# Transformational Leadership and the Corporate Entrepreneurial Spirit

**Colene Hind**
**Renier Steyn**

## Abstract

Introduction: Transformational leadership is hailed by many academics as a way of improving human capital and increasing productivity. In the same way, corporate entrepreneurial spirit is seen as a road to innovation and transformation. Productivity, innovation and transformation are often cited as drivers of development, which could be important in promoting such activities in Africa. Objectives: To determine the extent to which an environment where transformational leadership is practised coincides with an environment that is conducive to the practice of corporate entrepreneurship. Method: Data was collected from 868 employees from 17 Southern African organisations. The respondents were asked to complete a series of questionnaires, including one on transformational leadership and one on corporate entrepreneurship. Informed consent was obtained before the questionnaires were administered. As well as descriptive statistics, correlations were also calculated. Results: The reliability coefficients measured were acceptable (transformational leadership, alpha = .870; corporate entrepreneurship, alpha = .810). The results indicate that transformational leadership correlates significantly ($p < .001$) with the elements of entrepreneurship. The strongest correlations were with the domains of Rewards/Reinforcement ($r = .523$) and Management Support ($r = .405$), while the weakest were with Time Availability ($r = .107$) and Work Discretion ($r = .233$). Conclusions: Although an environment in which transformational leadership is practised coincides with important elements conducive to the practice of entrepreneurship, transformational leadership does not facilitate all these processes. Transformational leadership may thus be important, but it is not sufficient for the development of entrepreneurial spirit. Methods of boosting corporate entrepreneurial spirit are suggested for transformational leaders.

## Introduction

For some time now, Africa has been severely handicapped by poor leadership. Rotberg (2004) uses such epithets as "predatory", "kleptocrats", "military-installed autocrats", "economic illiterates" and even "puffed-up postures" to describe the general state of leaders and leadership in Africa. Poor leadership has contributed to a decline in economic activities in most African countries (Lumumba-Kasongo, 2002).

The lack of appropriate leadership on the continent has also resulted in a reduction in the number of African countries that share in the distribution of wealth, and Africa remains alienated from most global trends (Rugumanu, 2001). Balogun (2007), for example, states that Nigeria has everything it would take to reach a state of economic prosperity and working democracy, but lack of good leadership prevents this from happening. Kaperus (1999) maintains that Zimbabwean citizens suffer because of a severe lack of leadership. In a recent interview, former South African President Thabo Mbeki blamed the lack of adequate leadership for the failure to respond properly to dire situations in both Mali and Libya (Gernetzky, 2013).

Leadership can be defined as the process of influencing others to understand and agree on what has to be done and how to do it (Yukl, 2006). Robbins and Judge (2011:410) concur with the core elements of Yukl's definition, referring to leadership as "the activity to influence a group towards the achievement of a vision or set of goals". Palmer (2009) adds the important element of context to the definition, stating that definitions of leadership are born out of the context within which the phenomenon exists. He concludes that, at its core, leadership involves influencing others to act in light of a vision of how best to achieve a shared mission. In this article, Africa is the context in which leadership has been researched and will be discussed.

In Africa, issues of national leadership enjoy a great deal of attention, but research on leadership practices and styles within formal organisations in Africa is relatively scarce (Blunt & Jones, 1992). In addition, African research is important to Africans, because the adoption of homogeneous

westernised leadership styles is problematic in African organisations, which are characterised by the richness of diverse cultures (Jackson, 2004). Because Africa seems to be failing as a region, it has become imperative to explore alternatives for development, seeing that current methods appear to be ineffective. If organisations are going to survive and thrive, they will have to change the ways in which they function (Denton & Vloerberghs, 2003). African economies and, by implication, African organisations, need to re-invent their leadership and business processes (Rugumanu, 2001).

The word "re-invent" and the renewal of an organisation go hand-in-hand with corporate entrepreneurship, which by definition involves processes whereby individuals in organisations pursue opportunities and introduce new methods that are beneficial to the organisation, and differ from the norm or status quo (Hisrich & Kearney, 2012). As seen in this definition, corporate entrepreneurship enables renewal from within. This type of activity enables businesses to optimise innovation and exchange knowledge, which empowers them to compete in international markets (Wood & Kaplan, 2005), which may benefit African development.

Literature documents that a transformational leadership style facilitates intellectual stimulation, encouraging employees to approach existing problems in new ways (Barbuto, 2005). Aseka (2005), in considering the emergence of transformational leadership in Africa, states that this type of leadership should play a vital role in building political capital and societal transformation in Africa. Possibly this style, rather than the typical African authoritarian style (Blunt & Jones, 1992) would be conducive to change in Africa. Visser, De Coning and Smit van der Merwe (2005) concur, noting that, owing to significant developments in technology, international competition and increasing diversity in industry, transformational leadership should be applied if entrepreneurial orientation is to be enhanced.

In this article the assertion by Visser *et al.,* (2005) is tested by linking transformational leadership style and corporate entrepreneurship. The aim of the research on which this article is based was therefore to explore quantitatively, by means of a cross-sectional survey design, the extent to which an organisational environment where transformational leadership is practised is akin to an environment that is conducive to the practice of corporate entrepreneurship. Both elements seem to facilitate innovation, a commodity essential to development in Africa and elsewhere.

