RELATIONSHIP BETWEEN ENTREPRENEURIAL ORIENTATION AND BANK’S PERFORMANCE.
A CASE OF STANDARD CHARTERED BANK

BY
DENNIS KAMAU NGURE

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

FALL 2016
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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

FALL 2016
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University - Africa in Nairobi for academic credit.

Signed: ______________________ Date: ____________________
Dennis Kamau Ngure (ID 645111)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ______________________ Date: ____________________
Dr. Joseph Ngugi Kamau

Signed: ______________________ Date: ____________________
Dean, Chandaria School of Business
ABSTRACT

The purpose of this study is to examine the relationship between entrepreneurial orientation and banks performance with specific focus on Standard Chartered bank. The research study is limited to examining entrepreneurial orientation behavioral dimensions namely innovativeness, risk-taking, pro-activeness, autonomy and competitive aggressiveness in Standard Chartered bank. The research was done using the survey research design type as the nature of research is ex-post facto, with no influence on the sample. The study population was drawn from Standard Chartered bank staff and consisted of senior managers, middle level managers, relationship managers, sales and service front office staff and was carried out in September and October 2016. A questionnaire with 53 questions was selected as the data collection and SPSS statistical tool was used to analyze data into descriptive and inferential statistics. Descriptive and inferential statistical analysis was done which included exploratory factor analysis, confirmatory factor analysis, discriminant and convergent validity testing and 2nd order structural equation modeling. The study findings revealed that innovativeness, risk taking, pro-activeness, autonomy and competitive aggressiveness are statistically significant indicators of entrepreneurial orientation. This means that increase in the extent of innovation, pro-activeness, risk taking, autonomy and competitive aggressiveness will lead to increased EO of Standard Chartered bank It further revealed that standard chartered bank is an innovative company and a leader in the industry, that it is autonomous i.e. Standard Chartered Bank staff takes independent action when bringing about a new venture and seeing it to fruition, that it has high intensity to outperform rivals but does not competitively take action to undo the competitors and it avoids confrontation with the competitors and just leaves them to take competitive advantage over it.

Finally, the results indicated that entrepreneurial orientation is a statistically significant indicator of performance with a coefficient estimate of 0.237 and significance of 5% level which means if EO increases by 1, bank performance will increase by 0.237 and that an increase in EO would lead to an improvement in the bank’s performance. The recommendations from the research were that the banks management should get rid of inflexibility, risk aversion, sluggishness and mechanistic organizational structures which hamper the development of entrepreneurial activities. The leadership should act as stimuli of pro-activeness and as the change agent who will initiate behavioral change in
the bank that triggers immediate action to take advantage of the prevailing industry conditions. The bank should change organizational structure to flatter hierarchies and delegate authority to lower operating units to have more autonomy. The bank also needs to adopt ‘undo the competitors’ attitude by adopting confrontational methods through prices, new products, distribution, technology etc directed at defeating competitors to improve on its competitive aggressiveness.

A key element of the study was that it was based on the financial institution and not on the individual staff members of the institution. This is logical as the EO concept is an organizational phenomena rather than an individual focused. Future studies were recommended to incorporate EO elements of individuals and in order to achieve more accurate findings on financial performance, future studies could use objective data from the company’s financial and management reports thus militate against the subjectivity of the respondents.
ACKNOWLEDGEMENT
I give thanks the Almighty God for granting me peace, knowledge and health that has enabled me to complete this research work.
I acknowledge the immense contribution of my supervisor, Dr. Joseph Kamau Ngugi for his patience, support and professional guidance and availability. My sincere gratitude also goes to the staff of United States International University, Kenya, for their support and assistance.
DEDICATION

To my family who are my pillars and sources of great inspiration.
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LIST OF ACRONYMS AND ABBREVIATIONS

EO – Entrepreneurship orientation
CBK – Central bank of Kenya
SCB – Standard Chartered bank
CFA - Confirmatory factor analysis
SEM – Standardized estimate measurement
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Entrepreneurship is the art or willingness to take risks, develop, organize and manage innovative business ventures and models in a competitive global environment that is constantly evolving. It is an important engine of growth in the economy. To maintain competitive advantage, corporations must learn to continuously create, scale up, and profit from entirely new ways of doing business. They must exhibit excellence in their existing value proposition and creativity in generating new value towards existing and new customers. Entrepreneurial orientation concept has been used to define an organization’s guarantee to the intensity of entrepreneurial actions. This approach suggests that entrepreneurial organizations are disposed to taking risks and exploration of new business prospects proactively more than other types of organizations (Mintzberg, 1973).

Entrepreneurial orientation (EO) is generally used to refer to the strategy making processes and styles of firms that engage in entrepreneurial activities. It is a state or quality of an organization based on a number of behavioral dimensions (Ireland, Covin, & Kuratko, 2009). It is an organizational level entrepreneurship where the agent of change is the organization rather than an individual. EO is among the most studied literature in the field of entrepreneurship (George & Marino, 2011). Miller (1983) indicated that the most common behavioral dimension approaches in EO are innovativeness, risk-taking, and proactiveness. This idea was also supported by Covin and Slevin (1989). Later, as EO concept developed, two more EO dimensions were suggested by Lumpkin and Dess (1996) which were autonomy and competitive aggressiveness. Covin and Slevin (1991) concluded that these behavioral dimensions have been tasked to capture the entrepreneurship standards and processes that exist in an organization. Rauch, Wiklund and Lumpkin (2009) also made an observation that EO is an important predictor of business performance.

The Kenyan banking sector comprises 43 commercial banks, 1 mortgage finance company, 12 microfinance banks, 8 representative offices of foreign banks, 14 money remittance providers, 86 foreign exchange bureaus and 3 credit reference bureaus as of 30th June 2015(CBK, 2016). The biggest 10 banks account for 70% of the market and 7 of them are local. This indicates the high level of competition and the agility and innovation
of local banks (Oxford Business Group, 2016). Banks realize that strategies that work in the Kenyan market could be a platform for growth across neighboring countries in East Africa. This provides further need for financial institutions to effectively develop and maintain their competitive advantage. According to Cytonn’s Investment 2015 report, factors that will drive growth in Kenya’s banking sector are cost containment initiatives that include operational efficiency, increased use of alternative service delivery channels including mobile and agency banking, growth of retail segment due to rapidly growing middle class in Kenya higher than a majority of countries in the East African region leading to increased consumption expenditure and increase in the percentage of the population that requires financial services and lastly domestic and regional expansion especially due to the devolved governments and the less penetrated markets in the region including Tanzania, Uganda, South Sudan and Rwanda.

Figure 1.1: Commercial Banks in Kenya
Source; Central Bank of Kenya (2016)
According to figures published by the Central Bank of Kenya (CBK), the Kenya banking sector is growing and profitable, but its expenses are climbing faster than revenues and non-performing loans have also increased. Below is a competitiveness ranking of the biggest 11 banks in Kenya by Cytonn’s Investment.
1.2 Statement of the Problem

Competitive aggressiveness in the Kenyan banking industry has increased tremendously in the last 5 years. The key to success is the ability of the financial institutions to create and grow products innovatively and respond to the Kenyan customers’ needs for convenience and efficiency. Competition is no longer based on pricing and advertisements, but the need to understand customers’ needs and responding to those needs proactively and innovatively. The number of banks in Kenya relative to its population is the highest in Africa with 42 banks in a population of 43M people as compared to Nigeria that has 22 banks in a population of 180m people and South Africa that has 19 banks in a population of 55m people. These point out to the fact that the banking industry in Kenya is highly competitive. (Oxford Business Group, 2016). For any financial institution to stand out against competitors, it must then be willing to take risks in order to position itself to provide unique products that meets customer’s needs and solve their pains innovatively and promptly. This study will help provide insight on the extent to which Standard Chartered bank has embraced entrepreneurial orientation in bid to maintain their competitive advantage. It will show how the bank is willing to take risk,
is innovative, proactive, autonomous and competitively aggressive in meeting customers ever changing needs.

1.3 Purpose of the Study
The purpose of this study is to examine the relationship between entrepreneurial orientation and banks performance, a case study of Standard Chartered bank.

1.4 Research Questions.
1.4.1 What is the effect of innovativeness on Standard Chartered bank performance?
1.4.2 What is the effect of risk-taking on Standard Chartered bank performance?
1.4.3 What is the effect of pro-activeness on Standard Chartered bank performance?
1.4.3 What is the effect of autonomy on Standard Chartered bank performance?
1.4.3 What is the effect of competitive aggressiveness on Standard Chartered bank performance?

1.5 Importance of the Study
The study will be of importance to the following stakeholders:

1.5.1 Standard Chartered Bank.
The study will enable the bank’s management to understand the company’s entrepreneurial orientation and use it to make decisions and adopt strategies that will enhance the banks competitive advantage.

1.5.2 Other Financial Institutions
The study will provide other financial institutions with great insight on the purpose and effect of entrepreneurial orientation in the company’s strategy and operations to its performance and competitiveness and use it to make executive decisions.

1.5.3 The Academicians
The theoretical study, findings, conclusions and recommendations will provide useful information to the researchers and academicians in the entrepreneurial orientation field. This will enhance future studies and raise awareness on the existing gaps for further studies in the future.
1.6 Scope of the Study
The research study was limited to examining entrepreneurial orientation behavioral dimensions namely innovativeness, risk-taking, pro-activeness, autonomy and competitive aggressiveness in the banking industry in Kenya with specific focus on Standard Chartered bank. The study population was drawn from Standard Chartered bank staff and consisted of 13 senior managers, 43 middle level managers and 27 sales and service front office staff and relationship managers. The study was carried out between September and October 2016. The research questions for this study are what is the effect of innovativeness on Standard Chartered bank performance, what is the effect of risk-taking on Standard Chartered bank performance, what is the effect of pro-activeness on Standard Chartered bank performance, what is the effect of autonomy on Standard Chartered bank performance and what is the effect of competitive aggressiveness on Standard Chartered bank performance?

1.7 Definition of Terms
1.7.1 Entrepreneurial orientation (EO)
This is generally used to refer to the strategy making processes and styles of firms that engage in entrepreneurial activities. It is a state or quality of an organization based on a number of behavioral dimensions (Ireland, Covin & Kuratko, 2009).

1.7.2 Innovativeness
Innovativeness is the willingness to adopt novelty and uniqueness through experimentation and creative processes that aim at developing new processes, products and services (Capra, 2002).

1.7.3 Risk taking
It refers to a firm’s disposition to seize an opportunity even when venture success is unknown and not guaranteed and to act confidently without knowing the magnitude of the consequences (Lumpkin & Dess, 1996).

1.7.4 Entrepreneurship
Entrepreneurship is an organizational process that encourages innovation, risk-taking, and proactivity (Miller & Friesen, 1982).
1.7.5 Pro-activeness

Pro-activeness is the act of shaping the competitive environment by introducing new products, new administrative techniques or new technology (Miller & Friesen, 1978).

1.7.6 Autonomy

Autonomy is the degree to which an individual is given substantial independence, freedom, and discretion in performing a task, such as determining procedures to follow and scheduling work (Hackman, 1980).

1.8.8 Competitive Aggressiveness

Competitive aggressiveness is the intensity of a firm’s efforts to do better than industry rivals and confrontationally taking them at every opportunity (Lumpkin & Dess1996).

1.7.6 Confirmatory factor analysis

Confirmatory factor analysis is an analysis done to data to evaluate the measurement model on convergent and discriminant validity and to assess the model’s fitness (Byrne, 2010).

1.8 Chapter Summary

Competitive aggressiveness in the Kenyan banking industry has increased tremendously in the last 5 years. Competitive advantage is no longer based on pricing and advertisements, but the need to understand customers’ needs, willingness to take risks, responding to those needs proactively, innovatively while maintaining autonomy and competitive aggressiveness. This study will help provide insight on the extent to which Standard Chartered bank has embraced entrepreneurial orientation in a bid to maintain its competitive advantage. It will show how the institution is willing to take risk, is innovative, proactive, autonomous and competitively aggressive in meeting customers ever changing needs. The purpose of this study is to examine the extent to which the entrepreneurial orientation dimensions affect banks performance in pursuit of competitive advantage with specific focus on Standard Chartered bank. The research questions for this study are what is the effect of innovativeness on Standard Chartered bank performance, what is the effect of risk-taking on Standard Chartered bank performance, what is the
effect of pro-activeness on Standard Chartered bank performance, what is the effect of autonomy on Standard Chartered bank performance and what is the effect of competitive aggressiveness on Standard Chartered bank performance?

