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DISSERTATION TITLE:

**AN ANALYSIS OF CORPORATE ENTREPRENEURSHIP IN THE
PERFORMANCE OF ZIMBABWEAN BANKS (2010-2012)**

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DEDICATION

I dedicate this study to the Almighty Jehovah whose strength is made perfect in my weakness and all the creative and innovative banking entrepreneurs in Zimbabwe and Africa at large. Banking is truly no longer for the faint hearted!

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Abstract

The major focus of the study was to assess the role corporate entrepreneurship has played in the performance of Zimbabwean banks post dollarization (2010-2012). The multicurrency regime brought challenges to banks, which included limited foreign currency reserves, limited capital sources, illiquidity, limited market, market scepticism, and competition that has a bearing on the performance of banks. These challenges have resulted in loss of business for some banks and cases of bank closure. Further, the future attractiveness of the banking industry is doubtful as banks are operating in a mature industry and confronted by an unstable macro environment. The study, thus, sought to explore whether corporate entrepreneurship was playing a role in the performance of banks. The study adopted both the positivism and phenomenological approach where a descriptive survey was considered. The study considered top and middle management from CBZ, Ecobank and NMB, where a sample of 120 was considered representing a true representation of thoughts regarding the topic. Stratified random sampling was used in the selection of these respondents and they were all given a questionnaire. Three follow up interviews top management personnel from these banks was done, with each bank represented. The study noted that banks were not effectively doing new business venturing, innovation, self-renewal, acquiring necessary resources, profit seeking activities and conducting risk-taking in their CE approaches. The study noted corporate entrepreneurship plays a role in corporate performance through the expansion of existing markets, entering new markets and bringing new products to the existing markets. Some banking industry players were failing to improve their market share and profits through the implementation of CE approaches. The study noted the need for banks to consider technological opportunities, changing customer demands, environment scanning and entrepreneurship culture. The study only focused on the banking sector of Zimbabwe, with very limited focus on other the whole financial industry. Researches on CE within the context of economies like Zimbabwe are developing; hence, more researches on this area should be considered especially with reference to the role of level of management in promoting CE.

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CHAPTER 1

1.1 Introduction

The chapter presents motivation to do a study on an analysis of the role corporate entrepreneurship has played in the performance of Zimbabwean banks post dollarization (2010-2012). The chapter will look into the background of the study in detail, research problem, research objectives, and research questions, significance of the study, delimitation, conceptual framework, research limitations and definition of terms.

1.2 Background to the study

Banks are recovering from a decade long recession that was prevalent between 1999 to 2008. These economic conditions had a negative impact on the banking industry as most people shunned the banking industry resorting to barter trading and the parallel market which were giving them some value for their money (Mid Term Monetary Policy, 2010). On the 26th of August 2006, the Reserve Bank of Zimbabwe launched “Project Sunrise- Zuva Rabuda-Ilanga Seliphumile” where a raft of measures including printing of bearer’s cheques, and imposition of cash withdrawal limits to limit the cash that was circulating in the economy. This created continuously long queues at banks causing the banks to be overwhelmed (Monetary Policy Review; 2007). However, this may not have worked because the monetary and fiscal authorities of Zimbabwe were regularly issuing large quantities of money to pay for a large stream of government expenditure, which might have led to the total loss of confidence in the currency, and the institutions associated with the commodity (Bande, 2012). Mid 2008, the public preferred to keep their wealth in non-monetary assets or in foreign currency and the public savings were completely wiped out. This contributed to the financial sector in Zimbabwe completely unstable.

In 2008, the Zimbabwe government introduced the use of multi-currency and in that process shelving the Zimbabwe dollar. Although it was welcome by the industry, it brought its own challenges. The major challenges, which affected banks, included limited foreign currency reserves, limited capital sources, liquidity constraints, limited market, market scepticism, competition, unstable regulatory policies and brain drain (Bande; 2013).

Recently, the RBZ increased capital requirements of commercial banks from USD 12.5 million to US\$100 million. Minimum capital requirements for building societies were also raised from US\$10 million to US\$80 million, finance and discount houses capital requirements were revised from US\$7.5 million to US\$50 million. Banks are now supposed to be fully compliant end of year 2020 (RBZ Mid Term Monetary policy; 2012). These capital requirements have a great impact to the sustainability and existence of these banks having in mind that Genesis surrendered its license as it failed to raise the required capital.

There has been increased competition in the banking sector as currently there are 17 commercial banks. Further, the deregulation of financial industry in the 1990s meant banks also compete with discount houses, building societies, insurance companies among as they also offer savings, investment products among other. This has intensified competition in the sector (Bande, 2012). The question is whether banks are being entrepreneurial in bringing different offerings to this mature industry. There is also competition for deposits as the market is now saturated with many banks and customers with very low disposable income due to the economic conditions. The increased competition in post dollarization era resulted in the introduction of new products and services e.g. e-banking and mobile banking.

Although banks have faced challenges in this post dollarisation era, some banks that include Barclays, CBZ and Standard Chartered have posted profits. On the contrary, banks that include Ecobank have been making losses and continuously languishing in debt. CBZ has maintained its pole position in terms of deposits and lending whilst NMB have slipped its deposits ranking to number 15 in 2012 from number 9 in 2009 (Bande, 2012). The question is whether performance of these banks is linked to corporate entrepreneurship as mentioned by Agarwal, Audretsch & Sarkar, (2010) and Hitt et al., (2002) among other theorists. Agarwal, Audretsch & Sarkar, (2010) presented that corporate entrepreneurship play an active role in boosting organisational performance. The study sought to explore within the context of Zimbabwean banks, the role corporate entrepreneurship has played in the performance of banks in the post dollarisation era.

1.3 Problem Statement

The multicurrency regime brought challenges to banks, which include limited foreign currency reserves, limited capital sources, illiquidity, limited market, market scepticism, and competition that has a bearing on the performance of banks. These challenges have resulted in loss of business for some banks and cases of bank closure. Further, the future attractiveness of the banking industry is doubtful as banks are operating in a mature industry and confronted by an unstable macro environment. The study, thus, sought to explore whether corporate entrepreneurship has played a role in the performance of banks.

1.4 Research objectives

The study will be guided by the below research objectives;

- To explore corporate entrepreneurship approaches by banks in Zimbabwe in the post dollarisation era
- To explore the role played by CE in the performance of banks in the post dollarization era

- To assess the role between corporate entrepreneurship on corporate performance
- To propose a viable entrepreneurial model for the Zimbabwean banks

1.5 Research Questions

In order to meet the research objectives, this study's guiding compass is the aggregate of the following research questions:

- What are the corporate entrepreneurship approaches by banks in Zimbabwe in the post dollarisation era?
- What role has CE played in ensuring continued existence of banks in the post dollarization era?
- What is the role of corporate entrepreneurship on corporate performance?
- What should be a viable entrepreneurial model for the Zimbabwean banks?

1.6 Significance of the study

1.6.1 To theory

Various theorists who include Agarwal, Audretsch & Sarkar, (2010) and Hitt et al., (2002) noted that corporate entrepreneurship plays a role on performance of organisations; however, these studies were outside the scope and circumstances in which Zimbabwean banks operate under. Thus, this study has provided theoretical contributions to the link between corporate entrepreneurship and corporate performance within the context of ailing economies in developing countries.

1.6.2 To practise

The study will assist management and executives of banks in Zimbabwe to be aware of corporate entrepreneurship approaches that boost organisation performance. This

study will propose a viable entrepreneurial model for the Zimbabwean banks that may be considered for improved performance. The research may amplify to bank management the meaning of corporate entrepreneurship and impact to corporate performance.

Above all this research has contributed to national body of knowledge by providing new findings to the study area. It is hoped and envisaged that the research will inspire other researchers to embark on similar exercises to embellish the findings of this research as it concentrated on the effectiveness corporate entrepreneurship and organisational performance.

1.7 Delimitation

1.7.1 Time scope

The study will consider the dollarisation era from end of 2010 to 2012. The economy dollarized in February 2009 and that banks had no financials for 2009 as they were practically starting from a zero base. Thus, this period is seen as stable enough to avoid other extraneous factors like inflation affecting the study outcome.

1.7.2 Geographic and population scope

This study will be restricted to the three banks which are Ecobank, NMB and CBZ. Since the study assess performance of banks *visa vi* the implementation of corporate entrepreneurship approaches, the researcher includes CBZ as representing those banks that has been performing well, whilst NMB and Ecobank have been facing challenges in safeguarding market share and profitability respectively. Thus, these banks will be representative enough to assess the role CE has been playing in corporate performance. The study considered Top and middle management of NMB, CBZ and Ecobank who were 18, 54 and 33 respectively as they were seen as possessing valuable information pertaining to the study. These respondents are at their respective head offices in Harare, Zimbabwe.

1.7.3 Theoretical scope

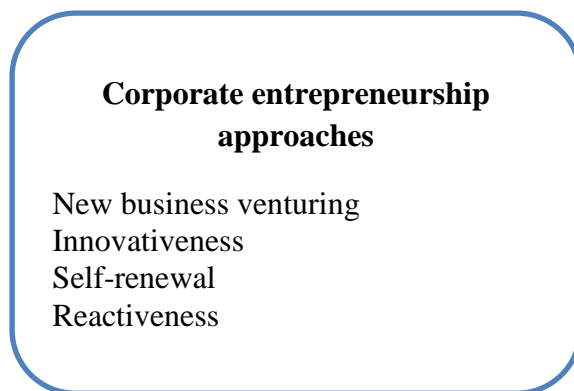
The study has looked into theory pertaining to the research objectives. The conceptual framework (see Figure 1.1) discussed next will guide theory of this study.

1.8 Conceptual framework

The study will adopt the conceptual framework to guide the study. This is supported by Saunders (2009) who argued that, the conceptual framework will be used in guiding the

research literature, methodology and findings. The Figure 1.1 presents the conceptual framework;

Independent variable
variable



Dependent

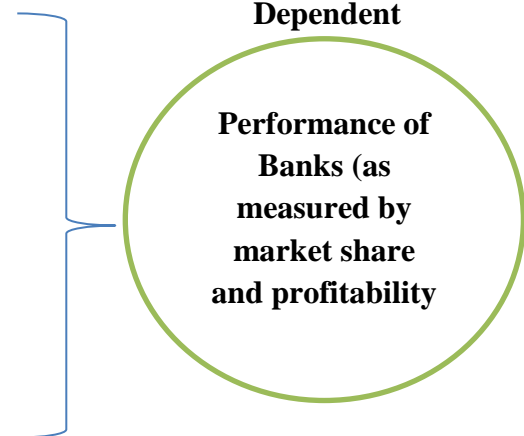


Figure 1.1 Conceptual framework

Corporate entrepreneurship approaches that include new business venturing, innovativeness, self-renewal and reactiveness influence corporate performance of organisations (Agarwal, et al 2010, and Hitt et al., 2002). The study will be guided by the conceptual framework above with a view that new business venturing will improve the performance of banks in Zimbabwe as they are operating in a mature industry. Further, because products and services in the banking industry are the same, innovation will bring different service dimensions that may attract new customers. Further, self-renewal and reactiveness of the banking industry players to this ever-changing environment will provide better opportunities for the industry.

1.9 Limitations of the study

1.9.1 Reluctance to participate in the study

Participants may be reluctant to participate in the study against the Banking Secrets Act. The researcher assures confidentiality and explaining the purpose which will result in study respondents cooperating.

1.9.2 Busy schedule of respondents

Since some respondents may have busy working hours there maybe difficulties in getting their responses. To counter this, the researcher made follow ups with them after working hours or make appointments in advance.

1.10 Definition of key terms

1.10.1 Corporate entrepreneurship - the development of new business ideas and opportunities in an organisation

1.11 Format of the study

Chapter 1 will give a detailed account of the research background, the research problem, the aim of the study, the specific objectives and research questions which the research will seek to address. The chapter further details the significance of the study before moving to chapter two which will deal with literature review.

Chapter two will start with a short introduction. This will be followed by a detailed evaluation of information obtained from all readings and linking same to the EMBA course work material. The researcher will then compare and contrast the views of the various authors in his own words regarding the topic under consideration. A conclusion will then close this chapter before moving to chapter three which will deal with the research methodology.

Chapter three will have a short introduction which will prepare the reader on what will follow. The chapter will then give the reason for this study, research design, type of research and reasons for choosing a specific method. This chapter will also deal with the target population, sampling methods, the research instruments, the questionnaire distribution and interview administration. The chapter will also deal with data analysis, limitations of the study, elimination of bias and a conclusion which prepare the reader for the next chapter.

Chapter four will provide the reader with a statement of findings and analysis of data. The chapter will begin with an introduction, a presentation of findings in graphic form each of the test items in the questionnaire and this will be followed by quantitative results of each test. A short conclusion will round off this chapter.

Chapter five will provide summary, conclusions and recommendations of the study.

