it is not worthwhile to get involved in innovations (Manimala et al., 2006). The existing award and recognition system is localised, that is, limited to the unit level. Innovators are generally aggrieved about the absence of corporate level recognition.

Recognition of work well done, rewarding innovative ideas, sharing of success stories and constant reminders to employees of the vision and mission of the company also play a major role in harnessing intrapreneural energies of the employees (Hamel, 2002).

The first important dimension is the appropriate use of rewards and recognition (Coetsee, 2001). Controls and rewards send important signals about what the firms value (Burns, 2005). Theories, indicates that spurs intrapreneural activity must take into account shared goals, feedback, empowerment, emphasis on individual responsibility, results-base incentives.

The use of appropriate rewards and recognition can also enhance middle management’s willingness to assume the risks associated with intrapreneurship activity (Hornsby et al., 2002).

Reward decisions are not only determined by business rationality, but are influenced by family and household needs (Aldrich and Cliff, 2003; Ram, 2001). Hence, the
analysis of intrapreneurial rewards requires an approach that captures the structures, processes, and dynamics of reward decision-making over the business life cycle, while contextualising decisions within the intrapreneurial household (Wheelock and Baines, 1998; Zahra, 2007).

2.5.3 Autonomy and Empowerment

Organisational hierarchies are what create the need to ask for permission. The deeper the hierarchy the more difficult it is to get permission for anything new. Hierarchies also tend to create narrow career paths and myopic thinking, further stiffing creativity and innovation. People lower down in the hierarchy have a tendency to become disempowered through having to ask permission. This eventually develops the "victim mentality" that causes reactivity (Shabana, 2010).

The costs of failure are too high and the rewards of success are too low. Intrapreneurs need to be given the space in which to fail, since failure is an unavoidable aspect of the Intrapreneurial process. Numerous companies talk about intrapreneurship and ask people to take risks. However, but if those people succeed, they get nothing more than a small bonus and if they fail, they are fired (Shabana, 2010).

Scholars have recognised that the top management has a significant role in creating an atmosphere wherein employees are encouraged to experiment. Even if the top management wants to create an innovative and intrapreneurial organisation, there is a need for intrapreneurs within the system who could execute the process of intrapreneurial innovation (Seshadri and Tripathy, 2006). The leadership would do better by only providing occasional insights, guidance, and continuous inspiration (Bhattacharyya, 2006).

Popovich (1998) states that "supporting self-designing and self-managing work teams, is one approach to achieve high performance". Innovations spawned by intrapreneurship will not reform an organisation overnight, but it can be a significant way to build positive experience in moving toward high performance. Self-designing
organisations require a decentralised structure with flexibility. There must be an acceptance for change in policies and procedures.

### 2.5.4 Time and Resource Availability

Procedural and administrative delays are often the cause of discomfort for innovation, and continual irritation to innovators. It is essential on the part of the organisations to redesign the procedures to avoid such delays in the implementation of innovative ideas and projects by empowering employees with adequate time and resources (Manimala et al., 2006).

In addition to tangible resources, intangible resources such as knowledge, expertise, and social capital have become the breeding ground for the intrapreneurial development (Carayannis and Chanarol, 2007).

For developing an innovative environment, it is considered necessary for companies to provide intrapreneurs with the time and resources needed to generate, and implement ideas (Antoncic and Hisrich, 2000).

Additionally, intrapreneurial programmes where employees can learn how to implement new ideas or how to acquire resources for intrapreneurial projects are a good way to foster intrapreneurship (Schmelter, Mauer, Börsch and Brettel, 2010).

Beyond this, the researcher believes that the degree of the company’s involvement in intrapreneurship is reflected in the development of its people and the amount of money it spends on training and development. Management must be open to new ideas and make resources available.

### 2.6. ORGANISATIONAL CONSTRAINTS AND INTRAPRENEURSHIP

The most significant barriers to intrapreneurship are thus not resources, but institutional and cultural constraints. Eesley and Longenecker (2006) affirm and suggest ten gateways to intrapreneurship. These include, among others: the development of a culture of workforce empowerment and action; rewarding ideas,
progress, and results; free-flowing customer information and internal communications; management support and engagement at all levels; on-going encouragement and promotion of risk-taking and new ideas; cross-training; and developing processes for idea generation.

In this section, key organisational characteristics such as supportive structures, collectivistic culture, and external vs. internal orientation of organisation are discussed.

2.6.1 Supportive Organisational Structures

Intrapreneurs work within corporations to develop new products, increase innovation and build employee morale. Intrapreneurship appeals to some because it allows them to pursue creative business ideas with the support of a large company's resources (Shabana, 2010). Intrapreneurship is not regarded as an oxymoron, but rather as an imperative for growth that should form part of the overall strategy and. If executed through proper process and in a structured way it will lead to a dynamic organisation (Oosthuizen, 2006).

In contrast to growth-oriented firms, corporations that follow stability will be less disposed to pursue intrapreneurship. This strategy usually requires only making incremental increases in the scope of business and focuses on maintaining past rates and financial performances, without making significant changes in company's competitive strengths.

Organisational hierarchies within all settings should remain flatter to prevent a large bureaucracy. Leaders should develop vision and mission statements for their organisations in order to prevent the misuse of management, by conducting micro-management techniques. The organisational system must be flexible to support creativeness and innovation at the organisational and departmental levels, which should be a basis in all organisational structures (Kennedy, 2010).

Intrapreneurs have a long-term vision for their respective organisations, a clear sense of their own life’s purpose, and a lucid understanding of the role they must play
in their organisations (Seshadri and Tripathy, 2006). It is extremely important for top leadership to clearly articulate its vision, the overall corporate objectives, and the expectations thereof (Bhattacharyya, 2006).

Therefore, flatter, organic organisational structures, extensive use of teams and project-based organisation, the presence of formal internal integrating roles, and formal external boundary-spanning roles will all positively moderate the impact of intrapreneurial competencies on intrapreneurship (Hayton and Kelley, 2006).

### 2.6.2 Organisational Collectivistic Culture

Organisational culture perspective considers less tangible elements, such as values, attitudes, and behaviour in an organisation. Based on the proposed model, managers can design their own firm specific, customised models, which can be helpful in shaping the risk-taking behaviour and intrapreneurship (Antoncic, 2003).

While the importance and usefulness of innovations for large and established organisations, have been recognised by researchers and practitioners alike. It is paradoxical that such organisations have inherent disabilities for innovation because of the very fact of their being large and established. Several such inherent disabilities have been pointed out by researchers, which have blocked innovation and intrapreneurship within such large organisations and eventually led to their collapse (Manimala et al., 2006).

Internally, a company must become organised and build a culture conducive to intrapreneurship must have a strategic commitment to encouraging creative people and a means of integrating their ideas into corporate strategy, when innovation results (Duncan, Ginter, Rucks and Jacobs, 2001). The key to establishing an ‘intrapreneur-friendly’ organisation is to create an innovative working environment (Coetsee, 2001).

Schein (1990) indicates that the only important thing that leaders do may well be constructing culture, and that the organisation’s culture is grounded in the founder’s basic beliefs, values and assumptions. Beyond this, Bowman and Faulkner (1997)
refer to organisational culture being formed or embedded in an organisation from three influences: organisational processes, cognitive process (ethics, beliefs, norms and rules) and behaviour (Burns, 2005).

Organisational cultures that exhibit a balance between individualism and collectivism, acceptance of decentralisation of decision-making, a long-term orientation, and an external orientation have been found to be supportive of intrapreneurship (Morris, Davis and Allen, 1994; Zahra, Hayton and Salvato, 2004). Therefore, we expect that the presence of a supportive culture will positively moderate the effect of intrapreneurial competencies on intrapreneurship.

Individually and collectively, are believed to be important antecedents of intrapreneurial efforts. This is because they affect the internal environment that determines interest in and support of intrapreneurial initiatives (Hornsby et al., 2002).

Organisations must adopt new attitudes. Employees have a responsibility in meeting goals or high organisational performance. When an organisation value and reward its people, people become committed to performing well. As a result, the organisation accomplishes more and it can then reward employees more. This attracts and retains more talented employees. This also leads to even higher organisational performance.

### 2.6.3 External vs. Internal Orientation

The culture dimension, external vs. internal orientation, describes the extent to which an organisation is open to external influences. New business model arises not only from reconfiguring an organisation’s core business strategy and dynamic capabilities, but also from making sense of socio-cultural dynamics and opportunity gaps, reinventing of customer value propositions, and reconfiguring the business network and its value chain.

The wheel of business model reinvention includes critical dimensions of new customer value propositions, technological innovation, reconfiguration of the value system, and the economic feasibility of a new business model (Voelpel, Leibold and Tekie (2005).
2.7. HUMAN RESOURCE MANAGEMENT AND INTRAPRENEURSHIP

Human resource management practices are an important driver of intrapreneurship because it involves organisational learning driven by collaboration, creativity, and individual commitment (Kaya, 2006).

Human resource management is particularly linked with all the activities that contribute to successfully attracting, developing, motivating, and maintaining a high-performing workforce that adds to an organisation’s competitive advantage (Sims, 2002).

Human resource management practices according to Sims (2002) are increasingly viewed as a means to contribute profitability, quality, and other organisational goals through enhancing and supporting organisational operations. Mannix and Peterson (2003) argued that a carefully crafted human resources strategy can be, or at least can result in a source of competitive advantage in the market place.

Garvin and Roberto (2005) also suggested that the four-part communication strategy, which calls for providing the right environment for acceptance as well as when and how to communicate with the employees. While several people associate innovation with major technical or organisational developments, many successful innovations result from a flow of incremental changes which may independently have only restricted effects on customer behaviour.

A high work force turnover, perhaps due to poor human resources policies or a rigid or myopic approach by the top management, can negatively affect upon the intrapreneurial process. Some companies simply lack the courage to accept failures, and instead penalise employees for failures (Seshadri and Tripathy, 2006).

According to Sims (2002) incorporating the top management’s goals to the human resource management practices and policies will bring out and reward the types of behaviour necessary for achieving an organisations’ strategy. Effective human resource management practices can enhance an organisation’s competitive advantage.
Human resource management is a source of an organisation's competitive advantage because:

- It provides the right kinds of talent to the organisation at the right time. Human resource management is expected to assure a supply of qualified labor in a timely fashion (Clardy, 1996).

- It ensures that the organisation is properly staffed. When done effectively the staffing, recruitment, and selection process provides a flow of qualified individuals for filling open positions within the organisation on a timely and efficient basis (Clardy, 1996).

- Using appraisals, the employees are assessor and evaluated. Employee appraisals have very profound implications for both the employees and for the future success of the organisation (Clardy, 1996).

- Using effective pay systems, the management can focus employees’ efforts toward desired organisational goals (Clardy, 1996).

By selecting and implementing appropriate practices, therefore, human resource managers should be able to foster and facilitate innovation and intrapreneurial activity systematically within their organisations. In this study, the researcher analyses the influence of two specific human resource management practices on intrapreneurship: staff selection (Brazeal, 1993; Hayton, 2005; Saly 2001), and training and development (Berthel and Becker, 2003; Khandwalla, 2006).

Human resource literature has indicated that specific factors within the organisation such as creativity or teamwork skills enhance the intensity of intrapreneurial activity (Kaya, 2006). Overall, the design of human resource practices should meet these intrapreneurial criteria to boost intrapreneurship.
2.7.1 Staff-Selection

A successful innovation process requires highly qualified people to be involved (Hayton, 2005). For corporate innovation in terms of intrapreneurship, the objective of staff selection is to form an appropriate resource base of human capital in order to foster intrapreneurial activity in the established organisation.

Previous human resource management research have suggested that companies that employ staff with expert knowledge and several intrapreneurial abilities, such as creativity and proactiveness, can react quickly when unexpected opportunities or changes occur (Kaya, 2006). Thus, the selection criteria should be in line with the intrapreneurial dimensions of innovativeness, risk propensity, proactiveness, corporate venturing, and self-renewal (Saly, 2001).

The key lessons learnt from the above selecting and retaining the right executive team and reposing complete trust and confidence in its collective ability and talent is the hallmark of successful leadership (Bhattacharyya, 2006).

2.7.2 Training and Development

Beyond ensuring employees' intrapreneurial abilities through staff selection criteria, suitable abilities can be acquired through training and development (Khandwalla, 2006).

In order for continuous learning to take place, a clear vision must be shared amongst the entire organisation and their employees. Leadership is essential in building a high performance organisation. This is because leaders invigorate the organisational structure by encouraging employees to learn and perform. The employees of the organisation must learn how to do things better. For them to accept this responsibility, leadership is at the forefront of high performance organisations (Kennedy, 2010).

Ensures that the employees are properly skilled to perform their tasks and supports the organisation’s growth through career development. The goal of training as part of
the human resources management processes is to create cost-effective programmes that build the skills to perform effectively (Clardy, 1996). Training and development are critical for the company’s performance (Leede, De Looise and Alders, 2002) and competitive advantage (De Saa-Peerez and Garcia-Falcon, 2002). In addition, training can overcome the factors that decrease employees’ job performance and satisfaction (Xiao, 1996).