The research study was limited to examining entrepreneurial orientation behavioral dimensions namely innovativeness, risk-taking, pro-activeness, autonomy and competitive aggressiveness in the banking industry in Kenya with specific focus on Standard Chartered bank. The study population was drawn from Standard Chartered bank staff and consisted of 13 senior managers, 43 middle level managers and 27 sales and service front office staff and relationship managers. The study was carried out between September and October 2016. The next chapter will provide a critical review and establish a theoretical framework of entrepreneurial orientation dimensions; innovativeness, risk-taking, pro-activeness, autonomy and competitive aggressiveness and their relationship to the banks performance.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature on the entrepreneurial orientation concept and its relationship and effect on a firm’s performance. More specifically, it reviews the effect of innovativeness, risk taking and pro-activeness by a firm on the firm’s performance with a view to identifying any gaps from previous studies which this study intends to fill. It will review the theoretical framework and development of these concepts over time. The current firm-level entrepreneurship studies are divided into entrepreneurial orientation which involve behavioral intentions toward entrepreneurship and strategic entrepreneurship that involves different types of actual events.

2.2 Innovativeness and banks performance.

Innovation concept started in 1939 and was defined by Schumpeter (1939) as doing things differently in the realm of economic life. It is a process of linking technical prospects to market needs (Mowery & Rosenberg, 1979). Innovativeness is the willingness to adopt novelty and uniqueness through experimentation and creative processes that aim at developing new processes, products and services (Capra, 2002). Companies in fast changing technology like the financial services sector must make things happen by innovating (Capra, 2002). A company that does not innovate risks being driven out of business by its competitors (Christensen & Raynor, 2003).

The degree of innovativeness is either incremental or radical. Radical innovation involves fundamental changes to the existing processes while incremental innovation involves small improvements in existing processes, products and processes (Tunzelmann & Acha, 2005). According to Cho, Mathiassen and Robey (2007), innovation requires taking increased risk and is the key to competitive advantage of a firm. The major challenge to firms is how to change the employee’s culture in order to increase their willingness to adopt risky yet more profitable alternatives.

Innovation is the implementation of a new or considerably improved process, product, marketing technique, organizational structure in business practices, internal or external relations (Tiwari, 2008). Innovation is the application of new knowledge to change organizational processes or generate commercially viable products and services (Dess, Lumpkin & Eisner, 2008). Innovation is crucial in producing long term stability, growth
in returns on investments, profitability and sustainable competitive advantage. (Itunga, Ngugi, Katuse & Waititu, 2013). Therefore, innovation is the process of making changes by introducing something new, a new idea, method or device that is subsequently adopted and used in the market place. Today, the innovation concept has evolved to include value, any innovation without value to the consumer or the produce is not innovation. Innovation is complete when there is positive societal change (Tuomi, 2002). The user determines whether or not value has been added and therefore whether it is innovation. Any innovation that does not add value to the user by making life easier, solving present challenges or improving benefits achieved from the existing products is not innovation.

2.2.1 Innovation Approaches
There are four different approaches for developing organizational innovativeness, which include Structure-oriented approaches which originates innovativeness from structural conditions of the organizations (Covin & Slevin, 1988). Secondly, Person-oriented approaches which are based on the assumption that innovativeness is derived principally from the creativity and assertiveness of individual members of organizations. Thirdly, (Cooper, 1992) concluded another approach as process-oriented approaches which are based on organizational innovation processes to explain innovativeness. Lastly, culture-oriented approaches which undertakes that development of organizational culture and climate that support innovation improves the innovative capabilities of an organization (Hurley & Hult, 1998).

2.2.2 Forms of Organizational Innovativeness
Organizational innovativeness is the overall innovative competence of an organization in the introduction of new products to the market, or searching and creating new markets by relating strategic orientation with innovative behavior and processes. There are five major areas that define an organization’s overall innovativeness level. They are market innovativeness and product innovativeness which are inter linked and are market based and externally focused, process innovativeness and behavioral innovativeness which are internally focused and strategic innovativeness which matches internal capabilities with external opportunities to timely identify and take advantage of opportunities (Wang & Ahmed, 2004).
2.2.2.1 Product innovativeness

Product innovativeness is a critical precursor to product success which sequentially is extremely linked to sustainable business success (Henard & Szymanski, 2001). Innovative products open doors for boundless opportunities for businesses with regard to growth and expansion into different markets. Companies with important innovations will be in a better position to establish dominance in the competitive marketplace and for new entrants; they get an opportunity to gain a base in the market (Danneels & Kleinschmidt, 2001). Henard and Szymanski (2001) argued that effective product innovativeness could be majorly due to perceived product newness, freshness, originality, novelty or uniqueness either from the customers’ perspective where features such as innovation qualities, adoption risks, and degree of change in traditional behavioral patterns in the company considered as forms of product newness or the organization's perspective where environmental awareness, the project-firm fit and technological and marketing facets are observed as attributes of product innovativeness. Also important is the product appropriateness which is the degree to which a new product is regarded as advantageous, useful or beneficial by customers (Andrews & Smith, 1996). Wang and Ahmed (2004) said product innovativeness can be defined as the novelty and meaningfulness of new products introduced to the market at a timely fashion.

2.2.2.2 Market innovativeness

Andrews and Smith (1996) defined market innovativeness as the innovation associated with market research, advertising and promotion and identification of new market opportunities and entry into new markets. It is the novelty of methodologies and strategies that companies implement to enter and exploit the new targeted market either by new or existing products. Another school of thought is innovativeness based on prevailing products but with implementation of new marketing methodologies to promote the existing products and services which will help the company to take up competition against new competitors either in a new or an existing market segment Wang and Ahmed (2004). Product and market innovativeness are inter-twined where product innovativeness focuses on product newness while market innovativeness gives emphasis to the uniqueness and newness of market-oriented approaches.
2.2.2.3 Process innovativeness
Process innovativeness covers the introduction of new management methodologies, new production methods and new technology used to improve production and management practices. It helps the company to exploit their resources and competences and capabilities, thereby improving the company’s capability to reconfigure and recombine its resources and capabilities to meet the requirement of creative production are critical to organizational success. Kitchell (1997) concludes that process innovativeness is a sub-element of technological innovativeness and that technological innovativeness is preeminently looked at in light of the nature and process of innovation implementation.

2.2.2.4 Behavioural innovativeness
Behavioral innovativeness is categorized into individual, team and managerial innovativeness. Individual innovativeness is reflected as a personality concept which is inferred as a readiness to transformation (Hurt, Joseph & Cook, 1977). Team innovativeness is the team's adaptableness to transformation and is synergy based on group dynamics and not a sum of individual innovativeness (Lovelace, Shapiro & Weingart, 2001). Managerial innovativeness according to Rainey (1999) refers to top management's willingness and disposition to transformation, obligation and commitment to inspire new techniques of doing things and nurture new ideas. Behavioral innovativeness facilitates the development of an innovative culture, the company wide internal openness to new ideas and innovation. The behavioral element should mirror the persistent behavioral change of the whole organization towards innovations and not the intermittent innovation events or innovative appearances of some small groups in the organization. An innovative culture functions as a promoter of innovations while lack of it blocks innovations.

2.2.2.5 Strategic innovativeness
Strategic innovation is the development of novel competitive strategies that create value for the firm (Besanko, Dranove & Shanley, 1996). It is the reconceptualization of the business model which leads to a radically different way of competing in an existing business. It measures the organization’s capability to manage its objectives and identify gaps in its industry positioning and existing resources to enable the company leverage limited resources productively.
2.3 Risk-Taking and performance.
Currently, companies are operating under very fierce competitive environment, leading to firms being engrossed in entrepreneurial initiatives involving continuous change. Any firm that exhibits inflexibility, risk aversion, and sluggishness heightened by mechanistic organizational structures hampers the development of entrepreneurial activities and will find it uncompetitive. Only entrepreneurial firms that are change-oriented, that advocate for risk taking and are continuously innovating will survive (Kantur, 2016). It’s about the ability to embrace, control and evaluate risk in terms of investment and strategic decisions, both in certain and uncertain conditions (Franco & Haase, 2013). It refers to a firm’s disposition to seize an opportunity even when venture success is unknown and not guaranteed and to act confidently without knowing the magnitude of the consequences (Lumpkin & Dess, 1996).

This concept is determined by various factors both internal and external and therefore very complex to measure. Miller and Friesen (1978) stated that risk taking in strategy formulation is the extent to which managers are prepared to making large and risky investments commitments that can easily cause costly failures. Risk taking is all about taking hold of existing opportunities in the market place by committing firm’s resources with the anticipation of getting back higher returns without certainty of the results. This is revealed by a firm when it takes part in riskier and uncertain options that might have not been verified before while ignoring the tried and tested route. This includes introduction of a new product or service and spending in new and unexplored technologies and processes whose outcome is a competitive advantage for the firm. However, it must not be misinterpreted as betting as it is designed and planned by the managers being aware of potential risk implications (Lumpkin & Dess, 1996).

Generally, risk is defined as the probability of variance or inconsistency from the anticipated outcome (Spekman & Davis, 2006). Chiles and McMackin (1996) noted that the explanation that closely reflects the top management perception is the concept of economic loss. Risk is different from uncertainty in that risk is connected with probability of a loss and uncertainty is an exogenous disturbance (Williamson, 1985). Risk can either be objective, which is the risk is inherent and intrinsic in circumstances for example some risks are inherent in the financial services industry and not found in the manufacturing industry, or perceptual, which is risks that are subjective to an individual’s evaluation of a situation which determines the action of the individual.
Risk can also be categorized as personal level or organizational level. Giliberto and Varaiya (1989) after conducting organizational-level risk research concluded that that groups show considerably more risk tolerance compared to the average of individuals that comprise the group. The field of management identifies entrepreneurship as an organizational process that encourages innovation, risk-taking, and proactivity (Miller & Friesen, 1982). Entrepreneurial risk taking involves making cognizant decision to undertake uncertainty of outcomes when new products, services or processes are introduced. This means risk taking necessitates an appreciation that misfortune and uncertainty can be overcome in the pursuit of better outcomes (Kim, 2010). (Rauch, Wiklund & Lumpkin, 2009) added that a firm is referred to as risk taking if it takes daring acts by venturing into the unfamiliar, borrowing lot while committing huge capital to projects in an unsure situations.

2.3.1 Theories of what makes firms embrace risks.

2.3.1.1 Prospect theory
This theory argues that a firm will act in a risk-taking manner when the firm is beneath a precise self-perceived reference point (Fiegenbaum & Thomas, 1988). The firm’s risk-taking approach is influenced by the aspirations level, reference point or the strategic reference points it assumes. In this theory, threat is an adverse environmental condition that a firm faces. It deals with the relationship between the current situation of a firm in relation to a reference point and its risk attitude. It is associated with loss (Ocasio, 1995).

2.3.1.2 Threat rigidity theory
This theory argues that firms will behave in a conservative way when under threat conditions, that they will restrict information processing and tighten control under unfavorable environmental conditions. These two theories envisage alternative behavior concerning a firm under threat of uncertainty (Staw, Sandelands & Dutton, 1981). This theory is based on the opinion that firms are incapable of handling adverse environments it is associated with uncontrollability and uncertainty. The shift to a more inflexible structure is due to decision makers’ effort to enhance control so as to ensure that the firm’s employees act in a concerted way in meeting a threat condition. Firms adopt a conservative style simply because they lack the capability or information to discover and hence deal suitably with a threat at hand.
2.3.1.3 Strategic reference points theory (Integrative approach)
Shoham and Fiegenbaum (2002) proposed the point of view of strategic reference points (SRP), which states that when firms are confronted with threats i.e. above the SRP, decision makers will tighten information flow, become inflexible by only applying tested methods or ideas and engage in centralized decision making. On the contrary, decision makers facing an opportunity i.e. below the SRP, will be inclined to be more open to new information, less rigid and more willing to try new methods or ideas and also tend to decentralize decision-making. In this theory, threats are the new issues (above SRP) signifying that a firm is satisfied with the present conditions.