1.12 Chapter summary

This chapter presented the subject under study and an analysis of the role corporate entrepreneurship has played in the performance of Zimbabwean banks post dollarization (2010-2012). The chapter explored background of the study, research problem, research objectives, research questions, significance of the study, delimitation, conceptual framework, research limitations and definition of terms. The next chapter explores literature review.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

This chapter primarily focuses on literature review on the link between corporate entrepreneurship and corporate performance. The chapter reviews theoretical, empirical and analytical literature as it relates to corporate entrepreneurship and corporate performance. It scans literature from academic books and journal articles by other renowned scholars and researchers on corporate entrepreneurship and corporate performance. Saunders (2009) and Bell (2012) posit that literature review describes theoretical perspectives and previous research findings regarding the problem at hand. They note that literature review has a number of benefits and some of them are that, it offers new ideas, perspectives that may not have occurred to the researcher. In addition, literature review reveals sources of data that the researcher may not have known to be in existence. They further note that literature review can show the researcher how others have handled methodological and design issues in studies similar to the one being undertaken. Most importantly as noted by Bell (2012) literature review enables the researcher to identify the research gap. Saunders (2009) agrees that a good literature review shows that you are aware of what is going on in the field, there is a theory base for the work being done, and your work fits in what has already been done, has significance and will lead to new knowledge. The chapter gives an overview of what others have said, the prevailing theories and frameworks on the link between corporate entrepreneurship and corporate performance. The chapter subheadings will be guided by the research objectives and conceptual framework in Figure 1.1

2.2 Entrepreneurship

Dess, Lumpkin and Eisner (2006) presented that entrepreneurship involves the capacity and willingness to develop organize and manage a business venture along with any of its risks in order to make a profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of an organisation's ability to succeed in an ever changing and increasingly competitive global marketplace (Hitt and Camp, 2001).

2.3 What is corporate entrepreneurship?

Corporate entrepreneurship, sometimes referred to as intrapreneurship has been used in many organizations as a major strategy for organizational renewal and improved performance. Corporate entrepreneurship is a process by which individuals inside organizations pursue opportunities without regard to resources they currently control (Stevenson & Jarillo, 1990). When effectively promoted and channelled, corporate entrepreneurship not only fosters innovation but also helps employees with good ideas to better channel the resources of an enterprise to develop more successful products.

In response to the rapid changes in the business environment, enterprises are unanimous in their desire to make their employees and organizations more entrepreneurial (Herbert & Brazeal, 2009). The entrepreneurial process has applicability to organizations of all sizes and therefore, allows employees to be entrepreneurs, applying their creativity to create innovative new products or services.

2.4 What is corporate performance?

Lehmann and Winer (2005) presented that organisational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organisational performance encompasses three specific areas of firm outcomes that include financial performance, product market performance and shareholder return.

2.5 Corporate entrepreneurship approaches in organisations

Antoncinc and Zorn (2004) presented that entrepreneurship is considered an individual level behavioural phenomenon where organization formation and innovation differentiate entrepreneurship from management of existing activities. It can be seen as a process of starting a new venture, acquiring or bringing together necessary resources while pursuing opportunities. It can also be seen as a process of innovating or creating new combinations of resources, conducting risk-taking and profit seeking activities with the purpose of creating value (Heinonen and Korvela, 2003). In the centre of entrepreneurial process is an entrepreneur, a person who creates value through innovativeness, reactivity and affinity towards risk taking (Kolakovic 2006). Therefore, it can be said that entrepreneurship represents abilities to recognize new opportunities in the external environment, evaluate and prioritize these opportunities and then transform them into viable business concepts. Thus, the study noted that banking strategic managers should be entrepreneurs for the identification of opportunities and growth of their banks. While exploring phenomenon of entrepreneurship a question arose regarding could it be possible that even large banks like CBZ could act in the manner of small and medium sized banks like NMB. That large bank like CBZ or ZB Bank could be innovative, proactive, creative, and fast reactive and with the sense of future market needs and wants. The answer came in the form of corporate entrepreneurship. Corporate entrepreneurship, as well as entrepreneurship, can be defined in various ways. Some authors define corporate entrepreneurship as a process by which individuals inside companies pursue opportunities independent of the resources they currently control (Stevenson and Jarillo, 2009). Further, corporate entrepreneurship can be seen as doing new things and departing from the customary to pursue opportunities (Vesper, 2009), as an entrepreneurial spirit within the existing organization (Hisrich and Peters, 2008), and as creation of new organizations by an organization (Sharma and Chrisman 2009).

Dai and Duserick (2005) presented that corporate entrepreneurship can be defined as the effort of promoting innovation in an uncertain environment. Innovation is a process that provides added value and novelty to the enterprise, its suppliers and customers through the development of new procedures, solutions, products and services as well as new methods of commercialization. Within this process the principal roles of entrepreneurial employee, better known as intrapreneur, are to challenge bureaucracy, to assess new opportunities, to align and exploit resources and to move the innovation process forward. The entrepreneur's management of the innovation process will lead to greater benefits for the enterprise.

Zahra (2009) observed that corporate entrepreneurship consists of formal or informal activities aimed at creating new businesses in established companies through product and process innovation and market developments. An innovation can be a new product or service, an administrative system, or a new plan or program pertaining to organizational members. These activities can occur at any level inside the company with the goal to improve company's competitive position and financial performance. Therefore, corporate entrepreneurship centre's on enhancing the bank's ability to acquire innovative skills and capabilities. The banking players that include AfriAsia Bank, CBZ and Steward Bank have been innovative in bringing products such as text cash, Ecocash, internet banking and SMS banking.

Characteristic dimensions of corporate entrepreneurship are new business venturing, product/service innovation, process innovation, self-renewal, risk taking, reactivity and competitive aggressiveness (See Figure 1.1 and Figure 2.3) (Zahra, Nielsen & Bogner, 2009).

Lorange and Chakravarthy (2008) presented that new business venturing refers to a formation of autonomous or semi-autonomous units or companies where these newly created entities can abide within or outside existing organization.

Further, Pearce and Robinson (2008) presented that innovation of products, services and processes involve development and innovation of technology. It can be seen as product development, product improvements and new production methods and procedures.

Kay (2000) presented that self-renewal dimension reflects the transformation of organizations through renewal of the key ideas on which organizations are built and includes a redefinition of business concept, reorganization and introduction of system-wide changes for innovation.

Ireland, Hitt and Sirmon (2001) presented that risk taking refers to the possibility of loss related to quickness in taking bold actions and committing resources in the pursuit of new opportunities. It also means that a company is not afraid to break away from routine, safe, well known core business and venture, into the unknown.

Kotler (2009) presented that reactivity represents a company's posture of constant seeking for new opportunities by anticipating and acting on future wants and needs in the market, involving introduction of new products or services before competitors. Competitive aggressiveness reflects the intensity of a company's efforts to outperform industry rivals. It is characterized by aggressive and forceful responses to competitor's actions (Lumpkin and Dess, 2001).

Zahra (2005) presented that corporate entrepreneurship is defined as entrepreneurship within an existing company, referring to the emergence of behavioural intentions and behaviours of an enterprise, which deviate from the customary way of doing business. Corporate

entrepreneurship processes go on inside an existing company and refer not only to creation of new business ventures, but also to other innovative activities such as development of new products, services, technologies, administrative techniques, strategies and competitive postures. Crucial role in achieving previously mentioned activities of transforming an organization into entrepreneurially oriented organization have creative and proactive employees with the vision of future trends. These entrepreneurial employees are better known as intrapreneurs (Agarwal and Audretsch, 2010).

The intrapreneurs are the company's hands-on champions who transform ideas into added value (Becker and Knudsen 2004). They do not need to be the source of an idea, though often they are. An intrapreneur's primary purpose is to identify the potential value in an idea and passionately support the idea within the company to capture the value. The intrapreneur is a visionary who is internally motivated by challenge and a strong sense of what is needed by the company, not by promotions. The intrapreneur exhibits many of the same traits that define a good leader: vision, strong intrinsic motivation, willingness to take risks, ability to rally resources, and history of producing results. The intrapreneur undertakes great personal risks in the form of forgone time or salary while working on how to overcome obstacles in the organization (Chen, Rilly and Lynn 2005).

Personal risk is necessary for success, as it serves to increase the intrapreneur's conviction and drive. Obstacles in the organization also challenge the entrepreneur and augment his conviction and internal drive. The risk and obstacles instil a sense of rationality in the intrapreneur. Without personal risk and obstacles, the intrapreneur might pursue ideas with little chance of adding value to the company. A system of risk and obstacles serves to reinforce the concepts of conviction, drive and focused innovation (Pinchot, 1985).

2.6 Performance of banks in Zimbabwe in terms of profitability and market share

Lumpkin and Dess (2006), and Wiklund (2009) contend that firm performance is generally multi-dimensional in nature and that suitable indicators should include both growth and financial performance measures. Wiklund (2009) suggests that sales growth has high generality and a suitable measure of growth given that sales growth also reflects increased demand for a firm's products or services. But as Zahra (2009) notes, growth itself is not sufficient to measure firm performance as in some instances, a firm might choose to trade-off long-term growth for short-term profitability. The next subsection explores performance of banks in Zimbabwe.

2.6.1 Performance of banks in Zimbabwe

Average profit after tax for the 16 Banks (including POSB) in the comparison was US\$7,84 million of which NMB Bank had a profit after tax of US\$7,7 million which was slightly below the market average by US\$0,14 million and ranked 6th. CBZ Bank had the highest profit after tax of US\$31, 0 million followed by CABS which had US\$23.7 million. NMB Bank's growth in attributable profit from December 2012 was 79% which ranked 3rd (Institute of Bankers of Zimbabwe strategic financial report 2013). The Figure 2.1 presents profits of banks as at December 2013.

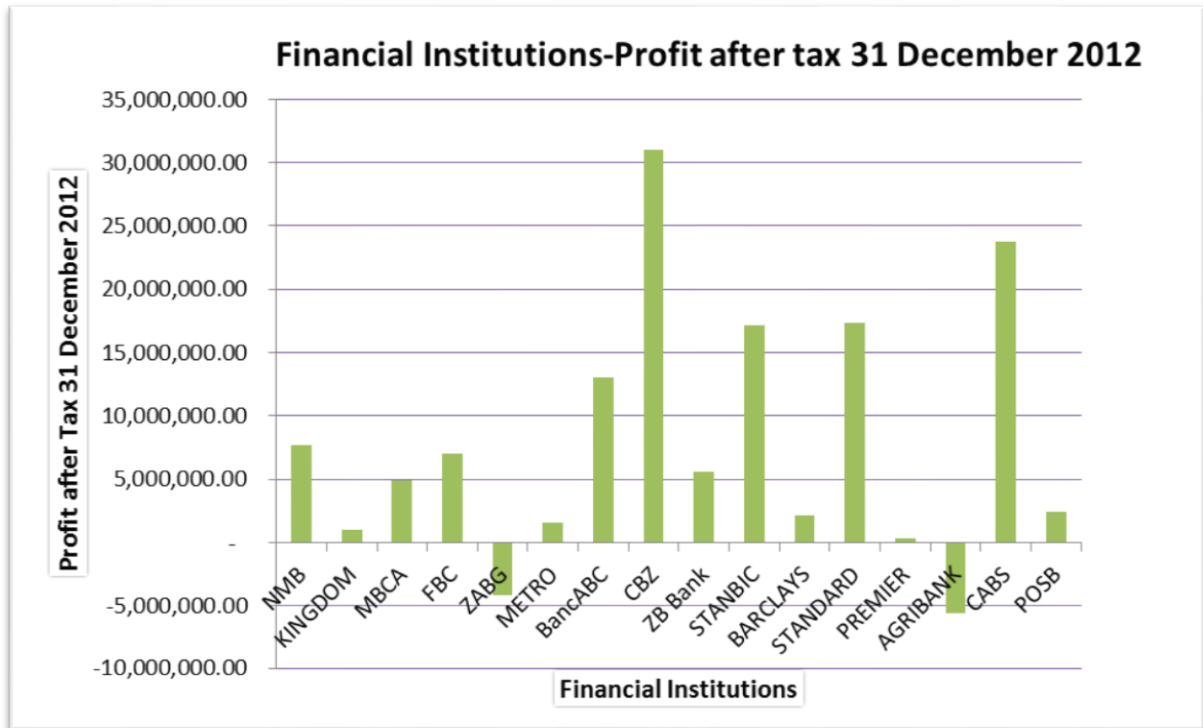


Figure 2.1 Financial performances of banks

Source; Institute of Bankers of Zimbabwe strategic financial report, 2013

NMB Bank had an interest margin (net interest margin over interest income) ratio of 63% which was also the industry average. Stanbic and Standard Chartered Bank were tied at a high of 100% while ZABG had a low of 31%.

Comparing the interest earning asset balances NMB Bank ranked 7th with a balance of US\$149 million, the highest being CBZ Bank with a balance of US\$831 million and the lowest being ZABG with US\$13 million. However, in terms of total assets or balance sheet size NMB Bank ranked 9th, CBZ Bank had the highest balance with total assets amounting to US\$1.12 trillion followed by BancABC with US\$550 million and ZABG had the least balance with a total of \$40.9 million.

