Abstract

Due to growing globalization, organizational complexity, changing customer demands and the advent of the Fourth Industrial Revolution-technological changes, many corporations, including financial institutions face formidable challenges. As a way of mitigating these challenges, achieve competitive advantage and survive, financial institutions are relying on corporate entrepreneurship and innovation. Businesses or firms that lag behind in terms of learning and innovation are likely to surrender their market-share or relevance to competitors.

This study discusses the importance of corporate entrepreneurship as a competitive advantage for a South African financial institution (SASSA). The study seeks to ascertain the importance of corporate entrepreneurship in the South African context. Through the review of literature, the researcher attempts to ascertain if the financial institution in question (SASSA) is spurring and shaping corporate entrepreneurship by optimally utilizing resources in the industry to mitigate global challenges it’s confronted with in the challenging social services environment. The effect of innovation will also be discussed as it is known to mitigate against uncertain future business developments.

Keywords: Corporate entrepreneurship, competitive advantage, entrepreneurship, innovation

1 Introduction

SASSA is responsible for the administration of Social Assistance in terms of the Social Assistance Act 2004 (Act 13 of 2004). SASSA has since its establishment focused primarily on the administration of the social assistance programme which is fully funded by government. SASSA serves a customer base including older persons, people with disabilities, and people in distress through the following grant types.

- **Old Age Grant**: Grant given to persons 60 years and older;
- **Disability Grant**: Grant for persons with disability between 18 to 59 years;
War Veteran: Grant awarded to veterans of the 2nd World War or the Korean War;
Grant in Aid: Grant for both disabled and older people who require assistance with activities of daily living;
Foster Child Grant: Grant for children in need of protection and placed in foster care. The grant can be extended up to the age of 21 on condition that the child is still studying;
Child Support Grant: Grant for children 0 to 18 years;
Care Dependency Grant: Grant awarded to care givers of children who are severely disabled and require permanent care and other support services which include Social Relief of Distress: Grant for temporary assistance for a maximum of 3 months, extended to 6 in stipulated situations of destitution and hardship.

The largest number of beneficiaries is in Kwa-Zulu Natal (approximately 3.9 million); followed by Eastern Cape; Gauteng and Limpopo. In some regions, i.e. Limpopo and Eastern Cape, the majority of the populace depend exclusively on these grants (Strategic Plan, 2020)

According to the 2020 SASSA strategic plan report, grant allocation increased by at least 20% between April 2014 and December 2019 with the child support grant taking the lead. The significant upward trend has primarily been as a result of policy changes and improved outreach. The table below provides a more thorough breakdown:

<table>
<thead>
<tr>
<th>Grant type</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old Age Grant</td>
<td>3,066,651</td>
<td>3,194,087</td>
<td>3,302,202</td>
<td>3,423,337</td>
<td>3,553,317</td>
<td>3,638,233</td>
</tr>
<tr>
<td>War Veteran</td>
<td>326</td>
<td>245</td>
<td>176</td>
<td>134</td>
<td>92</td>
<td>67</td>
</tr>
<tr>
<td>Disability</td>
<td>1,112,063</td>
<td>1,085,541</td>
<td>1,067,176</td>
<td>1,061,866</td>
<td>1,048,255</td>
<td>1,062,456</td>
</tr>
<tr>
<td>Grant in Aid</td>
<td>113,067</td>
<td>137,006</td>
<td>164,349</td>
<td>192,091</td>
<td>221,989</td>
<td>263,701</td>
</tr>
<tr>
<td>Care Dependency</td>
<td>126,777</td>
<td>131,040</td>
<td>144,562</td>
<td>147,467</td>
<td>150,001</td>
<td>154,277</td>
</tr>
<tr>
<td>Foster Child</td>
<td>498,774</td>
<td>470,015</td>
<td>440,295</td>
<td>416,016</td>
<td>386,019</td>
<td>317,206</td>
</tr>
<tr>
<td>Child Support</td>
<td>11,703,165</td>
<td>11,972,500</td>
<td>12,081,375</td>
<td>12,269,084</td>
<td>12,452,072</td>
<td>12,702,612</td>
</tr>
<tr>
<td>Total</td>
<td>16,642,543</td>
<td>16,991,634</td>
<td>17,200,525</td>
<td>17,509,995</td>
<td>17,811,745</td>
<td>18,138,552</td>
</tr>
<tr>
<td>Annual Growth</td>
<td>4.46%</td>
<td>2.10%</td>
<td>1.23%</td>
<td>1.80%</td>
<td>1.72%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Depicted from the SASSA 2020 strategic plan report