2.3.1.4 Risk-taking capabilities view
A firm’s internal resources and activities influence a firm’s capacity to recognize new issues as opportunities or threats and therefore impact the company’s risk-taking decisions. This view takes a resource based view of the firm. Resource based view states that firms are heterogeneous and diverse with regard to the diverse resources they hold and own, and this endowment determines their strategic choices (Wilson & Amine, 2009).
Organizational actions and decisions are influenced by the firms’ understanding of their external surroundings and their internal organizational circumstance. Risk-taking capabilities can improve decision maker’s confidence and assurance to make risky decisions. (Chatterjee & Hambrick, 2011) A firm’s past performance position, existing threat conditions and its risk-taking capabilities influences a firm’s risk-taking behavior. Past poor performance would cause risk-taking activities and decisions while firms below their reference point i.e. underperforming firms will conduct more risk taking behavior.
Risk taking capabilities include absorptive capacities, network resources, and organizational slack. Absorptive capacity as an internal resource can be regarded as a determinant of a firm’s risky decision and actions. Internal resources are vital in the risk taking process and these internal risk-taking capabilities may trigger risky organizational actions. Absorptive capacities are a firm's capacity to recognize the worth of new information, assimilate it and apply it for its competitive advantage. It includes three basic capacities in relation to new knowledge: acknowledgment of its value, its integration and its application for commercial and business performance. Knowledge is cumulative, therefore the more a firm knows, then the easier it is to acquire new
knowledge. External resources also present an opportunity to internalize or diversify the risks (Spithoven & Teirlinck, 2015).

External networks also play a significant role in procurement of complementary resources including skills, information, channels, knowledge, technology, and financial resources. Through social networks, a firm is able to get capable and competent partners to deal with specific risks that the firm cannot deal with. It then follows that both external networks and internal resources form the basis of risk taking capabilities. Lastly, organizational slack resources which are excess resources that both mitigate the firm from environmental changes and signify an opportunity for discretionary allotments, such as to innovation activities. It is those resources, which firms has acquired and are not committed to any necessary expenditure; these are resources that can be used in a discretionary manner. It is those resources and energy that may have been dedicated to pursuing specific organizational goals but have now been channeled into other goals. For resources to be considered as slack resources, they have to be perceptible to the management and deployable when the time comes. The more discretionary resources are the more diverse variety of contingencies and situations they can be employed in and the broader the variety of action tools management is armed with to face threats. On the other hand, less discretionary resources can be only used as defense in a not many specific situations. Firms with high levels of absorptive capacity are able to outline the risk-seeking process better than those with low levels of absorptive capacity (Spithoven & Teirlinck, 2015)

2.4 Proactiveness and performance.

In entrepreneurial process, proactiveness has been identified as a key component. It is the initiative to anticipate and pursue opportunities (Boehm, 2008). Pro-activeness is the effort to lead rather than trail the competition. It is the inclination to distinguish ideas from opportunities through research, analyses and forecast of market tendencies (Franco & Haase, 2013). According to Miller and Friesen (1978), proactiveness is the act of shaping the competitive environment by introducing new products, new administrative techniques or new technology. Proactiveness enables a firm to become a first mover hence the company accrues the benefits associated with being the first mover in a competitive environment. The firm is able to capitalize on market opportunities by taking advantage of market asymmetries and hence able to enjoy extraordinary high profit
margins (Miller & Friesen, 1978). Venkataraman (1989) added that proactiveness involves the processes that are aimed at anticipating and acting on future customer’s needs.

Proactiveness has been differentiated from competitiveness or competitive aggressiveness. Proactiveness is how the firm reacts to the market opportunities by taking initiative and taking advantage of opportunities early in order to shape the environment and hence influence the trends and create demand for the new product before other firms react (Covin & Slevin, 1989), while competitive aggressiveness refers to how firms relate to competitors and how they respond to trends and existing demand in the marketplace (Lumpkin & Dess, 1996). Proactiveness deals with execution of products and services before other firms in the industry take cognizance of prospects that cannot be presently verified but are projected to influence the future. Covin and Slevin (1989) remarked that proactiveness is all about timing. Organizational executives should therefore instigate and instill a philosophy of swift development and implementation of innovations, which will increase the likelihood of improved performance by the firm whilst remaining competitive to the firms serving the same niche (Morris, Webb & Franklin, 2011).

Remarkably, a firm’s proactive outlook that allows quick, prompt and early action provides a perfect strategy in guaranteeing high revenues and additionally strengthening the firm’s presence and brand (Rauch et al., 2009). Leadership can act as a good representation and stimuli of proactiveness. Helm and Anderson (2010) argued that an alternative key component of proactiveness in organizations is leadership. The leader is considered as the change agent whom will initiate behavioral change in the firm that triggers immediate action to take advantage of the prevailing industry conditions. The boards of directors are very critical in setting the firms vision, mission, goals, strategy, and resource acquisition.

In discharging this duty, the board is responsible for sourcing, selecting and hiring top management who will guide the firm to implementing and achieving the set strategy and is critical to how the firm operates in that it shapes values, culture, norms, and priorities and processes (Coombes, 2008). Coombes (2008) therefore advocates for a management team whose leadership style will stimulate commitment and allow for alignment of the employees and organizational strategy, thereby motivating them to go past their expected performance level. Therefore, the proactiveness of firms with a strong EO implies that executives will need to take up leadership role of shaping the firms culture. Stevenson
and Jarillo (1990) defined proactiveness as an aggressive behavior that focuses on the future by anticipating and thwarting problems, collaborating effectively with both the internal and external environments and maintaining implementation of the new processes or new products (Morris & Kuratko, 2002).

Entrepreneurship is considered as a process or a sequence that includes an opportunity cycle of events and behaviors. These events or behaviors are anticipated to be proactive in what relates to both market reply and market changes. Proactivity is important because it presents a positive relation to firm performance (Lumpkin & Dess, 2001). Corporations with human-oriented culture greatly put emphasis on service and thoughtfulness of others and stay to the traditional values, have negative relationship to the proactiveness that reflect the distinctiveness of the organization which uses whatever way to reach organization’s goals and have strategy to actively discern future opportunity, lead the market and without delay respond to external environment (Lumpkin & Dess, 2001).

A company that takes long to respond to a change in the business environment is vulnerable to a shortfall of profits. Sometimes it can result in decline in market share due to a competitor already in the process of employing the strategy which was being designed by the company. It also possible for a firm to have to shut down or cut back some of its business lines due to the inability to foresee changes in market environment or a breakthrough in technology leading to the obsolescence of the current technological capabilities. A firm following rigorous measures with regard to having a robust research capability, a strategic planning structure in place, proper business intelligence tools to assist in making important decisions and employing specialists to predict changes in customer patterns and the environment has a competitive edge over their rivals. A proactive firm that will have competitive advantage over others is the one that foresees these changes and has the action plans prepared to face them.

Pro-active behavior thus benefits from being the earliest to seize opportunities which is called first mover’s advantage (Li, Zhao, Tan & Liu, 2008), the first to present value products and services to customers, put up the firm’s reputation, and draw and retain customers to keep on buying products and services presented by them. These companies are ready and have information from a variety of sources, to counteract any changes in the business environment. A reactive firm on the other hand responds after the event or changes have taken place and have no time to anticipate and prepare for such changes.
Nevertheless, no firm can rely on being either totally reactive or proactive in its strategy orientation. Preferably, a firm must use both strategies to act in response effectively with minimum response rate possible.

A reactive company uses questionnaires and market surveys to determine customer insight and satisfaction levels. Based on the received feedback and analyzing customers’ trends, the firm works on improving their products and services focusing more on the important areas highlighted by the customers. This feedback is often analyzed using sophisticated tools after which strategies and process improvements are designed based upon the observations. This is a very effective reactive strategy used to advance customer satisfaction. It involves understanding and fulfilling customer’s expressed needs. Although this is very imperative and firms must use this strategy to increase insight and feedback on their services and products, some firms tend to rely too much on this strategy and hence innovation is abandoned. Most firms that have employed reactive strategy are always behind in high speed innovation and fulfilling the hidden needs of customers.

This is where firms pursuing a proactive strategic orientation have a competitive advantage over their competitors. Proactiveness is about opportunity seeking and exploitation of those opportunities. It is about anticipating and preventing problems, making things come about and seizing opportunities. It entails self-initiated efforts to bring change to oneself and in the work environment in order to achieve a better future (Parker, 2010). This definition of proactiveness is applicable to both individuals as well as firms. Firms use methodologies like anticipating market trends, brainstorming, and analyzing customer demand patterns using sophisticated planning techniques like predictive analytics and encouraging innovation organization wide. These firms are constantly discovering new ways of delighting customers by satisfying their hidden needs and hence creating a differentiating competitive advantage, which in turn improve the firm’s brand image and profitability. A firm solely relying on customer feedback and responses is carries the risk of losing both market share and profitability from a competitor who provides value added latent features at competitive prices. The firm following reactive orientation is taking a risk of exclusively relying on customer expectations and affirmed needs, which are always changing. Proactive firms pro-actively discover gaps in the market and act in response to fill them with a chain of innovations. Lumpkin and Dess (2001) maintain this argument by stating that pro-activeness is a firm’s reaction to tackle unattended market opportunity.
This approach is required to deal with the unarticulated needs of the customers and to gain competitive advantage. Pro-active behavior may profit SMEs in emerging economies distinguished by new promising opportunities and is important in strategic entrepreneurship. Proactiveness has two facets; speed of innovation and acting on opportunities. However every coin has two sides and so has both proactive and reactive orientations. There is another risk of customer acceptance of these latent features. Many times it may happen that a customer is not willing to pay the premium for these features or does not see it as a significant benefit or a differentiating factor. In this case the company may lose out on profits due to additional costs of rolling out the value additions and loss of customers. A strong research capability reduces this risk and increases the probability of market acceptance of these latent features. It is imperative for firms to adopt both reactive and proactive strategies to follow a total market orientation by intensification of both its proactive and reactive capabilities. Such firms are well prepared to face the ever changing business environment, they become pioneers and innovators, who ultimately revolutionize the market and provide leadership to their rivals.

2.5 Autonomy and performance.
Autonomy is the degree to which an individual is given independence, substantial freedom, and discretion in performing a task, such as determining the procedures to follow and scheduling work (Hackman, 1980). Hackman and Oldham (1976) added that autonomy is amongst five other job characteristics that determine the motivating potential of a job. It leads to increased motivation and work effectiveness. Autonomy is the freedom granted to teams and individual employees encouraging them to use their imagination and originality in bringing out an idea and being able to follow it through to completion.

Giving task autonomy to employees is results in higher job satisfaction, motivation and improved performance (Argote & McGrath, 1993). Jobs that have a high extent of autonomy generate a sense of responsibility and greater job satisfaction in the employees. Various research studies showed a positive relationship between self-esteem and life satisfaction and that higher autonomy in jobs and tasks was related to increased productivity of an employee. Firms require a high level of autonomy to allow employees make decisive and strong decisions and guide the direction of the organization (Mintzberg & Waters, 1985). Highly autonomous employees were better citizens, had better team
relationships and were better at transforming those team relationships into improved performance. Shan and Song (2016) stated that the elevated level of the entrepreneurial behaviours is typically related to the independent leaders, who posses powerful centralized power and authority in small firms. Autonomy is important as leverage in the processes of using the strong points of a particular company in order to recognize the chances, which are beyond of the possibilities of the firm at that moment. There is a strong connection between the autonomic behaviour in small firms and the level of centralization.