NMB Bank had a net interest income to interest earning assets of 10% compared to the highest rate of 16% which was achieved by Kingdom Bank and ZB Bank and an average rate of 11% for all banks under review.

As for interest earning assets as a percentage of the balance sheet size, NMB Bank had a ratio of 66% compared to a high of 80% (Ecobank) followed by CBZ with 75% and a low of 31% on ZABG. Industry average was 61% for all banks.

2.6.1.1 Profitability ratios

In terms of the cost to income ratio NMB Bank ratio was 59% compared to an industry average of 84%. The annualised cost of funding for NMB Bank was 6%, and this was marginally higher than the industry average of 5%. Trust Bank had the highest cost of funding at 11% followed by Kingdom Bank which had 10%. Stanbic Bank and Standard Chartered Bank had the least cost of funding which stood at 0% for each of them (Institute of Bankers of Zimbabwe strategic financial report, 2013).

2.6.1.2 Market share

NMB Bank ranked 9th on retail deposits (Current and savings accounts) with a balance of USD\$96 million and controls 6% of the market. CBZ Bank had the highest balance of USD\$630 million (22% market share) followed by BancABC Bank with \$371 million (market share 13%) and Stanbic Bank with \$328 million (market share 11%), ZABG had the lowest balance of \$12 million (market share 0.4%) (Institute of Bankers of Zimbabwe, Strategic Financial Report, 2013).

The following is a diagram that depicts the market share based on retail deposit base of the 16 institutions;



Figure 2.2 Market share

These findings show that there are many banks contesting for market share with the greatest market share being possessed by CBZ (22%), BancABC (13%), Stanbic Bank (11%), Standard Bank (10%) and Barclays having 8%. Intensity of competition like this requires corporate entrepreneurship activities to explore new markets (Lehmann and Winer 2005).

2.7 Role of corporate entrepreneurship on corporate performance

It is evident that corporate entrepreneurship can give grounds for competitive advantage of an existing enterprise. The manifestations of such competitive advantage may be (i) differentiation or cost leadership of banks in the market, (ii) bank's quick response to any changes, (iii) bank's new strategic direction or new ways of working or learning within the organization (Covin & Myles, 2009). There is a strong relationship between corporate entrepreneurship and firm performance.

Accordingly, Wiklund (2008) suggests that measures of both growth and profitability provide a better indication of overall firm performance. Marcus et al. (2009) on the impact of intrapreneurial programmes on Fortune 500 manufacturing firms revealed positive results on sales, profits and return on investment resulting from development and commercialization of new products.

Another study by Antoncinc and Hisrich (2000) on corporate entrepreneurship modelling in transition economies with a comparison of Slovenia and the United States also revealed a positive relationship between the presence of corporate entrepreneurship and enterprise performance; measured in form of growth and profitability. The same was true of a study by Zahra et al. (2009) which showed positive results on net income, return on assets, sales growth and revenue growth. Further studies by Miller and Friesen (2008) found out that the rate of growth in sales for entrepreneurial firms was significantly higher than the rate of growth in sales of conservative firms, indicating that corporate entrepreneurship had a positive relationship with firm performance. Zahra et al. (2009) recognize the importance of learning and knowledge creation as outcomes of intrapreneurial activities, grounds for competitive advantage and a basis for superior performance of the enterprise. Enterprise

performance does not only include financial performance, but also non-financial manifestations such as customer satisfaction as well as job satisfaction of the employees.

This study noted that banks that institute corporate entrepreneurship as a process that infiltrates and spreads throughout the entire organization tend to achieve positive results over time in the sense of improved internal efficiencies, higher employee morale and major improvements in financial performance. It takes considerable time to create a truly entrepreneurial company. Senior managers usually become frustrated with the lack of performance and try to implement some new management trend that will immediately bring them success. This is definitively not the case with implementing entrepreneurial behavior within a company. Therefore, implementing a process of corporate entrepreneurship that penetrates in the company's culture, structure and systems will show significant results over longer time period.

There have been many studies that link corporate entrepreneurship to the company's growth and profitability (Ireland, Hitt, and Sirmon 2002). Empirical evidence that corporate entrepreneurship improves performance by increasing company's reactivity and willingness to take risks by pioneering the development of new products, processes and services can be found in the literature. A longitudinal study by Zahra and Covin (1995) in which they examined the longitudinal impact of corporate entrepreneurship on a financial performance index, composed of both growth and profitability indicators, provides the best evidence of a strong relationship between corporate entrepreneurship and the performance. Antoncic and Hisrich (2004) study demonstrate that corporate entrepreneurship makes a difference on the company's performance, observed by growth, profitability and new wealth

creation. Moreover, Zahra and Garvis (2000) in their research showed that even international entrepreneurial efforts can enhance the growth and profitability of a company's performance.

Although, it sounds like an easily comprehensive relationship it is actually much more complex. Literature also mentions that some empirical research have not found any relation between companies entrepreneurial orientation and the company's performance (Smart and Contatnt, 1994). Therefore, Lumpkin and Dess (1996) state that previously mentioned relationship is much more complex because it depends on the external as well on the internal organizational characteristics. Therefore, in this study the author will try to show a positive link between corporate entrepreneurship and company's performance in the context of bank.

2.8 Entrepreneurial model for the Zimbabwean banks

There are a number of approaches that can encourage the creativity that leads to profitable innovations within an enterprise. They include inundating "creativity – inclined" people with exhortations to "think outside the box", to think "sideways" about problems and to "network" with others with different perspectives; offering rewards and recognitions to successful innovators; exhorting supervisors and gate -keepers to be receptive to new ideas, to wink at and ignore time taken from assigned projects and applied to unauthorized ideas and by-passes to bureaucratic procedures created for new ideas (Herbert & Brazeal, 2009). According to Kuratko and Hodges (2008), when attempting to create an intrapreneurial strategy, organizations should be aware that a corporation that promotes personal growth will attract the best people. Corporate Entrepreneurship embodies entrepreneurial efforts that require organizational sanctions and resource commitments for purpose of carrying out innovative activities in the form of product process and organizational innovations (Jennings & Young, 1990). This view is consistent with Damanpour (1991) who points out that corporate innovation is a very broad concept, which includes the generation, development and

implementation of new ideas or behaviours. In this context, an innovation can be a new product or service, an administrative system or a new plan or programme.

The two common approaches used to stimulate intrapreneurial activity as skunk works and bootlegging (Bateman & Zeithaml, 2008). Skunk works refers to project teams designated to produce a new product. Such a team is formed with a specific goal and has a specified time frame with a respected person chosen to manage the skunk works. In this approach to corporate innovation, risk-takers are not punished for taking risks because their jobs are held for them and they have opportunity to earn large rewards. In bootlegging, managers and workers make informal efforts to create new products and processes; sometimes secretive when a bootlegger believes the enterprise will frown on these activities. However, the intrapreneurial organization should tolerate and encourage bootlegging as it may result into innovative products and process to enhance its competitiveness. Lindsey (2001) argues that rapid and cost-effective innovation may be the only method by which enterprises in the 21 st century and beyond will be able to remain competitive. Companies that strive for such innovation to assure their survival and efficiency find that a transformation to an entrepreneurial management style will facilitate their endeavour. This will entail creation of an environment within the enterprise in which employees can take direct responsibility for turning an innovative idea into a profitable finished product or venture. They must be willing to be intrapreneurial or willing to do any job needed to advance their project regardless of their job description; share credit widely; remember it is easier to ask for forgiveness than permission. Further, they should ask for advice before asking for resources; come to work each day willing to be fired; keep the best interests of the company and its customers in mind while bending the rules; be true to their goals, but realistic about how to achieve them; under-promise and over-deliver and honour and educate their sponsors. The common intrapreneurial

management strategies include sharing the business strategy, communicating the enterprise's vision for the future while opening the door for all employees. This will be done regardless of level to assist in achieving the vision's goal. There is need also of creating implementation channels that are unobstructed and safe to ensure broad idea distribution; supporting intraprise launch, by providing a corporate sponsor (manager) for the intrapreneur, who will have responsibility for cutting through the red-tape and non-constructive politics, getting resources for the idea, helping establish achievable milestones, providing intrapreneurial training, sheltering the intrapreneur when he/she makes original mistakes, being part of the intraprise and ensuring that the project remains intact and gets proper recognition.

Other strategies are diagnosis and improvement of innovation climate. Innovation is much more efficiently accomplished when done in a supportive environment. This will entail the creation and maintenance of organizational attitudes such as corporate vision acceptance, risk, mistake and failure tolerance, innovation cooperation, customer focus acceptance, organizational community acceptance and honest and transparent communication acceptance.

2.8.1 A proposed Model for Corporate Entrepreneurship

A critical synthesis and analysis of the concept of corporate entrepreneurship, its dimensions, manifests and outcomes, has stimulated greatest interest and as a result thereof, the author proposes an integrated model for corporate entrepreneurship (Figure 2.3). The proposed model borrows heavily from those proposed by other theorists (Heinonen & Korvela, 2003; Hornsby et al., 1993). The proposed model is on the premise that corporate entrepreneurship efforts result in increased performance and therefore, firms that engage in intrapreneurial activities are expected to achieve higher levels of growth and profitability than organizations that do not. However, for

this to happen, a number of factors must be in play. The factors range from external to organizational and individual factors (precipitating events), all working together or singly to create an environment that stimulates and promotes corporate entrepreneurship in a corporate setup. Corporate entrepreneurship manifests itself in form of new business venturing, innovativeness, self-renewal and pro-activeness. The outcome of these intrapreneurial activities is improved firm performance in form of growth and profitability as supported by Wiklund (1999).

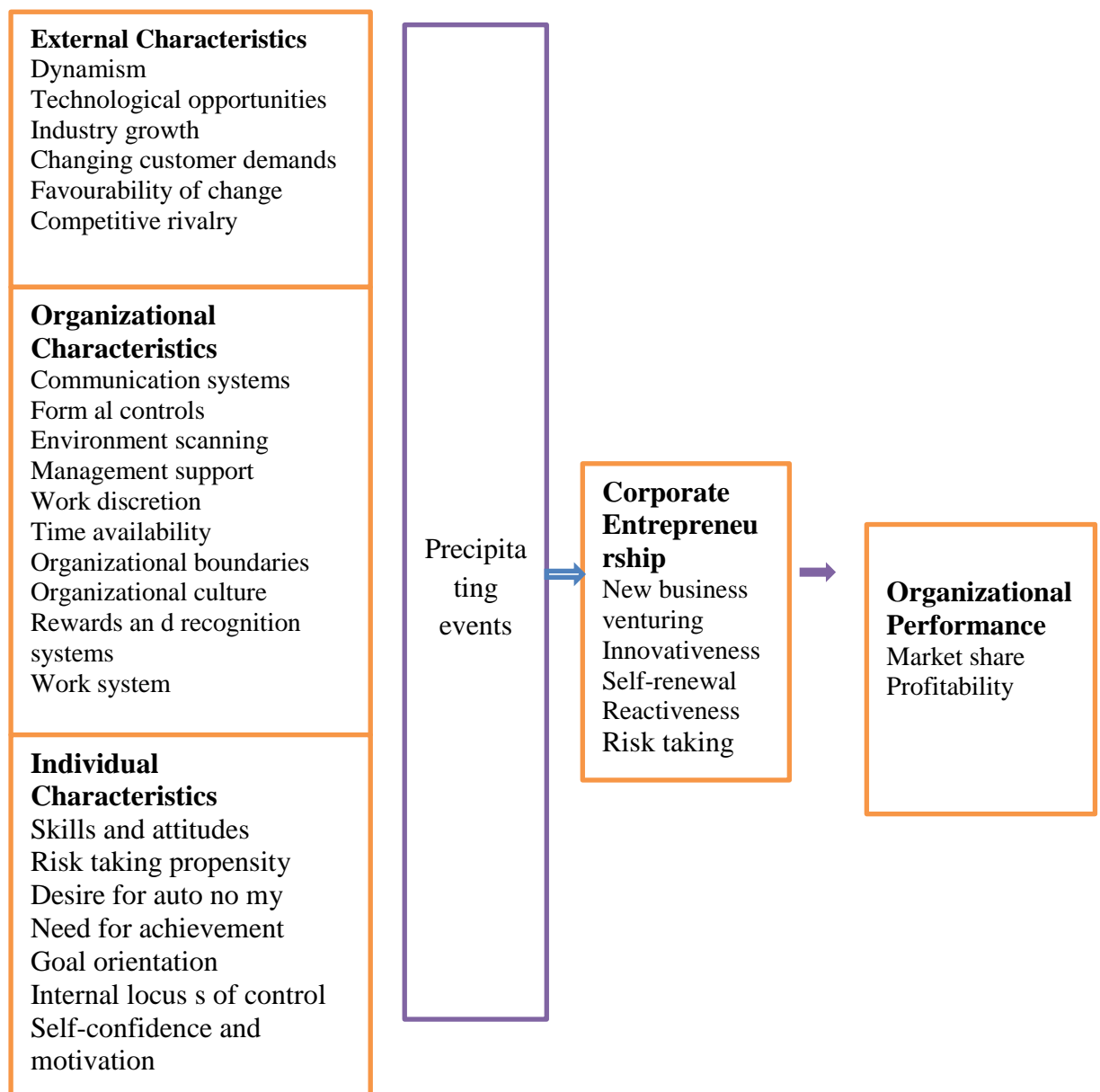


Figure 2.3: Proposed Corporate Entrepreneurship Model (Samuel Obino Mokaya, 2012)

For effective entrepreneurship in the banking sector there are external, organisational and individual characteristics that influence entrepreneurship. In line with chapter 1, this model is linked with the conceptual framework. Corporate entrepreneurship activities that include new business venturing and innovation have an impact on organizational performance in the form of market share and profitability.