As can be seen; the highest number of grant recipients is the Child Support Grant (CSG) at 12 395 650 followed by the Old Age Grant (OAG) with 3 497 825 grants.
2 Problem statement

The presence of structural barriers, resources constraints and other impediments force many organisations including financial institutions from encouraging entrepreneurial behaviour (Ireland et al., 2006, A). Employees with an entrepreneurial mindset are discouraged from exercising their innovative capabilities because the company’s culture and processes do not offer an enabling environment. With a plethora of challenges, the global village, firms require corporate entrepreneurship strategy to promote and sustain global corporate competitiveness and relevance in the marketplace (Bomkvist et al., 2017). Leadership and management can experience pressure from the shareholders to steer the organisation out of rough business conditions. Ireland, et al. (2006, 16, A) demonstrate that successful firms are those firms that have grown a culture of innovation and empower their employees with an entrepreneurial mindset. Fear of the unknown and untried strategies is exacerbating the reluctance by many firms, including the South African financial institutions from combining entrepreneurial behaviours with strategies to design and successfully use corporate entrepreneurship strategy that will result in competitive advantage (Kuratko et al., 2004). An environment that promotes and supports corporate entrepreneurship drives management to continuously assess the levels of entrepreneurial activity occurring within the business, thus, the outcomes of innovation, competitive position and financial performance provide the manager with a holistic view of the competitiveness of the business (Morris et al., 2008). The selected South African financial institution (SASSA) might have had opportunities to pursue growth strategies if it had envisaged the importance of corporate entrepreneurship.

3 Literature review

3.1 Corporate entrepreneurship

Corporate entrepreneurship is the term used to describe entrepreneurial behaviour in an established, larger organisation. The objective of entrepreneurial behaviour is to gain competitive advantage by encouraging innovation at all levels in the organisation corporate division, business unit, functional or project team levels (Burns, 2008). Boone et al (2018) posit that in the advent of formidable global challenges, advances in technology, emergence of complex organisations and customer demands, businesses should remain competitive and relevant to the marketplace. This is achieved through entrepreneurial behaviour and innovation. Competitive advantage is good for the organisation because it can outperform the competitor in the same areas, thus distinguishing the organisation (Venture & Urban, 2015).
When taken into account a wider definition of entrepreneurship, a more organisational perspective on the matter has described the same divide as causation versus effectuation. Whereas causation is more oriented at a managerial level, Kirznerian, perspective on entrepreneurship, affectation is oriented at a more experimenting, Schumpeterian perspective on entrepreneurship (De Jong & Marsili, 2010). Critical elements for an entrepreneurial climate are both causational (goals, rewards) and effectuation-based (feedback, reinforcement, trust) and are built upon stimulating entrepreneurial thinking in the organisation (Kuratko, Hornsby, Naffziger, & Montagno, 1993).

The link between Innovation and entrepreneurship is in the historical background as espoused by Schumpeter (1934) who understood innovation broadly as: the introduction of a new product or a new product quality, the introduction of a new production method (this may be based on a new scientific discovery but not need be). In the Schumpeterian view, opportunities arise from the internal willingness to change the industry. The entrepreneur is an innovator and disturbs the economy (De Jong & Marsili, 2010). Menz, Kunisch and Collis (2015) also state that innovation takes place in businesses in the form of new products, new processes to create products and new administrative structures and routines to help the firm operate efficiently and effectively.

Generally, it can be concluded that entrepreneurship in the meaning of creating new ventures, a right balance has to be found between the both extremes. Entrepreneurship is about finding the right mix between both causation and effectuation (Reymen et al., 2015). A successful entrepreneur knows when to act causational and when to act effectuate. When to be creative, when to be managerial. They have researched the number of explicit decisions in new venture creation. Another study has indeed proven that specifically within corporate entrepreneurship both causation and effectuation have been used at the same time (Berends, Jelinek, Reymen & Stultiens, 2014).