Autonomy sets out the extent to which employees can make a decision on which tasks they will do and how (Rapp, Agnihotri, Baker, & Andzulis, 2015) At an individual level, it means the extent to which the firm ensures there is considerable independence of an employee in the process of work planning and in influencing the procedures of its implementation (de Jong, Parker, Wennekers & Wu, 2015). Hartog and Belschak (2012) indicated that autonomy therefore provides the employees with the opportunity of self-determination, which permits them to have a more direct impact and influence on the results of the company performance. To grant the employees greater levels of autonomy by the management is very much linked to their proactive behaviours. These behaviours are associated with greater foreseeing and problem solving (Parker & Collins, 2010) and contribute to add to the effectiveness of the employees (Rapp et al, 2015); Autonomy motivates and enables employees to contribute to the company. It encourages all employees in a firm at all level to take initiatives and to operate independently.

Higher levels of autonomy of employees in sales will permit them to work dynamically on the opportunities which appear while solving the problems and dealing with the customers which often occurs in such dealings (Rapp et al, 2015). Autonomy means that employees are independent, authorized and self-reliant and can therefore use all the existing resources independently without the requirement to discuss with their managers every now and then especially when dealing with exceptional situations. However, despite autonomy being such an important practice, Lumpkin, Brigham and Moss (2010) concluded that it is destructive, time-consuming and more expensive than the work environments based on procedures and rules. Job autonomy is the extent to which the job provides substantial independence, freedom and discretion to the employee in scheduling the work and in shaping the procedures to be used in carrying it out. Perceived job autonomy is the degree to which a job is perceived to permit independence, freedom and
discretion to make decision, schedule work and decide the methods used to perform tasks (Buch, Dysvik, Kuvaas, & Nerstad, 2015). It is associated with a variety of positive effects of work such as the innovativeness of an employee, commitment to work or taking initiative. De Spiegelaere et al, (2015) stated that job autonomy of employees implies that the top management approves to use the employees skills. It allows the employees discover and develop the means of performing tasks, giving the employee the sense of being in charge of how the work is being done, employees will have better work outcome since they are more involved in what they have responsibility over.

Also, autonomy will help the employees become more creative and innovative, as it provides enough space for innovative behaviour which is based on experimenting, researching and testing with diverse alternatives in order to discover new and more accurate solutions. Cabrera, Collings and Salgado (2006) found that employees with greater autonomy are more disposed to sharing their knowledge. As a result, autonomy is perceived as a strong indicator of the innovative behaviour of an employee. For employees to expose their innovative behaviours, autonomy in the workplace is a must have according to De Spiegelaere et al, (2015). Delayering or flattening refers to the removal of managerial layers in a firm’s organizational hierarchy, and the expansion of managers’ span of control. Flattening benefits flow mainly from pushing decision making downwards to improve accountability, morale, customer and market responsiveness. Prottas (2008) recommended that allowing autonomy to all employees in the organization can stimulate them to act entrepreneurially and consequently improve firm performance.

Autonomy is defined as the extent to which persons or teams are able to perform independently creating new ideas and realizing them (Lumpkin & Dess, 1996). Rauch et al (2009) described autonomy as the ability and willingness to be self-governing in following opportunities. Approaches such as “top to bottom” and as “bottom to top” can effectively support autonomy in the organizational (Quinn & Spreitzer, 1997). Birkinshaw (1997) stated that top to bottom approach is mostly used by companies with entrepreneurial mission to encourage and promote entrepreneurship. Here, the top executive management supports the initiatives and programs conductive to creating an entrepreneurial business climate. They support free thinking and management actions are at hand in encouraging employees to use up ten percent of their time on generating new ideas, employee given lee way to take risky projects and ventures and the support of small teams (Lumpkin, Cogliser, & Schneider, 2009).
In bottom to top approach, individual decision making in such companies may involve the need of special enticements and structural resolutions in order to create support for risky ventures. The key entrepreneurial employees are greatly valuable for the firm since they provide the momentum needed for realizing and achieving the opportunities available and implementing the entrepreneurial vision. Ongore and K’Obonyo (2011) found that employees who act beyond practice and routines stimulate the development of entrepreneurial orientation in a firm which is an significant source of initiatives, creativity and of promotion of entrepreneurial ventures start ups (Lumpkin et al, 2009).

Autonomy has a hierarchic arrangement which means that diverse levels or extents of autonomy can be controlled be it a group depending on actions or decisions. This is structural autonomy and strategic autonomy where strategic autonomy is positioned above structural autonomy in the hierarchic arrangement. Structural autonomy refers to where a group has power over and can make judgments about the various factors in the work. This type of autonomy permits the team to solve problems and issues arising independently on the approaches of the use of resources within the provided resources and restrictions. It uses the benefit of networks collecting information about employees and decreasing the associations between them. On the other hand, strategic autonomy also known as goal-based autonomy refers to the extent to which a group has the control over its goals. It allows the groups to put effort beyond usual organizational restrictions by setting the goals and the ways of achieving them.

Higher levels of autonomy which is strategic autonomy allow the team and individuals not just to unravel the problems but to identify the problems and determine goals for solving these problems. The measure of the extent of strategic autonomy can be compared to the extent of implementation of strategies i.e. the qualitative autonomy of a goal. The responsibility of the management is to support the employees to take risks and experiment through the informal processes and organizational systems both at the individual and team level. The autonomy level acquired by a team is directly related to the efficiency of knowledge management. A higher level of autonomy also allows the formation, transfer and application of knowledge easier. It also increases sharing of diverse types of knowledge which increases entrepreneurial outcome. Firms can advance their performance by using teams as opposed to individuals and the benefits to team performance may be even greater when management grants significant autonomy to teams. In autonomy studies, the emphasis is on self-managing teams and team production...
amongst a set of practices, from which firms can choose to realize high committed employees which in turn improves performance (Baron & Kreps 1999)

**2.6 Competitive aggressiveness and performance.**

Competitive aggressiveness is the intensity of a firm’s efforts to do better than industry rivals and confrontationally taking them at every opportunity (Lumpkin & Dess, 1996). They also concluded that competitive aggressiveness involves a confrontational attitude that demands a persuasive response to competitors’ actions. Businesses that decide to gain market share from competitive markets mostly adopt competitive aggressive tactics by making use of marketing strategies like price competition, increasing promotional offers, competing for distribution channels or imitating the rivals’ actions or products (Dess, Lumpkin & Eisner, 2008). Responsiveness necessitates either preempting the opponent’s strategy through a competitive move or responding to the rival’s competitive actions. The factors influencing competitive aggressiveness include mutual forbearance and multimarket contact. Chen (1996) suggested that firms competing in several or the same markets as their competitors will rival out with less intensity due to the greater possibility of reprisal by the competitors. Overall enterprises which decide to be market leaders have to adopt competitively aggressive are characterized by a strong offensive bearing, which is directed at outperforming competitors by setting ambitious market share goals and taking bold steps to achieve them (Lumpkin & Dess, 1996).

Chen (1996) indicated that motivation, awareness and capability are the three drivers of competitive behavior which are manifested as firm processes that make some firms more competitively aggressive than others. Awareness involves scrutiny of a firm’s competitors and synchronized tracking and dissemination of its rivals’ competitive actions, of this information. Different firms are at different levels of their confirmed awareness. Some of this disparity is due to the analysis and monitoring functions intrinsic in rival awareness which are costly in terms of physical and cognitive capital of the firm (Ocasio, 1997). The firms that have a higher level of awareness choose to invest in these processes and become the most competitively-aggressive firms. Motivation is the other key determinant of competitive aggressiveness. Two distinguishing distinctiveness of an exceedingly competitively-aggressive firm on motivation are, first, outperforming a competitor is very important for an aggressive firm. Other firms might decide to use other comparisons such as past internal goals or performance or and be contented with meeting such targets.
(Fiegenbaum & Thomas, 2004), serious competitively aggressive firms search for information on the performance levels of their competitors and then measure themselves up against their rivals’ performance. The other attribute of competitively aggressive companies with regard to motivation is that they choose to view the challenging of the rivals’ performance and actions as suitable and essential steps in advancing their own performance and they will attribute any underperformance to the actions of a rival. The third factor is the firm’s capability to initiate and counteract competitive attacks without which high levels of motivation and awareness become insignificant. Capability includes the physical resources of a firm such as retained earnings generated by strong past performance (Smith, Grimm, Gannon, & Chen, 1991).

Effective capability also means that a competitively aggressive firm will recognize on hand resources and prioritize them to show aggression when less competitively aggressive firms will view the same resource as little. The more aggressive companies are superior at creating actions with the resources at hand rather than waiting for best possible resources to become available (Read & Sarasvathy, 2005). For competitive aggressiveness the spotlight is to attack the rival’s position. Being competitively aggressive relates to firms looking to weakening their rivals’ position while alert and persuasive defense of their current market position. This is done by carefully and constantly monitoring and examining their rivals, are creative in their deployment of firm resources to initiate attacks, and are motivated to advance their performance by being offensive to those firms.

The most wanted end outcome of the competitive attacks is sustained performance and competitive advantage that is better than that of their rivals. Kim and Mauborgne (2005) stated that competitive aggressiveness approach is different from innovation approach. In innovation, the attack of a competitor’s position is not the aim but rather the consequence of innovation, and that most fundamental and radical innovations make the existing competition immaterial and its outcome is also superior performance. Firms using the strategy of competitive aggressiveness to improve performance are said to be operating in red oceans while those using the innovation approach are said to be operating in the blue oceans. The competitive aggressiveness strategy carries high risks to the business. Porter (2008) affirmed that some of the strategies used in competitive aggressiveness are price discounting which is one of the easiest ways to employ and most regularly used competitive actions but it is over and over again harmful to the firms and industry’s
profitability in the short term. Price competition directs the customers to use price as the sole criterion when choosing among competitors products. The best strategies are the ones that also attempt to create a non-price based switching cost options to the customer. Pricing aggressiveness is likely to accomplish little for the firm in the long term. Direct attack of a rival’s position is the utmost threat to profitability since it is targeting the same customers with same products and this is the fundamental nature of a competitively aggressive approach (Porter, 2008). A firm must have a strategy when using aggressive competitive actions to earn higher profitability. Developing such a strategy will require an understanding of the mechanisms connecting the strategy with greater firm’s performance, the enabling actions, and the preferred strategic results with their related costs. This is because aggressive competitive actions have possible negative implications to a firm’s performance. Mergers and acquisitions (M&A) is a commonly used competitively aggressive strategy which has mixed outcomes of either increased market share and profitability or poor profitability to acquiring firms from a financial perspective (King, Dalton, Daily, & Covin, 2004). M & A strategy is preferred due to synergy it brings; the united firms can achieve improved returns than each could independently which are brought about by economies of scope and market power mechanisms (Harrison, Hitt, Hoskisson, & Ireland, 1991). Some of the benefits include cost reductions, limited personnel cuts, economies of scope emanating from the opportunity to merge distribution networks and customer channels, increase in power over buyers and suppliers (Carey & Prada, 2008).

To understand competitively aggressive strategy link with superior returns, Chen (1996) concluded that in a competitively aggressive association between an attacker and a rival, the attacker’s aim is to capture market share from the rival or decrease the rival’s profitability returns. A firm with a competitively aggressive strategy will put up superior returns relative to its rivals by growing its relative market share and enlarge its relative profit margin. The connection between increased market share and increased returns presupposes that a firm can take a rival’s market share while still retaining a satisfactory profit margin. Increased market share also creates economies of scale leading to costs declining and profit margins remaining at the same level or even increase. Although these gains are theoretically attractive, they can be difficult to attain in practice. Caution is advised that attempts to gain market share frequently triggers strong counterattacks which leave the entire industry with reduced profitability. Szymanski,
Bharaadway, and Varadarajan, (1993) stated that gaining relative market share is an effective though a potentially false path to improved performance. Another path to improved relative firms performance would be to boost the firm’s profit margins relative to its competitors by either increasing its pricing power or reducing its costs. Porter (1980) stated that firms can attempt to improve their pricing power or reduce costs without necessarily openly seeking to undercut their competitors. Competitively aggressive companies on the other hand may also attempt to decrease their rivals pricing power and increase the costs of their rivals so as to swing relative profit margins.