2.9 Chapter summary

The chapter presented literature on corporate entrepreneurship approaches and role of corporate entrepreneurship on corporate performance. The next chapter looks into research methodology.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter aims to outline the methods and techniques used by the researcher in collection, interpretation and analysis of data. This research used triangulation. Triangulation is the application and combination of several research methodologies in the study of the same phenomenon. The researcher made use of questionnaires and interviews, and this helped to overcome the weakness or intrinsic biases and the problems that come from a single method. Often the purpose of triangulation in specific contexts is to obtain confirmation of findings through convergence of different perspectives. The chapter subheadings will be research design and justification, study population, data collection methods and data analysis plan.

3.2 Research design and justification

3.2.1 Research philosophy

Saunders (1997) highlighted two not so mutually exclusive views about the way in which knowledge is developed. These are positivism and phenomenology. This study adopted both the philosophies.

3.2.1.1 The positivist Approach

This approach places the researcher in the role of the objective analyst. The researcher makes interpretations from the data collected in a value free manner. According to Saunders, (2009) there will be quantifiable observations that lend themselves to statistical analysis. Furthermore, the end product of such research can be law-like generalisations similar to those produced by

scientists. Thus the positivist approach is generally considered to be a scientific approach to research (Makombe, 2003).

3.2.1.2 Phenomenological Approach

Phenomenology looks at research as a function of a particular set of circumstances (Saunders, 2009). Furthermore, a phenomenologist looks for details of a situation to understand reality. The emphasis of the phenomenologist view of looking at the social world of business and management can be too complex to lend itself to theorising by definite laws (Kato, 2008).

3.2.1.3 Justification of the adopted research philosophy

The researcher acknowledged that this area of study is not entirely his invention. Various studies by Agarwal, Audretsch & Sarkar, (2010) and Hitt et al., (2002) brought insightful thoughts and guidance to this study, hence, existence of facts pertaining to the study was acknowledged, hence, positivism. Further, the researcher saw the previous studies as very subjective to the situation at hand, and not within the context of fragile banks and economically constrained economies, hence, the adoption of phenomenological approach.

The study made use of factual financial statements of the banks under study (see Figure 2.1) hence, positivism, however, the subject of corporate entrepreneurship is interpreted from various opinions hence the adoption of the phenomenological approach.

Furthermore, in general, research rarely falls into a perfect positivism or phenomenological groupings. Business and management research is normally a mixture of the two views. The use of both methods will be employed in this

project as it is necessary to consider both quantitative and qualitative data. The next subsection explores the research design of the study.

3.2.2 Research design

A research design is a specific method and procedure for collecting information (Saunders, 2009). There are various research designs that can be used in researches, which are case studies, grounded theory, experiments, descriptive surveys among other. In this study, the design method used was a descriptive survey. Frankel and Wallen (2006) argued that “surveys are means of gathering information that describe the nature and the extent of a specified count of frequencies, to attitudes and opinion”. A survey design is a method of gathering data from a number of individuals (Makombe, 2003).

3.2.2.1 Justification of the adopted research design

The study considered Ecobank, NMB and CBZ as it was not possible to consider only one bank as representing the banking industry, hence, research designs such as case studies were found to be inappropriate. Related to this, descriptive survey research is probably the best method available to the management scientist interested in collecting original data for describing a population too large to observe directly (Saunders, 2009).

Surveys also enable us to measure attitudes and orientations in a large population like the banking sector of Zimbabwe (Frankel and Wallen, 2006). Furthermore, there is no danger of varied versions as the behaviour was recorded as it occurred, unlike relying on prospective reports of what people

think about the role corporate entrepreneurship plays in corporate performance. The researcher recorded the events as they took place.

However, some argue that some people may not be able to give correct verbal reports; therefore the researcher may not be there at the time of a spontaneous occurrence which may be of interest. This means more valuable information for the conclusion of the research might go unrecorded, seriously compromising the report's conclusion. Surveys are limited to the duration of the event and therefore events happened in the past cannot be observed. The past events might contain key information for the positive conclusion and recommendation of the research study. To counter these shortcomings of descriptive design, the researcher will use secondary data provided by respondents.

3.3 Population

Saunders et al (2009) presented that the study population consists of the aggregate of items from which the sample is drawn. Frankel and Wallen (2006) supports this assertion as they point out that the study population includes all individuals from whom the researcher desires to obtain information upon which to make conclusions on the basis of the sample drawn from this population. The study considers top and middle management of NMB, CBZ and Ecobank who were 36, 56 and 48 respectively as they were seen as possessing valuable information pertaining to the study. The total population was 140. These respondents were at their respective head offices in Harare, Zimbabwe.

a. Justification of the adopted population

The study was restricted on the three banks which are Ecobank, NMB and CBZ. Since the study assess performance of banks visa vi the implementation of corporate entrepreneurship approaches, the researcher included CBZ as representing those banks that has been

performing well, whilst NMB and Ecobank have been facing challenges in safeguarding market share and profitability respectively. Thus, these banks will be representative enough to assess the role CE has been playing in corporate performance. Further, top management are aware of, and make decisions on CE activities and financial strategy. To add on, middle management will be provide a balanced view on the effectiveness of existing CE approaches by top management and the organisation at large.

3.3.1 Sampling

Sampling is a process of coming up with a sample. A sample is a representative cross section of the population (Makombe, 2003). Saunders, (2009) presented that the larger the sample, the smaller the sampling error. The size of sample depends on the acceptable margins of error. The acceptable margin of error for this study was 5%. From the population of 140, the study considered 120 respondents. It was not possible to consider all the population elements as the researcher assumed that these distinct target groups had homogenous views within each strata. Sampling can be through probability and non-probability sampling (Saunders, 2009). Kato (2008) presented that probability sampling ensures that all members in the population have a known probability of being included in the sample. Saunders (2009) mentioned that non-probability sampling techniques is were sample elements are selected basing on the characteristics and certain aspects that differentiate the participants from others. The study considered stratified random sampling that is part of the probability sampling techniques.

3.3.1.1 Stratified random sampling

Saunders (2009) presented that stratified random sampling starts with segregation followed by random selection of subjects from the strata.

In this case the population will first be divided into mutually exclusive groups that will be relevant, appropriate and meaningful to the content of the study (Kato, 2008). The stratas were;

- a. 36 top and middle management at NMB
- b. 56 top and middle management at CBZ
- c. 48 top and middle management at Ecobank

The stratification ensures homogeneity within each stratum, that is, very few differences or dispersions on the variable of interest within each stratum, but heterogeneity between strata. By using this method, a total of 86% of the population thus 140 elements were chosen and asked to respond. Proportionate stratified random sampling procedures were used to extract samples from each stratu. The information is represented in table 3.1.

Table 3.1 Stratified random sampling

Stratas	(N)	% to the population	(n)
Top and middle management at NMB	36	26%	31
Top and middle management at CBZ	56	40%	48
Top and middle management at Ecobank	48	34%	41
Total	140	100%	120

N = 140 (population)

n = 120 (sample)

Simple random sampling method was then used to selects subjects for each stratum. The simple random sampling method states that every member has an equal and independent

chance of being selected (Saunders, 2009). Microsoft Excel package will be used, were all 140 elements will be numerically coded from 1 to 36, 37 to 92 and from 93 to 120 with these frequencies representing the stratas identified under Table 3.1. Simple random sampling was used in the selection of 31, 48 and 41 respondents respectively.

3.3.1.2 Justification of the adopted sampling technique

Stratified random sampling ensures that all subjects have an equal chance of being chosen. Further, this method results in proportional representation of sample elements. Under this, scenario proportional representation of respondents from NMB, CBZ and Ecobank was appropriate to have a right mix of views an opinions pertaining to the topic understudy.

3.3.2 Sources of data

In this study, the researcher made use of both secondary and primary sources.

a. Primary sources of data

Primary data is data gathered for the purposes of study at hand. Major methods of getting primary data are questionnaires and interviews (Saunders, 2009). The study considered both of these primary sources of data.

b. Secondary sources of data

Secondary data is information gathered for purposes other than the completion of a research project (Saunders, 2009). Secondary data is also used to gain initial insight into the research problem. Secondary data is classified in terms of its source being either internal or external. Internal, or in-house data, is secondary information acquired within the organization where research is

being carried out. External secondary data is obtained from outside sources (Makombe, 2003).

c. Justification of the adopted sources of data

In any research, it is highly unlikely that the necessary data will be found in only one source, more often than not the relevant material has to be pieced together from several different sources whose reliability may vary considerably, with the result that the accuracy of the study may be diminished.

Documented evidence provided the entry point of research and sources embodied monetary policy statements, textbooks, newspapers, journals and other relevant periodicals. The researcher also recognized the fact that when documentary sources are used, it is rare to find any direct reference to the accuracy or authenticity of a particular document. There is also the attendant temptation to imagine that once something appears in print it must be treated as correct.

The preceding weaknesses of secondary data, therefore ‘forced’ the researcher to collect first-hand information. Primary data was collected using interviews and questionnaires.

3.3.3 Methods of data collection

The first step in data collection was to be in conformity with the research ethic of informed consent. Therefore, the researcher had to obtain approval, from NMB, CBZ and Ecobank, to conduct the study. The second step was to make appointments with the management. Questionnaires were then sent to all participants and the researcher gathered all material.

3.3.3.1 Questionnaires

A questionnaire was prepared for respondents. According to Saunders (2009) a questionnaire is a schedule of questions that a researcher sends to participants. Questionnaires come in many different forms from factual to opinion based from tick boxes to free text responses. For it to be effective, it is important to be clear about the aim of the questionnaires and how the responses will help you collect the data required. The questions on the questionnaire must be clear and precise since there is no opportunity for the respondent to ask for any clarification. The researcher sent questionnaires to 120 participants.

Questionnaires were seen as more objective than interviews and responses are gathered in standardized way. The study respondents benefited from anonymity. However, there was a possibility that questions may be misunderstood resulting in failure to obtain data.

a. Questionnaire construction

The questionnaire was developed under the Likert scale where respondents were given options from Strongly Agree, Agree, Not sure, Disagree and Strongly disagree. This scaling resulted in respondents having a wider dimension of their responses. The questionnaires were developed from the research objectives of the study where each research objective was represented by at least three questions.

b. Justification for the use of questionnaire

Questionnaires were desirable because they enabled participants to respond to questions in their own time. The participants also provided information at length without being interrupted.

3.3.3.2 Interviews

According to Saunders (2009), interviewing is a technique that is primarily used to gain an understanding of the underlying reasons and motivations for people's attitudes, preferences or behavior. Interviews can be undertaken on a personal one-to-one basis or in a group. The researcher intended to interview at least 3 top management personnel with each bank being represented. These were follow up interviews to clarify issues that were raised from questionnaire.

a. Justification of the use of interviews

Interviews were vital as they provided a fast way of collecting information from participants as well as collecting other information not implied in questionnaires. In addition, the interviewer was able to observe the participants' reactions and emotions and this assisted in validating the findings.

3.3.4 Reliability

Reliability is defined by Saunders (2007) as the replicability of the research under similar conditions elsewhere. The researcher carried out a pilot study which helped to establish the instruments to be used in order for the instruments to measure what they are intended to measure before using them

in the main study. Pilot study was conducted with 5 middle management personnel at NMB who were outside the sample.

As some respondents were unable or unwilling to answer questions, the researcher made sure that respondents were informed about the essence of the research through an introductory letter. The researcher used simple language and resisted from using technical terms. Reliability was achieved through designing good questions by avoiding leading and ambiguous questions. In the study the use of anonymity was employed to ensure honest and willingness to answer personal questions.

3.3.5 Validity

According to Bell (2009), validity is concerned with ensuring that questions measure or describe what they intend to find. Great care was taken in choosing words and phrases which the target population could understand. Questions were asked in an unambiguous way with meanings of all terms clearly defined so as to have the same meaning to all respondents. The use of face to face interviews to the board members also assured validity as answers to some questions could be checked from body language. It also allowed the interviewer to probe further on some questions.

3.3.6 Ethical considerations

According to Kato (2008) ethics of research include debriefing, informed consent, confidentiality, protection of privacy, protection against harm and protection of identity. The researcher was guided by the above mentioned principles so as to get valuable information in an ethical way. Respondents were not coerced into participating in the research as there was an informed consent meaning that prospective research participants were fully informed

about the procedures involved in the research. Furthermore participants were assured that information obtained was not to be available to anyone who is not directly involved in the study. Participants were also assured that they will remain anonymous throughout the study even to the researcher.