It is important to foster intrapreneurial activity in the corporate context. This is achieved through training activities that enforce interpersonal skills such as the ability to work in a team. Secondly, training that supports creativity will strengthen innovativeness and potentially strengthen self-renewal and new business development. Thirdly, training sessions on how to transfer new ideas into business will lead to higher intensity for risk propensity and proactiveness (Schmelter, Mauer, Börsch and Brettel, 2010).

As a way for organisations to develop key environmental factors for intrapreneurial activity, an Intrapreneurship Training Programme often serves as a manipulation to induce the change needed in the work atmosphere (Shabana, 2010).

**2.7.3 Specialist Assignment**

In addition, according to Antoniou and Ansoff (2004), companies must encourage effective cooperation among specialists and generalists in order to increase successful innovation processes. In terms of measuring specialist assignments, the researcher assumes that the higher involvement of engineers (representing specialists) the stronger the impact on intrapreneurial intensity.

Another important prerequisite for effective intrapreneurship is communication with stakeholders. There are many stakeholders who are directly or indirectly involved in every intrapreneurial ventures. These include the immediate team members, customers, other employees in the company, suppliers, governmental agencies, senior management of the company, etc. All these stakeholders need to be effectively managed. A key vehicle for such stakeholder management is effective communication (Seshadri and Tripathy, 2006).
2.8. INTRAPRENEURSHIP AND INNOVATION

Research on organisations has demonstrated that the survival and growth of enterprises in dynamic business environments would depend largely on their ability to promote innovations within their organisations (Manimala et al., 2006). Research conducted by Antoncic and Hisrich (2003) indicates that innovation cannot be discounted as a defining element of intrapreneurship.

This view is supported by Ireland, Kuratko and Morris (2006) who research indicated that innovation takes place in an organisation in the form of new products, new processes and new administrative structures and routines to operate the organisation efficiently and effectively. Intrapreneurial innovation also occurs when the issue at hand is one of pure survival. Whatever may be the trigger, intrapreneurial innovation serves as the growth engine for the company. It helps the company to expand or deepen its core competencies (Seshadri and Tripathy, 2006).

Research on the impact of innovation has generally confirmed its benefits organisations in terms of wealth creation, productivity, profitability, and growth (Antoncic and Hisrich, 2003, 2004; Kemelgor, 2002; Batten, 2002; Goosen, 2002; Thomson and McNamara, 2001; Kuratko, Hurley and Hornsby, 2001; Zahra and Garvis, 2000; Barrett, Balloun and Weinstein, 2000).

There is a growing consensus in the literature that the established companies need to nurture intrapreneurship throughout their operations, in order to compete successfully in changing environments (Sathe, 2003). Hyper competition made the companies realise that the basis for competitive advantage is innovation, i.e., the application of knowledge to produce new knowledge. To get the most out of organisational knowledge resources, linking knowledge management and innovation becomes a necessity (Abou-Zeid and Cheng, 2004).

Becoming a more innovative company does not mean spending more money on innovative activities. It also requires a set of complementary managerial and work practices within the organisation (Webster, 2004). Given the supply and demand nature of market forces, intrapreneurs are the gap-fillers who through their skills,
perceive and take steps to correct deficiencies. To encourage transformation in the market, intrapreneurship provides new products and services (Hitt, Ireland, Camp and Sexton, 2002).

The capacity to innovate and act in intrapreneurial ways is vital to organisational change, continuous improvement and progress (Scheepers et al., 2007). Several authors view innovation as the only sustainable source of competitive advantage (Morris, Kuratko and Covin, 2008; Drucker, 2002; Goosen, 2002).

When organisational leaders commit to create and develop a workplace that encourages creativity; innovation, empowerment, action and accountability for better performance, a myriad positive outcomes can occur. One of these positive outcomes can be an increase in intrapreneurship, which is a key component to organisational success, especially in organisations that operate in rapidly changing industries (Shabana, 2010).

The innovation process with its various stages of idea conception, development, implementation, and integration to the existing business portfolio is naturally an organisational process, which inevitably requires intrapreneurial orientation among the employees (Manimala et al., 2006). Above all, the entire process calls for an enabling culture and appropriate systems so that employees are motivated to take up intrapreneurial ventures.

2.9. INTRAPRENEURSHIP AND CORPORATE PERFORMANCE

Thomberry (2001) states that not all organisations need to embrace the concept of intrapreneurship. Some organisations are doing well running their organisation in a planned, effective and efficient manner. This research also states that, the large slow-moving bureaucratic organisations operating in an increasingly turbulent environment needs to do the most intrapreneurial soul searching.

Ireland et al. (2006) indicated that leading edge organisations see the use of intrapreneurship as a source of competitive advantage, and as a path that leads to higher financial levels and non-financial performance. Intrapreneurship can be a source of competitive advantage at both the corporate and organisational unit levels.

Intrapreneurship is a novel way of making organisations more profitable where imaginative employees entertain intrapreneurial thoughts. It is in the interest of an organisation to encourage intrapreneurs. Intrapreneurship is a significant method for companies to reinvent themselves and improve performance (Shabana, 2010). Antoncic and Hirsch (2004) concluded that organisations with intrapreneurial top management postures engaging in intrapreneurial activities are expected to achieve higher levels of growth, profitability and new wealth creation, compared to organisations that are lower in intrapreneurship engagement.

**2.10. CONCLUSION**

The purpose of the literature review was to provide the rationale of intrapreneurship in established organisations. The literature review started with the definition of intrapreneurship. There are various definitions of intrapreneurship, but most definitions are closely linked with that of seven perspective of Morris (1998): the creation of change, the creation of innovation, the creation of enterprises, the creation of wealth, the creation of employment, the creation of value and the creation of growth. For the purpose of this research, the broad definition provided by Eesley and Longenecker (2006) is adopted “Intrapreneurship is the practice of creating new business products and opportunities in an organisation through proactive empowerment and risk-taking”.

A brief understanding of intrapreneurs as opposed to employees was provided. There are likely to be other factors that are necessary for obtaining a more
comprehensive understanding of the intrapreneur’s unique pattern of behaviour. For this reason, the aforementioned discussion represents a tentative attempt to discover the ‘unity among the diversity of intrapreneurs.’

The leadership factors that can affect the degree of success with the pursuit of intrapreneurship are the discussed. It is clear that leading and managing an intrapreneurial organisation is a challenge that requires some distinctive skills and capabilities.

Finally, from the relationships between intrapreneurship and corporate performance, intrapreneurship and innovation, and organisational constraints, it is clear that intrapreneurship is a definite field of study within the intrapreneurship field.

Seshadri and Tripathy (2006) states that the ‘environment’ for intrapreneurship includes the facilitators of and barriers to intrapreneurship, as presented in this chapter. These include myriad issues such as the right environment in the immediate work situation to foster the spirit of intrapreneuring, the right organisation, the right leaders including a suitable sponsor – a person of senior management rank who believes and supports the intrapreneur.

Chapter 3 will present a hypothesised model formulated for the purpose of this study. This element from the hypothesised model forms the empirical underpinning of this study.
CHAPTER 3

CONCEPTUAL MODEL AND HYPOTHESES

3.1. INTRODUCTION

In Chapter 2, a literature review on the field of intrapreneurship, the environment and barriers to intrapreneurship were discussed. In chapter 3, the researcher provides the background of various conceptual models in the field of intrapreneurship. These conceptual models are primarily developed to improve the understanding of various issues related to the process and phenomenon of intrapreneurship. The conceptualised model adopted for the purpose of the study, as developed based on various conceptual models in the field of intrapreneurship, is presented.

Based on the conceptual model, hypotheses are developed and divided into hypotheses about the organisational constrains as barriers to intrapreneurship; strategic leadership as a barrier to intrapreneurship; interrelationships between intrapreneurs, strategic leadership and organisational conduct/form; and financial effects of intrapreneurship on corporate performance.

3.2. CONCEPTUAL MODEL

Morris et al. (2008) states that fostering intrapreneurship becomes problematic if an organisation does not know what they are trying to achieve. The starting point is to specify the desired intrapreneurship outcome. Ireland et al. (2006) developed a framework for sustainable intrapreneurship that focuses on how to create sustainable intrapreneurship, where attention is given to the characteristics of an internal work environment that supports intrapreneurship. These characteristics are structure, controls, human resource management systems, and culture.
Hisrich et al. (2008) defined an intrapreneurial fostering environment as “an environment that enhances organisational member’s perceptions of intrapreneurial actions as both feasible and desirable”. Echols and Neck (1998), states that the key to making an organisation’s structure intrapreneurial involves several factors, especially fostering the right climate and culture. An intrapreneurial culture that promotes the detection and facilitation of opportunity, as well as fostering motivation to pursue opportunity, provides an ideology to which employees can commit while facilitating the emergence of social capital. This requires having an organisation orientated on individual roles, relationships and frontline initiatives.

This framework illustrated in Figure 3.2, indicates that the behaviour of employees and the structure of an organisation are primary ingredients necessary for intrapreneurship success.
Top and middle managers play a vital role in creating an organisational environment that promotes and facilitates intrapreneurship (Hornsby et al., 2002; Kuratko, Ireland, Covin and Hornsby, 2005). They can lead their subordinates to embrace intrapreneurial activities in many forms, including the championing of innovative ideas, providing necessary resources or expertise, or supporting small experimental projects (Kuratko, Ireland, Covin and Hornsby, 2005).

Among leadership theories, the one that seems most applicable to intrapreneurship is transformational leadership. This is because recent research has indicates that this style stimulates employees’ creativity and innovation (Elenkov and Manev, 2005; Eyal and Kark, 2004; Ling, Simsek, Lubatkin, and Veiga, 2008). Transformational leadership refers to the leader inspiring their followers to adopt the vision of the organisation as if they were their own, and focus their energy toward the achievement of collective goals.

Transformational leader styles have been identified: inspirational motivation, idealised influence (attributed and behavioural), individualised consideration, and intellectual stimulation. Firstly, transformational leaders develop a clear organisational vision and mechanisms that may be used to discover opportunities (Eyal and Kark 2004). Secondly, transformational leaders stimulate their followers to think on their own, to develop new ideas and to question the operating rules and systems that no longer serve the organisation’s mission and goals (Howell and Higgins 1990). Thirdly, transformational leaders enhance followers’ confidence and
skills to devise and implement innovative responses to current problems facing their organisational goals (Howell and Higgins, 1990).

FIGURE 3.3 – Leadership Framework for Intrapreneurship (Moriano et al., 2011)

The three models discussed in this section of the literature are applied to this study.

- The model of sustainable intrapreneurship by Ireland et al. (2006). This model indicated characteristics of an internal work environment that supports intrapreneurship.

- The model of intrapreneurship by Echols and Neck (1998). This model indicates that the behaviour of employees and the structure of an organisation are primary components necessary for intrapreneurship success.

- The model of leadership for intrapreneurship by Moriano, Molero, Topa and Lévy-Mangin (2011). This model indicates that transformational leaders
enhance followers’ confidence and skills to devise and implement innovative responses to current problems facing their organisational goals.

A proposed intrapreneurship model used in this study was developed based on select concepts from the three models (illustrated in figure 1.2). The proposed model centres on the individual employee’s decision to behave intrapre neurially. Intrapreneurship is the result of the perceptions by individual that several organisational antecedents are present, such as top management support, autonomy, ownership and risk-taking, rewards and recognition, resources, flexible organisational boundaries and organisational culture.

![Intrapreneurship Model Diagram](image)

**FIGURE 1.2 – Conceptualised framework for intrapreneurship**

These three models can be linked directly to the hypotheses formulated for the purpose of this study.
3.3. HYPOTHESES

In terms of the proposed intrapreneurship model (see Figure 1.2) and literature review in Chapter 2, the following hypotheses were derived to assistance in investigating the existence and possible influence on intrapreneurship at Volkswagen Group of South Africa.

- **H01**: Lack of management support, improvement initiatives has a negative influence on intrapreneurial spirit among employees.

- **H02**: Effective rewards and recognition spur intrapreneurial activity.

- **H03**: Autonomous and employee empowerment is positively associated with the practice of creating new business products and innovation in the organisation.

- **H04**: Lack of time and resources has a negative influence on generating, and implement ideas.

- **H05**: Supportive organisational structure that is organic, has fewer hierarchical levels, and has extensive integration mechanisms, will positively moderate the effect of individual competencies on intrapreneurship.

- **H06**: Collectivistic organisational culture will positively moderate the effect of individual competencies on intrapreneurship.

- **H07**: An organisation that easily adapts to the environment essentially survives and the ones that does not, is eliminated by competition.

- **H08**: Staff selection with regard to intrapreneurial criteria positively influences the intensity of intrapreneurship.

- **H09**: Staff development and training that focus on intrapreneurial facets positively influence the intensity of intrapreneurship.
- **H010**: Intrapreneurial innovation is a significant method for companies to reinvent themselves and improve performance.