2.6.1 Competitive Actions
Competitive actions are the ways firms use to alter market share and affect relative profitability margins. Competitive actions can be focused on resource attack. One firm’s increase is nearly certainly another firm’s loss. The more competitively aggressive firms often resort to resource-based competitive actions. There are three attack strategy categories: deny, defect, and debase. A deny attack involves a firm trying to confine a potential resource to either increase its rival’s costs to access or prevent a rival’s access to the resource. This strategy is the most secret because it may be done with little visibility and for seemingly other motivations. Santos and Eisenhardt (2009) revealed that several latest and thriving ventures chose to quietly acquire other potential firms for motivations differing from usual M&A logic. As outlined in the five forces model by Porter (1980), denying these resources was an effort to erect an entry barrier which would raise a rival’s cost structure and help the venture maintain a relative profit margin advantage. Other examples of denial strategy are patent infringement lawsuits, securing exclusive rights to a valuable resource.

The defect attack happens when the firm looks to take a resource from a rival and then utilizes the pilfered resource. Examples of this approach are poaching alliance partners; steal valuable personnel from other firms. When a bank poaches a lending manager from another competitor bank, it expects a large portion of that lending manager’s customer portfolio will follow (Hein, Koch, & MacDonald, 2005). The debase approach attempts to damage the value of the resource and hence varies from a defect strategy in that it does not attempt to take the resource away from the competitor. By debasing the resource base of a competitor, the attacker potentially reduces that company’s future profitability, since it necessitates further spending in order to upgrade the resource, to move to a new
resource, or maintain to operate with the cheapened, cost-inefficient resource and possibly lose market share.

2.7 Summary.
In today’s competitive environment, financial institutions cannot gain competitive advantage through price wars and advertisements. Real and tangible business positioning can only be attained through developing and improving the entrepreneurial orientation dimensions of the organization which includes innovativeness, risk taking and proactiveness. In the next chapter, we will delve into the research methods of this research. It will provide guidance on the research design methodology that will be employed, explain the target population and sampling design, elucidate on data collection methods and procedures and data analysis techniques to be used to provide insight on the relationship between entrepreneurial orientation and performance of banks.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter illustrates the research approaches, methodology and design methods that were selected for the study. It discusses the population of the study, sample and sampling procedures used; methods used for data collection, research instruments as well as data analysis and data presentation methods used in the study. Furthermore, procedures used for testing the research instrument reliability and validity are discussed. For each item chosen, a discussion of the rationale was done to explain the reason behind those actions and making specific design choices.

3.2 Research Design

A research design is a plan for collecting and utilizing data to obtain the preferred information with satisfactory precision and that hypothesis or research questions can be tested accurately (Kothari, 2004). It is the configuration of research by way of data collection methods, evidence gathered, from where and how data is collected, analyzed and interpreted to answer the research questions (Saunders, Lewis & Thornhill, 2003). Cooper and Schindler (2000) added that research design must be done through efficient allocation of researchers limited resources. The research design seeks to specify the relationship between the study’s independent and dependent variables in a predetermined limited time and it stipulates the procedures used to answer the research questions (Cooper et al., 2000).

In conducting assessment of the relationship between entrepreneurial orientation and banks performance, this study used descriptive research design which according to Lavrakas (2008), is a systematic research method for collecting data from a representative sample of population using open-ended or closed-ended questions, observations and interviews as instruments. The study used the survey research design type as the nature of research was ex-post facto, with no influence on the sample. This was helpful in gathering information about the influencing factors and in determining whether there is a relationship between innovation, proactiveness, risk taking, autonomy and competitive aggressiveness and the performance of the bank.
3.3 Population and Sampling Design

3.3.1 Population
Saunders, Lewis and Thornhill (2009) in their discussions defined population as the full set of cases from which a sample is derived. It is the total summation of elements about which we desire to make inferences (Cooper & Schindler, 2006). The population in this study comprised of 255 Standard Chartered staff members and made up of 35 senior managers, 130 middle level staff at the head office departments and 90 front facing sales, service and relationship management staff both at head office and branches.

3.3.2 Sampling Design
The rationale behind sampling was to allow the researcher draw conclusion about a population from the sample (Saunders, Lewis & Thornhill, 2009).

3.3.2.1 Sampling Frame
Saunders et al, (2009) said that a sampling frame is a list of all cases from which a sample can be obtained. It is a list of target population from which the sample is selected which consists of a finite population for descriptive survey designs (Lavrakas, 2008). The term sampling frame can also be defined as a list that contains the names of all elements in the universe (Mugenda & Mugenda, 2003). In this study, the sampling frame will be the list of staff members in front office and operations in Standard Chartered bank Kenya Ltd.

3.3.2.2 Sampling Technique
The sampling technique selected for this study is stratified random sampling technique which involves inclusion of elements from mutually exclusive sub populations. It involves generating data for comparison and analysis across the various strata in the sampling frame. Stratified random sampling is the subdivision of the population into mutually exclusive sub populations into significant and relevant categories based on attributes that are distinct to the population elements in that population (Saunders et al., 2009). Cooper et al, (2000) also defined stratified random sampling as the segregation of a population into mutually exclusive categories called strata, which have matching characteristics that differentiate them from other segments within the same population. The stratification of this study was done by categorizing senior managers who have a better view of the risk taking appetite of the bank, customer facing sales and service staff and relationship managers, who have a better view of proactiveness and market and
product innovation based on customers feedback and operational staff in back office and head office to provide a view of process innovation and risk taking. This sampling technique was chosen because it provides adequate data for analyzing various sub populations increases the samples statistical efficiency and representation and helps in the application of different research methods and procedures to be used on different strata.

3.3.2.3 Sample Size

According to Collin and Hussey (2009), sample size is the number of observations that constitute the statistical sample. Having considered the nature of this study, its homogeneity and experiences from other researchers, the study used a sample of 83 respondents which is approximately 33% of the target population. For descriptive studies, the sample size should be at least 30% of the total population (Mugenda & Mugenda, 2008). Lavrakas (2010) also stated that this percentage will allow the researcher to collect data from the respondents. The table below shows the distribution of the sample size.

<table>
<thead>
<tr>
<th>Category</th>
<th>Sampling Frame</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>35</td>
<td>13</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>130</td>
<td>43</td>
</tr>
<tr>
<td>Sales and Service staff and Relationship Managers</td>
<td>90</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>255</td>
<td>83</td>
</tr>
</tbody>
</table>

The calculation basis is 30% of the population under review.

3.4 Data Collection Methods

Data is presented to respondents to a study in a research environment to help authenticate the relationship between the research variables in a study (Cooper et al, 2000). Data collection is the process of gathering together relevant data to direct the process of answering the study’s research questions. Primary data collection method was selected for this study. A structured questionnaire was formulated using the research questions in the study and was self-administered and sent to Standard Chartered staff through email and drop-and-pick hard copies method. In a bid to increase the response rate, personal visits, email reminders and phone calls were used for follow up.
For an effective data collection, the questionnaire was designed with four sections, first section being for background information and the other five sections are covering the five research questions based on the five entrepreneurial orientation dimensions namely innovation, proactiveness, risk taking, autonomy and competitive aggressiveness and their relationship to the banks performance. Closed ended questions were used and a five point likert scale style ranging from strongly agree and strongly disagree applied. The likert scale was designed with the intention to arouse respondent’s interest in the study and closed ended questions were used to stimulate the respondent’s confidence levels in the study.

3.5 Research Procedures
The questionnaire was pre tested with 10 respondents who were briefed on the objective of pre testing which included checking possible mistakes, ability of the questionnaire to lead the respondents in providing the required feedback, ease of understanding and the time taken to complete the questionnaire. Findings from the pre testing were used in revising the questionnaire to improve on its quality and efficiency. During the actual data collection, the refined questionnaire was then administered to the target sample using email and drop –and-pick methods depending on the respondent’s preferences. Quality control was put in place to ensure response and data accuracy and assure the respondents of confidentiality and anonymity. To improve response rate, there was intensive follow up to meet deadlines, questionnaire was short and precise and a promise was made to provide findings to the respondents after analysis.

3.6 Data Analysis Methods
After collection of questionnaire from the respondents, they were screened and numbered, then coding was done by assigning each variable in the questionnaire a numerical representation and the response from every respondent coded using a defined coding system. Data entry was done into the Statistical Package for Social Sciences (SPSS) - statistical software that quantitatively analyzes the data using both descriptive and inferential statistics. Descriptive data analysis techniques which describe the nature of the respondents were used to test frequencies and percentages of the variables under consideration. Inferential statistics was used to draw inferences about a population from the selected sample. This included exploratory factor analysis to identify the variables
that cluster together (Borden s& Abbot, 2014), Kaiser-Meyer-Olkin (KMO) to assess the factorability of data whereby high values (close to 1.0) generally indicate that a factor analysis may be useful with the data. Principal component analysis (PCA) with promax rotation was then used to assess the dimensionality of each dimension. All items were then evaluated for reliability using Cronbach’s Alpha. The model fitness for the first order confirmatory factor analysis model was assessed by evaluating the model fit indices as recommended by (Byrne, 2010). The final analysis report was presented using tables, bar graphs and pie charts for ease of understanding and clarity.

3.7 Chapter Summary
This chapter describes the methodology used in undertaking the study on the relationship between entrepreneurial orientation and performance of Standard Chartered Bank. It also describes the population of the study as the Standard Chartered banks staff and the use of stratified sampling technique and a sample size of 84 was used. Questionnaire was selected as the data collection method with pretesting and actual administration done using emails and drop-and-pick methods. SPSS statistical tool was used to analyze data into descriptive and inferential statistics which included the exploratory factor analysis, principal component analysis, confirmatory factor analysis mode land Cronbach’s. Finally, the analysis was presented in the form of charts, graphs and tables.
The next chapter will summarize the results and findings of the study. This will be based on the research questions and will provide answers to these questions.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The purpose of this study was to examine the relationship between entrepreneurial orientation and banks performance, a case study of Standard Chartered Bank. This chapter presents the data analysis results, interpretation and presentation.

4.2 Response rate

Table 4.1 indicates that out of 100 questionnaires administered, 83 were returned therefore the response rate of 83% was achieved. The overall response rate was thus found to be 83% which was above usually expected response rate of 50-75% for hand delivered questionnaires and hence was sufficient to proceeding with the data analysis.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>Did not respond</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Demographic Characteristics

This section discusses the results of the general information about the respondents including the gender, department category, length of service, the position in the organization and the educational level of the respondent.

4.3.1 Gender

The respondents were asked to indicate their gender. The findings were as indicted in
52% of the respondents were male while 48% were female. The above finding reveals that majority of the respondents were male.

4.3.2 Department category
The respondents were asked to indicate their department category. The findings were as indicated in figure 4.2 below.

52% of the respondents were male while 48% were female. The above finding reveals that majority of the respondents were male.

4.3.2 Department category
The respondents were asked to indicate their department category. The findings were as indicated in figure 4.2 below.

Majority of the respondents, 61% were in the operations department, 16% were in the relationship management - sales/marketing, 15% of the respondents were in the
relationship management - customer service and 9% were in the product development department.

4.3.3 Length of service
The study sought to establish the Length of service of the respondents. The findings were as shown in Figure 4.3 below:

![Figure 4.3 Length of service](image)

**Figure 4.3 Length of service**
The study found out that majority of the respondents, 46% were in employment for 5-9 years, 36% of the respondents had been in the service for 0-4 years, 14% had worked for 10-19 years and 5% had worked for 20 years and above.

4.3.4 Position in the Organization
The study sought to find out the respondents position in the organization. The findings are as shown in figure 4.4
Figure 4.4 Position in the organization.
The study found out that majority of the respondents, 74% were middle level managers, 11% were senior managers, 11% were graduate clerks and 3% were on contract basis.

4.3.5 Level of Education
The study sought to find out the level of education of the respondents. The results are as indicated in figure 4.5.

Figure 4.5 Education level
The findings indicate that the majority of the respondents, 57% had Bachelor’s degree qualification, 37% of the respondents had Master’s degree qualification and 6% of the respondents were diploma holders. The finding highlights that respondents were
knowledgeable and they had vast information on entrepreneurial orientation and banks performance.