3.3.7 Data collection procedures

Kato (2008) defined data collection procedure as steps taken in administering instruments and collection of data from subjects under study. Appointments were made with research subjects through telephone and email. Distribution and administering of instruments (questionnaire) was done through hand and email. Retrieval of instruments was done in an orderly and justified manner. Retrieval of instruments was a well thought out strategy meant to enhance timely collection of comprehensive data. In retrieving questionnaires the researcher did follow ups and persuasion.

3.4 Data presentation and analysis

The results of the data collection exercise will be analysed using Microsoft excel package. Further, SPSS version 21 will be used to analyse data.

3.4.1 Justification of the adopted data analysis packages

SPSS version 21 allows the researcher to present data in simple tables, which enables the data to be presented in other forms like bar graphs. Graphic display allows for summarized presentation of data.

3.5 Summary

This chapter looked at various approaches to research, research methods and justification for the choice of case study research. The population under study was also discussed and the

ideal sample chosen. Data collection techniques were discussed and how the data was to be interpreted and analyzed. The next chapter looked at data presentation and analysis.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter interprets and gives meanings to research findings. The analysis was guided by variables in the conceptual framework, research objectives and research questions. Data collection may mean very little until it is arranged and analysed in a meaningful manner. It should be repeated and noted that the study was guided by the following research objectives;

- To explore corporate entrepreneurship approaches by banks in Zimbabwe in the post dollarisation era
- To explore the role CE has played in the performance of banks in the post dollarization era
- To assess the role between corporate entrepreneurship and corporate performance
- To propose a viable entrepreneurial model for the Zimbabwean banks
- To make any necessary recommendations arising from the study

Discussion in this chapter is based on empirical evidence generated by the study through the questionnaire survey and interviews. Only the most important and relevant findings relating to the requirements of the study were covered. Findings are presented in various forms ranging from tables, graphs and statistical analysis. The study initially covers general information and demographics and then dwells on findings related to each research objective mentioned under chapter 1.

4.2 General Information and Demographics

Under this section, response rate, level in the organisation, experience in current positions, age and the level of management will be covered.

4.2.1 Response Rate

Best (2009) noted that successful researches are backed by high response rate.

Thus, the research presents the response rate of the study. The Table 4.1 below presents the findings;

Table 4.1 Level of management

Level of management	Response		Non response	
Senior management	25	83%	5	17%
Middle management	75	83%	15	32%
Total	100	83%	120	17%

Eighty three (25/30) percent of senior management managed to respond. Again, eighty three percent (75/90) of respondents managed to respond. From a total of 120 questionnaires distributed to senior and middle management respondents, the study managed to get 100 questionnaires back which represents again 83% response rate.

The response rate was seen as adequate to reach generalised and concrete findings relating to the topic under study. Related to this, Bell (2008) postulated that response rate above 60% is considered ideal when the sample ranges from 100 to 200.

4.2.2 Position in the Organisation

The Table 4.1 above shows that middle management was 75% whilst top management were 25%. The study had earlier on incorporated top and middle management (see Table 3.1 under chapter 3) so as to get varied views to the topic under study.

The study was composed of more middle management as compared to top management. The researcher was satisfied with the composition of study participants as there was representation of top and middle management. Respondents' views were varied giving an insight on the role of corporate entrepreneurship on corporate performance of the banking sector players of Zimbabwe.

4.2.3 Experience in Current Positions

The study explored experience of study respondents. The researcher noted that level of experience has an influence on strategic entrepreneurship approaches of personnel in the banking industry of Zimbabwe. The study, thus wanted to explore the level of experience of respondents. Table 4.3 below demonstrates the findings;

Table 4.3 Experience in Current Positions

Years	Number
Less than 5 years	6%
5 to < 10 years	6%
10 to < 15 years	38%
15 > years	50%
Total	100

The results show that there were 50 respondents with over 15 years' experience at their current positions. A further, 38% of respondents had 10 to < 15 year experience in their current positions. Only 6% had less than 5 years' experience in their current position while the same number of respondents had 5 to < 10 years' experience in their current positions.

The study noted that top management and middle management personnel were experienced in their current positions. These findings demonstrate that banking industry top management and middle managers had sufficient experience and capacity to handle effectively strategic entrepreneurship for improved performance of the sector.

4.2.4 Organisation in which respondents worked for;

Under this subsection, the study explored organisations in which respondents worked at. The study considered top and middle management personnel from NMB, CBZ and Ecobank. The Table 4.4 below demonstrates the composition of respondents;

Table 4.4 Organisation representation

Organisation	Number
NMB	30%
Ecobank	32%
CBZ	38%
Total	100

The Table 4.4 above shows that CBZ had the majority of respondents as they were 38%, and Ecobank had 32% of respondents. Of the three banks, NMB had the least number of respondents as they had 30% of sample elements that participated.

These results show that CBZ was better represented. This was mainly because the use of stratified random sampling had resulted in CBZ being represented more as it had more population elements. The study noted that all the respondents respective of the bank they came from showed a good understanding of the topic understudy. Further, these banks were seen as representing the entire industry due to their sizes, market positions and country of origin.

The next section presents findings related to the first research objective.

4.3 Corporate entrepreneurship in the banking industry

Under this section the study explored corporate entrepreneurship in the banking industry. The

Figure 4.1 below presents the findings;

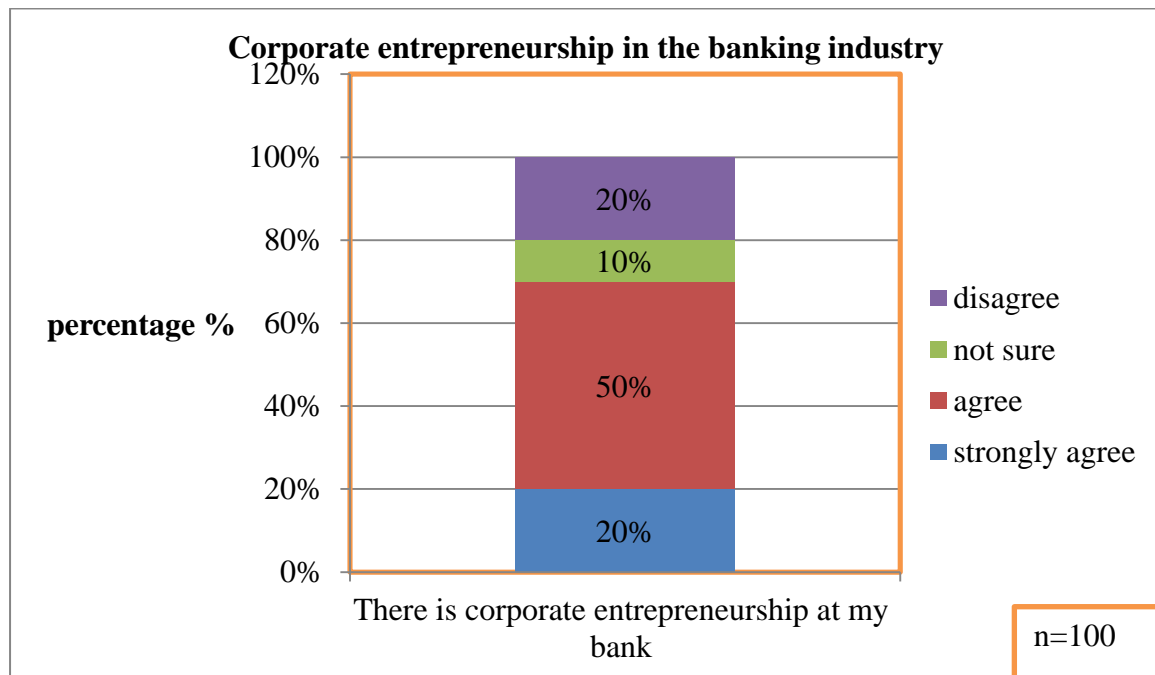


Figure 4.1 Existence of corporate entrepreneurship

Fifty percent of respondents agreed that there was corporate entrepreneurship in the banking industry. Further, 20% of respondents strongly agreed that there was corporate entrepreneurship. However, 20% of respondents disagreed that there was corporate entrepreneurship in the banking industry with 10% of respondents not sure. From the three interviews with top management representing each bank, it was revealed that there was corporate entrepreneurship in the banking sector with the introduction of new products, new processes, new markets and partnerships. However, strategic reports from RBZ revealed that some banks were failing to be competitive in exploiting opportunities from various sectors of the economy that include agriculture, mobile banking and the Small to Medium Enterprises. On this, the study noted that entrepreneurship activities were evident in the industry but not good enough for competitive sustainability of banks. It was therefore noted that the challenges faced by industry as highlighted by the problem statement in chapter one section 1.3 may require banks to unanimously desire to make their employees and organizations more entrepreneurial (Herbert and Brazeal, 2009).

The study went on to explore corporate entrepreneurship approaches being employed by industry players. The Figure 4.2 below presents the findings;

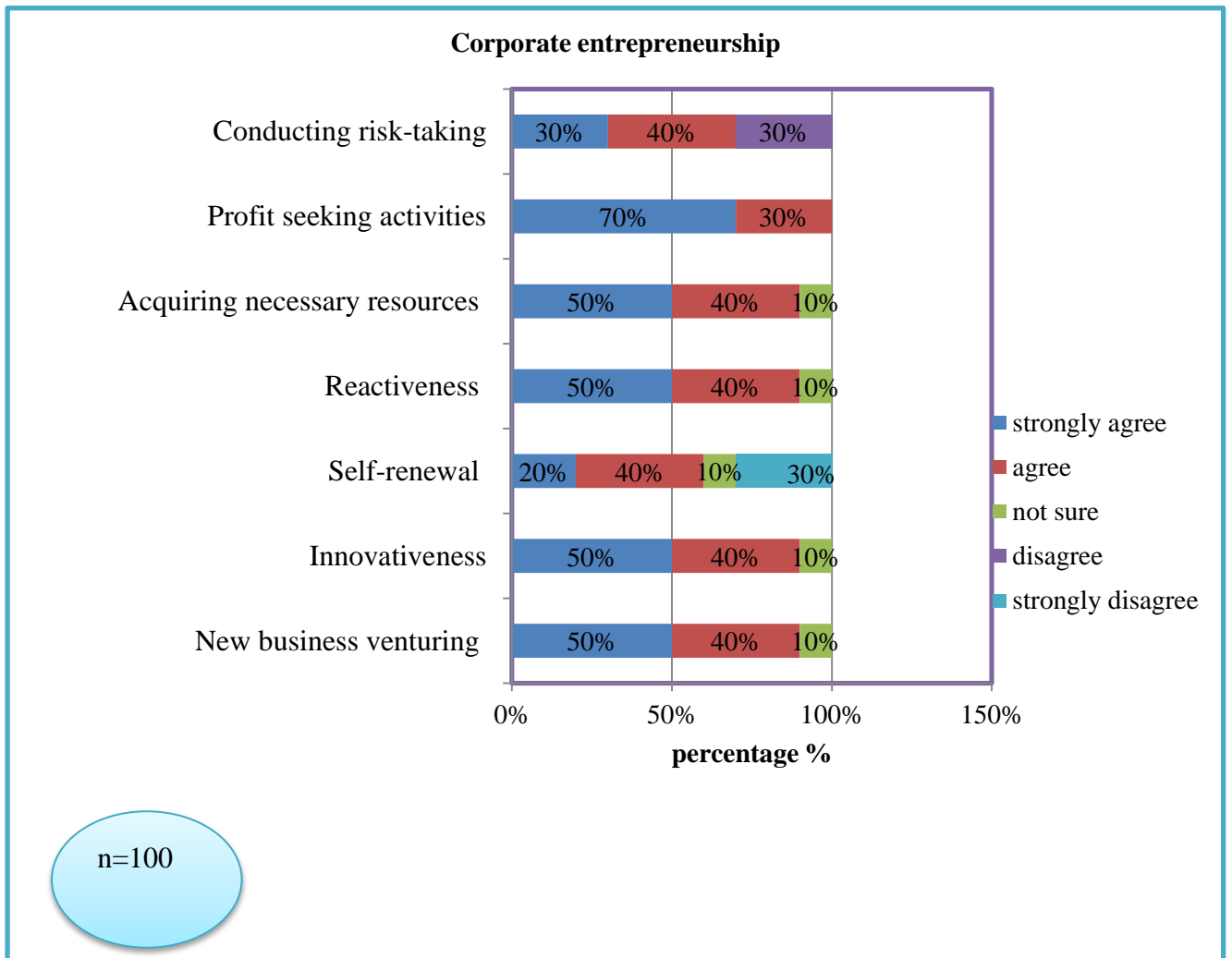


Figure 4.2 Corporate entrepreneurship

4.3.1 New business venturing

Fifty percent of respondents strongly agreed that there was new business venturing with another 40% of respondents in agreement. Ten percent of respondents were not sure. Interview respondents revealed that banks had entered into new markets and segments, with strategic partnerships and business ventures in diverse markets that include mining among other. Strategic reports at NMB exposed that the bank was diversifying its interest

from banking to mining services, international business assistance, and financial advisory among other sectors.