# Literature Review

## *Transformational Leadership and Corporate Entrepreneurial Spirit*

For the purposes of this discussion, the literature review is presented under three sub-headings. First, the concept "transformational leadership" is briefly explained. Second, there is a brief examination of the concept of "corporate entrepreneurial spirit". Finally, the main focus of the research, the link between transformational leadership and corporate entrepreneurial spirit, is explored and discussed.

## *Transformational Leadership*

The theory and practice of transformational leadership have undergone a great deal of empirical scrutiny, considerably more than any other current leadership theory has received. The specific subject of scrutiny has been the nature of the concept of transformational leadership and, more importantly, its effects (Barling, Slater & Kelloway, 2000). Before exploring the concept of transformational leadership, it is important to understand how this differs from transactional leadership.

According to Den Hartog, Van Muijen and Koopman (1997), transactional leadership is founded on the idea that the relationship between leader and follower is based on a series of exchanges and bargaining. When the task or environment does not provide sufficient motivation or direction, it is the leader's role to compensate for these shortcomings by using transactions. The anticipated behaviour from the follower, together with accompanying rewards, forms the basis of these transactions, which are often negotiated beforehand. The follower is thus motivated to enact certain behaviour that is linked to certain known rewards or threats. Dalglish, Du Plessis, Lues and Pietersen (2009) refer to transactional leadership as "contingent reinforcement", whereby followers are motivated by rewards, promises and praise. Behaviour is thus corrected by negative feedback, reproof, threats or disciplinary action. The leader's reaction is determined by whether the followers behave in the manner prescribed in the transaction.

By contrast, transformational leadership aims to inspire followers to perform beyond expectations (Den Hartog et al., 1997). The goals are achieved by arousing an elevated interest, awareness, acceptance and sense

of purpose in the follower (Yammarino & Bass, 1990). Transformational leadership departs from the premise that the follower's emotional and motivational stance is directly dependent on the emotional connection with the leader. This emotional connection relates to a strong personal identification with the leader, a shared vision and action that go beyond self-interest. According to Dalglish *et al.,* (2009), transformational leaders achieve this connection by raising the followers' level of awareness of the importance of specified and idealised goals. Followers thus focus on the interests of the team or organisation rather than on their own concerns, and are thereby inspired to meet their higher-level rather than simply their lower-level needs. Higher-level needs can be identified with relatedness and societal objectives, whereas lower-level needs focus on the self and personal gratification. Thorn (2012) defines transformational leadership in similar terms as a process where the intention is to join leaders and followers in a mutual pursuit of higher goals. The transformational leader is one who endeavours to bring leaders and followers alike to heightened levels of morality and motivation. A combination of characteristics defines the transformational leader: the ability to determine and build a common vision, ability to inspire followers and finally to constantly develop followers' skills (Thorn, 2012). Thorn also states that the transformational leader seeks creative solutions to problems, puts the needs of the group, organisation or society first, and establishes superior performance.

Bono and Judge (2004) identify three dimensions or elements of transformational leadership. If leaders want to be transformational, they ought to direct their behaviour towards these dimensions:

**Inspirational motivation**: This is related to the formulation and articulation of a future vision or goals. According to Dionne, Yammarino, Atwater and Spangler (2003), the transformational leader should encourage followers to behave beyond the level of self-interest, providing reassurance that obstacles can be overcome, promoting confidence by engaging in optimistic conversation about the future, sharing and inspiring vision, and imparting a positive perception of change.

**Intellectual stimulation**. The transformational leader should encourage employees to approach existing problems in new ways (Barbuto, 2005). Carless (1998) maintains that stimulation relates to the frequency with which the leader encourages innovation in problem-solving.

**Individualised consideration**. The transformational leader should cultivate a developmental approach to his followers (Rafferty & Griffin, 2006). Individualised consideration, together with inspirational motivation, correlates with higher emotional intelligence, specifically the ability of the transformational leader to monitor and manage emotions in him/herself and others (Palmer, Walls, Burgess & Stough, 2001).

A transformational leader who addresses these dimensions can be of great advantage to an organisation. Organisational financial performance positively and significantly correlates with high ratings on transformational leadership, which is more significant for transformational leadership than for transactional leadership (Bass, 1990). It was also found that transformational leadership results in greater individual effort and performance, even when the leader is absent (Avolio, Waldman & Yammarino, 1991). There is also a correlation between transformational leadership and the intellectual stimulation of followers (Barling, Slater & Kelloway, 2000). Apart from encouraging the individual, transformational leadership has a positive influence on team mediation processes and potency, and unites followers into a collective (Shaubroeck, Lam & Cha, 2007). It also has a positive impact on conflict management (Dionne et al., 2004).

## Corporate Entrepreneurial Spirit

In this context, corporate entrepreneurial spirit relates to an environment that facilitates the development of corporate entrepreneurship. Hornsby, Kuratko and Zahra (2002) define corporate entrepreneurship as a process of organisational renewal, whereby the organisation commits sanctions and resources to entrepreneurial efforts for the purpose of carrying out innovative activities in the form of products, processes and organisational innovations. They also state that corporate entrepreneurship is linked to processes that are initiated for the purposes of profitability, strategic renewal, innovation, gaining knowledge and international success. Similarly, Hisrich and Kearney (2012) define corporate entrepreneurship as the act of doing new things or pursuing opportunities in a way that is different from the norm or status quo. The result is the creation of new organisations, or renewal and innovation within the organisation. They add that this pursuit of

opportunities often occurs regardless of the resources that can be controlled at a specific stage.