4.4 Descriptive Analysis of Study Variables

4.4 Innovation

The study sought to examine the extent to which innovation affects bank performance at Standard Charted bank. From the findings in table 4.2 below, majority of the respondents, 83% agreed that the organization values new products. 71% of the respondents agreed that the organization values creative new solutions in problem solving more than solutions that rely on conventional wisdom. 56% of the respondents agreed that the bank is often the first to market new products and services. 91% of the respondents agreed that their organization is an innovative bank. 74% of the respondents agreed that competition in the market recognizes the organization as leaders in innovation.

40% of the respondents agreed that the organization has a tendency to try radically new methods and experiments. 76% agreed that the organization has achieved a number of successful new products, services and processes over the last 5 years. 81% agreed that the organization has adjusted its focus of product and process development significantly over the last 5 years. 71% agreed that the organization has good coordination among R&D, product development and marketing. 72% of the respondents agreed that almost all of the newly launched products, service, processes and technologies have been successful in the last 3 years and 85% of the respondents agreed that there is significant investment in developing proprietary technologies.
Table 4.2 Innovation

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Strongly Agree (%)</th>
<th>Agree (%)</th>
<th>Neutral (%)</th>
<th>Disagree (%)</th>
<th>Strongly Disagree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>We highly value new products</td>
<td></td>
<td></td>
<td></td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td>When it comes to problem solving, we value creative new solutions more than solutions that rely on conventional wisdom.</td>
<td></td>
<td>17</td>
<td>40</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Our bank is often the first to market new products and services</td>
<td>7</td>
<td>9</td>
<td>28</td>
<td>40</td>
<td>16</td>
</tr>
<tr>
<td>We consider ourselves an innovative bank</td>
<td>3</td>
<td>1</td>
<td>5</td>
<td>25</td>
<td>66</td>
</tr>
<tr>
<td>Competition in this market recognize us as leaders in innovation</td>
<td>2</td>
<td>8</td>
<td>15</td>
<td>38</td>
<td>36</td>
</tr>
<tr>
<td>Our bank has a tendency to try radically new methods and experiments</td>
<td>14</td>
<td>20</td>
<td>26</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>Our bank has achieved a number of successful new products, services and processes over the last 5 years</td>
<td>2</td>
<td>6</td>
<td>15</td>
<td>42</td>
<td>34</td>
</tr>
<tr>
<td>Our bank has changed and adjusted the focus of product and process development activity significantly over the last 5 years</td>
<td>1</td>
<td>6</td>
<td>12</td>
<td>42</td>
<td>39</td>
</tr>
<tr>
<td>My bank has good coordination among R&amp;D, product development and marketing</td>
<td>2</td>
<td>7</td>
<td>19</td>
<td>50</td>
<td>21</td>
</tr>
<tr>
<td>Almost all of the newly launched products, service, processes and technologies have been successful in the last 3 years</td>
<td>3</td>
<td>13</td>
<td>13</td>
<td>58</td>
<td>14</td>
</tr>
<tr>
<td>There is significant investment in developing proprietary technologies.</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>43</td>
<td>42</td>
</tr>
</tbody>
</table>

4.5 Risk Taking

The study sought to examine the extent to which risk taking affects bank performance at Standard Charted bank. From the findings in table 4,3 below, 45% of the respondents agreed that the organization encourages people in the company to take risks with new
ideas, 50% agreed that the organization values new strategies/plans even if they are not certain that they will always work, 45% agreed that to make effective changes to their offering, the bank is willing to accept at least a moderate level of risk of significant losses, 30% of the respondents agreed that the bank engages in risky investments e.g. new employees, facilities, debt and stock options to stimulate future growth, 19% agreed that failure to new ideas and products to succeed is accepted, 67% agreed that the organization is eager to exploit new products, processes, opportunities and methods, 32% of the respondents agreed that the organization commits a large part of their resources to projects, products and processes where the outcome might be groundbreaking but the probability of success is low.

Additionally, 47% of the respondents agreed that the top managers of the bank favor a strong emphasis on R&D, technological leadership, and innovations rather than on the marketing of tried and true products or services, 46% agreed that changes in product or service lines in the bank have been mostly major and radical in nature in the past three years and not just minor changes and improvements, 77% of the respondents agreed that the bank has marketed at least two new lines of product(s) or service(s) in the past three years, 85% agreed that the bank has introduced at least two new processes or technologies in the past three years, 33% agreed that the term ‘risk taker’ is considered a positive people attribute by managers, 26% of the respondents agreed that the bank supports many small and experimental projects realizing that some will undoubtedly fail and 59% agreed that people are often encouraged to take calculated risks with new ideas in the bank.
### Table 4.3: Risk taking

<table>
<thead>
<tr>
<th>Risk Taking</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>We encourage people in our company to take risks with new ideas</td>
<td>8</td>
<td>17</td>
<td>30</td>
<td>29</td>
<td>16</td>
</tr>
<tr>
<td>We value new strategies/plans even if we are not certain that they will always work</td>
<td>10</td>
<td>17</td>
<td>23</td>
<td>36</td>
<td>14</td>
</tr>
<tr>
<td>To make effective changes to our offering, we are willing to accept at least a moderate level of risk of significant losses</td>
<td>7</td>
<td>17</td>
<td>30</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>We engage in risky investments (e.g. new employees, facilities, debt, and stock options) to stimulate future growth.</td>
<td>14</td>
<td>28</td>
<td>28</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Failure to new ideas and products to succeed is accepted</td>
<td>8</td>
<td>36</td>
<td>38</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>We are eager to exploit new products, processes, opportunities and methods</td>
<td>4</td>
<td>12</td>
<td>17</td>
<td>50</td>
<td>17</td>
</tr>
<tr>
<td>We commit a large part of our resources to projects, products and processes where the outcome might be groundbreaking, however, the probability of success is low</td>
<td>11</td>
<td>29</td>
<td>29</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>The top managers of our bank favor a strong emphasis on R&amp;D, technological leadership, and innovations rather than on the marketing of tried and true products or Services.</td>
<td>4</td>
<td>15</td>
<td>34</td>
<td>32</td>
<td>15</td>
</tr>
<tr>
<td>Changes in product or service lines in my bank have been mostly radical in nature in the past three years and not just minor changes or improvements.</td>
<td>5</td>
<td>26</td>
<td>24</td>
<td>27</td>
<td>19</td>
</tr>
<tr>
<td>My bank has marketed at least two new lines of product(s) or service(s) in the past three years.</td>
<td>4</td>
<td>6</td>
<td>14</td>
<td>42</td>
<td>35</td>
</tr>
<tr>
<td>My bank has introduced at least two new processes or technologies in the past three years.</td>
<td>2</td>
<td>4</td>
<td>9</td>
<td>44</td>
<td>41</td>
</tr>
<tr>
<td>The term “risk taker” is considered a positive people attribute by managers</td>
<td>11</td>
<td>15</td>
<td>42</td>
<td>20</td>
<td>13</td>
</tr>
<tr>
<td>The bank supports many small and experimental projects realizing that some will undoubtedly fail</td>
<td>16</td>
<td>33</td>
<td>26</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>People are often encouraged to take calculated risks with new ideas in the bank</td>
<td>7</td>
<td>14</td>
<td>20</td>
<td>41</td>
<td>18</td>
</tr>
</tbody>
</table>
4.6 Pro-activeness

The study sought to examine the extent to which proactiveness affects banks performance at Standard Chartered bank. From the findings in table 4.4 below, 85% agreed that the organization consistently looks for new business opportunities, 56% agreed that the organization’s marketing efforts try to lead customers, rather than respond to them, 76% agreed that the organization works to find new businesses or markets to target, 74% of the respondents agreed that the organization incorporate solutions to unarticulated customer needs in their products and services.

Furthermore, 83% agreed that the organization continuously tries to discover customer’s additional needs of which they are unaware, 43% agreed that the bank has a strong tendency to ‘follow leader’ in introducing new products, 83% agreed that the organization tries to anticipate future needs of both existing and future clients, 81% agreed that the organization aligns their research, product and process development efforts according to these customers needs, 76% of the respondents agreed that the organization tries to anticipate new trends in the industry before their competitors do, 44% of the respondents agreed that the bank is always ready to have competitive clashes, and not preferring a “live-and-let-live” posture with their competitors, 47% of the respondents agreed that the bank is usually the first to introduce new products or services, administrative techniques, operating technologies and 65% of the respondents agreed that the bank is proactive in searching for new markets.
### Table 4.4 Proactiveness

<table>
<thead>
<tr>
<th>Pro-activeness</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>We consistently look for new business opportunities</td>
<td>2</td>
<td>2</td>
<td>11</td>
<td>43</td>
<td>42</td>
</tr>
<tr>
<td>Our marketing efforts try to lead customers, rather than respond to them</td>
<td>5</td>
<td>18</td>
<td>22</td>
<td>31</td>
<td>25</td>
</tr>
<tr>
<td>We work to find new businesses or markets to target</td>
<td>4</td>
<td>5</td>
<td>15</td>
<td>41</td>
<td>35</td>
</tr>
<tr>
<td>We incorporate solutions to unarticulated customer needs in our products and services</td>
<td>5</td>
<td>6</td>
<td>15</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>We continuously try to discover additional needs of our customers of which they are unaware</td>
<td>2</td>
<td>5</td>
<td>9</td>
<td>45</td>
<td>38</td>
</tr>
<tr>
<td>Our bank has a strong tendency to ‘follow leader’ in introducing new products</td>
<td>4</td>
<td>25</td>
<td>29</td>
<td>31</td>
<td>12</td>
</tr>
<tr>
<td>We try to anticipate future needs of both existing and future clients</td>
<td>2</td>
<td>5</td>
<td>11</td>
<td>41</td>
<td>42</td>
</tr>
<tr>
<td>We align our research, product and process development efforts according to these needs</td>
<td>2</td>
<td>8</td>
<td>9</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>We try to anticipate new trends in the industry before our competitors</td>
<td>5</td>
<td>9</td>
<td>11</td>
<td>37</td>
<td>39</td>
</tr>
<tr>
<td>We are always ready to have competitive clashes, and not preferring a “live-and-let-live” posture with our competitors.</td>
<td>5</td>
<td>17</td>
<td>35</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>Our bank is generally the foremost to introduce new products, services, administrative techniques or operating technologies, etc.</td>
<td>5</td>
<td>21</td>
<td>28</td>
<td>34</td>
<td>13</td>
</tr>
<tr>
<td>My bank is proactive in searching for new markets</td>
<td>4</td>
<td>11</td>
<td>21</td>
<td>31</td>
<td>34</td>
</tr>
</tbody>
</table>
4.7 Autonomy

The study sought to examine the extent to which autonomy affects bank performance at Standard Charted bank.

Table 4.5 Autonomy

<table>
<thead>
<tr>
<th>Autonomy</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>My bank encourages independent action of individuals and teams in generation of ideas or vision and carrying it through to completion</td>
<td>5</td>
<td>11</td>
<td>26</td>
<td>42</td>
<td>17</td>
</tr>
<tr>
<td>My bank has the ability and will to be self-directed in the pursuit of opportunities</td>
<td>4</td>
<td>12</td>
<td>19</td>
<td>41</td>
<td>25</td>
</tr>
<tr>
<td>My bank takes actions free of stifling organizational constraints</td>
<td>4</td>
<td>16</td>
<td>34</td>
<td>29</td>
<td>17</td>
</tr>
</tbody>
</table>

From the findings in table 4.5 above, 59% agreed that the firm has the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion, 66% of the respondents agreed that the bank has the ability and willingness to be self-directed in the pursuit of opportunities, 46% of the respondents agreed that bank takes actions free of stifling organizational constraints.

4.8 Competitive Aggressiveness

The study sought to examine the extent to which Competitive aggressiveness affects bank performance at Standard Charted bank. From the findings in table 4.6, 42% of the respondents agreed that bank usually adopts a very competitive "undo-the-competitors" posture, 59% agreed that the bank is very aggressive and intensely competitive, 42% agreed that the bank has a strong tendency to "follow leader' in introducing new products, 35% agreed that the bank avoids confrontation with the competitors and lets them take
actions, 55% agreed that the our bank takes a bold or aggressive approach when competing and 57% agreed that the bank competes intensely in the banking industry.