These results show that banks were considering other business ventures. On this, Zahra (2009) observed that corporate entrepreneurship consists of formal or informal activities aimed at creating new businesses in established companies through product and process innovation and market developments. Thus, intensity of new business ventures will improve industry performance.

4.3.2 Innovativeness

Fifty percent of respondents strongly agreed there was innovation in the banking industry. In support 40% of respondents agreed. Ten percent of respondents were not sure. Three top management respondents revealed through interviews that banks were introducing new products in the form of internet banking, SMS banking and mobile money transfer services in the form of Cell cards and Ecocash. Strategic reports at Ecobank exposed that the banking sector was in the maturity phase requiring intense innovation, to expand the industry.

These results show that innovative activities were being done in the sector, however, there were not sufficient enough to growth the market. On this, Zahra (2009) observed that corporate entrepreneurship requires a process of innovation and market developments.

4.3.3 Self-renewal

Forty percent of respondents agreed that there was self-renewal by banking industry players. Further, 20% of respondents agreed to that. However, 30% of respondents strongly disagreed on existence of self-renewal by industry

players. Ten percent of respondents were not sure whether banking industry players were reviewing their business concept. Interview respondents strongly disagreed that banking players were redefining their business concepts. Ecobank's strategic plan of 2012 to 2013 revealed the need for the bank to review its business model in light of competitive pressures.

The study noted that self-renewal was not being fully considered as banks were continuing with traditional approaches. On this, Kay (2000) presented that self-renewal dimension is critical in reflecting the transformation of organizations through renewal of the key ideas on which organizations are built and includes a redefinition of business concept, reorganization and introduction of system-wide changes for innovation.

4.3.4 Reactiveness

Fifty percent of respondents strongly agreed that there was reactiveness. Further, another 40% of respondents were in agreement. Ten percent of respondents were not sure. On this, interview respondents revealed that the banking environment was not stable with ever-changing regulations; hence, banks were being reactive. However, strategic reports at CBZ revealed that the banking industry was not moving consistently with regard to new innovative platforms to expand the market. Further, the reports revealed that the market faced a great risk of saturation in the immediate future. On this, the study noted that banks were not being effectively reactive given market conditions. On this, Kotler (2009) presented that reactiveness represents bank's posture of constantly seeking for new opportunities by anticipating and acting on future wants and needs in the market, involving introduction of new products or services before competitors.

4.3.5 Acquiring or bringing together necessary resources while pursuing opportunities

Fifty percent of respondents strongly agreed that there was acquisition of necessary resources. Further, another 40% of respondents were in agreement. Ten percent of respondents were not sure. Interview respondents revealed that banks were airing resources to meet the new USD100 million capital requirements. Interview respondents revealed that Ecobank, CBZ and NMB had met the June 2013 capitalisation requirements. CBZ has even gone further and surpassed the December 2014 capitalization levels backed by a strong deposit base and high profitability levels.

However, one interview respondents said that *'acquisition of resources is most challenging given the economic situation and market situation.'*

The study noted that banks were acquiring resources, but they were faced with macro and market environmental challenges. On this, Atoncinc and Zorn (2004) presented that entrepreneurship require the acquisition or bringing together necessary resources while pursuing opportunities.

4.3.6 Profit seeking activities

Seventy percent of respondents strongly agreed that there were profit-seeking activities. Further, 30% of respondents agreed to that as well. Interview respondents said that banks were conducting revenue increasing activities as well as costs reduction strategies in the form retrenchment so as to reduce costs and increase profits. Ecobank, NMB and CBZ 2012 financial statements exposed increase in operating costs, however, increased revenue in the same period.

These results show that banks were conducting profit seeking activities, however, they were not sufficient given the increased cost structures. On this, it can also be seen that profit seeking activities are critical in banking industry growth (Heinonen and Korvela, 2003).

4.3.7 Conducting risk-taking

Forty percent of respondents strongly agreed that banks were conducting risk taking. This was also supported by 30% of respondents. However, 30% of respondents disagreed. Interview respondents revealed that the banking market was too volatile which was too risky to make/take risks.

The risky nature of the banking industry of Zimbabwe confirms why banks were sticking to traditional banking approaches. On this, Ireland, Hitt and Sirmon (2001) presented that risk taking refers to the possibility of loss related to quickness in taking bold actions and committing resources in the pursuit of

new opportunities. This meant that banks in Zimbabwe were afraid to break away from routine, safe, well known core business and venture into the unknown.

The Figure 4.3 below presents whether corporate entrepreneurship approaches by the banking industry were effective.

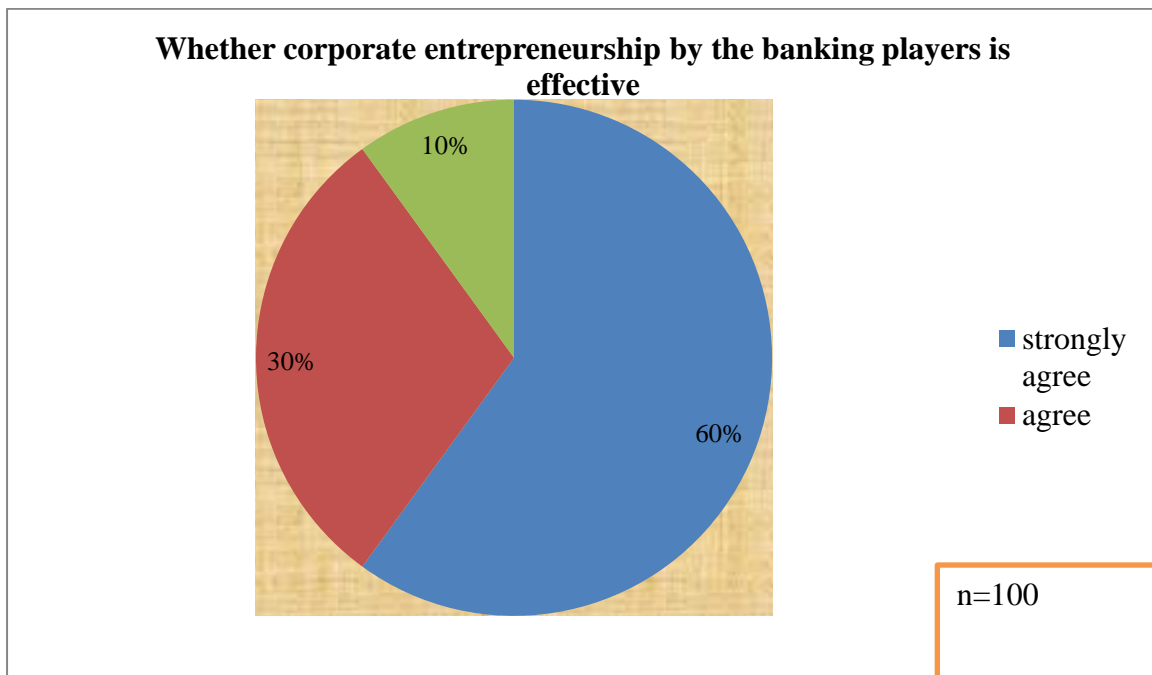


Figure 4.3 Whether corporate entrepreneurship approaches by the banking industry were effective.

Sixty percent of respondents strongly agreed that corporate entrepreneurship approaches by the banking industry were effective. This was also supported by 30% of respondents who agreed. However, 10% of respondents were not sure. One interview respondent said that, ‘CE in the banking industry is effective given the economic situation and market conditions.’ RBZ reports revealed the need for the banking industry players to introduce new methods and strategies in this modern day type of banking. Further, one interview respondent said that banks were not taking into cognizance the need to promote virtual banking, and declining traditional banking methods of queues in banking halls.

On this, the study noted that banks were not being innovative and following the world's best banking practices.

The next section explores performance of banks in the posts dollarisation era which were findings on the second objective.

4.4 Performance of banks in the posts dollarisation

On this section, the study sought to explore whether the banking industry was competitively performing in market share and profitability. This was because Dess (2006), and Wiklund (2009) contend that firm performance is influenced by corporate entrepreneurship.

4.4.1 Whether corporate entrepreneurship had resulted in improved profitability

This subsection explores whether CE had improved profitability of banks. The

Figure 4.4 below presents the findings;

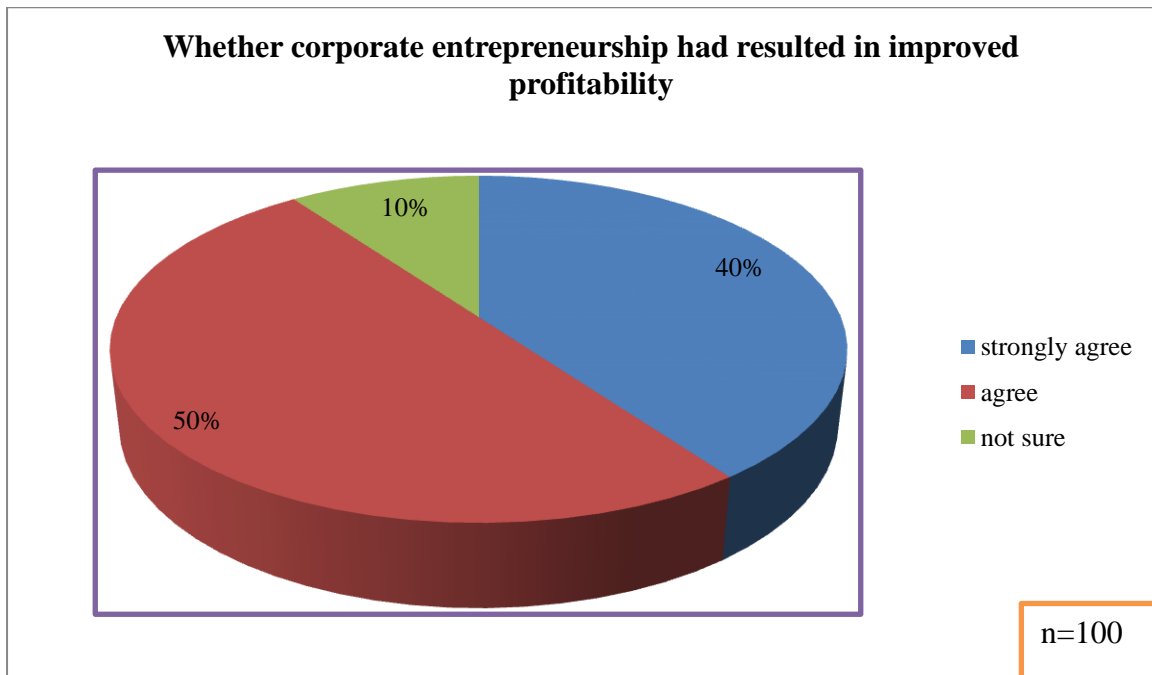


Figure 4.4 Whether corporate entrepreneurship had resulted in improved profitability

Fifty percent of respondents agreed that corporate entrepreneurship had resulted in improved profitability. Further, 40% of respondents strongly

agreed, however, 10% of respondents were not sure. It was noted, average profit after tax for the 16 Banks (including POSB) in the comparison was US\$7,84 million of which NMB Bank had a profit after tax of US\$7,7 million which was slightly below the market average by US\$0,14 million and ranked 6th. CBZ Bank had the highest profit after tax of US\$31, 0 million followed by CABS which had US\$23.7 million. Ecobank profit after tax of USD was 7.81 million which was below industry average as well (Institute of Bankers of Zimbabwe strategic financial report 2013). In terms of the cost to income ratio NMB Bank ratio was 59% compared to an industry average of 84%. Ecobank's ratio was 61% which was again lower than industry average.

Results showed that NMB and Ecobank were not competitive in making profits despite respondents saying banks' CE approaches in boosting profitability were competitive. The study wondered whether CE approaches by Ecobank and NMB were effective. However, the study noted that CBZ was performing competitively. On this, Wiklund (2009) contend that firm profitability performance is influenced by corporate entrepreneurship. Hence, NMB and Ecobank were supposed to improve their CE approaches to be competitive in profitability.

4.4.2 Whether corporate entrepreneurship had resulted in improved market share

The Figure 4.5 below presents competitiveness of banking industry CE approaches in boosting market share.