- **H011**: Intrapreneurship is expected to be positively associated with performance in terms of growth and profitability.

- **H012**: Intrapreneurship in an organisation exists because of the interrelationships between potential influences on intrapreneurship, which in turn will result to corporate performance.

### 3.4. CONCLUSION

In this chapter, various conceptual models in the field of intrapreneurship are presented. Researchers also used this model to guide their research. The conceptualised model used for the purpose of the study is developed, based on the three conceptual models.

Based on the conceptual model the researcher provides the theoretical evidence to substantiate the hypothesised relationships among variables. The theoretical evidence stated that an increase in intrapreneurial innovation would lead to an increase in corporate performance. Various concepts were identified as possible routes to foster, implement and/or develop intrapreneurship and innovation in an organisation.

The hypotheses are developed and divided into hypotheses about the organisational constrains as barriers to intrapreneurship; strategic leadership as a barrier to intrapreneurship; interrelationships between intrapreneurs, strategic leadership and organisational conduct/form; and financial effects of intrapreneurship on corporate performance.

Chapter 4 will present various measuring instruments used to measure the various intrapreneurial concepts identified in Chapter 3.
CHAPTER 4

MEASURING INSTRUMENT

4.1 INTRODUCTION

In Chapter 3, various conceptual models in the field of intrapreneurship were presented, and the evidence to substantiate hypothesised relationships among variables was discussed. In this chapter, various intrapreneurship-measuring instruments used to develop the questionnaire for the purpose of this study are presented as well as the observational forms used for measuring variables. To measure these variables the existing developed scales are adjusted.

The study asked respondents to describe their roles and activities with respect to the previously identified project that was “creative, forward thinking, different from what the organisation normally does, and have a chance of not working out”. These phrases were utilised to avoid priming the respondents, and to allow them to relate aspects of their behaviour without the influence of explicit terms such as innovation, risk-taking and proactiveness.

Guidelines for questionnaire construction were provided at each stage of the process and commonly used Likert scaling techniques. A high score on the index indicates high involvement in intrapreneurship activities, and low score indicates low involvement in intrapreneurship activities.

4.2 INTRAPRENEURSHIP DIMENSIONS

Intrapreneurship dimensions are built as a second-order construct by the five first order constructs: innovativeness, risk propensity, proactiveness, new business venturing, and self-renewal, which define the different facets of intrapreneurship (Edwards, 2001). The constructs of innovativeness, risk propensity, and proactiveness are based on the work of Covin and Slevin (1989). The constructs corporate venturing and self-renewal were derived from the study by Antoncic and Hisrich (2001).
- The construct innovativeness defines the degree of innovation in the company.

- New business venturing asks whether a company has carried out new business activities in the last few years such as product innovation and technological intrapreneurship.

- The variable risk propensity represents the degree of risks involved in projects and actions.

- The variable proactiveness determines the relative proactiveness of the company, compared to its competitors in terms of launching new products.

- The construct self-renewal determines the company’s degree of change in terms of its business concept.

In this section, the study determines if there is intrapreneurial programme that exists within the organisation. Then the study focuses on activities in the range of innovation and venturing. This can be new products and new technologies. The study also focuses on risk propensity and self-renewal aimed at activities increasing the competitive capacity and risk willingness of the organisation as a system.

The following questions were used for measuring dimensions of intrapreneurship:

### 4.2.1 Intrapreneurial Programme

1. Does an informal intrapreneurial programme exist within your organisation?

2. Does a formal intrapreneurial programme exist within your organisation?

3. Does your organisation have formal policies that foster intrapreneurship?

4. Does your organisation have formal procedures that foster intrapreneurship?
5. What is the informal intrapreneurship programme within your organisation called?

6. What is the formal intrapreneurship programme within your organisation called?

7. In which functional area of your organisation do the majority of intrapreneurial product/process development ideas originate? Choose (product engineering, technical, production, planning, quality assurance, logistics and sales and marketing, finance or human resource management).

The respondents were asked to respond yes/no to the first four questions as they refer to product and/or process development, and improvement within their organisation.

4.2.2 Venturing and Innovation – Product and Process Innovation

1. In my organisation, there is a strong emphasis on the importance of the development of new product/process/service?

2. My organisation does not spend or invest on new product, new process, and service development activities?

3. In the last three years, my organisation introduced new product, new process, and service in the market?

4. The number of new product, new process, and service which my organisation has launched in the market since 2010?

5. Changes in product, process or service have been mostly of a minor nature?

6. Changes in product, process or service have usually been quite dramatic?
The respondents were asked to indicate to what extent the following statements are true for their organisation over the last three years. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees") and (1 for "none new product/services", 5 for many new product/service") for question 4.

4.2.3 Venturing and Innovation - Technological Intrapreneurship

1. In my organisation there is a strong emphasis on the importance of technological innovation?

2. In my organisation there is a strong emphasis on the importance of developing its own technologies?

3. My organisation introduced changes for the development of its own technologies?

4. In my organisation there is a change in pioneering technological developments in its industry that other companies have developed?

5. In my organisation there is no investment for developing proprietary technologies?

6. In my organisation there is a strong emphasis on creating proprietary technology?

7. There is a change regarding the importance on technology leadership within my organisation?

The respondents were asked to indicate to what extent the following statements are true for their organisation over the last three years. In this case, the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").
4.2.4 Self-renewal Activities - New Formulation Intrapreneurial task

1. New alignment of the business model or concept to develop innovation.

2. Reorganising business units/departments/divisions to increase innovation.

3. Redefining the organisation’s mission.

4. Coordinated activities among units to enhance organisational innovation.

4.2.5 Self-renewal Activities – Re-organisation

1. Reorganisation of business units and divisions in order to increase innovation.

2. Cooperation between the business areas in order to improve innovation performance.

3. Extension of the autonomy of different business areas in order to increase innovation performance.

4. The use of flexible organisational structures in order to increase innovation performance.

4.2.6 Self-renewal Activities - System-wide Changes

1. Reward of the employees for creativity and innovation.

2. There is an importance of the formal distinction of employees with an exceptional idea.

3. Supply of resources for experimental projects of employees, or innovative ideas.
The preliminary three items were summarised in the questionnaire for self-renewal, and the respondents were asked to indicate to what extent the following statements are important for their company. In this case the questions were answered on a 5-point Likert scale (1 for "not at all important", 5 for “extremely important”).

4.2.7 Risk-Propensity

In the last three years my organisation has:

1. Shown a strong tendency towards low risk projects (with normal and certain rates of return).

2. Shown a strong tendency towards high risk projects (with changes of very high return).

3. Shown the mindset that owing to the nature of environment, it is best to explore it gradually via timid, incremental behaviour.

4. Shown the mindset that owing to the nature of environment, bold, wide-ranging acts are necessary to achieve the organisation’s objectives.

5. Typically adopted a cautious, (wait-and-see) posture in order to minimise the probability of making costly decisions.

6. Typically adopted a bold, aggressive posture in order to maximise the probability of making costly decisions.

The respondents were asked to indicate to what extent the following statements are true for their organisation over the last three years. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").
4.3 CORPORATE PERFORMANCE

Corporate performance was evaluated using turnover growth. This was chosen by most of the literature for the measurement of the performance in connection with intrapreneurship (Covin, Green and Slevin, 2006). This is because intrapreneurial activities in established organisations come because of optimisation of resources and innovative ideas.

Since it was not possible to ask for the exact turnover growth because of innovation, respondents were asked to assess the degree to which their organisational intrapreneurial programme has affected turnover growth (optimisation of resources and innovative ideas) and whether the programme positively or negatively impacted on their organisation. For the assessment a 5-point Likert scale was pre-set at (1 for "no impact", 5 for "significant impact") and positive or negative.

4.4 LEADERSHIP

Guth and Ginsberg (1990) argued, “intrapreneurial behaviour in organisations is critically dependent on the characteristics, values/beliefs, and visions of their strategic leaders.”

Strategic and visionary leadership is about the ability to:

- define strategies and visions for innovation development together with actors;
- bring visions of different scenarios of futures together, and transform them into focused strategies and actions;
- involve people and empower them to act as a network for joint, but also separate goals;
- utilise existing resources and to find new ones in the promotion innovation of development;
- direct resources according to existing strategies; and
- create an environment that supports knowledge management in the organisations.
In this section, four of the five dimensions of intrapreneurship assessment instrument (CEAI) by Hornsby et al. (2002). Hornsby et al. (2002) originally known as intrapreneurship assessment instrument (IAI), will be used. These four dimensions are management support for intrapreneurship, reward and recognition, autonomy/work discretion, and time availability.

### 4.4.1 Management Support

Lacking support through the management can become a barrier to intrapreneurship. Management support can take many forms, including championing innovative ideas, recognition of people who articulate ideas, providing the necessary resources or expertise, such as seed money to kick-start ideas or institutionalising the intrapreneurial activity within an organisation’s system and process (Hornsby et al., 2002; Kuratko, Hurley and Hornsby, 2001; Morris et al., 2008).

The following questions were used for measuring dimensions of management support, as perceived by intrapreneurs:

1. Money is often available to get new project ideas off the ground?

2. My organisation is quick to use improved work methods?

3. There are several options within the organisation for individuals to get financial support for their innovative projects and ideas?

4. Senior managers encourage innovators to bend rules and rigid procedures in order to keep promising ideas on track?

5. This organisation supports many small and experimental projects, realising that some will undoubtedly fail?

6. Many top managers have been known for their experience with the innovative process?
7. My organisation is quick to use improved work methods that are developed by workers?

8. In my organisation developing one’s own ideas is encouraged for the improvement of the organisation?

9. People are often encouraged to take calculated risks with new ideas?

10. The term “risk taker” is considered a positive attribute for people in my work area?

11. Individual risk takers are often recognised for their willingness to champion new projects, whether eventually successful or not?

12. People are encouraged to talk to workers in other departments of this organisation about ideas for new projects?

13. There is a considerable desire among people in the organisation for generating new ideas, without regard to crossing departmental or functional boundaries?

14. A worker with a good idea is often given free time to develop that idea?

15. Promotion usually follows the development of new and innovative ideas?

16. Upper management is aware and very receptive to my ideas and suggestions?

The respondents were asked to indicate the extent to which they feel that top managers are willing to facilitate and promote intrapreneurial behaviour; including the championing of innovative ideas and providing the resources people require taking intrapreneurial actions. The questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").
The following questions were used for measuring dimensions of management support, as perceived by leaders:

1. Do I have a clear view of my company's future goals? If so, how have I expressed these goals to my employees?

2. Have I set ground rules for an intrapreneurial environment? What are they?

3. Have I established a clear system that encourages my employees to be innovative and creative? How does it work?

4. Do I encourage my employees to spend at least 15 percent of their time at work creating new products or services?

5. Have I earmarked funds specifically for developing ideas proposed by employees? What percentage of my company's overall budget is dedicated for this purpose?

6. When employees come to me with sound ideas, do I take immediate action to get these ideas up and running, or do they tend to get lost in company policy and red tape?

The respondents were asked to indicate to what extent the following statements are a true reflection of their leader's characteristics towards improving intrapreneurial behaviour of their direct employees. The questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

4.4.2 Reward and Recognition

Rewards for intrapreneurial behaviour develop the motivation of individuals to engage in innovative, proactive and moderate risk-taking behaviour (Goosen, de Coning and Smit, 2002). According to Kuratko and Hodgets (2004), the use of appropriate rewards can enhance manager's willingness to assume the risk associated with intrapreneurial activity. Innovative organisations are characterised by
providing rewards and recognition based on performance, offering challenges, increasing responsibility, and promoting the idea of innovative people throughout the organisation (Kuratko and Hodgets, 2004).

The following questions were used for measuring dimensions of rewards and recognition, as perceived by intrapreneurs:

1. Creative ideas are highly appreciated?

2. The rewards I receive are dependent upon my work on the job?

3. My supervisor will give me special recognition if my work performance is especially good?

4. My supervisor will increase my job responsibilities if I am performing well in my job?

5. My manager would tell his boss if my work was outstanding?

6. There is a lot of challenge in my job?

7. My manager helps me get my work done by removing obstacles?

8. Individuals with successful innovative projects receive additional reward and compensation for their ideas and efforts, beyond the standard reward system?

9. Those employees who come up with innovative ideas on their own often receive management encouragement for their activities?

The respondents were asked to indicate to what extent the following statements are true for their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").
4.4.3 Autonomy and Empowerment

Autonomy of employees refers to the discretion and the extent that employees are empowered to make decisions about performing their work in the way they believe is most effective. That is the freedom for workers to manage work, take risks, and innovate. In intrapreneurial work environments, employees are allowed to make decisions about their work process, and are seldom criticised for making mistakes when innovating (Hornsby et al., 2002). This tolerance of failure should breed innovative, proactive and risk-taking behaviour of employees.