**Table 4.6 Competitive Aggressiveness**

<table>
<thead>
<tr>
<th>Competitive Aggressiveness</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>My bank usually adopts a very competitive &quot;undo-the-competitors&quot; posture</td>
<td>6</td>
<td>20</td>
<td>33</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td>My bank is very aggressive and intensely competitive</td>
<td>2</td>
<td>21</td>
<td>17</td>
<td>31</td>
<td>28</td>
</tr>
<tr>
<td>our bank has a strong tendency to &quot;follow leader' in introducing new products</td>
<td>4</td>
<td>27</td>
<td>28</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>This bank avoids confrontation with the competitors and lets them take actions</td>
<td>5</td>
<td>18</td>
<td>42</td>
<td>27</td>
<td>8</td>
</tr>
<tr>
<td>In general, our firms takes a bold or aggressive approach when competing</td>
<td>6</td>
<td>11</td>
<td>29</td>
<td>37</td>
<td>18</td>
</tr>
<tr>
<td>Our bank competes intensely in the banking industry</td>
<td>6</td>
<td>17</td>
<td>20</td>
<td>35</td>
<td>22</td>
</tr>
</tbody>
</table>

**4.9 Performance**

The study sought to examine the bank performance at Standard Charted bank. From the findings in table 4.7, 41% agreed that the bank had achieved a higher sales growth the previous year than their direct/indirect competitors, 22% of the respondents agreed that in the previous year the bank achieved a higher growth on number of employees than their direct/indirect competitors, 37% of the respondents agreed that in the previous year the bank achieved a higher profit growth than their direct/indirect competitors, 26% of the respondents agreed that in the previous year the bank achieved a higher market share growth their direct/indirect competitors, 33% of the respondents agreed that the bank is
usually satisfied with return on sales, 38% agreed that the bank is usually satisfied with net profit margin and 39% agreed that the bank is usually satisfied with gross profit margin.

Table 4.7 Bank performance

<table>
<thead>
<tr>
<th>Performance</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last year we achieved a higher sales growth than our (direct/indirect) competitors</td>
<td>4</td>
<td>17</td>
<td>38</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td>Last year we achieved a higher growth on number of employees than our (direct/indirect) competitors</td>
<td>8</td>
<td>13</td>
<td>57</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td>Last year we achieved a higher profit growth than our (direct/indirect) competitors</td>
<td>5</td>
<td>26</td>
<td>33</td>
<td>32</td>
<td>5</td>
</tr>
<tr>
<td>Last year we achieved a higher market share growth than our (direct/indirect) competitors</td>
<td>5</td>
<td>16</td>
<td>52</td>
<td>24</td>
<td>2</td>
</tr>
<tr>
<td>My bank is usually satisfied with return on sales</td>
<td>1</td>
<td>14</td>
<td>52</td>
<td>28</td>
<td>5</td>
</tr>
<tr>
<td>My bank is usually satisfied with net profit margin</td>
<td>1</td>
<td>13</td>
<td>48</td>
<td>36</td>
<td>2</td>
</tr>
<tr>
<td>My bank is usually satisfied with gross profit margin</td>
<td>1</td>
<td>14</td>
<td>46</td>
<td>36</td>
<td>3</td>
</tr>
</tbody>
</table>

4.10 Inferential Statistics.

4.10.1 Exploratory Factor Analysis

Exploratory factor analysis (EFA) is used at the early stages of research in order to identify the variables that cluster together (Bordens & Abbot, 2014), and involves
conducting the following key steps, the computation of factor loading matrix and principal components analysis (PCA).

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is used to assess the factorability of data whereby high values (close to 1.0) generally indicate that a factor analysis may be useful with your data (Pallant, 2010). It is evident that KMO value of 0.831 is close to 1. Principal component analysis (PCA) with Promax rotation was then used assess the dimensionality of each dimension. Based on Kaiser’s criterion, six (6) factors out of twenty four factors were imputed. In this case, six factors in the initial solution had eigen values greater than 1.00 and together, they accounted for 75.573% of the variability in the original variables with innovation emerging dominant and accounted for 37.777% of the variance in the original variables data. All items were evaluated for reliability using Cronbach’s Alpha. Table 4.8 indicates that reliability was achieved (Innovation, $\alpha=0.91$), (Risk taking, $\alpha=0.915$), (pro-activeness, $\alpha=0.909$), (Autonomy, $\alpha=0.908$), (Competitive Aggressiveness, $\alpha=0.748$) and (Performance, $\alpha=0.874$).
## Table 4.8 Principal component analysis

<table>
<thead>
<tr>
<th>Items</th>
<th>Innovation</th>
<th>Performance</th>
<th>Competitive Aggressiveness</th>
<th>Risk taking</th>
<th>Pro - activeness</th>
<th>Autonomy</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN4</td>
<td>0.932</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN11</td>
<td>0.835</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN1</td>
<td>0.769</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN7</td>
<td>0.728</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PM3</td>
<td></td>
<td>0.901</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PM1</td>
<td></td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PM4</td>
<td></td>
<td>0.819</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PM2</td>
<td></td>
<td>0.812</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA6</td>
<td></td>
<td></td>
<td>0.868</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA5</td>
<td></td>
<td></td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA1</td>
<td></td>
<td></td>
<td>0.754</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA2</td>
<td></td>
<td></td>
<td>0.678</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT2</td>
<td></td>
<td></td>
<td></td>
<td>0.921</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT1</td>
<td></td>
<td></td>
<td></td>
<td>0.819</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT12</td>
<td></td>
<td></td>
<td></td>
<td>0.749</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.56</td>
<td></td>
</tr>
<tr>
<td>RT13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PA7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.877</td>
<td></td>
</tr>
<tr>
<td>PA5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.858</td>
<td></td>
</tr>
<tr>
<td>PA1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.765</td>
<td></td>
</tr>
<tr>
<td>PA4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.757</td>
<td></td>
</tr>
<tr>
<td>AU3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.884</td>
</tr>
<tr>
<td>AU2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.846</td>
</tr>
<tr>
<td>AU1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.795</td>
</tr>
<tr>
<td>Eigen values</td>
<td>9.067</td>
<td>3.033</td>
<td>2.162</td>
<td>1.611</td>
<td>1.203</td>
<td>1.061</td>
</tr>
<tr>
<td>Variance explained</td>
<td>37.777</td>
<td>12.638</td>
<td>9.007</td>
<td>6.174</td>
<td>5.014</td>
<td>4.422</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.91</td>
<td>0.874</td>
<td>0.748</td>
<td>0.915</td>
<td>0.909</td>
<td>0.908</td>
</tr>
<tr>
<td>KMO test</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.10.2 Confirmatory Factor Analysis

Confirmatory factor analysis was done to evaluate the measurement model on convergent, and discriminant validity and to assess models fitness.

![Diagram of First order CFA model.](image-url)

**Figure 4.6: First order CFA model.**

**Model fits for First order CFA model.**

The model fitness for the first order CFA model was assessed by evaluating the model fit indices as recommended by (Byrne, 2010). Table 4.9 shows that the model fits were within the acceptable cut off values of model fitness provided by Hipp and Bollen (2003).
The CFA model fit the data adequately since the fit indices were within an acceptable range.

**Table 4.9 Model fits for First order CFA model.**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Model Result</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>384.012</td>
<td></td>
</tr>
<tr>
<td>p-value</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>0.89</td>
<td>Good Fit</td>
</tr>
<tr>
<td>NFI</td>
<td>0.762</td>
<td>Adequate Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.085</td>
<td>Adequate Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>0.750</td>
<td>Adequate Fit</td>
</tr>
</tbody>
</table>

**4.10.3 Convergent Validity**

Convergent validity measures the degree to which a set of variables converge in measuring the concept on construct. If all the items are significantly important in measuring their constructs, composite reliability values are at least 0.7 and the average variance extracted (AVE) are at least 0.5 then the convergent validity can be confidently confirmed.

**Table 4.10 Convergent Validity**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Composite reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>pro-activeness</td>
<td>0.874</td>
<td>0.637</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.880</td>
<td>0.646</td>
</tr>
<tr>
<td>Performance</td>
<td>0.891</td>
<td>0.672</td>
</tr>
<tr>
<td>Risk taking</td>
<td>0.859</td>
<td>0.554</td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>0.846</td>
<td>0.584</td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.906</td>
<td>0.764</td>
</tr>
</tbody>
</table>

**4.10.4 Discriminant Validity**

The discriminant validity shows to which degree a set of items of a construct differentiates from a set of items of another construct. The discriminant validity is assumed if the diagonal elements are higher than other off-diagonal elements in their rows and columns (Compeau, Higgins & Huff, 1999). Table 4.10 indicates that discriminant validity was confirmed.
Table 4.11: Discriminant Validity.

<table>
<thead>
<tr>
<th></th>
<th>Pro-activeness</th>
<th>Innovation</th>
<th>Performance</th>
<th>Risk taking</th>
<th>Competitive Aggressiveness</th>
<th>Autonomy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro-activeness</td>
<td>0.798</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>0.596</td>
<td>0.804</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>0.034</td>
<td>0.228</td>
<td>0.820</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk taking</td>
<td>0.564</td>
<td>0.477</td>
<td>0.185</td>
<td>0.744</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>0.618</td>
<td>0.464</td>
<td>0.170</td>
<td>0.705</td>
<td>0.764</td>
<td></td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.609</td>
<td>0.577</td>
<td>0.195</td>
<td>0.576</td>
<td>0.671</td>
<td>0.874</td>
</tr>
</tbody>
</table>
Second order construct

Figure 4.7: 2nd order CFA for Entrepreneurial Orientation

Model fits for 2nd order CFA for EO

Table 4.11 shows that the model fits were within the acceptable cut off values of model fitness provided by Hipp and Bollen (2003). The 2nd order CFA model fit the data adequately since the fit indices were within an acceptable range.
Table 4.12: Model fits for 2nd order CFA for EO

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Model Result</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>286.620</td>
<td></td>
</tr>
<tr>
<td>p-value</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>0.891</td>
<td>Good Fit</td>
</tr>
<tr>
<td>NFI</td>
<td>0.781</td>
<td>Adequate Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.093</td>
<td>Adequate Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>0.770</td>
<td>Adequate Fit</td>
</tr>
</tbody>
</table>

**Estimates**

**Risk taking and EO**

Risk taking has a positive and significant standardized coefficient value of 0.763 (p-value=0.000). Table 4.12 indicates that risk taking is a statistically significant indicator of entrepreneurial orientation.

**Autonomy and EO**

Autonomy has a positive and significant standardized coefficient value of 0.798 (p-value=0.000). Table 4.12 indicates that autonomy is a statistically significant indicator of entrepreneurial orientation.

**Competitive aggressiveness and EO**

Competitive aggressiveness has a positive and significant standardized coefficient value of 0.826 (p-value=0.000). Table 4.12 indicates that competitive aggressiveness is a statistically significant indicator of entrepreneurial orientation.

**Pro-activeness and EO**

Pro-activeness has a positive and significant standardized coefficient value of 0.770 (p-value=0.000). Table 4.12 indicates that pro-activeness is a statistically significant indicator of entrepreneurial orientation.
### Table 4.13: 2\textsuperscript{nd} order EO

<table>
<thead>
<tr>
<th>Path coefficients</th>
<th>Unstandardized Estimate</th>
<th>Standardised Estimate</th>
<th>S.E</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk taking &lt;-- EO</td>
<td>1.575</td>
<td>0.763</td>
<td>0.339</td>
<td>4.643</td>
<td>0.00</td>
</tr>
<tr>
<td>Innovation &lt;-- EO</td>
<td>1.000</td>
<td>0.664</td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Autonomy &lt;-- EO</td>
<td>1.572</td>
<td>0.798</td>
<td>0.320</td>
<td>4.905</td>
<td>0.00</td>
</tr>
<tr>
<td>Competitive &lt;-- EO</td>
<td>1.414</td>
<td>0.826</td>
<td>0.309</td>
<td>4.582</td>
<td>0.00</td>
</tr>
<tr>
<td>pro-activeness &lt;-- EO</td>
<td>1.137</td>
<td>0.770</td>
<td>0.249</td>
<td>4.566</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### 4.10.4 Second order SEM

**Entrepreneurial orientation and performance**

EO has a positive influence on Standard Chartered banks performance (with unstandardized coefficient estimate equals 0.237 and being significant at 5% level). The positive relationship means if entrepreneurial orientation increases by 1, bank performance will increase by 0.237.