Corporate entrepreneurship is no longer a luxury. Rapid advancement in technology, for example, calls for organisations to capitalise on the current waves of technological innovation. Corporations often procrastinate over opportunities, only to be overtaken by young start-ups (Gompers, 2002). Davis (1999) adds that, owing to the intense competitive pressure on organisations, together with heightened environmental turbulence, technological innovation has become a critical activity in the contemporary organisation.

This innovation requires a unique combination of both managerial and entrepreneurial skills. Kuratko, Montagno and Hornsby (1990) argue that, through corporate entrepreneurship, a corporate entity can enhance the innovative capabilities of its own employees, thereby addressing competitive issues. Van Vuuren and Antonites (2003) suggest that, apart from survival, entrepreneurial accomplishment within organisations will be reflected in improved productivity, organisational development, increased organisational value, greater profitability and the achievement of market-related transactions. Lastly, Kuratko *et al.,* (1990) note that the need for corporate entrepreneurship has been fuelled by the need for change, innovation and improvement in the market to avoid stagnation or decline (as stated above), because traditional methods of corporate management are perceived to be weak, and particularly because bureaucracy in organisations leads to a large turnover in innovation-minded employees.

In developing an environment that facilitates the development of corporate entrepreneurship it may be important for managers and leaders to note the kind of environment that facilitates such behaviour. The following are elements of such an environment (Hornsby et al., 2002) and should be addressed:

**Management support**: This implies willingness on the part of senior management to facilitate and promote entrepreneurial activity in an existing firm. In this scenario, it is essential to consider and implement the championing of innovative ideas and providing resources, expertise and protection when necessary.

**Work discretion**: An environment that allows for individual decision-making, risk-taking, and a reasonable tolerance of failure promotes corporate

entrepreneurial activity. This type of environment also places emphasis on individual responsibility.

**Rewards and recognition**: Hornsby *et al.,* (2002) point to the appropriate use of rewards. The literature shows that entrepreneurial activity is encouraged by an effective reward system in which the focus lies on the consideration of goals, feedback and results- based incentives.

**Time availability**: Time available to employees within the completion of their daily tasks can be a scarce resource and a stumbling block when trying to foster the entrepreneurial spirit in organisations. A positive perception of the availability of this specific resource should be cultivated to encourage experimentation.

**Organisational boundaries**: Structural boundaries are seen as a major challenge for middle managers who aim to be more entrepreneurial. The organisational structure should allow for effective mechanisms by which ideas are evaluated, chosen and implemented.

An important fact to note is that corporate entrepreneurship is not a single event. Macmillan, Block and Narasimha (1986), for example, found that the amount of successful venturing corresponded with the number of attempts at corporate venturing. Linked to this is the necessity for planning. Organisations should plan for corporate venturing to ensure sufficient support (Macmillan et al., 1986). This relates directly to the organisational life-cycle, where start-up organisations may be highly entrepreneurial but become progressively bureaucratic over time (Morris, Kuratko & Covin, 2008). If these organisations want to remain entrepreneurial, they need to consider these dynamics. At the employee level, there is the challenge of retaining the attention of corporate entrepreneurs (Katz & Shepherd, 2004), many of whom may leave their organisation if the environment constrains them and limits their freedom to make individual decisions (Hisrich, Peters & Shepherd, 2013). Katz and Shepherd (2004) point out the "process problem", where innovative ideas are more often than not never implemented. This could be owing to poor allocation of resources or an infrastructure that is not supportive to the corporate entrepreneur. It is also often said that investments in innovative activities are ineffective for many different reasons (Gompers, 2002). The crux of the matter is the need for an entrepreneurial culture: an organisational culture that encourages the generation of ideas and experimentation with them by trial and error.

Most of the literature reviewed agrees that companies are in need of corporate entrepreneurship for their sustainable growth and competitiveness. However, according to Duncan, Ginter, Rucks and Jacobs (1988), such companies are not set up to nurture this, for two reasons. Firstly, companies are reluctant to hire the creative individuals who are corporate entrepreneurs, and, secondly, there is no reward structure for such creativity.

## *Transformational Leadership and Corporate Entrepreneurial Spirit*

In the report by Visser *et al.,* (2005) on their study on transformational and entrepreneurial leaders, the authors demonstrate a significant and positive relationship between the characteristics of the entrepreneur and those of the transformational leader. Hisrich *et al.,* (2013) maintain that successful corporate entrepreneurs should possess certain leadership characteristics. Besides having a good understanding of the environment, they also have to be visionary and flexible. This ability to create management options goes hand-in-hand with encouraging teamwork and open discussion. Finally, the authors state that the ability to create coalitions of supporters and resilience in persisting are essential for the successful creation of new corporate ventures. This description of the corporate entrepreneur by Hisrich *et al.,* (2013) seems to a great extent to overlap the description of transformational leadership.