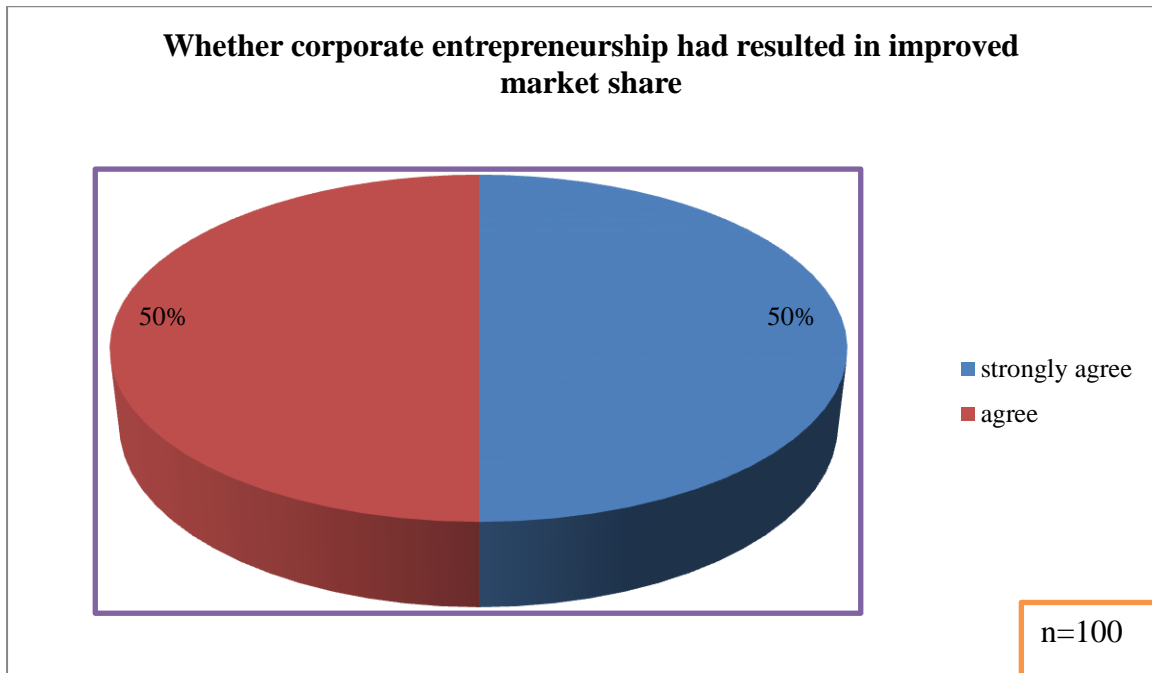


Figure 4.5 Whether corporate entrepreneurship had resulted in improved market share

These results show that 50% of respondents strongly agreed that corporate entrepreneurship had improved market share. Further, 50% of respondents agreed. It was noted that NMB Bank ranked 9th on retail deposits (Current and savings accounts) with a balance of USD\$96 million and controls 6% of the market. CBZ Bank had the highest balance of USD\$630 million (22% market share) followed by BancABC Bank with \$371 million (market share 13%) and Stanbic Bank with \$328 million (market share 11%), ZABG had the lowest balance of \$12 million (market share 0.4%). Further, Ecobank was 10th in retail deposits (Institute of Bankers of Zimbabwe strategic financial report, 2013).

These findings show that there are many banks contesting for market share with the greatest market share being possessed by CBZ (22%), BancABC (13%), Stanbic Bank (11%),

Standard Bank (10%) and Barclays having 8%. Intensity of competition like this requires corporate entrepreneurship activities to explore new markets (Lehmann and Winer 2005). Further, the study noted that NMB and Ecobank had failed to be competitive in achieving greater market share.

The next section explores the role of corporate entrepreneurship on corporate performance.

4.5 Role of corporate entrepreneurship on corporate performance

Under this section, the study explored the role of corporate entrepreneurship on corporate performance. The Figure 4.6 below presents the findings;

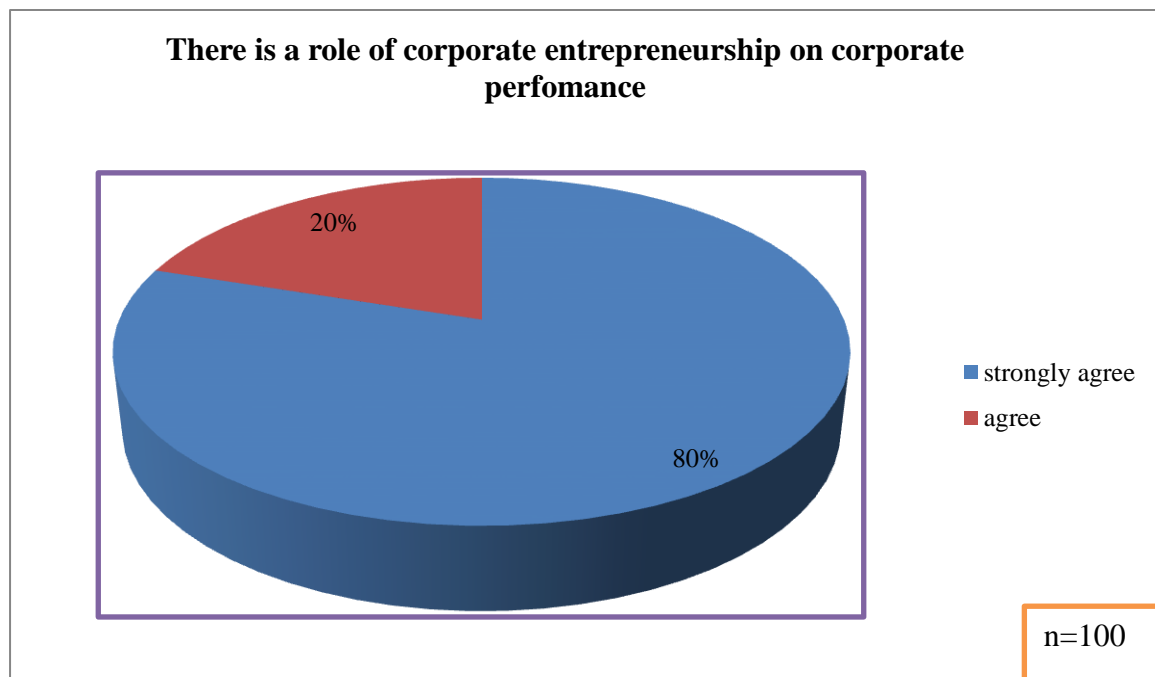


Figure 4.6 Role of corporate entrepreneurship on corporate performance

Eight percent of respondents strongly agreed that there was a role of CE on corporate performance. Further, 20% of respondents agreed that CE had an impact on corporate performance. All interview respondents concurred that CE has a great impact on the

performance of banks. Interview respondents mentioned that CE enables banks to differentiate their offering and expand in to markets.

The study noted that corporate entrepreneurship can give grounds for competitive advantage of banking industry players. The manifestations of such competitive advantage may be lower bank charges or differentiation (Hitt and Sirmon, 2002). Effective implementation of CE will result in banks achieving market share and profitability.

The study further explored how CE achieves competitiveness of banks. The Figure 4.7 below presents the findings;

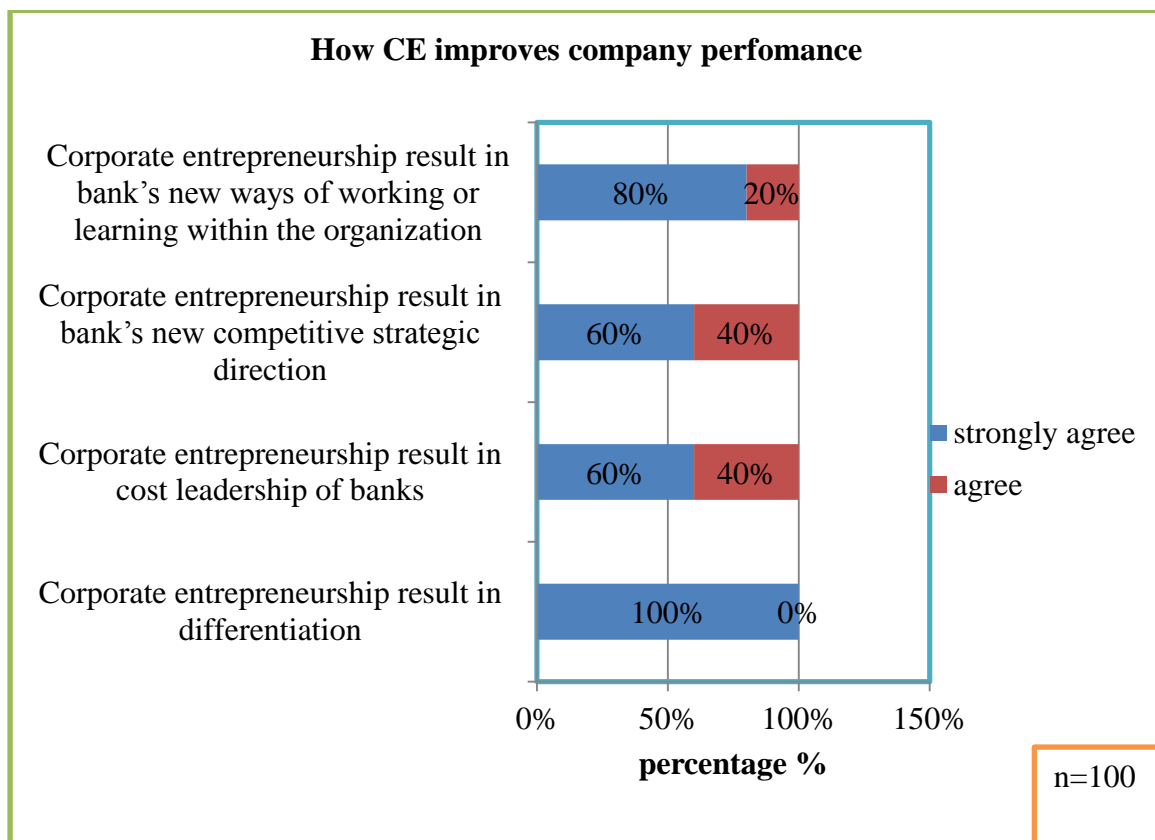


Figure 4.7 How CE improves company performance

4.5.1 Corporate entrepreneurship result in differentiation

All respondents thus, 100% strongly agreed that CE result in differentiation. Interview respondents presented that bank industry products and services are the same, with the costs structure being the same well. On this, the study noted CE improves differentiation of bank offerings through innovation and creativity (Kay, 2000).

4.5.2 Corporate entrepreneurship result in cost leadership of banks

Sixty percent of respondents strongly agreed that corporate entrepreneurship result in cost leadership of banks. Further, 40% of respondents agreed to that as well. Interview respondents revealed the banking industry costs were too high, resulting in high bank charges. One interview respondent said that, *'Banks in Zimbabwe are faced with high operating costs which may require innovation and creativity in designing less cost of service'*. On this the study noted that if banks implement CE they will be able to be competitive on costs, and be able to expand the market base (Ireland, et al 2001).

4.5.3 Corporate entrepreneurship result in bank's new competitive strategic direction

Sixty percent of respondents strongly agreed that corporate entrepreneurship results in new competitive strategic direction of banks. Further, 40% of respondents agreed to that as well. Interview respondents revealed the banking industry was supposed to shift from traditional banking to modern banking services which include virtual banking platforms such as internet and mobile banking. On this, the study noted that banks in Zimbabwe were moving slowly towards competitive banking platforms such as partnerships struck between BancABC, NMB Bank and Stanbic Bank with Ecocash. Related to this, Hit and

Ireland (2000) presented that corporate entrepreneurship result in bank's new competitive strategic direction.

4.5.4 Corporate entrepreneurship result in bank's new ways of working or learning within the organization

Eighty percent of respondents strongly agreed that CE result in bank's new ways of working or learning within the organization. Further, 20% of respondents agreed. Interview respondents presented that CE result in bank's new ways of working or learning within the organization. Related to this, Covin and Myles, (2009) presented that CE enables the bank to foster new strategic direction or new ways of working or learning within the organization. The next section explores viable entrepreneurial model for the Zimbabwean banks.