The following questions were used for measuring dimensions of autonomy, as perceived by intrapreneurs:

1. It is basically my own responsibility to decide how my job gets done?

2. I feel that I am my own boss, and do not have to double check all of my decisions?

3. I have much autonomy in my job and am left on my own to do my own work?

4. I almost always get to decide what I do on my job?

5. I have the freedom to decide what I do on my job?

6. This organisation provides freedom to use my own judgment?

7. I seldom have to follow the same work methods or steps for doing my major task from day to day?

8. This organisation provides the chance to be creative and try my own methods of doing the job?

9. This organisation provides the chance to do something that makes use of my abilities?
10. Harsh criticism and punishment result from mistakes made on the job?

11. The “doers” are allowed to make decisions on projects without going through elaborate justification and approval processes?

The respondents were asked to indicate to what extent the following statements are true for their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

### 4.4.4 Time and Resource Availability

Finally, this dimension influence employees’ perception of the possibility of intrapreneurial behaviour, in the sense that employee need to perceive resources as accessible for intrapreneurship activities (Kreiser et al., 2002). Organisations should be reasonable in assigning the workload of their employees and allow employees, to work with others on long-term problem solving.

The following questions were used for measuring dimensions of time and resource availability, as perceived by intrapreneurs:

1. I always seem to have plenty of time to get everything done?

2. I feel that I am always working with time constraints on my job?

3. I have just the right amount of time and work load to do everything well?

4. My co-workers and I always find time for long-term problem solving?

5. During the past three months, my work load was too heavy to spend time on developing new ideas?

6. My job is structured so that I have very little time to think about wider organisational problems?
The respondents were asked to indicate to what extent the following statements are true for their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

4.5 ORGANISATIONAL CULTURE

An organisation's value system and culture may place high importance on collaboration and the early and frequent exchange of ideas, rather than encourage individual achievement and the withholding of information until ideas are fully formed (Coetsee, 2001). Menzel, Aaltio and Ulijn (2007) argue that organisational cultures which reduce internal barriers to change and encourage creativity, tend to be best placed to foster intrapreneurship.

The dimensions of organisational culture as a barrier influencing intrapreneurship as per hypothesis were described below.

- Flatter, organic organisational structures (Flexibility, centralisation and formalisation);

- Extensive use of teams and project-based organisation (individualism vs. collectivism);

- The presence of formal internal integrating roles and formal external boundary-spanning roles (external vs. internal orientation).

4.5.1 Organisational Structure and Boundaries

Supportive organisational structure and boundaries provides the administrative mechanism by which ideas are evaluated, chosen and implemented (Goosen et al., 2002). However, a bureaucratic organisational structure leads to perceived boundaries, preventing people from noticing problems outside their own job. Organisations should avoid having standard operating procedure for all major parts of the job and should reduce dependence on narrow job descriptions and rigid performance standards (Hornsby et al., 2002).
In this section the corporate intrapreneurship assessment instrument (CEAI) by Hornsby et al. (2002) will be used.

The following questions were used for measuring dimensions of organisational structure and boundaries as perceived by intrapreneurs:

1. There are many written rules and procedures that exist for doing my major tasks?

2. In the past three months I have always followed standard operating procedures or practices to do my major tasks?

3. My job description clearly specifies the standards of performance on which my job is evaluated?

4. There is little uncertainty in my job?

5. I clearly know what level of work performance is expected from me in terms of amount, quality, and timeliness of output?

6. On my job I have no doubt of what is expected of me?

7. During the past year my immediate supervisor discussed my work performance on which my job is evaluated?

8. My organisation is not open to changes?

9. My organisation does not encourage the employees to question the status quo?

10. All important decisions which affect the employees need the permission of the enterprise?
11. The organisation provides the chance to be creative, and try my own methods of doing the job?

The respondents were asked to indicate to what extent the following statements are true for their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

4.5.2 Individualism vs. Collectivism

Individualism in contrast to collectivism refers to the relationship that individuals have with the society that surrounds them, that is, whether people are rather concerned about themselves or about others (Hofstede and Hofstede, 2005). In individualistic cultures, ties between individuals are loose, and self-reliance, autonomy, independence and leadership are considered highly respected and valued. Individualistic people seek to differentiate themselves from others, emphasise personal outcomes over relationships, and value individual needs, interests and goals over those of the group (Trompenaars and Hampden-Turner, 2001).

In contrast, collectivistic cultures are characterised by a tight social framework in which people distinguish between their own groups and other groups. The in-group is built and maintained through harmonious relationships, rules of behaviour, membership and loyalty (Hofstede and Hofstede, 2005). Collectivistic people value group interests, goals and outcomes over those of the individual. They rather pursue cooperative strategies, show more concern about attaining the other party’s goals than about attaining their own goals, and are more willing to make sacrifices for their in-group than individualistic cultures.

In this section, the corporate intrapreneurship assessment instrument (CEAI) by Hornsby et al. (2002) will be used.

In this section, the following questions were used for the measuring the cultural dimension of individualism vs. Collectivism, External vs. Internal orientation:
1. In my organisation, there is a strong focus on primacy of collective goals over individual goals?

2. In my organisation there is a strong focus on the relationship between the individual and his or her fellow employees?

3. My organisation does not consider any consensus-oriented process during the meeting of important decisions?

The respondents were asked to assess, to what extent they agree to the preliminary items for their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

4.5.3 Externals vs. Internal Orientation

The culture dimension, external vs. internal orientation, describes the extent to which an organisation is open to external influences. In this section, Zahra et al. (2004) have orientation five items for measuring the dimension of internal vs. external orientation.

The following questions were used for measuring dimension of internal vs. external orientation:

1. My organisation does not regularly pursue the changes in its market environment?

2. My organisation does not value the narrow [tight] cooperation with key customers, and the learning of this?

3. My organisation does not value the narrow cooperation with important suppliers, and the learning of these?

4. My organisation does not adopt learn from technologies developed by other companies or industries?
5. My organisation resists against ideas that develop from other enterprises or groups?

6. My company stimulates new demand for existing products in current markets, through aggressive advertising and marketing?

7. My company pursues businesses in new industries that are related to current business?

The respondents were asked to assess, to what extent they agree to the preliminary items for their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

**4.6 HUMAN RESOURCE MANAGEMENT**

The human resource management function focuses its activities on ways to help the organisation achieve corporate goals like growing through recruiting and hiring employees, orienting and training them, and making their initial and future job assignments. Human resource management contributions to a cost leadership strategy focus on recruiting and retaining employees who can work as efficient and productive as possible. Human resource management contributes to the successful use of differentiation strategy by recruiting and retaining employees who can perform high quality work and who can provide intrapreneurial innovation (Sims, 2002).

This study address two human resource issues in the study: these are (1) staff selection using measuring instrument by Hayton (2005) and Saly (2001), and (2) training and development using measuring instrument by Berthel and Becker (2003) and Khandwalla (2006).

**4.6.1 Staff-Selection**

For corporate innovation in terms of intrapreneurship, the objective of staff selection is to form an appropriate resource base of human capital to foster intrapreneurial activity. During the selection process companies can determine the problem-solving and teamwork attitudes and behaviours of prospective employees. This study
therefore assumes selective hiring is an important tool companies can use to influence their intrapreneurial level.

The following questions were used for measuring the dimension of staff selection:

1. When recruiting for top management position we pay attention to intrapreneurial characteristics (especially creativity, drive for action, autonomy)?

2. Open management positions are often filled with external candidates?

3. In our company are possibilities to be promoted manifold?

4. When recruiting for top management positions capacity for teamwork, good conflict behaviour and presentations skills are very important selection criteria.

The respondents were asked to assess, to what extent they agree to the preliminary items for their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

4.6.2 Staff Training and Development

Berthel and Becker (2003) defined staff development as activities that increase employees’ qualifications and performance at all hierarchical levels through education, career management, and work structure. Training and development practices can promote intrapreneurial behaviour to the extent that they apply to a range of job situations, and encourages employee participation.

The following questions were used for measuring the dimension of training and development:

1. In my organisation training is planned with a focus on interpersonal skills (capacity for teamwork, conflict management, etc.)?
2. In my organisation training is planned with focus on creativity (creativity methods, problem solution skill)?

3. In my organisation training is planned with focus on the enforcement of innovative ideas (project management, resource sourcing, networking, etc.)?

4. In my organisation training is planned with a focus on functional contents?

The respondents were asked to assess, to what extent they agree to the preliminary qualification measures are organised within their organisation. In this case the questions were answered on a 5-point Likert scale (1 for "strongly disagree", 5 for "strongly agrees").

4.7 CONCLUSION

In this chapter, various intrapreneurship-measuring instruments used to develop the questionnaire for the purpose of this study, five measuring instruments were discussed:

- For intrapreneurship, the constructs of innovativeness, risk propensity, and proactiveness are based on the work of Covin and Slevin (1989). The constructs corporate venturing and self-renewal were derived from the study by Antoncic and Hisrich (2001);

- Corporate performance was evaluated using turnover growth by Covin et al. (2006);

- Strategic and visionary leadership was evaluated based on the intrapreneurship assessment instrument (CEAI) by Hornsby et al. (2002);

- Organisational culture, the constructs innovativeness supportive organisational structure are based on intrapreneurship assessment instrument (CEAI) by Hornsby et al. (2002) and the constructs individualism vs. collectivism developed by Zahra et al. (2004) will be used.
For human resource management, the construct staff selection is evaluated using the measuring instrument by Hayton (2005) and Saly (2001) and the construct, training and development using the measuring instrument by Berthel and Becker (2003) and Khandwalla (2006).

For the purpose of this study these instruments were be applied in developing the questionnaire applied to Volkswagen Group of South Africa. Chapter 5 will present the empirical study and research methodology used in this study.
CHAPTER 5

RESEARCH METHODOLOGY

5.1. INTRODUCTION

In Chapter 4, an overview of various intrapreneurship measuring instruments used to develop the questionnaire for this study were discussed. In this chapter the design of the empirical study, and research methodology used in the study are described. The geographical area where the study was conducted, the study design, the population, and the sample are described. The instrument used to collect the data, including methods implemented to maintain validity, and reliability of the instrument is described. The chapter also defines the scope and limitations of the research design.

5.2. RESEARCH APPROACH AND DESIGN

Based on the philosophical assumptions adopted, research can be classified as positivist commonly referred to as quantitative research, and phenomenological commonly referred to as qualitative research (Collis and Hussey, 2003). The conceptual framework clearly indicates that this study used both qualitative and quantitative paradigm.

An unstructured approach, usually classified as qualitative research approach was followed to enable us to increase our understanding of intrapreneurial mindset as opposed to the ‘employee’ mindset. Qualitative research involves analysing human reaction or thinking of the researched object or subject (Collis and Hussey, 2003). The researcher in this case interacts participate actively with the researched object or subject.

This form of research is biased as it is based on opinions and values from participant or the researcher (Collis and Hussey, 2003). The research therefore seeks to understand beliefs, and determine which of these believes should be regarded or recognised as facts. The research process which qualitative research undertakes is based on shaping of factors from participants (Collis and Hussey, 2003). The process
is therefore inductive process that is accurate and reliable through verification (Collis and Hussey, 2003). Qualitative research is therefore concerned with developing, and verifying theories or patterns developed for understanding from empirical reality.

A structured approach, usually classified as quantitative research approach was then used to find answers to the research questions. Quantitative research regards the researcher independent from the researched object or subject. The researcher is therefore not part of what is been researched, and dedicates their research focus on object or subject.

Quantitative research is based on facts, past collected data, set definitions or knowledge that is measurable, and can be observed or monitored (Collis and Hussey, 2003). This form of research is value free and unbiased as the data used is based on scientifically proven or researched facts (Collis and Hussey, 2003). In the quantitative research, personal opinions, and values that are possessed by the researcher are not used to influence the findings. The research process which quantitative research undertakes is cause and effect analysis (Collis and Hussey, 2003).

The process is a deductive process, which is accurate and reliable through validation and reliability. Quantitative research is therefore concerned with testing, and validating relationships between variables that is developing conceptual structures (Collis and Hussey, 2003).

From the viewpoint of objectives, a research can be classified as descriptive, correlation and, or explanatory research (Collis and Hussey, 2003).

- **Descriptive research** – attempts to describe systematically a situation, problem, phenomenon, service or programme, or provides information about, say, living condition of a community, or describes attitudes towards an issue.

- **Correlational research** – attempts to discover or establish the existence of a relationship, interdependence between two or more aspects of a situation.
- **Explanatory research** – attempts to clarify why and how there is a relationship between two or more aspects of a situation or phenomenon.

In this study, a survey design combined from the three research categories was chosen to meet the objective of the study: to demonstrate that intrapreneurship had a direct influence on corporate performance.

### 5.3. RESEARCH SETTING

The study was conducted at Volkswagen Group of South Africa located in Uitenhage, an industrial town some 35 km from Port Elizabeth in the Eastern Cape. Volkswagen is a strong, enduring brand, with a rich history and heritage. This heritage began with the legendary Beetle, which made motoring history in the 1950s by providing affordable transport to millions of people.