## Methodology

The following methodology was used in constructing the data:

### *Respondents*

The respondents targeted in the empirical study were employees who could read and write at the Grade 12 level. In total, 17 random samples were drawn from 17 companies. The companies selected were identified by ease of access. It was therefore a convenient sample (Rosnow & Rosenthal, 2008).

### *Method*

Seventeen students collected the data as part of their mini-dissertation for the Master's degree. The students were required to identify an organisation

with at least 60 employees and then, with permission from the head of the organisation, to draw a random sample of 60 employees from the personnel records of the company.

Once the employees had been identified, the students organised a meeting with them to explain the purpose of the research and the matter of informed consent. The voluntary participants completed two questionnaires, which will be discussed in the next section. No personal identifiers were used in the questionnaires. On completion of the questionnaires, the data were captured on an Excel spread sheet for transfer to a Statistical Program for Social Sciences (SPSS) file.

## *Measurement*

The corporate entrepreneurial spirit was measured, using the Corporate Entrepreneurship Assessment Instrument (Hornsby et al., 2002). This instrument measures five constructs: the level of management support; work discretion/autonomy; rewards/reinforcement; time availability; and organisational boundaries (Hornsby, Kuratko, Montango & Naffziger, 1993). The questionnaire consists of 48 items, but only 20 were used in this study. In other words, there were four items per construct. The items selected were those with the highest loading on the construct, as reported by Hornsby *et al.,* (2002).

The items were presented as statements, such as the following: "Individual risk takers are often recognised for their willingness to champion new projects, whether [these were] eventually successful or not" and "I almost always get to decide what I do in the context of my job". Respondents were asked to respond to the statements by selecting one of five options: "Strongly agree" (5), "Agree" (4), "Undecided" (3), "Disagree" (2) or "Strongly disagree" (1). A high score on management support, work discretion/autonomy and rewards/reinforcement could be seen as management fostering entrepreneurial spirit, while a high score on time availability (little free time available) and organisational boundaries (many boundaries), should be seen as hampering entrepreneurial activity. A total score may be calculated, reversing the values of the last two dimensions. Hornsby *et al.,* (2002) and Kamffer (2004) report acceptable validity and reliability data for the Corporate Entrepreneurship Assessment Instrument.

Only the transformational leadership section of the Multifactor Leadership Questionnaire (Avolio, Bass & Jung, 1995) was used in the study. The section is comprised of nine items. Respondents were asked to indicate their levels of agreement with statements such as "My leader exhibits behaviour that promotes high levels of trust amongst his/her associates and followers, which translate into them displaying a strong sense of purpose and perseverance to achieve the most difficult objectives" and "My leader articulates an attractive future that gets the attention and stimulates the imagination of his/her associates and followers". Respondents were asked to indicate how often this behaviour is seen in their managers, where (0) indicates "Not at all"; (1) "Once in a while"; (2) "Sometimes"; (3) "Fairly often"; or (4) "Frequently, if not always". A high score (maximum 36) would indicate a workplace where transformational leadership is often displayed, while a low score (minimum 0) would indicate the absence of transformational leadership. Extensive research on the instrument indicates an acceptable validity and reliability (Antokonis, Avolio & Sivasubramanian, 2003; Bass & Avolio, 1994; Muenjohn & Armstrong, 2008; Rowold & Schlotz, 2009).

## Statistical Analysis and Decision-Making

Descriptive statistics as well as reliability of information on the measures was reported. This was followed by a report on the correlation between the variables, and the result of a regression analysis. Ideally, the Cronbach alpha coefficient should be above 0.7 (Cooper & Schindler, 2003), and this was set as a minimum standard. The strength of the relationship between variables is calculated between +1 and -1, where .1 is a small correlation, .3 a medium correlation, and .5 a strong correlation. A correlation may be significant at .05 and .01 (Cooper & Schindler, 2003). In this research, the bar was set much higher (.001) because of the relatively large sample size. With the regression analysis variables with a significant beta (p < .001) was deemed to contribute significantly and uniquely to the declared variables.

## Ethical Considerations

Several ethical considerations were applicable to this study. The first was the use of students as fieldworkers. The students benefitted from collecting

the data as they used it when writing their own mini-dissertations. A possible second ethical concern could be that students accessed respondents in the organisations where they worked, which gave them undue influence over the respondents. This matter was partially addressed by requiring the head of the organisation to give permission to conduct the study (suggesting that the student did not have ultimate authority in the setting). Further, the respondents had to give their consent. The informed consent form stated that participation in the survey was voluntary and all respondents agreed before entering into the study.

## Results

### Demographic Information

In total, 868 employees completed the questionnaire. Of these, 479 (55.2%) were male and 389 (44.8%) were female. The largest portion of them were black (567; 65.2%), followed by whites (208; 23.9%), people of Indian descent (65; 7.5%) and coloured South Africans (28; 3.2%). The largest portion (152; 43%) of those who completed the questionnaire reported that they were in middle management, followed by those whose regular work involved administrative or support functions (263; 30.3%). A small number were on the supervisory level (152; 17.5%) and the smallest group were in senior management (76; 8.7%). The average tenure was 9.28 years (standard deviation = 8.44). The average age of the respondents was 37.96 years (standard deviation = 9.22).