With reference to the definition of entrepreneurship, it is clear that innovative mindsets culminate in entrepreneurial behaviour. Innovation and entrepreneurship are the incubators for greater business ventures (Heavey & Simsek, 2013). In established firms such as the financial institution chosen for this study, the concept of entrepreneurship and innovation should be cultivated by leadership’s strategic thrust. Kappen and Zander (2017) posit that leadership is responsible for creating an enabling environment that shapes entrepreneurship by leveraging corporate resources across different divisions in order to fully utilize innovative capacity of the organisation. Drucker’s (1997) view, innovation distinguishes the difference between what is entrepreneurial and what is managerial. McFadzean, O’Lughlin and Shaw (2014) argue that leadership’s attitudes, vision and activities should stimulate desire and become a source of motivation for innovation in the firm.
3.2 Importance of corporate entrepreneurship

Over the years, researchers have focused on Corporate Entrepreneurship as revitalizing and enhancing the firm’s ability to develop the skills through which innovations can be created (Drucker, 1979; Kuratko et al., 2001; Kuratko, 2009; Zahra and Covin, 1995). Several researchers have developed models to show that for Corporate Entrepreneurship to become meaningful conduit for a firm’s value creation activities, it cannot be confined to a specialist function within the organization (Ireland et al., 2009).

The corporate landscape has become more complex and competitive forcing firms to embrace corporate entrepreneurship for profitability and competitive advantage and survival in turbulent times and innovativeness (Belderbos et al., 2018; Boone et al., 2018). All the views by different authors above are imperative, however, the study is particularly interested in fostering competitive advantage through corporate entrepreneurship and innovation (Belderbos, et al., 2018; Boone et al., 2018).

Whilst corporate entrepreneurship promotes entrepreneurial behaviours within an organisation, it uses the fundamentals of management in adopting behavioural style that challenges bureaucracy and encourages innovation. In addition, corporate entrepreneurship stimulates innovation by examining potential opportunities, resource acquisition, implementation and commercialisation of new products/services (Boone et al., 2019). Firms should be innovative to change or influence the marketplace, whilst creating new markets and new industries.

3.3 Factors that contribute to an enabling CE environment

Corporate environments supportive of entrepreneurship must provide appropriate reward systems, top management support, explicit goals and appropriate organizational values, which signal to employees that entrepreneurial behaviour action is desirable (Kuratko et al., 2015). The composition of leadership in the firm can contribute to the strategic impact of leadership, corporate entrepreneurship and subsequent innovation performance of the organisation (Menz et al., 2015).

Moreover, the success of a Corporate Entrepreneurship strategy is more probable when a firm has the skills required to structure (accumulate and strategically divest), bundle (successfully combine) and leverage (mobilize and deploy) its resources (Sirmon et al., 2007). Organizational antecedents are a prerequisite for the type of environment that promotes or inhibits Corporate Entrepreneurship (Hornsby et al., 2002, 2009; Ireland et al., 2009). Organizational antecedents refer to the internal makeup of an organization and include elements such as organizational leadership; organisational structure, culture and management support (Kuratko et al., 2014). In all these discussions, the role of senior management in opportunity formation is of paramount importance (Barney, Foss & Lyngsie, 2018).
The Global Entrepreneurship Monitor (2018) states that an entrepreneurial vision is an indication of what the organisation expects to achieve in the future. The absence of such visions can spell doom or demise of innovative initiatives. Top management should see what is not there; that is, the entrepreneur goes beyond recognising opportunities but has the ability to envision a change in the environment in order to create opportunities (Anonymous, 2019).

### 3.4 Factors that hinder corporate entrepreneurship implementation

McFadzean et al (2014) state that implementation of corporate entrepreneurship can be impeded if the organisation does not have an entrepreneurial vision. The entrepreneurial vision indicates what the organisation expects to achieve in the future. Vision processing should involve everyone in the organisation and should encapsulate multiple future time horizons. Vision is about seeing what is not there, thus, the entrepreneur should go beyond recognising opportunities. Kuratko et al (2001) argue that effective visions highlight a firm’s commitment to product, process and market innovations.