Since then, Volkswagen cars have successfully become benchmark vehicles in their respective categories, from six generations of Golf, to the new Volkswagen Polo as well as the Polo Vivo that is produced exclusively for the South African market. Volkswagen Group of South Africa employs about 4500 employees.

### 5.4. THE STUDY POPULATION AND SAMPLE

Castillo (2009) defines research population as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population, usually have a common binding characteristic or trait. The study population consisted of intrapreneurs, strategic Leaders, managers, supervisors, and team members nominated for employee recognition awards at Volkswagen Group of South Africa.

A sample is simply a subset of the population (Castillo, 2009). The concept of sample arises from the inability of the researchers to test all the individuals in a given population. But it must be representative of the population from which it was drawn, and it must have good size to warrant statistical analysis.
A concurrent mixed method sampling in which a single sample servicing the requirements of both the qualitative and quantitative strands was selected. Concurrent mixed method sampling utilises a single sample generated through the joint use of probability and purposive techniques to generate data for both the qualitative and quantitative strands of a mixed method research (Teddlie and Yu, 2007).

It was accordingly decided that there is a need to control the influences of individual factors on the responses of the research by focusing only on intrapreneurial employees who have already demonstrated individual capabilities towards innovation. It is with these perspectives in mind that the study was conducted with a sample of nominated employee for recognition awards at Volkswagen Group of South Africa.

Participants from selected sample were sent a survey questionnaire that contains both closed-ended and open-ended questions. Data for the qualitative and qualitative strands were gathered simultaneously. The mixed method sampling procedure included both purposive and probability sampling techniques.

5.4.1 The Sampling Criteria

Participants included in the selected sample had to meet the following specific criteria:

- have had a nomination for employee recognition awards;
- be of 18 years or above;
- be willing to participate, and

The strategic leaders, managers, supervisors and team members included in the selected sample had to meet the following specific criteria:

- has been involved and played their role throughout the involvement in the implementation process of a nominated idea or employee;
- have had a nomination for employee recognition awards;
be of 18 years or above;
- be willing to participate; and

5.5. DATA COLLECTION

5.5.1 Data Collection Instrument

A postal questionnaire that contains both closed-ended and open-ended questions to satisfy the mixed method sampling technique was chosen as data collection instrument. Questionnaire is a list of a research or survey questions asked to respondents, and designed to extract specific information (Dawson, 2002; Kumar, 2005). It serves four basic purposes to:

- collect the appropriate data,
- make data comparable and amenable to analysis,
- minimise bias in formulating and asking question, and
- to make questions engaging and varied.

A postal questionnaire was chosen upon because of the following advantages:

- The researcher is able to contact large numbers of people quickly, easily and efficiently using a postal questionnaire.

- Questionnaires are relatively quick and easy to create code and interpret.

- A questionnaire is easy to standardise. For example, every respondent is asked the same question in the same way. The researcher, therefore, can be sure that everyone in the sample answers exactly the same questions, which makes this a very reliable method of research.

- A questionnaire can be both anonymous, and completed in privacy. This increases the chances of people answering questions honestly, because they are not intimidated by the presence of a researcher.
Apart from the aforementioned advantages, postal questionnaires have their limitations. For example:

- The format of questionnaire design makes it difficult for the researcher to examine complex issues and opinions.

- The researcher can never be certain the person to whom the questionnaire is sent, actually fills it in and whether or not a respondent has understood a question properly.

- The response rate tends to be very low for postal questionnaires.

Because of the above limitations, participants might not reflect their true opinion but might answer what they think will please the researcher and valuable information may be lost.

5.5.2 Data Collection Procedure

Questionnaires were distributed via email by the researcher for participants to complete. The data was collected over a period of three weeks.

5.6. OBJECTIVITY, RELIABILITY AND VALIDITY

In this study, the quality of the measurement was conceived through objectivity, validity, and reliability of our research results. While objectivity addresses the question if the data collection is independent of the persons involved in data collection and independent of the devices used (Janetzko, 2008), validity and reliability refer to the error, with each measuring instrument is tainted.
5.6.1 Objectivity

The objectivity of the data collected was ensured by the fact that a standardised questionnaire was used for data collection and the respondents completed it independently. This ensured that the results are independent of subjective influences from the measured persons (Janetzko, 2008), subjective influences by interpretation of questionnaire by the respondents can be excluded as misunderstanding, and room for interpretation in the pre-trial investigation was deliberately removed.

Objectivity was also confirmed by a third party, to prove that there was no 'contamination' of the result by any individual involved in the testing - specifically, the results weren't influenced by personal feelings, interpretations of the results, or personal prejudices.

The conclusions drawn through the interpretation of the results of data analysis were based on the facts of the findings derived from actual data and not on researcher's own subjective or emotional values.

5.6.2 Reliability

Reliability describes the extent to which the repeated use of a measure leads to consistent, i.e., the same or comparable values (Janetzko, 2008). Reliability can be estimated in several alternative ways, each of which casts a light on a particular aspect of reliability. Among the most common types of reliability are test-retest reliability and parallel test reliability (Gruijter and Kamp, 2007).

Test-retest reliability informs about the consistency of longitudinal data and parallel-test reliability gives an account on cross-sectional data. More specifically, while test-retest reliability is a measure of the consistency of results from one point in time to another, parallel-test reliability expresses the consistency of results obtained via different data collection methods (Gruijter and Kamp, 2007).
In this study, reliability of the study will be presented by means of test-retest estimate of reliability method, with the correlation coefficient regarded statistically significant at a $p$-value $\leq 0.05$ level.

Data collector bias was minimised by the researcher being the only person administrating the questionnaire and standardising conditions exhibiting similar personal attributes to all respondents such as friendliness and support.

5.6.3 Validity

Validity concerns the degree to which a measure expresses a phenomenon it is taken to reflect (Janetzko, 2008). Validity studies therefore examines whether and to what degree empirical evidence, variables that already have a well understood meaning or both are in agreement with a finding the validity of which ought to be determined.

In line with more recent considerations of validity (Gruijter and Kamp, 2007) the ultimate goal is to work toward a theory of the phenomena to be studied instead of breaking down validity into many different types the relationship among which remains often unclear.

Internal validity refers to the extent to which the independent variable can accurately be stated to produce the observed effect. If the effect of the dependent variable is only due to the independent variables then internal validity is achieved. This is the degree to which results can be manipulated (Gruijter and Kamp, 2007). In order to check the internal validity of the study, regression analysis was used to the control variables measured by the determination of the hypothesis.

External validity refers to the extent to which the results of a study can be generalised to broader population, that is, the findings can be applied to other people and settings (Gruijter and Kamp, 2007). A study is considered externally valid if the researcher’s conclusions can in fact be accurately generalised to the population at large.
5.7. ETHICAL CONSIDERATION

In this study, written permission to conduct the research study was obtained from research committee at Volkswagen Group of South Africa. To render the study ethical, the rights to voluntary participation, informed consent, risk of harm, confidentiality, and autonomy were observed.

The principle of voluntary participation was maintained and participant’s informed consent was obtained prior to completion of the research questionnaire. Participants were fully informed of their rights to voluntarily consent or decline to participate, and to withdraw their participation at any time without any negative or undesirable consequences to themselves.

The participants were also fully informed about the purpose of the study, the procedures that would be used to collect the data and researcher assured participants that there were no risk of harm involved or cost incurred as a result of their participation in the study. That is, participants were not being exposed to questions which may be experienced as stressful or upsetting, or to procedures which may have unpleasant or harmful side effects and that participants were not required to perform tasks or procedures which may be experienced as stressful, noxious, or unpleasant.

In this study, confidentiality was maintained by keeping the response confidential and not revealing participants identifying information to anyone who is not directly involved in the study when reporting or publishing the study. No identifying information was required on the questionnaires, and anonymity was ensured by not disclosing participant’s name on the questionnaire or when reporting or publishing the study.

5.8. DATA ANALYSIS

In this study, the aim is to discuss and analyse the influence (independent variable) of possible factors on intrapreneurship (dependent variable) and the results of
intrapreneurship on financial performance (dependent variable) measured at Engine Plant, a business unit at Volkswagen Group of South Africa.

The data used in the analysis were collected by means of two survey questionnaires were used during the research: one directed at organisation’s employees level and the second directed at organisation's management level. Data from respondents were administered on excel and analysed using Statistica 1.9 to test hypotheses and apply both methods to examine the relationship between intrapreneurship and corporate performance. More specifically a comparison will be made between the opinions of the managers and employees.

The survey gives information about three data groups namely the potential influences on intrapreneurship and the possible outcomes as a result of organisation’s intrapreneurial programme. The studied factors analysed in this study are:

- **Potential influences on intrapreneurship - Prerequisites**
  - Leadership
  - Organisational Culture
  - Human Resource Management

- **Phenomenon intrapreneurship**
  - Intrapreneurial programmes

- **Possible outcome because of organisation’s intrapreneurial programmes**
  - Corporate Performance

In this study, reliability of the study will be presented by means of test-retest estimate of reliability method, with the correlation coefficient regarded statistically significant at a $p$-value $\leq 0.05$ level.

The interdependency relation between influences on intrapreneurship, intrapreneurship, and corporate performance was analysed by means of correlation analysis with an acceptable item-total correlation coefficient of 0.3.
This research study was limited to one business unit within Volkswagen Group of South Africa resulting in a low number of respondents and insufficient number of management survey participant. The financial benefit or outcome because of intrapreneurship was also limited to respondent’s opinion. There is a need for the study to be conducted at organisation level that includes all business units.

5.9. CONCLUSION

In this chapter, the design of the empirical study, research methodology, the study design, the population and sample as well as the instrument used to collect the data were defined. The research design methods implemented to maintain validity and reliability of the instrument were also discussed. Chapter 6 will present the research findings conducted at Volkswagen Group of South Africa.
CHAPTER 6

RESEARCH FINDINGS

6.1. INTRODUCTION

In chapter 5, the geographical area where the study was conducted, the study design, the population and the sample were described. Chapter 5 also presented the instrument used to collect data, including methods implemented to maintain validity and reliability of the instrument. This chapter will present the research findings conducted at Volkswagen Group of South Africa.

Firstly, descriptive results will present information on gender of respondents, average age of respondents, respective business units of respondents, and the evidence on existence of intrapreneurial programmes at Volkswagen Group of South Africa.

Secondly, reliability and validity of the study will be presented by means of test-retest estimate of reliability method. Finally, the evaluation results of hypotheses will be presented.

6.2. DESCRIPTIVE RESULTS

While overall response rates for e-mail surveys are known to be somewhat lower than paper and pencil surveys (Anderson and Gansneder, 1995; Kittleson, 1995), some e-mail surveys perform well beyond expectations. Indeed, it has been shown that e-mail survey’s response rates can be as high as 70%.

In this study, a postal (e-mail) questionnaire was distributed to 50 respondents from various departments within the Engine Plant at Volkswagen Group South Africa, and 37 questionnaires were returned. This indicates a response rate of 74% with some of the descriptive statistics been omitted as results of non-response in the pilot study.
In Table 6.1 and Figure 6.1, it can be noted that 14% of the respondents were females and 86% were males with 32% of the respondents been management, and predominantly males.

**TABLE 6.1 and FIGURE 6.1 – Gender of respondents**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>32</td>
<td>86%</td>
</tr>
<tr>
<td>Female</td>
<td>5</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100%</td>
</tr>
</tbody>
</table>

In Table 6.2 and Figure 6.2, it can be noted that an average of \(\frac{1}{3}\) of the respondents in this study is evenly distributed in the age group of 30 to 39, 40 to 49, and 50 to 59 years respectively. It was also noted that only 3% of the respondents fall in the age group of 18-19 years.

**TABLE 6.2 and FIGURE 6.2 – Average ages of respondents**

<table>
<thead>
<tr>
<th>Average of age</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29 years</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>30-39 years</td>
<td>13</td>
<td>35%</td>
</tr>
<tr>
<td>40-49 years</td>
<td>12</td>
<td>32%</td>
</tr>
<tr>
<td>50-59 years</td>
<td>11</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100%</td>
</tr>
</tbody>
</table>

The research finding in Table 6.3 and Figure 6.3 indicates that 65% of the respondents were from the Quality Assurance department with the second largest
group of respondents coming from Production department at 19%. This was largely attributed to the fact that the questionnaires were sent to management, engineers or staff level employees, and/or including production group leaders with most respondents been in the Quality Assurance department.

**TABLE 6.3 and FIGURE 6.3 – Business units of respondents**

<table>
<thead>
<tr>
<th>Business unit</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Engineering</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>24</td>
<td>65%</td>
</tr>
<tr>
<td>Production</td>
<td>7</td>
<td>19%</td>
</tr>
<tr>
<td>Planning</td>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>Technical Service</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

In this research study, the following profile criterions were omitted due to lack of response during the pilot study: educational qualification of respondents, ethnic group of respondents, management level of respondents, and the amount years respondents have been employed at Volkswagen Group of South Africa.