### Descriptive Statistics

The descriptive statistics for the transformational leadership measure was as follows: mean = 21.97; standard deviation = 7.91; minimum = 2; maximum = 38. The Cronbach's alpha for the nine items in the measure was .870. The percentages of respondents who answered "Fairly often" and "Frequently, if not always" on the transformational leadership measure are reported in Table 1.

**Table 1: Top-Two Boxes for Transformational Leadership**

| Item | Percentage |
|---|---|
| 1. My leader exhibits behaviour that promotes high levels of trust amongst his/her associates and followers, which translates into them displaying a strong sense of purpose and perseverance to achieve the most difficult objectives. | 49.1% |
| 2. My leader articulates an attractive future that gets the attention and stimulates the imagination of his/her associates and followers. | 43.0% |
| 3. My leader stimulates associates and followers to approach many typical problems by questioning assumptions that have been used previously, and by encouraging them to look at the problem from many different angles. | 45.1% |
| 4. My leader shows his/her associates and followers that he/she understands their capabilities, needs and desires, and works to develop each of them to their full potential. | 45.5% |
| 5. My leader's associates and followers trust him/her and exhibit the values he/she portrays. The associates and followers are committed to achieve the common vision, even if sacrifices are necessary. | 45.0% |
| 6. My leader sets goals to help clarify, through either participative or direct means, what is expected of his/her associates and followers, and what they can expect to receive for accomplishing these goals and objectives. | 44.4% |
| 7. My leader systematically looks for and monitors mistakes, and takes corrective actions when mistakes occur. | 48.0% |
| 8. My leader waits for matters to be brought to his/her attention about something that has gone wrong before he/she considers taking corrective action. | 30.5% |
| 9. My leader avoids taking stands on issues, clarifying expectations and addressing conflicts when they arise. | 41.7% |

Table 1 indicates that the top two boxes were selected by roughly 45% of all respondents. The lowest endorsement was for item 8, with 30.5%

responses. Item 1 had the larger percentage of the top two boxes' responses, at 49.1%. The following table presents the descriptive statistics for the measure corporate entrepreneurial spirit.

**Table 2: Descriptive Statistics for Corporate Entrepreneurial Spirit**

| Corporate entrepreneurial spirit | N | Min. | Max. | Mean | Std. dev. |
|---|---|---|---|---|---|
| Management support | 862 | 4.00 | 20.00 | 11.79 | 2.91 |
| Work discretion | 861 | 4.00 | 20.00 | 13.48 | 3.64 |
| Rewards and recognition | 865 | 4.00 | 20.00 | 12.67 | 3.18 |
| Time available | 861 | 4.00 | 19.00 | 10.87 | 3.12 |
| Organisational boundaries | 868 | 4.00 | 20.00 | 14.41 | 2.56 |
| TOTAL | 848 | 20.00 | 71.00 | 51.87 | 7.68 |

## Reliability

The Cronbach's alpha for the 20 items of corporate entrepreneurial spirit was .810, which was satisfactory. The highest mean was for organisational boundaries, which indicates that most respondents experienced the existence of boundaries, the implication being that structure dictates behaviour at work. The lowest score was for availability of time. The low score for the availability of time indicates that respondents did not have sufficient time available for engaging in entrepreneurial activities. Both elements should be seen as hampering entrepreneurial growth.

## Correlation between Variables

Correlation between transformational leadership and corporate entrepreneurial spirit is presented in Table 3.

**Table 3: Correlation between Transformational Leadership and
Corporate Entrepreneurial Spirit**

| Corporate entrepreneurial spirit | N | r | p |
|---|---|---|---|
| Management support | 848 | .405 | >.001 |
| Work discretion | 850 | .233 | >.001 |
| Rewards and recognition | 852 | .523 | >.001 |
| Time available | 848 | .107 | >.001 |
| Organisational boundaries | 854 | .251 | >.001 |
| TOTAL | 836 | .368 | >.001 |

Table 3 shows that the correlation between corporate entrepreneurial spirit in general (total score), and transformational leadership was .368. This result is similar to those of Coning *et al.,* (2005), who found that 39.71% of the values of transformational leadership can be explained by the general entrepreneurial variable. These authors also reported that individuals who have high scores for entrepreneurship also score high in transformational leadership. According to Cooper and Schindler (2003), this is a moderate correlation. The strongest correlation was for rewards and recognition and the weakest was for time availability. Thus, rewards and recognition and transformational leadership seem to overlap while the overlap for time availability seems less pertinent.

A very similar picture is painted when a regression analysis was performed. In a model in which leadership style (the level transformational leadership) and the variables of corporate entrepreneurial spirit were introduced, the reported overlap between the constructs was 33.6% ($R = .583$; $R^2 = .340$; $R^2_{adjusted} = .336$). This overlap corresponds well with the correlation with the corporate entrepreneurial spirit total score, which was .368. Management Support (Standardized beta = .168; $p < .001$), Rewards and Recognition (Standardized beta = .444; $p < .001$), Time Available (Standardized beta = .145; $p < .001$) and Organizational Boundaries (Standardized beta = .153; $p = .004$) all contributed significantly and uniquely to the declared variance. As was the case with the correlation analysis Rewards and Recognition contributed most significantly to the

equation. Work Discretion (Standardized beta = -.008; p < .809) did not contributed significantly and uniquely to the declared variance.