Another important factor that hinders implementation of corporate entrepreneurship is lack of entrepreneurial action. Social interactions both within and outside the organisation should entail resource management and organisation (Boone et al., 2019). Leadership of the firm should be able to influence and generate support from others and the capable to assess, shape and develop ideas.

Shaw, O’Loughlin and McFadzean (2015) state that technology is a key driver for innovation. New technology impacts innovation, therefore, the interplay of technology influences the marketplace. If the organisation is not adept to new technologies, then, it is highly unlikely to be innovative. With the advent of the Fourth Industrial Revolution, many industry structures have been altered significantly, thereby changing the marketplace and influencing consumer needs. By recognising and exploiting the competitive significance of technological change, a businesses’ rules and parameters change.

The absence of an entrepreneurial and innovation culture can create resistance in the organisation. Management support and influences in an environment that advocates for innovation boost morale. In addition, rewards and incentives should stimulate the culture of entrepreneurship and innovation. The GEM (*2018*) also states that lack of entrepreneurial vision can hinder the implementation of CE. Furthermore, the absence of an entrepreneurial vision can be a sign that leadership of that organisation is ineffective. Baum et al (2001) developed a model that focuses on traits, competencies, motivation, competitive strategies and the environment. Thus, managerial competencies can be a hindrance to innovation in the organisation. General business management skills, knowledge, experience can have knock-on effects on the implementation of entrepreneurial activities (Moloi, 2014).
3.5 Corporate entrepreneurship best practice

Some researchers perceive that Corporate Entrepreneurship is not static, but a dynamic process whereby managers can encourage appropriate employee behaviour efficiently through more effective incentive measures (Zampetakis et al., 2009). Ireland et al. (2009) conceptualize pro entrepreneurship architecture in the corporate context through which the entrepreneurial strategic vision is explained through specific entrepreneurial processes and behaviours.

Antonic and Zorn (2004, p.8) state that “organisational support refers to management encouragement, workers’ discretion about their work-related decisions, designating idea champions, establishing procedures to solicit and examine employee’s ideas, permeability of job boundaries, training, rewards and reinforcement and availability of time and financial resources for pursuing new ideas or projects. Managers and employees should continuously reinvent themselves through training, workshops and conferences (Kuratko & Hodgetss, 2004). Furthermore, business processes, strategies, policies should be designed to support innovation. Thus, allowing managers and employees to understand how to develop an innovative environment.

Parboteeah (2000) states that developing and nurturing an entrepreneurial culture will contribute to businesses’ ability to develop innovate and sustain strategic competitive advantages. Kuratko and Hodgetss (2004, p.63) suggest that to structure the business for a corporate entrepreneurial climate, businesses need to invest heavily in entrepreneurial activities that allow new ideas to flourish in an innovative environment. As a way for businesses to develop key environmental factors for entrepreneurial activity, a corporate entrepreneurship training programme often induces the change needed in the work atmosphere. Toftaoy and Chatterjee (2005, p.15) state that corporate entrepreneurship training programmes within the business will separate businesses from their competitors. The corporate entrepreneurship training programme is a way of launching entrepreneurial teams via intrapreneurship workshop or seminars.

3.6 The Namibian example for best practice

Namibia imposed a partial lockdown in late March 202. On 1 April, the Namibian Minister of Finance announced a new grant for people who were struggling as a result of the pandemic. Just over one week later – on Thursday 9 April – he announced details of the once-off
Emergency Income Grant of R750, to be paid to people aged 18-59 who had lost informal livelihoods or were already unemployed. People with work, including all people with formal employment, were excluded, as was anyone who already received one or other social grant. People who had been formally employed but had lost their jobs would be supported through a separate scheme, through Namibia’s Social Security Commission. While not without its hiccups, Namibia’s experience appears to provide an appropriate model for South Africa (https://www.researchgate.net/publication/342160116).