4.6 Viable entrepreneurial model for the Zimbabwean banks

Under this the study explored possible entrepreneurial model for the Zimbabwean banks. The Figure 4.8 below presents the findings;

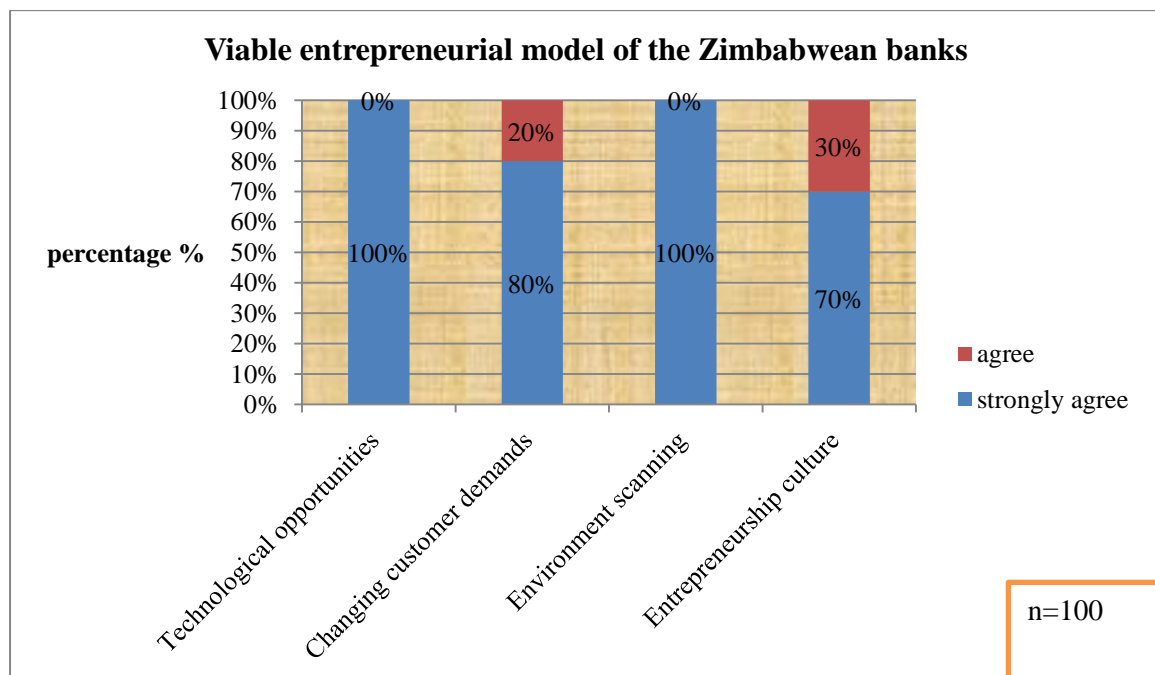


Figure 4.8 Viable entrepreneurial models of the Zimbabwean banks

4.6.1 Technological opportunities

All study respondents thus 100% strongly agreed that there was need for banks to utilise technological opportunities. All interview respondents gave reference to Ecocash services, which was threatening to market positions of established banks. Figure, 2.3 under chapter 2, presented the need for banks to utilise technological opportunities from the banking environment (Samuel Obino Mokaya, 2012).

4.6.2 Changing customer demands

Eight percent of respondents strongly agreed that there was need for banking players to be adaptive to changing customer needs. Further, 20% of respondents agreed to that as well. Interview respondents revealed that there was need for banks to consider new financial services customer tastes. These results show that changing customer demands was supposed to be considered to ensure that the banking industry moves forward competitively (Samuel Obino Mokaya, 2012).

4.6.3 Environment scanning

All study respondents thus 100% strongly agreed that there was need for banks to do environmental scanning. Strategic reports of Ecobank, CBZ and NMB revealed that these banks were doing environmental scanning frequently so as to identify opportunities and threats. Top management respondents revealed that the Zimbabwean banking environment was uncertain and composed of many threats which include potential entry and increased bargaining power of buyers. The study noted that environmental scanning was being conducted (Dai and Duserick, 2005).

4.6.4 Entrepreneurship culture

Seventy percent of respondents strongly agreed that entrepreneurship culture was critical in the competitiveness of banks. Further, 30% of respondents agreed as well.

Interview respondents presented that entrepreneurship culture was self-regulating in ensuring competitiveness of banks. Related to this, Dai and Duserick (2005) presented that corporate entrepreneurship should be driven by corporate culture.

4.6.5 Other viable entrepreneurship viable approaches

Study respondents presented other viable entrepreneurship approaches which include;

- Benchmarking with international banks like ABSA
- Venturing into other markets never served before like including the rural folk into the banking system
- Financial inclusion of informal traders
- Deposit mobilisation strategies through partnership with customers

4.7 Chapter summary

This chapter interpreted and gave meanings to research findings. The analysis was guided by variables in the conceptual framework, research objectives and research questions. Only the most important and relevant findings relating to the requirements of the study were covered. Findings are presented in various forms ranging from tables, graphs and statistical analysis. The next chapter looks into summary, conclusion and recommendations.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter concludes the report. The major focus of the study was to assess the role corporate entrepreneurship has played in the performance of Zimbabwean banks post dollarization (2010-2012). This chapter will contain the summary that will narrate how and why the study was conducted. Conclusion will explore the major findings from the study against the major aims of the research study. Ultimately, practical recommendations are provided that can be considered to improve performance of banks through CE.

5.1.1 Statement of objectives

The major objectives of the study were to explore corporate entrepreneurship approaches, to explore the role CE has played in the performance of banks, to assess the role between corporate entrepreneurship and corporate performance and to propose a viable entrepreneurial model for the Zimbabwean banks. The study managed to achieve all the research objectives with the use of both secondary and primary research methods. The study made use of strategic reports, strategic plans of companies under study, journals, interviews and questionnaires among others. Conclusions of the study are presented by the Table 5.1.

Table 5.1 Research Objectives Achievement and Justification

Research objectives	Achievement and justification
To explore corporate entrepreneurship approaches by banks in Zimbabwe in the post dollarisation era	The use of strategic reports, strategic plans, journals, interviews and questionnaires among other, led to the conclusion that banks were not effectively seeking new business ventures, being innovation, self-renewal, acquiring necessary resources, profit seeking activities and conducting risk-taking in their CE approaches. These views were supported by more than 50% of respondents (see Figure 4.2).
To explore the role CE has played in the performance of banks in the post dollarization era	Banks in Zimbabwe were not effectively practicing CE, in their business growth, despite the fact that corporate entrepreneurship plays a role in corporate performance through costs and service quality competitiveness. Some banks like Ecobank and NMB were seen as struggling to be competitive on market share and profitability (see Figure 4.4 and 4.5)..
To assess the role of corporate entrepreneurship on corporate performance	The study noted that corporate entrepreneurship plays a role on corporate performance. The study noted that banks like NMB and Ecobank were failing to improve their market share and profits through the implementation of CE approaches. CE was seen as resulting in differentiation, cost leadership of banks, new competitive strategic direction and new ways of working or learning within the organization (see Figure 4.6).
To propose a viable entrepreneurial model for the Zimbabwean banks	The study noted that banks in Zimbabwe should consider technological opportunities, changing customer demands, environment scanning and entrepreneurship culture in their growth.

5.1.2 Chapter Summaries

The major focus of the study was to assess the role corporate entrepreneurship has played in the performance of Zimbabwean banks post dollarization (2010-2012). The posts dollarisation era brought challenges to banks, which include limited foreign currency reserves, limited capital sources, illiquidity, limited market, market scepticism, and competition that has a bearing on the performance of banks. These challenges have resulted in loss of business for some banks and cases of bank closure. Further, the future attractiveness of the banking industry is doubtful as banks are operating in a mature industry and confronted by an unstable macro environment. The study, thus, sought to explore whether corporate entrepreneurship was playing a role in the performance of banks.

In line with research objectives, the study explored literature on corporate entrepreneurship approaches, corporate performance, role between corporate entrepreneurship and corporate performance.

The study adopted both the positivism and phenomenological approach where a descriptive survey was considered. The study considered top and middle management from CBZ, Ecobank and NMB, where a sample of 120 was considered. Stratified random sampling was used in the selection of these respondents and they were all given a questionnaire. Three follow up interviews with top management personnel from these banks was done, with each bank represented.

The data was presented in bar graphs, pie charts and tables and the major findings were that;

- Banks were not effectively doing new business venturing, innovation, self-renewal, acquiring necessary resources, profit seeking activities and conducting risk-taking in their CE approaches
- The study noted that corporate entrepreneurship plays a role in corporate performance through the expansion of existing markets, entering new markets and bringing new products to the existing markets
- Some banking industry players were failing to improve their market share and profits through the implementation of CE approaches
- Study respondents presented the need for banks to consider technological opportunities, changing customer demands, environment scanning and entrepreneurship culture

5.2 Conclusions

Saunders, (2009) propounded that where research objectives have been crafted to guide the research, at the end every research objective should be concluded.

5.3 Recommendations

Corporate entrepreneurship approaches that should be considered by Zimbabwean banks.

- a. The need to acquire or bring together necessary resources in pursuing opportunities.

The study noted that some banks were struggling to meet capital requirements and to be competitive in their performance. Hence, the study recommends banks to mobilise resources through strategic alliances, mergers among other initiatives.

- b. Banks should conduct corporate entrepreneurship training. The study noted that corporate entrepreneurship is related to corporate performance, hence, corporate entrepreneurship approaches are critical for the performance of banks. With strategic

management consultants, bank executives and management should be trained on these approaches.

- c. The need for banks to be driven by a learning culture. Banking industry management should establish a learning culture which will set a foundation for a set of lifelong learning processes and covering continuous learning. Learning culture can also be developed through knowledge redundancy which includes the promotion of information overlaps through job rotations, secondments to other departments and cross functional working in teams

The study noted that banks in Zimbabwe should consider technological opportunities, changing customer demands and environment scanning in their growth. Due to the volatile nature of the banking market, banks should continuously scan the environment for opportunities and threats. Further, customer needs should be continuously be engaged upon through the use or help of consultants

Blumberg et al, (2011) propounded that, where research gaps have been identified, the study should at the end recommend how to fill the gaps. In line with this, the study recommend the below strategies to improve CE approaches in improving performance of banks;

5.3.1 Knowledge management to be in cooperated in company's philosophy and strategic plans

The study recommends knowledge management to be incooperated in company's philosophy and strategic plans. Existence of knowledge management will set a platform for knowledge sharing on business ventures, technological opportunities, changing customer demands and environment scanning.

5.3.2.1 Promote learning culture

Banking industry management should establish a learning culture which will set a foundation for a set of lifelong learning processes and covering continuous learning. A learning environment will set a boundary less organization, in which members' desires for learning and growth, are enforced to share thereby facilitating a learning culture. A learning culture can also be developed through knowledge redundancy which includes the promotion of information overlaps through job rotations, secondments to other departments and cross functional working in teams fuzzifying boundaries and promoting internal competition and action learning are also some of the most effective tools recommended for enhancing knowledge management.

5.4 Areas of further study

The study only focused on the commercial banking sector of Zimbabwe, with very limited focus on other sectors the whole financial industry. Researches on CE within the context of economies like Zimbabwe are developing; hence, more researches on this area should be considered especially with reference to the role of level of management in promoting CE.

APPENDIX A – QUESTIONNAIRE: TOP AND MIDDLE MANAGEMENT RESPONDENTS

My name is Aylwin Chiyoka studying for the Executive Masters of Business Administration. I am exploring “An analysis of corporate entrepreneurship in the performance of Zimbabwean banks (2010-2012).”

The outcome of discussions will be treated with utmost confidentiality.

Instructions

- Please tick or circle the letter you feel is most appropriate in describing the given statement.
- You are free to add your own statement to clarify your response at the spaces at the end of each section.
- Please note that your name is not required for purposes of this exercise.

Section A Demographics and general information

1. Age (*Tick were appropriate*)

Age

Below 20 years

20 to 30 years

30> to <40years

Above 40 years

2. What’s your position in the organization?

Level of management

Top management

Middle management

3. How long have you been in this position?

Years

Less than 5 years

5 to <10 years

10 to < 15

15> years

4. Which organisation do you work for

NMB

Ecobank

Section B Corporate entrepreneurship in the banking industry

5. There is corporate entrepreneurship at my bank

Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
A	B	C	D	E

Justify

.....

6. The corporate entrepreneurship approaches below are being conducted by my bank;

	Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
New business venturing					
Innovativeness					
Self-renewal					
Reactiveness					
Acquiring or bringing together necessary resources while pursuing opportunities					
Profit seeking activities					
Conducting risk-taking					
Risk taking					
Other					

7. Corporate entrepreneurship approaches by my bank are competitive;

Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
A	B	C	D	E

Justify

.....

Section C Performance of banks in the posts dollarisation

8. Corporate entrepreneurship approaches by my bank has resulted in improved profitability

Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
A	B	C	D	E

Justify

.....

9. Corporate entrepreneurship approaches by my bank has resulted in improved market share

Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
A	B	C	D	E

Justify

.....

Section D Role of corporate entrepreneurship on corporate performance

10. There is a role of corporate entrepreneurship on corporate performance

Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
A	B	C	D	E

Justify

.....

11. If you answer is A or B, there is a link between corporate entrepreneurship and corporate performance because;

	Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
Corporate entrepreneurship result in differentiation					
Corporate entrepreneurship result in cost leadership of banks					
Corporate entrepreneurship result in bank's new competitive strategic direction					
Corporate entrepreneurship result in bank's new ways of working or learning within the organization					
Other					

Section E Viable entrepreneurial model for the Zimbabwean banks

12. Banks in Zimbabwe should consider;

	Strongly agree	Agree	Not sure	Disagree	Strongly disagreed
Technological opportunities					
Changing customer demands					
Environment scanning					
Entrepreneurship culture					
Other					

13. What other viable entrepreneurial approaches to be considered by your bank for improved market share and profitability?

.....

.....

.....

APPENDIX B - INTERVIEW GUIDE TO TOP MANAGEMENT

1. What are the corporate entrepreneurship approaches by banks in Zimbabwe in the post dollarisation era?

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2. How are banks performing in the posts dollarisation era in terms of profitability and market share?

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3. How is corporate entrepreneurship and corporate performance linked?

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4. What should be a viable entrepreneurial model for the Zimbabwean banks?

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