## Discussion

In total, 868 employees from 17 companies completed the questionnaires. These companies were all situated in South Africa, so, although they were not representative, they allowed a glimpse of what is occurring in the South African business environment. Because South Africa is part of Africa, the results may also reflect certain truths about the continent, at least more than about any other region.

There was a reasonable range in the score for transformational leadership (mean = 21.97; standard deviation = 7.91). Leaders in the 17 companies seemed to score rather low on transformational leadership, considering that only 49.1% of all the respondents indicated that their leader exhibited behaviour that promoted high levels of trust and a strong sense of purpose and perseverance in trying to achieve the most difficult objectives "Fairly often" and "Frequently, if not always". The leaders also seemed aware of their environments, as only 30.5% of the respondents indicated that their leader waited before pointing out when something that had gone wrong before considering corrective action "Fairly often" and "Frequently, if not always". The mean scores reported for transformational leadership in the sample assessed showed that the 17 companies had leaders who showed moderate to low levels of transformational leadership. The level is seen as moderate to low when comparing these figures with the total item mean scores reported by Avolio *et al.,* (1995). If transformational leadership is important for African development, renewed efforts should be made to facilitate the development of suitable leaders.

Certain elements of corporate entrepreneurial spirit were present in all the companies. Most prevalent was the existence of organisational boundaries. On a score range of 4 - 20, the mean score of 14.4 suggests that many organisational boundaries were in place. This could hamper the development of corporate entrepreneurs. It may thus be assumed that the design and structural management of the sampled companies did not allow for the development of corporate entrepreneurship.

The low score for time availability, 10.8 on a range of 4 -20, suggests that the respondents had little time for creative or innovative thinking. This could also be detrimental to the development of entrepreneurs in the organisation. There should therefore be efforts to allow time for creative endeavours.

The result indicating that work discretion is reported quite frequently scored the second highest (13.84). Respondents thus had the opportunity of using their own initiative in the workplace. This discretion may be a first step towards experimentation and eventually entrepreneurial activity.

Most important to note is the correlation between the set constructs. On average, the correlation between transformational leadership and corporate entrepreneurial spirit was .368 ($p < .001$), which is a moderate correlation (Cooper & Schindler, 2003). Transformational leadership and corporate entrepreneurial spirit (in general) thus coincide moderately. More specifically there is a strong correlation between the entrepreneurial construct rewards and recognition and transformational leadership ($r = .523$; $p < .001$). It thus seems that the transformational leader provides the type of rewards and recognition necessary if the entrepreneurial spirit is to flourish. This relationship was not expected, as rewards and recognition are usually associated with transactional leadership. The second strongest correlation was between transformational leadership and management support ($r = .405$; $p < .001$). Transformational leaders therefore seem to provide the management support associated with an environment that is rich in entrepreneurial spirit. When it comes to time available, for which the mean score is low, the correlation with transformational leadership is also low ($r = .107$; $p < .001$). This may suggest that these variables have little influence on each other. Mechanisms other than transformational leadership should be established to foster this element. Formal programmes, such as Building New Businesses in Established Organisations presented by the Harvard Business School, may foster such ideas (Harvard Business School, 2013).

The strong correlation between the entrepreneurial construct rewards and recognition and transformational leadership ($r = .523$; $p < .001$) is worth noting. It appears that the transformational leader provides the type of rewards and recognition necessary for the entrepreneurial spirit to flourish. Evidence of this relationship was not expected, as rewards and recognition are usually associated with transactional leadership.

## Conclusions and Recommendations

In summary, it could be stated that, although an environment in which transformational leadership is acknowledged and coincides with important elements conducive to the practice of entrepreneurship, transformational leadership does not facilitate all these processes. The low correlation between transformational leadership and time availability demonstrated this shortcoming. Consequently, transformational leadership may be important, but it is not sufficient for the development of the entrepreneurial spirit.

Should corporate entrepreneurship be a goal in Africa, and even if transformational leadership did not accord with it, Hisrich *et al.,* (2013) provide important advice for those who want to create a corporate entrepreneurial environment. Some of this relates to transformational leadership. Hisrich *et al.,* (2013) maintain that leaders should emphasise a strategic orientation, while the thinking in the organisation should be about its future and growth. Although both traditional and entrepreneurial firms aim to grow, the latter pursue a more aggressive, rapid approach to growth, whereas the former aim for steady, slow growth. Next, managers who want to inspire corporate entrepreneurship should be committed to providing opportunity. The descriptive statistics show that time availability could be a problem. This being the case, managers ought to address the matter. Also of importance, as noted in the descriptive statistics, is the matter of organisational boundaries, which include management structure. The management structure in an entrepreneurial organisation is organic in nature. Fewer layers of bureaucracy ensure that entrepreneurial firms are better able to capture external information, and acquire an increased ability for rapid decision-making. This last item relates to the philosophy of reward. Entrepreneurial firms compensate employees for their contribution to opportunity exploitation or newness, whereas in the traditional environment, employees are compensated depending on their responsibilities. The measure used in this study does not differentiate in this way, which may explain the high correlation found between the two constructs.