The first step in this research study would be to determine if informal or formal intrapreneurial programmes do exist within Engine plant of Volkswagen Group of South Africa.

According to findings in Table 6.4/6.5 and Figure 6.4, there is significant evidence that informal intrapreneurial programmes exist within the organisation, with a positive response of 80% from employees and 58% from management respectively.

Despite clear evidence of existence of informal intrapreneurial policies within the organisation, the findings in Table 6.6/6.7 and Figure 6.5 underlines the existence of formal policies with a slight contrast to existence of informal intrapreneurial programmes.
TABLE 6.4 (employees), TABLE 6.5 (management) and FIGURE 6.4 – Informal intrapreneurial programmes

<table>
<thead>
<tr>
<th>Informal Intrap. Activity - E</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>20</td>
<td>80%</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Informal Intrap. Activity - M</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>58%</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>42%</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>100%</td>
</tr>
</tbody>
</table>

The next step in this research study would be to determine if there are organisational intrapreneurial policies or if intrapreneurship exist more because of informal policies, based on unregulated business practice.

According to findings in Table 6.8 and Figure 6.6, there is significant evidence that formal intrapreneurial policies, and procedure exist within the organisation, with a positive response of 84%.

TABLE 6.6 (employees), TABLE 6.7 (management) and FIGURE 6.5 – Formal intrapreneurial programmes

<table>
<thead>
<tr>
<th>Formal Intrap. Activity - E</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>96%</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Formal Intrap. Activity - M</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>83%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>17%</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>100%</td>
</tr>
</tbody>
</table>
When respondents were asked to identify existing intrapreneurial programmes within their organisation, whether be formal or informal, there was clear evidence (see Table 6.9 and Figure 6.7) that Ideas Management (IM) was mentioned 50% times more in comparison to other existing intrapreneurial programmes. Cascade (CC) was second with only just 13%.

In total, there were ten existing intrapreneurial programmes identified by respondents namely: Ideas management (IM), Cascades (CC), Keizen Teams (KP), Problem solving teams (PST), Quality drive (QD), Kontinuierliche Vebeserungsprozess (KVP), Leadership development (LD), Mini business (MB), Further educational programmes (FE), and My car-my part-my process (MPCP).

TABLE 6.9 and FIGURE 6.7 – Intrapreneurial programmes
According to Table 6.10/6.11 and Figure 6.8, it can be noted that 54% of the employees and 43% of management respectively, believe that most intrapreneurial programmes at Volkswagen Group of South Africa are short-term based and less than 3 years. These findings are in line with findings in Table 6.9 and Figure 6.7, which indicates that Ideas management appeared 50% and used by Volkswagen Group of South Africa as a tool for generating intrapreneurial ideas on a short-term basis. This also supports the evidence that long-term intrapreneurial programmes such as Kontinuierliche Verbesserungsprozess (KVP), Leadership development (LD) etc. were mentioned less in Table 6.9 and Figure 6.7, as these programmes are project base with terms of between 4 to 5 years and >10 years respectively.

**TABLE 6.10/6.11 and FIGURE 6.8 – No. of years for Intrapreneurial programmes**

<table>
<thead>
<tr>
<th>No. Years -Informal Intrap. Activity</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No answer</td>
<td>10</td>
<td>27%</td>
</tr>
<tr>
<td>&lt; 3 years</td>
<td>20</td>
<td>54%</td>
</tr>
<tr>
<td>4-5 years</td>
<td>6</td>
<td>16%</td>
</tr>
<tr>
<td>&gt; 10 years</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100%</td>
</tr>
</tbody>
</table>

TABLE 6.10

<table>
<thead>
<tr>
<th>No. Years -Formal Intrap. Activity</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No answer</td>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>&lt; 3 years</td>
<td>16</td>
<td>43%</td>
</tr>
<tr>
<td>4-5 years</td>
<td>11</td>
<td>30%</td>
</tr>
<tr>
<td>&gt; 10 years</td>
<td>7</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>97%</td>
</tr>
</tbody>
</table>

TABLE 6.11

**FIGURE 6.8**

**TABLE 6.12 and FIGURE 6.9 – Business unit where most Intrapreneurial programmes originate**

<table>
<thead>
<tr>
<th>Business unit</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Engineering</td>
<td>12</td>
<td>32%</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>5</td>
<td>14%</td>
</tr>
<tr>
<td>Production</td>
<td>14</td>
<td>38%</td>
</tr>
<tr>
<td>Logistics</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>Technical Service</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100%</td>
</tr>
</tbody>
</table>

TABLE 6.12

**FIGURE 6.9**
6.3. RELIABILITY and VALIDITY

The proposed measurement instrument used in this study was developed based on existing concepts from literature of intrapreneurship.

These existing instruments have been tested reliable and valid in the study by Antoncic and Hisrich (2001), and Covin and Slevin (1989) for intrapreneurial programmes, Covin et al. (2006) for corporate performance. Intrapreneurship assessment instrument (CEAI) by Hornsby et al. (2002) for leadership and organisation conduct/form, and the instrument by Hayton (2005) and Saly (2001) for human resource management.

In addition to aforementioned premises, test-retest estimate of reliability method was used to test the ‘representativeness’ of the result found in the specified sample for the entire population.

According to William (2006), this analysis is appropriate whenever a comparison between means of two groups is required, and can be used where the sample sizes are very small (e.g., as small as 10). In this study, the correlation coefficient was regarded statistically significant at a $p$-value $\leq 0.05$ level, presented in Table 6.13.

In Table 6.13, it can be noted that there are three aggregate variables with a large statistical significance: rewards and recognition with a $p$-value of 0.04, supportive organisational structure with a $p$-value of 0.01, and staff-selection with a $p$-value of 0.040.

These findings also indicate that the observed inter-variable relation with a $p$-value $\geq 0.05$ is a reliable indicator, that there is less relations between the respective variables in the population. According to William (2006), these $p$-values represent the probability of error that is involved in accepting the observed result as valid, that is, as a representative of the population. Based on the above
### TABLE 6.13 – T-test Aggregate Variable Scores

<table>
<thead>
<tr>
<th>Aggregate Variables</th>
<th>Mean Employees</th>
<th>Mean Management</th>
<th>t-Value</th>
<th>df</th>
<th>p-Value Employees</th>
<th>Valid N Employees</th>
<th>p-Value Management</th>
<th>Valid N Management</th>
<th>Std. Dev. Employees</th>
<th>Std. Dev. Management</th>
<th>Cohen’s d</th>
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<td><strong>Intrapreneurial Programmes</strong></td>
<td></td>
<td></td>
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<td></td>
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<td>Venturing and Innovation</td>
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<td>-0.47</td>
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<td>0.6430</td>
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<td>4.00</td>
<td>-1.52</td>
<td>35</td>
<td>0.1377</td>
<td></td>
<td></td>
<td></td>
<td>0.66</td>
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<tr>
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<td>Rewards and Recognition*</td>
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<td>0.0370</td>
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<td></td>
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<tr>
<td>Time and Resource Availability</td>
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<td>0.1737</td>
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<td>0.50</td>
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<tr>
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<tr>
<td>Supportive Organisational Structures*</td>
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<td>3.21</td>
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<td>0.3481</td>
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<td>0.57</td>
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<td>External vs. Internal Orientation</td>
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<td>0.4299</td>
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<td><strong>Human Resource Management</strong></td>
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<tr>
<td>Staff-Selection*</td>
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<td>3.60</td>
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<td>0.0032</td>
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<tr>
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<td>0.56</td>
<td>0.85</td>
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</tr>
</tbody>
</table>

* Indicates statistically significant differences (p-level <0.05)
6.4. EVALUATION RESULTS

In this research study, the degree of achievement of both the employee level and management level is evaluated for each role with the following aggregate variables (see Table 6.13):

- **Potential influences on intrapreneurship**
  - Leadership
  - Organisational Culture
  - Human Resource Management

- **Intrapreneurship**
  - Intrapreneurial programmes

- **Possible outcome as a result of organisation’s intrapreneurial programme**
  - Corporate Performance

The potential influences on intrapreneurship express activities of leadership, organisational culture as well as human resource management that have an influence on intrapreneurial activity within an organisation. Intrapreneurship expresses organisational activities aimed at increasing quality of products, reducing production cost, capture or creates new product markets, and improving processes and services. Possible outcome expresses the financial performance of the organisation because of its intrapreneurial activity.

The aggregate variables were handled as mean scores and analysed with on a scale of 1 to 5. A smaller value means a conflicting opinion from the statement while a greater value means an opinion is concurrent with the statement. The critical significance of the scale was defined at values $\geq 3$, values below which imply a need for development in the respective statements’ area of intrapreneurship. Likewise, values higher than three, indicates positive dynamics from an intrapreneurial point of view.
6.4.1. Evaluation Results – Potential Influences on Intrapreneurship

Management support, rewards and recognition, time and resource availability, and autonomy were sources of leadership. These variables have a mean score higher than the critical point, for both employees and management (see results in Table 6.13).

Management support (mean 3.05) for employees and (mean 3.76) for management: employees believe that their management is willing to support and promote intrapreneurial behaviour. Similarly, management believe that they facilitate ideas, promote and recognise people who articulate ideas. The results also indicate that management do provide the necessary resources to kick-start ideas. Some elements like confidence in management, clear division of work, and management’s enthusiasm for encouraging employees were positively evaluated. Instead, risk-taking, failure, and job promotion were both of marginal dissatisfaction. According to Shabana (2010), intrapreneurs need to be given the space in which to fail, since failure is an unavoidable aspect of the Intrapreneurial process.

Rewards and recognition (mean 3.43) for employees and (mean 3.82) for management: respondents believe that rewards or recognition in their organisation is provided based on creativity, job challenge, increasing responsibility, and promoting innovative people. Similarly, both management and employees do not believe, that individuals with successful innovative ideas, receives compensation beyond standard reward systems. Hamel (2002) concludes that recognition of work well done and reward for innovation play a major role in harnessing intrapreneurial energies of employees. Rewarding and recognising people stimulate innovation and results in added performance (Coetsee, 2001).

Autonomy and empowerment (mean 3.25) for employees and (mean 3.17) for management: respondents believe that they have enough authority and responsibility for doing their job in a best possible way, that they are allowed to work independently, and problem solving as well as decision making process. According to Coetsee (2001), empowerment entails more than just giving people the power to decide and do, but the willingness to learn, grow and accept responsibility.
Time and resource availability (mean 3.01) for employees and (mean 3.28) for management: respondents believe that they are allowed to work with other employees on long-term project and, that their workload is reasonably assigned. The respondents also believe that they have enough time to work on problem solving. Historically, intrapreneurial actions require time and resource commitment for developing different types of value-creating innovation (Borch, Huse, and Senneseth, 1999).

In terms of aforementioned, the following can be deduced:

**Hypothesis H$_{01}$ is accepted**: Lack of management support, improvement initiatives has a negative influence on intrapreneurial spirit among employees.

**Hypothesis H$_{02}$ is accepted**: Effective rewards and recognition spur intrapreneurial activity.

**Hypothesis H$_{03}$ is accepted**: Autonomous and employee empowerment is positively associated with the practice of creating new business products and innovation in the organisation.

**Hypothesis H$_{04}$ is accepted**: Lack of time and resources has a negative influence on generating, and implement ideas.

Supportive organisation structures, collectivistic culture, and external vs. internal orientation of the organisation were sources of organisational constraints on intrapreneurship. Supportive organisation structures and collectivistic culture have a mean score higher than the critical point for both employees and management, and external vs. internal orientation has a mean score below than the critical point for both employees and management (see results in Table 6.13).

Supportive organisational structure (mean 3.32) for employees and (mean 3.70) for management: respondents believe that administrative structure and procedures in which ideas are chosen, evaluated, and implemented are not bureaucratic. Bills (2003) study indicated that the capacity of challenge to change the existing order of
things by deliberately forcing ourselves out of our usual way of thinking is the single method of generating new innovative ideas and finding practical ways to implement change.

Collectivistic culture (mean 3.38) for employees and (mean 3.21) for management: respondents believe that there is a strong focus on collective goals over individuals. Coetsee (2001) referred to organisational culture as an important factor to change effort, and a motivation climate based on a shared value system likely to shape innovation.

External vs. internal orientation (mean 2.50) for employees and (mean 2.35) for management: respondents believe that their organisation is open to external influences such as competition, customers, market environment, and new technologies. Findings also indicate that their organisation stimulates new demand of existing products in its current market.

**Hypothesis H05 is accepted:** Supportive organisational structure that is organic, has fewer hierarchical levels, and has extensive integration mechanisms, will positively moderate the effect of individual competencies on intrapreneurship.

**Hypothesis H06 is accepted:** Collectivistic culture Organisational culture is likely to acknowledge and value the creativeness of the workers.

**Hypothesis H07 is accepted:** An organisation that easily adapts to the environment essentially survives and the ones that does not, is eliminated by competition.