Applicants for Namibia’s Emergency Income Grant could register from Friday 10 April, the day after the details of the new grant were announced. Applicants registered by sending an SMS to a toll-free number and following a set of clear and simple instructions. Applicants did not need to use their own phones but they did need to use a Mobile Telecommunications Company (MTC) phone. MTC is Namibia’s first and largest mobile phone operator, owned by the state through the post office. It claims to have more than 2.5 million active subscribers in a country with a total population of only 2.5 million people! The government said that the application process took “less than five minutes”. In practice, unsurprisingly, so many people sent SMSs that the system operated by MTC was overwhelmed and had to be redesigned quickly, contributing to a short delay. The Minister of Finance estimated that 739,000 people were eligible. It was reported that at least 350,000 applications had been received by Monday 13 April. One week later, 579,000 applications had been received (https://www.researchgate.net/publication /342160116).

3.7 The South African case study

With South Africa facing the same challenge, it would be prudent for the Financial institution to conduct an audit to assess its corporate entrepreneurship environment, so as to suggest appropriate interventions to impart an entrepreneurial mind-set in its workforce. Below are some of the challenges SASSA is currently facing:

<table>
<thead>
<tr>
<th>Challenges experienced by SASSA</th>
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<tbody>
<tr>
<td>Not a learning organisation</td>
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<tr>
<td>Lacking strong HR policies and processes</td>
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<tr>
<td>Poor facilities management</td>
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<tr>
<td>High staff turnover and vacancy rate</td>
</tr>
<tr>
<td>Reactive to fraud prevention and lacking in contract management.</td>
</tr>
<tr>
<td>Lack of shared vision</td>
</tr>
</tbody>
</table>
Some of the interventions and contingencies in line with corporate entrepreneurship proposed by SASSA include:

- Modernisation of business process to position SASSA within the developing technological topography;
- Strengthening the management of SASSA’s payment partnerships in order to ensure that social grants beneficiaries receive their grants at the right time and place;
- Explore the possible value that can be added to the SASSA beneficiaries using the economies of scale that we have and the improvements in the payment landscape;
- Improve organisational efficiency and governance.

Recommended strategic considerations necessary for the deployment of corporate entrepreneurship in SASSA

- A more strategic focus on the impact the organisation needs to make in addition to operational excellence.
- Moving away from output thinking (the organisation pays grants) to impact thinking (contribution to poverty reduction).
- Working in an integrated manner with the DSD, NDA and other partners to give effect to the portfolio approach.
- Changing the culture of the organisation to an effective and efficient one characterised by innovation, creativity and thought leadership.
Focussing on effectively administering grants (strategically outsourcing those parts of the payment value chain to specialist/capable partners) as opposed to the pursuit of insourcing all the payment processes

• Creating and driving fit for purpose operating model and structure that gives effect to the new strategy

• Building a high performance and ethical culture.

These strategic shifts have been considered and encapsulated into the Impact, Outcomes and targets for the next 5 years.

3.8 The effect of Covid 19 on Innovation

South Africa accounts for the highest number of recorded coronavirus cases in Africa. To mitigate the risk of infection, South Africa put in place strict measures to manage the risk of infection which weakened the South African economy. SASSA beneficiaries have also been among the hardest hit as most of the recipients rely on physically collecting the grants at SASSA pay points. This increases chances of recipients being infected with the virus. Innovative measures could have ensured that most recipients receive the grants through other channels such as banks, retail stores, etc.

4 Conclusion

This study focused on corporate entrepreneurship as a competitive advantage for a South African financial environment with a specific case focus on the South African Social Services Agency (SASSA). SASSA is responsible for the administration of Social Assistance in terms of the Social Assistance Act 2004 (Act 13 of 2004). Given a myriad challenges faced by the organisation in recent years, i.e. lack of shared vision; ineffective process weak control environment, it is crucial for the organisation to reconsider its strategy moving forward. Through a careful study and analysis of contemporary corporate entrepreneurship literature, it was revealed that engaging an effective corporate entrepreneurship culture in any industry is not as swift. An environment reward system must be interwoven, management support must be prioritised, the entrepreneurial vision must be transparent and all organisational members should have a role in this. The ultimate goal is for all individuals in the organisation to work in unison with the set vision.
5 References