The work of Hisrich *et al.,* (2013) relates well to the results found here, particularly regarding the minimisation of organisational boundaries. These elements are structural and could be corrected by organisational design, rather than day-to-day leadership. However, the element of leadership remains important, and transformational leadership may encourage strategic

orientation and a commitment to opportunity, as discussed by Hisrich *et al.,* (2013).

This research has many limitations, the most important of which is sampling. The results reflect a convenient sample of South African companies. Results may thus not be representative of South African organisations as a whole, and even less so for Africa. Future researchers are encouraged to take samples representing a wider regional coverage, rather than following this strategy. It is also important to note that the respondents were mostly at the middle and lower management levels. Given this, questions may be asked as to their entrepreneurial orientation. Examining corporate citizenship, as well as targeting employees at higher levels could further enhance the significance of this research. Future researchers could also investigate these points.

# References

Antokonis, J, BJ Avolio & N Sivasubramanian 2003. Context and Leadership: An Examination for the 9 Factor Full Range Leadership Theory Using MLQ. *The Leadership Quarterly* 14:261-295.

Aseka, EM 2005. *Transformational Leadership in East Africa: Politics, Ideology and Community.* 1st Edition. Kampala: African Books Collective.

Avolio, BJ, BM Bass & D Jung 1995. *MLQ: Technical Report*. Redwood City, CA: Mind Garden.

Avolio, BJ, DA Waldman & FJ Yammarino 1991. Leading in the 1990s: The Four I's of Transformational Leadership. *Journal of European Industrial Training* 15,4:9-16.

Balogun, ED 2007. A Review of Soludo's Perspective of Banking Sector Reforms in Nigeria. *Munich Personal RePEc Archive* Paper No. 3803.

Barbuto, JE 2005. Motivation and Transactional, Charismatic, and Transformational Leadership: A Test of Antecedents. *Journal of Leadership and Organisational Studies* 11,4: 26-40.

Barling, J, F Slater & EK Kelloway. 2000. Transformational Leadership and Emotional Intelligence: An Exploratory Study. *Leadership and Organization Development Journal* 21,3:157-161.

Bass, BM & BJ Avolio 1994. *Improving Organizational Effectiveness through Transformational Leadership*. Thousand Oaks, CA: Sage.

Bass, BM 1990. From Transactional to Transformational Leadership: Learning to Share the Vision. *Organizational Dynamics* 18,3:21-27.

Blunt, P & M Jones 1992. *Managing Organisations in Africa*. Berlin: Walter de Gruyter.

Bono, JE & TA Judge 2004. Personality and Transformational and Transactional Leadership: A Meta Analysis. *Journal of Applied Psychology* 89,5:901-910.

Carless, SA 1998. Assessing the Discriminant Validity of Transformational Leader Behaviour as Measured by the *MLQ*. *Journal of Occupational and Organizational Psychology* 71:353-358.

Cooper, RC & SS Schindler 2003. *Business Research Methods*. London: McGraw-Hill Education.

Dalglish, C, M du Plessis, L Lues & E Pietersen 2009. Leadership in the African Context. *Management Decision* 49,3:484-487.

Davis, KS 1999. Decision Criteria in the Evaluation of Potential Intrapreneurs. *Journal of Engineering and Technology Management* 163:295-327.

Den Hartog, DN, JJ Van Muijen & PL Koopman 1997. Transactions versus Transformational Leadership: An Analysis of the MLQ. *Journal of Occupational and Organisational Psychology* 70:19-34.

Denton, M & D Vloerberghs 2003. Leadership Challenges for Organisations in the New South Africa. *Leadership and Organisational Development Journal* 24,2:85-95.

Dionne, SD, FJ Yammarino, LE Atwater & WD Spangler 2003. Transformational Leadership and Team Performance. *Journal of Organizational Change Management* 17,2:182.

Duncan, WJ, PM Ginter, AC Rucks & TD Jacobs 1988. Intrapreneurship and the Reinvention of the Corporation. *Business Horizons* 31,3:16-21.

Gernetzky, K 2013. Mbeki Bemoans Lack of African Leadership. *Business Day Live*. Retrieved from http://www.bdlive.co.za.

Gompers, PA 2002. Corporations and the Financing of Innovation: The Corporate Venturing Experience. *Federal Reserve Bank of Atlanta Economic Review* 87,4:1-17.

Colene Hind and Renier Steyn

Harvard Business School 2013. *Executive Education*. Retrieved from http://www.exed.hbs.edu/programs/Pages/default.aspx?topic=Entrepreneurship.

Hisrich, RD & C Kearney 2012. *Corporate Entrepreneurship. How to Create a Thriving Entrepreneurial Spirit throughout your Company.* 1st Edition. New York, NY: McGraw-Hill.

Hisrich, RD, PP Peters & DA Shepherd 2013. *Entrepreneurship*. New York, NY: McGraw-Hill.

Hornsby, JS, DF Kuratko & SA Zahra 2002. Middle Managers' Perception of the Internal Environment for Corporate Entrepreneurship: Assessing a Measurement Scale. *Journal of Business Venturing* 17,3:253-273.