Staff-selection, training and development were sources of human resource management practices towards intrapreneurship. These variables have a mean score higher than the critical point, for both employees and management (see results in Table 6.13).

Staff-selection (mean 3.02) for employees and (mean 3.60) for management: respondents believe that when recruiting for management position, there is emphasis on intrapreneurial characteristics such as creativity, drive for action, and autonomy.
However, employees have a different view to that of management, that management positions are filled with internal employees. According to Grobler, Warnich, Carrell, Elbert and Hatfield (2006), internal recruitment increases employee morale and is an effective chain for promotion.

Training and development (mean 3.84) for employees and (mean 3.96) for management: respondents believe that the knowledge of employees, their skills and abilities, the methods or techniques used for training, do stimulate innovation. The results also indicate that both management and employees believe that they possess the necessary skills, have sufficient training and knowledge. Similarly, the findings indicate that respondents believe that training in their organisation is planned with the focus on intrapreneurship. Perhaps this is reflective of what Lawler and Mohrman (2003) specified, that having a more streamlined and strategic human resource management, leads to employees taking responsibility for their knowledge, skills, development, and performance as such efforts will foster intrapreneurial innovation.

**Hypothesis H$_{08}$ is accepted**: Staff selection with regard to intrapreneurial criteria will positively influences the intensity of intrapreneurship.

**Hypothesis H$_{09}$ is accepted**: Staff development and training that focus on intrapreneurial facets positively influence the intensity of intrapreneurship.

### 6.4.2. Evaluation Results – Intrapreneurship

Venturing and innovation, self-renewal, and risk-propensity were sources of intrapreneurial programmes. These variables have a mean score higher than the critical point, for both employees and management (see results in Table 6.13).

Venturing and innovation (mean 3.75) for employees and (mean 3.83) for management: respondents believe that their company carried out new business activities such as product, process or service innovation, and technological intrapreneurship in the last few years. The respondents also believe that their company is proactive in comparison to its competitors when launching new products compared to its competitors. The process of idea generation is enhanced if pressures
to continuously discover and create new opportunities from existing activities are institutionalised (McGrath and MacMillan, 2000). Such pressures generate initiatives that expand existing resource bundles and enhance flexibility, resulting in the creation of new resources, technologies, and work systems.

Risk-propensity (mean 3.00) for employees and (mean 3.83) for management: respondents believe that their company demonstrates certain risk willingness towards innovative ideas or projects. Intrapreneurship is a practice of creating new business products and opportunities in an organisation through proactive empowerment and risk-taking Eesley and Longenecker (2006).

Similarly, intrapreneurial innovation is the introduction of new and improved ways of doing things at work. Self-renewal (mean 3.70) for employees and (mean 3.17) for management: respondents believe that their company has had major strategic and structural changes in terms of its business concept towards its competitive capacity and intrapreneurship.

In terms of aforementioned, the following can be deduced:

**Hypothesis H010 is accepted:** Intrapreneurial innovation is a significant method for companies to reinvent themselves and improve performance.

### 6.4.3. Evaluation Results – Possible outcome of Intrapreneurship

Total sales, profit, and return on investment were sources of corporate performance. These variables have a mean score higher than the critical point, for both employees and management (see results in Table 6.13).

Corporate performance (mean 3.71) for employees and (mean 3.36) for management: respondents believe that there is positive impact on turnover growth because of intrapreneurial programmes in their organisation. This affirms conclusion by (Covin and Slevin, 1991) that improved organisational results, usually in terms of growth and profitability, are thought to be a result of intrapreneurship in established organisations. Similarly, Antoncic and Hisrich (2001) also indicated that
intrapreneurship is beneficial for revitalization and performance of corporations. However, there is no statistical significance to either accept nor reject the hypothesis that intrapreneurship is expected to be positively associated with performance in terms of growth and profitability.

6.4.4. Evaluation Results – Average Item-total Correlation

The correlation between potential influences on intrapreneurship, intrapreneurship and outcomes of intrapreneurship were evaluated by means of itemtotal correlation analysis to check if any aggregate variable in the tests is inconsistent with the averaged behaviour of the other variables.

The aggregate variables formed earlier were computed a total score of thirteen items, and placed in a correlation matrix. The acceptable item-total correlation coefficient was set at $r = 0.3$ and strong correlation coefficient set at $r = 0.5$.

In Table 6.14 and Table 6.15, it can be noted that the correlation coefficient of employees averaged at 0.41 and 0.35 for management respectively.

According to employees (see Table 6.14), external vs. internal orientation stood out ($r = 0.57$) in correlation to the rest of aggregate variables, and was strongly associated with training and development, and corporate performance. This is in line with findings by Hisrich et al. (2008), that an organisation’s performance, depends largely on the fit between its internal resources and the external environment. If the fit is good, due to environmental stability, then the firm will be rewarded with superior performance. The findings by Ferreira (2002), also states that opportunities emerge from the dynamism of an industry where macro environmental changes, and where competitive rivalry and regulatory changes bring about new developments.

The correlation with staff-selection was in many cases lower. However, venturing and innovation, self-renewal, risk-propensity as well as management support correlated positively will all other variables. The strongest correlation is between risk-propensity and external vs. internal orientation ($r = 0.63$). This is somewhat expected, as both employees and management believe that their organisation is open to external
influences such as competition, customers, market environment, and new technologies. They also believe that owing to the nature of environment, bold, wide-ranging acts are necessary to achieve organisational objectives.

**TABLE 6.14 – Average Itemtotal Correlation Employees**

<table>
<thead>
<tr>
<th></th>
<th>AV 1</th>
<th>AV 2</th>
<th>AV 3</th>
<th>AV 4</th>
<th>AV 5</th>
<th>AV 6</th>
<th>AV 7</th>
<th>AV 8</th>
<th>AV 9</th>
<th>AV 10</th>
<th>AV 11</th>
<th>AV 12</th>
<th>AV 13</th>
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<tbody>
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<td></td>
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<td>0.33</td>
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<td>0.45</td>
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<td>0.35</td>
<td>0.36</td>
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<td>0.35</td>
<td>0.57</td>
<td>0.29</td>
<td>0.43</td>
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Total average = 0.41

Similarly, according to management (see Table 6.15), self-renewal stood out (r = 0.50) in correlation to the rest of aggregate variables, and was strongly associated with management support, rewards and recognition, training and development, and corporate performance. In contrast, the correlation with time and resource availability was the lowest. These findings confirm the perception that leadership, organisational culture and human resource management can have a positive or negative influence on intrapreneurship.

**TABLE 6.15 – Average Itemtotal Correlation Management**

<table>
<thead>
<tr>
<th></th>
<th>AV 1</th>
<th>AV 2</th>
<th>AV 3</th>
<th>AV 4</th>
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<th>AV 9</th>
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<th>AV 11</th>
<th>AV 12</th>
<th>AV 13</th>
</tr>
</thead>
<tbody>
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<td>1.00</td>
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<td>AV 4</td>
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<td>AV 8</td>
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<td>AV 9</td>
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<td>AV 10</td>
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<td>AV 11</td>
<td>0.37</td>
<td>0.48</td>
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<td>AV 12</td>
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<td>AV 13</td>
<td>0.54</td>
<td>0.65</td>
<td>0.41</td>
<td>0.60</td>
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<td>0.46</td>
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<td>0.27</td>
<td>0.46</td>
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<td>0.33</td>
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</table>

Total average = 0.35
The strongest correlation is between self-renewal and corporate performance \( (r = 0.65) \). This is somewhat expected, as both employees and management believe that their company has had major strategic and structural changes in terms of its business concept towards its competitive capacity and intrapreneurship. Shabana (2010), further states that intrapreneurial innovation is a novel way of making organisations employees that are more profitable where imaginative entertain intrapreneurial thoughts. It is in the interest of an organisation to encourage intrapreneurs. Intrapreneurship is a significant method for companies to reinvent themselves and improve performance.

In terms of aforementioned, the following can be deduced:

**Hypothesis \( H_{012} \) is accepted**: Intrapreneurship in an organisation exists because of the interrelationships between potential influences on intrapreneurship, which in turn will result to corporate performance.
CHAPTER 7

CONCLUSION AND RECOMMENDATION

7.1 CONCLUSION

In this study, a literature review introduced the phenomenon intrapreneurship in established organisations in terms of views of intrapreneurs as opposed to employees. The major factors influencing intrapreneurship as well as the outcome of intrapreneurship were discussed. Based on literature and various conceptual models in the field of intrapreneurship, a self-constructed conceptual model and hypotheses for this study were developed.

A self-administered measuring instrument was then used to collect data in order to meet the purpose of this research and test the hypotheses. In this chapter, the significant characteristics of intrapreneurship were underlined in terms of the primary and secondary objectives. Furthermore, hypotheses were revisited, summarised and specified as accepted or rejected. This indicates that the main objective of this study was met.

Literature clearly indicates that intrapreneurship innovation is vital in coping with the aggressive changing environment. Intrapreneurial programmes can help the organisations to become more innovative, competitive and can attribute to the technological development.

The findings indicate that employees are the source of competitive advantage. What employees need is free mind to imagine new things away from the normal daily routine and complex structures. A supportive organisational structure, an effective human resource management system, an effective reward and recognition system as well as leadership, can influence and enhance innovation levels by providing ownership and sponsorship. As Nacinovic, Galetic and Cavlek (2009) indicated accomplishing innovation plays a role in the growth benefits, and increases business efficiency.
The findings point to potential organisational actions that can serve to make them more entrepreneurial and more innovative. This should in turn, result in better organisational performance. However, this study has little statistical evidence that indicate that an organisation will experience financial benefits because of its intrapreneurial programmes.

7.2 RECOMMENDATION

Like all research, this study had limitations. Firstly, the study was limited to one business unit at Volkswagen Group of South Africa. Also, the sample was limited to a management and employees select for the Volkswagen Employee Awards. To increase validity and reliability of entrepreneurship models, multi-item scales should be used. To improve knowledge about who to trigger innovation and entrepreneurship more studies on antecedents to innovativeness should be done.

Although this study may give us useful information and knowledge on intrapreneurship, there are still questions that need to be addressed. It is with these premise that the research hopes that this study can serve as a motivation and guideline to for other business units at Volkswagen Group of South Africa or other industries to assess their intrapreneurial intensity in an attempt to instill intrapreneurship.
REFERENCE LIST


Pinchot, G. 2000. *Intrapreneuring: why you don't have to leave the corporation to become an entrepreneur*. San Francisco, Barrett-Koehler.


APPENDIX 1 – Research Questionnaire

### SECTION A – RESPONDENT'S PROFILE

1. Please indicate your title - (Mr, Ms, Miss, Dr and etc)
2. What is your gender? Male Female
3. What is your age? Please indicate your age group. 18 - 29 30 - 39 40 - 49 50 - 59 > - 60
4. What is your highest qualification obtained? Please specify below, e.g. Dip, B-Tech, MBA etc.
5. Please indicate in which functional area of your organisation you work.
   - Product Engineering
   - Quality Assurance
   - Finance
   - Production
   - Planning
   - Logistics
   - Sales and Marketing
   - HR Management
   - Technical Service

### SECTION B – INTRAPRENEURIAL PROGRAMS

1. Does an informal intrapreneurial program exist within your organisation? Yes No
   - < 3 years
   - 4 – 5 years
   - 6 – 10 years
   - >10 years
2. Does a formal intrapreneurial program exist within your organisation? Yes No
   - < 3 years
   - 4 – 5 years
   - 6 – 10 years
   - >10 years
3. Does your organisation have formal policies that foster intrapreneurship? Yes No
4. Does your organisation have formal procedures that foster intrapreneurship? Yes No
5. What is the informal intrapreneurship program within your organisation called?
6. What is the formal intrapreneurship program within your organisation called?
7. Please indicate in which functional area of your organisation do the majority of intrapreneurial product/process and/or service development ideas originate?
   - Product Engineering
   - Quality Assurance
   - Finance
   - Production
   - Planning
   - Logistics
   - Sales and Marketing
   - HR Management
   - Technical Service
**SECTION B CONT**

**Venturing and innovation** can be viewed as activities in the range of new products, processes, service and new technologies.

Please indicate to what extent the following statements are true for your organisation over the last three years.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Not all Important</th>
<th>Slightly Important</th>
<th>Moderately Important</th>
<th>Very Important</th>
<th>Extremely Important</th>
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</thead>
<tbody>
<tr>
<td>1. In my organisation, there is a strong emphasis on the importance of the development of new product, process and service?</td>
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<td>2. My organisation does not spend or invest on new product, process and service development activities?</td>
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<td>3. In the last three years, my organisation introduced new product, process and service in the market?</td>
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<td>4. Changes in product, process or service have been mostly of a minor nature.</td>
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<td>5. Changes in product, process or service have usually been quite dramatic.</td>
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<td>6. In my organisation, there is a strong emphasis on the importance of technological innovation?</td>
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<td>7. In my organisation, there is a strong emphasis on the importance of developing its own technologies?</td>
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<td>8. My organisation introduced changes for the development of its own technologies?</td>
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<td>9. In my organisation, there is a change on pioneering technological developments in its industry that other companies have developed?</td>
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<td>10. In my organisation, there is no investment for developing proprietary technologies?</td>
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<td>11. In my organisation, there is a strong emphasis on creating proprietary technology?</td>
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<td>12. There is a change of the importance on technology leadership within my organisation?</td>
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<td>13. Please supply the number of new product/process/service which your organisation has launched in the market since 2010?</td>
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</table>

**Self-renewal** is concerned with renewal involving major strategic and/or structure changes in an organisational.

Please indicate to what extent the following statements are important for your organisation.

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<thead>
<tr>
<th>Statement</th>
<th>Not all Important</th>
<th>Slightly Important</th>
<th>Moderately Important</th>
<th>Very Important</th>
<th>Extremely Important</th>
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<tbody>
<tr>
<td>1. New alignment of the business model or concept to develop innovation.</td>
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<tr>
<td>2. Reorganising business units/departments/divisions to increase innovation.</td>
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<tr>
<td>3. Redefining the organization’s mission.</td>
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<td>4. Coordinated activities among units to enhance organisation innovation.</td>
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<tr>
<td>5. Reorganisation of business units and divisions in order to increase innovation.</td>
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<tr>
<td>6. Cooperation between the business areas in order to improvement of the innovation performance.</td>
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SECTION B CONT

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<tr>
<td>7. Extension of the autonomy of different business areas in order to increase the Innovation performance.</td>
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<tr>
<td>8. The use of flexible organisational structures in order to increase the Innovation performance.</td>
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<tr>
<td>9. Reward of the employees for creativity and innovation.</td>
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<td>10. There is an importance of the formal distinction of employees with an exceptional idea.</td>
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<td>11. Supply of resources for experimental projects of employees or innovative ideas.</td>
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**Risk-Propensity** is concerned with the risk willingness of the organisation as a system towards innovation. Please indicate to what extent the following statements are true to your organisation.

In the last three years my organization has:

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<tr>
<td>1. Shown a strong tendency towards low risk projects (with normal and certain rates of return).</td>
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<td>2. Shown a strong tendency towards high risk projects (with changes of very high return).</td>
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<td>3. Shown the mindset that owing to the nature of environment, it is best to explore it gradually via timid, incremental behaviour.</td>
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<td>4. Shown the mindset that owing to the nature of environment, bold, wide-ranging acts are necessary to achieve organisation's objectives.</td>
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<td>5. Typically adopted a cautious, wait-and-see posture in order to minimize the probability of making costly decisions.</td>
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<td>6. Typically adopted a bold, aggressive posture in order to maximize the probability of making costly decisions.</td>
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SECTION C – CORPORATE PERFORMANCE

**Corporate performance** is concerned with the degree to which their organisational intrapreneurial program has impacted on turnover growth (optimisation of resources and innovative ideas).

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<tr>
<td>1. Please assess the degree to which intrapreneurial program following in your organization has had an impact of turnover growth.</td>
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<td>a. Total Sales</td>
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<td>b. Profit</td>
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<td>c. Total return to investors</td>
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2. Please indicate if the intrapreneurial program has positively or negatively impacted your organization.

Positive

Negative
### SECTION D – LEADERSHIP

**Management support** is concerned with championing of innovative ideas, recognition of people who articulate ideas and providing the necessary resources or expertise such as seed money to kick-start ideas or institutionalising the intrapreneurial activity within an organisation.

Please indicate the extent to which you feel that management/supervisors are willing support, facilitate and promote entrepreneurial behaviour in your organisation.

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<tr>
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<th>Strongly Disagree</th>
<th>Disagree</th>
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<th>Agree</th>
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**Rewards and recognition** - Innovative organisations are characterized by providing rewards and recognition based on performance, offering challenges, increasing responsibility, and promoting the idea of innovative people.

Please indicate to what extent the following statements are true for your organisation

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
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<tr>
<td>Statement</td>
<td>Strongly Disagree</td>
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<td>Uncertain</td>
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<tr>
<td>1. It is basically my own responsibility to decide how my job gets done.</td>
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<td>2. I feel that I am my own boss and do not have to double check all of my decisions.</td>
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<td>3. I have much autonomy on my job and am left on my own to do my own work.</td>
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<td>4. I almost always get to decide what I do on my job.</td>
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<td>5. I have the freedom to decide what I do on my job.</td>
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<td>6. This organization provides freedom to use my own judgment.</td>
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<td>7. I seldom have to follow the same work methods or steps for doing my major tasks from day to day.</td>
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<tr>
<td>8. This organization provides the chance to be creative and try my own methods of doing the job.</td>
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<tr>
<td>9. This organisation provides the chance to do something that makes use of my abilities.</td>
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<tr>
<td>10. Harsh criticism and punishment result from mistakes made on the job.</td>
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<tr>
<td>11. The “doers” are allowed to make decisions on projects without going through elaborate justification and approval processes.</td>
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</table>

**Autonomy** refers to the degree of freedom, independence and discretion the job provides for employees when planning and deciding and making decisions about performing their work in the way they believe is most effective.

Please indicate to what extent the following statements are true for your organisation.
**Time and resource availability** - is concerned with the organisation's reasonable in assigning the workload of their employees and allow employees to work with others on long-term problem solving.

Please indicate to what extent the following statements are true for your organisation.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I always seem to have plenty of time to get everything done.</td>
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<tr>
<td>2. I feel that I am always working with time constraints on my job.</td>
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<tr>
<td>3. I have just the right amount of time and work load to do everything well.</td>
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<tr>
<td>5. During the past three months, my work load was too heavy to spend time on developing new ideas.</td>
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<tr>
<td>6. My job is structured so that I have very little time to think about wider organizational problems.</td>
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</table>

**SECTION E - ORGANIZATION CULTURE**

**Supportive organizational structure and boundaries** is concerned with the administrative mechanism by which ideas are evaluated, chosen and implemented. However bureaucratic organisational structure leads to perceived boundaries, preventing people from noticing problems outside their own job.

Please indicate to what extent the following statements are true for your organization.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. There are many written rules and procedures that exist for doing my major tasks.</td>
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<tr>
<td>2. In the past three months, I have always followed standard operating procedures or practices to do my major tasks.</td>
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<tr>
<td>3. My job description clearly specifies the standards of performance on which my job is evaluated.</td>
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<td>4. There is little uncertainty in my job.</td>
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<tr>
<td>5. I clearly know what level of work performance is expected from me in terms of amount, quality, and timeliness of output.</td>
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<tr>
<td>6. On my job I have no doubt of what is expected of me.</td>
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<tr>
<td>7. During the past year, my immediate supervisor discussed my work performance on which my job is evaluated.</td>
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<tr>
<td>8. My organization is not open to changes.</td>
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<tr>
<td>9. My organization does not encourage the employees to questioning the status quo.</td>
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<tr>
<td>10. All important decisions which affect the employees need the permission of the enterprise.</td>
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<tr>
<td>11. The organization provides the chance to be creative and try my own methods of doing the job.</td>
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</tbody>
</table>
**Collectivistic cultures** are characterised by a tight social framework in which people distinguish between their own groups and other groups. Individualism in contrast refers to the relationship that individuals have with the society that surrounds them.

Please indicate to what extent the following statements are true for your organisation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In my organisation, there is a strong focus on primacy of collective goals over individual goals.</td>
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<tr>
<td>2. In my organisation, there is a strong focus on the relationship between the individual and his or her fellow employees.</td>
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<tr>
<td>3. My organisation does not consider any consensus-oriented process during the meeting of important decisions.</td>
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<tr>
<td>4. In my work group we encourage one another to achieve the goals.</td>
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</tbody>
</table>

The culture dimension **external vs. internal orientation** is concerned with the extent to which an organisation is open to external influences.

Please indicate to what extent the following statements are true for your organisation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My organisation does not pursue regularly the changes in its market environment.</td>
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<tr>
<td>2. My organisation does not value the narrow [tight] cooperation with key customers and the learning of this.</td>
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<tr>
<td>3. My organisation does not value the narrow cooperation with important suppliers and the learning of these.</td>
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<tr>
<td>4. My organisation does not adopt learn from technologies developed by other companies or industries.</td>
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<tr>
<td>5. My organisation resists against ideas that develop from other enterprises or groups became.</td>
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<tr>
<td>6. My company stimulates new demand for existing products in current markets through aggressive advertising and marketing.</td>
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<td>7. My company pursues businesses in new industries that are related to current business.</td>
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</table>
### SECTION F - HUMAN RESOURCE MANAGEMENT

**Staff selection** refers to the Human resource practice used to appoint of suitable candidate for employment.

<table>
<thead>
<tr>
<th>Training and development</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>1. When recruiting for top management position we pay attention to entrepreneurial characteristics (especially creativity, drive for action, autonomy).</td>
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<td>2. Open management positions are often filled with external candidates.</td>
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<td>3. In our organisation, there are possibilities to be promoted manifold.</td>
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<td>4. When recruiting for top management positions capacity for teamwork, good conflict behaviour and presentations skills are very important selection criteria.</td>
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</table>

Training and development - This refers to the knowledge of employees, their skills and abilities and the methods and techniques used to train, developed and stimulate innovation.

Please indicate to what extent you agree to the preliminary qualification measures organized within your organisation.

<table>
<thead>
<tr>
<th>Training and development</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In my organisation, training is planned with focus on interpersonal skills (capacity for teamwork, conflict management, etc.).</td>
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<tr>
<td>2. In my organisation, training is planned with focus on creativity (creativity methods, problem solution skill).</td>
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<tr>
<td>3. In my organisation, training is planned with focus on the enforcement of innovative ideas (project management, resource sourcing, networking, etc.).</td>
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<td>4. In my organisation, training is planned with focus on functional contents.</td>
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<tr>
<td>5. I possess the necessary skills to do my work.</td>
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<tr>
<td>6. I have sufficient training to do my work well</td>
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<tr>
<td>7. I have sufficient knowledge and experience to do my work well.</td>
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</table>
APPENDIX 2 – Informed Consent Form

INFORMED CONSENT FORM

Date October 2012

This informed consent form is for employees at Volkswagen Group of South Africa who we are inviting to participate in Intrapreneurship: Key to organisation high performance research project.

Intrapreneurship is a method that stimulates innovation by using the creative energy of employees. Intrapreneurship is key to organisation high performance at Volkswagen Group of South Africa.

I am a post-graduate student studying towards the MBA Degree (Masters in Business Administration) at the Nelson Mandela Metropolitan University Business School. The topic of the research project involves a thorough investigation of the impact of intrapreneurial activity – development and/or improvement of products, processes and/or services – on overall corporate performance.

The purpose is to investigating the impact of intrapreneurial activity (development and/or improvement of products and/or processes) on overall corporate performance.

As an innovative employee at Volkswagen Group of South Africa, you are kindly requested to participate in this research survey. It is strongly believed that this study will make a meaningful contribution towards the existing body of knowledge regarding intrapreneurship and motivate organisation to use intrapreneurship as a method that stimulates innovation and growth through the creative energy of employees.

This research will involve your participation in survey questionnaire. Please answer all the questions in the questionnaire as accurately as possible by ticking the appropriate box or marking the required comments as requested. It is expected that
completing this survey should not take you more than 20 minutes. It will also be appreciated if this questionnaire could be returned by no later than the 27th of October 2012.

Your participation in this research is voluntary. It is your choice whether to participate or not. You may change your mind later and stop participating even if you agreed earlier. The choice that you make will have no bearing on your job or on any work-related evaluations or reports.

Please answer all the questions in the questionnaire as accurately as possible by ticking the appropriate box or marking the required comments as requested. It is expected that completing this survey should not take you more than 20 minutes. If you do not wish to answer any of the questions included in the survey, you may skip them and move on to the next question.

The information recorded is confidential, your name is not being included on the forms, only a number will identify you, and no one else except J. Lechaba will have access to your survey.

There is no risk of harm involved or cost incurred as a result of your participation in the study, you will not be provided with any incentive to take part in the research. You will not be exposed to questions which may be experienced as stressful or upsetting, or to procedures which may have unpleasant or harmful side effects and you will not be required to perform tasks or procedures which may be experienced as stressful, noxious, or unpleasant.

The results of this research will be submitted to the Nelson Mandela Metropolitan University (NMMU) in partial fulfilment of a Master’s degree in Business Administration (MBA) in the Faculty of Business and Economic Sciences. The research report of this study will also be made available to the public by the university at a given time and can request this study from the university.

Please do not hesitate to contact my supervisor or me should you need any further information.
Thank you for your participation!

Junior Lechaba
Researcher (+49 5341 23 17287)
junior.lechaba1@volkswagen.de

Mr K.B. Heather
Supervisor (+27 414085250)
bux.Heather@eberspaecher.com

CERTIFICATE OF CONSENT

I……………………………………………………..(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

..........................................................................................................................
SIGNATURE OF PARTICIPANT DATE