Hornsby, JS, DF Kuratko, RV Montango & DW Naffziger 1993. An Interactive Model of the Corporate Entrepreneurship Process. *Entrepreneurship Theory and Practice* 17,2:29-36.

Jackson, JD 2004. *Principals' Instructional Leadership Practices: A Comparison of those Whose Schools Make and Do not Make Adequate Yearly Progress in the State of Georgia*. Doctoral dissertation, University of Georgia, Athens.

Kamffer, L 2004. *Factors Impacting on Corporate Entrepreneurial Behaviour within a Retail Organisation – A Case Study.* Doctoral dissertation, University of South Africa, Pretoria.

Kaperus, T 1999. Building Democracy: An Examination of Religious Associations in South Africa and Zimbabwe. *Journal of Modern African Studies* 37,4:643-668.

Katz, JA & DA Shepherd 2004. *Corporate Entrepreneurship*. New York, NY: Elsevier.

Kuratko DF, RV Montagno & JS Hornsby 1990. Developing an Entrepreneurial Assessment Instrument for an Effective Corporate Entrepreneurial Environment. *Strategic Management Journal* 11:49-58.

Lumumba-Kasongo, T 2002. Reconceptualising the State as the Leading Agent of Development in the Context of Globalisation in Africa. *African Journal of Political Science* 7,1:79-108.

Macmillan, IC, Z Block & PNS Narasimha 1986. Corporate Venturing: Alternatives, Obstacles Encountered, and Experience Effects.

*Journal of Business Venturing* 1,2:177-191.

Morris, MH, DF Kuratko & JG Covin 2008. *Corporate Entrepreneurship and Innovation*. Mason, OH: Thomson/South Western Publishers.

Muenjohn, N & A Armstrong 2008. Evaluating the Structural Validity of the MLQ, Capturing the Leadership Factors of Transformational-transactional Leadership. *Contemporary Management Research* 4,1:3-14.

Palmer, B, M Walls, Z Burgess & C Stough 2001. Emotional Intelligence and Effective Leadership. *Leadership and Organisation Development Journal* 22,1:5-10.

Palmer, DE 2009. Business Leadership: Three Levels of Ethical Analysis. *Journal of Business Ethics* 88,3:526.

Rafferty, AE & MA Griffin 2006. Refining Individualized Consideration: Distinguishing Developmental Leadership and Supportive Leadership. *Journal of Occupational and Organizational Psychology* 79:37-61.

Robbins, SP & TA Judge 2011. *Organizational Behavior.* 12th Edition. Upper Saddle River, NJ: Pearson/Prentice Hall.

Rosnow, RL & R Rosenthal 2008. *Beginning Behavioural Research: A Conceptual Primer.* 6th Edition. Upper Saddle River, NJ: Pearson/ Prentice Hall.

Rotberg, RI 2004. Strengthening African Leadership: There is Another Way. *Foreign Affairs* 83,4:14-18.

Rowold, J & W Schlotz 2009. Transformational and Transactional Leadership and Follower's Chronic Stress. *Leader Review* 9:35-48.

Rugumanu, SM 2001. Globalisation and Africa's Future: Towards Structural Stability, Integration and Sustainable Development. *African Association of Political Science Occasional Paper Series* 5,2. Retrieved from http://unpan1.un.org/intradoc/groups/public/ documents/idep/unpan005540.pdf.

Shaubroeck, J, SSK Lam & SE Cha 2007. Embracing Transformational Leadership: Team Values and the Impact of Leader Behavior on Team Performance. *Journal of Applied Psychology* 92,4:1020-1030.

Spinelli, S & R Adams 2012. New Venture Creation. *Entrepreneurship for the 21st Century.* International Edition. New York, NY: McGraw-Hill.

Thorn, IM 2012. Leadership in International Organisations: Global Leadership Competencies. *The Psychologist-Manager Journal* 15,3:158-163.

Van Vuuren, JJ & AJ Antonites 2003. *An Action Learning Approach to Entrepreneurial Creativity, Innovation and Opportunity Finding*. Doctoral dissertation. University of Pretoria, Pretoria.

Visser, DJ, TJ De Coning & E Smit-van der Merwe 2005. The Relationship between the Characteristics of the Transformational Leader and the Entrepreneur in South African SME's. *South African Journal of Business Management* 36,3:51-63.

Wood, E & D Kaplan 2005. Innovation and Performance Improvement in the South African Wine Industry. *International Journal of Technology and Globalisation* 1,3:381-399.

Yammarino, FJ & BM Bass 1990. Transformational Leadership and Multiple Levels of Analysis. *Human Relations* 43,10:975-995.

Yammarino, FJ, LE Atwater, WD Spangler & SD Dionne 2004. Transformational Leadership and Team Performance. *Journal of Organisational Change Management* 17,2:177-193.

Yukl, G 2006. *An Introduction to Organisational Leadership*. Upper Saddle River, NJ: Pearson Prentice Hall.

Colene Hind
School of Business Leadership
University of South Africa
Midrand
South Africa
hindc@unisa.ac.za

Renier Steyn
School of Business Leadership
University of South Africa
Midrand
South Africa
steynr@unisa.ac.za