### Table 4.14: Path coefficient for EO and performance

<table>
<thead>
<tr>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM &lt;--- EO</td>
<td>0.237</td>
<td>0.104</td>
<td>2.279</td>
</tr>
</tbody>
</table>
Figure 4.8: Unstandardized estimate for EO and performance
4.11 Chapter Summary

The research results and findings indicated that all the EO dimensions were statistically significant indicators of EO with a positive influence. This means that increase in the extent of innovation, proactiveness, risk taking, autonomy and competitive aggressiveness will lead to increased EO of Standard Chartered bank. The combined effect of these dimensions to performance of the bank is also positive and is a statistically significant indicator of performance with a coefficient estimate of 0.237 and significance of 5% level which means if EO increases by 1, bank performance will increase by 0.237. This means the bank management should do all it can to ensure it increases its EO in order to gain competitive advantage and stay ahead of its competitors. The next chapter will provide discussions of the findings, conclusions drawn from the finding and suggest recommendations for application by the bank and opportunities for further studies by scholars.
CHAPTER FIVE
5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
The purpose of this chapter is to discuss on the findings of the main objective of the study which is to examine the relationship between entrepreneurial orientation and banks performance, a case study of Standard Chartered bank. The chapter will also draw conclusions from the findings and make appropriate recommendations.

5.2 Summary of Findings
The purpose of this study is to examine the relationship between entrepreneurial orientation and banks performance, a case study of Standard Chartered bank. The relationship was examined by seeking to answer the following research questions; what is the extent of innovativeness in Standard Chartered bank and its effect on the banks performance?, What is the extent of risk-taking in Standard Chartered Bank and its effect on the banks performance?, and what is the extent of Proactiveness in Standard Chartered Bank and its effect on the banks performance? What is the extent of autonomy in Standard Chartered bank and its effect on the banks performance, and what is the extent of competitive aggressiveness in Standard Chartered bank and its effect on the banks performance?

The research was done using the survey research design type as the nature of research was ex-post facto, with no influence on the sample. This was helpful in gathering information about the influencing factors and in determining whether there is a relationship between innovation, proactiveness, risk taking, autonomy and competitive aggressive and the performance of the bank. A questionnaire with 53 questions was given out to the selected sample of 83 respondents in September 2016. Descriptive analysis was performed on the data collected for each of the research questions based on the data collection tool questions and then inferential statistical analysis was done. This included exploratory factor analysis, confirmatory factor analysis, discriminant and convergent validity testing and 2\textsuperscript{nd} order structural equation modeling.

The study findings reveal that standard chartered bank is an innovative company and a leader in the industry. The company exhibits product innovativeness, market innovativeness, behavioural and managerial innovativeness. The study further showed
that innovativeness which had a positive and significant standardized coefficient value of 0.664 and a p-value=0.000, meaning that innovativeness is a statistically significant indicator of entrepreneurial orientation positively affects entrepreneurial orientation which in turn positively influences banks performance thereby confirming a strong positive relationship between entrepreneurial orientation and performance. Innovativeness is a statistically significant indicator of entrepreneurial orientation.

The study also revealed that Standard Chartered bank is risk taking as it showed a positive and significant standardized coefficient value of 0.763(p-value=0.000) meaning that risk taking is a statistically significant indicator of Entrepreneurial orientation. It showed that the organization encourages people in the company to take risks with new ideas, that the bank has introduced at least two new processes or technologies in the past three years and the bank is eager to exploit new products, processes and opportunities.

The study further showed risk taking is a statistically significant indicator of Entrepreneurial orientation.

The study informed that Standard Chartered bank is proactive in nature as it showed a positive and significant standardized coefficient value of 0.770 and a p-value=0.000, meaning that proactiveness is a statistically significant indicator of entrepreneurial orientation. It showed that the bank reacts to the market opportunities by taking initiative and taking advantage of opportunities early in order to shape the environment and hence influence the trends and create demand for the new product before other financial institutions react. The study further indicated that pro-activeness is a statistically significant indicator of entrepreneurial orientation and it had positive and significant standardized coefficient value of 0.798 and a p-value=0.000, meaning that autonomy is a statistically significant indicator of entrepreneurial orientation. The study also revealed that Standard Chartered bank is aggressively competitive i.e. the bank has high intensity to outperform rivals and has strong offensive responses to competitive threats.

Competitive aggressiveness is a statistically significant indicator of entrepreneurial orientation as it had aggressiveness had positive and significant standardized coefficient value of 0.770 and a p-value=0.000, meaning that aggressiveness is a statistically significant indicator of entrepreneurial orientation. The study also revealed that Standard Chartered bank is autonomous i.e. Standard Chartered bank staff takes independent action when bringing about a new venture and seeing it to fruition. Autonomy is a statistically significant indicator of Entrepreneurial orientation.
5.3 Discussion

5.3.1 Innovativeness

The first objective was to determine the extent of innovativeness in Standard Chartered bank, its contribution to entrepreneurial orientation and the eventual effects on financial performance of the bank. The results showed that innovativeness had positive and significant standardized coefficient value of 0.664 and a p-value=0.000, meaning that innovativeness is a statistically significant indicator of entrepreneurial orientation.

The study findings reveal that standard chartered bank is an innovative company and a leader in the industry. The company exhibits product innovativeness, market innovativeness, behavioural and managerial innovativeness. The study further showed that innovativeness positively affects entrepreneurial orientation which in turn positively influences banks performance thereby confirming a strong positive relationship between entrepreneurial orientation and performance. The study showed that innovativeness is a statistically significant indicator of entrepreneurial orientation meaning that innovativeness actually influences and can be applied in explaining entrepreneurial orientation and that entrepreneurial orientation has a positive relationship with performance in that if entrepreneurial orientation increases by 1, bank performance will increase by 0.237.

The study established that innovation has led the bank to highly value new products which reiterate Capra’s (2002) view that innovativeness is the willingness to adopt novelty and uniqueness through experimentation and creative processes that aim at developing new processes, products and services. This is in line with Danneels and Kleinschmidt (2001) view that innovative products open doors for boundless opportunities for businesses with regard to growth and expansion into different markets. Companies with important innovations will be in a better position to establish dominance in the competitive marketplace and for new entrants; they get an opportunity to gain a base in the market. The study shows that the bank is a leader amongst its peers in innovation and performance as well. This supports Christensen and Raynor (2003) view that a company that does not innovate risks being driven out of business by its competitors. The finding further shows that Standard Chartered bank is innovative in that in almost all of the newly launched products, service, processes and technologies have been successful in the last 3 years and that there is significant investment in developing proprietary technologies. This supports Henard and Szymanski (2001) assertions that
product innovativeness is a critical precursor to product success which sequentially is extremely linked to sustainable business success.

The findings also revealed that Standard Chartered bank has good coordination among product development and marketing strategies making it successful in its innovation strategy. This is in line with the view that effective innovativeness is based on prevailing products but with implementation of new marketing methodologies to promote the existing products and services which will help the company to take up competition against new competitors either in a new or an existing market segment (Wang & Ahmed, 2004).

5.3.2 Risk-taking
The second objective was to determine the extent of risk taking in Standard Chartered bank, its contribution to entrepreneurial orientation and the eventual effects on financial performance of the bank. Baird and Thomas (1985) noted that there are three different types of risk, undertaking into the unknown, committing a relatively large portion of assets and borrowing heavily. The results showed that risk taking had a positive and significant standardized coefficient value of 0.763 (p-value=0.000) meaning that risk taking is a statistically significant indicator of Entrepreneurial orientation. This is in line with finding by Ndung’u (2014) who in his research concluded that for banks to remain competitive, they must adopt some strategies that are risky, involve a lot of uncertainties and require substantial investments but are necessary to guarantee a competitive advantage and ensure the bank remains relevant.

The findings indicate that Standard Chartered bank is a risk taking company as it has marketed least two new lines of products and services, and has introduced at least two new processes or technologies in the past three years and that the company is eager to exploit new products, processes, opportunities and methods. This is in line with Lumpkin and Dess (1996) who stated that risk taking includes introduction of a new product or service and spending in new and unexplored technologies and processes whose outcome is a competitive advantage for the firm. The research also found that in Standard Chartered bank, failure to new ideas and products is not accepted and that the bank does not support many small and experimental projects with the realization that some will undoubtedly fail. Moreno and Casillas (2008) concluded that risk taking is the only
attribute that allows managers to put up with risk and employ the culture of not punishing employees who try and fail.

Results also show that the bank is able to take high risks and it’s ranked as the best in terms of tangible common ration in Figure 1.2 which shows how much loss a bank can take before shareholder equity is wiped out. This is in line with Wilson and Amine (2009) view that a firm’s internal resources and activities influence a firm’s capacity to recognize new issues as opportunities or threats and therefore impacts the company’s risk-taking decisions. This view takes a resource based view of the firm. It also shows the bank has huge organizational slack resources which are excess resources that both mitigate the firm from environmental changes and signify an opportunity for discretionary allotments, such as to innovation activities. It is those resources, which a firm has acquired and is not committed to any necessary expenditure; these are resources that can be used in a discretionary manner. It is those resources and energy that may have been dedicated to pursuing specific organizational goals but have now been channeled into other goals. For resources to be considered as slack resources, they have to be perceptible to the management and deployable when the time comes.

The more discretionary resources are the more diverse variety of contingencies and situations they can be employed in and the broader the variety of action tools management is armed with to face threats and the more the bank is ready to take increasing risks. In fact, most employees are of the view that the term ‘risk taker’ is not considered a positive attribute by managers. As discussed in the literature review, any bank that exhibits inflexibility, risk aversion and sluggishness heightened by mechanistic organizational structures hampers the development of entrepreneurial activities and will find it uncompetitive. Kantur (2016) noted that only entrepreneurial firms that are change-oriented, that advocate for risk taking and are continuously innovating will survive. Bluedorn (1999) also noted that a firm’s risk-averse and conservative attitude will cause loss of competitive advantage and market share. However, just like Lumpkin and Dess (1996) noted that risk taking must not be misinterpreted as betting and must be designed and planned by the managers being aware of potential risk implications.

5.3.3 Proactiveness
The third objective was to determine the extent of proactiveness in Standard Chartered Bank, its contribution to entrepreneurial orientation and the eventual effects on financial
performance of the bank. The results showed that proactiveness had positive and significant standardized coefficient value of 0.770 and a p-value=0.000, meaning that proactiveness is a statistically significant indicator of Entrepreneurial orientation. This is in line with Boehm (2008) who suggested that in entrepreneurial process, proactiveness, the initiative to anticipate and pursue opportunities, has been identified as a key component. Proactiveness improves financial performance as noted by Zahra (2001) who stated that the early entrants in a market tend to take advantage of opportunities before their rivals and have the benefit of considerable strategic advantage in the markets.

The findings showed that Standard Chartered bank consistently looks for new business and market opportunities and always tries to anticipate new trends in the industry before their competitors. This was supported by Franco and Haase (2013) who stated that effective proactiveness is the inclination to distinguish ideas from opportunities through research, analyses and forecast of market tendencies. Findings also revealed that the bank tries to anticipate future needs of both existing and future clients, incorporates solutions to unarticulated customer needs in their products and services and continuously tries to discover additional needs of their customers that they are unaware of. This confirms the point of view by Venkataraman (1989) that proactiveness involves the processes that are aimed at anticipating and acting on future customer’s needs.

However, further findings also reveal that the bank is not always ready for competitive clashes with their competitors and that the bank is not usually the first to new products or services, administrative techniques or operating technologies. According to Miller and Friesen (1978), proactiveness helps a bank to become a first mover hence it accrues the benefits associated with being the first mover in a competitive environment. Then and only then is a bank able to capitalize on market opportunities by taking advantage of market asymmetries and hence able to enjoy extraordinary high profit margins. This is also in line with Li et al., (2008) who indicated that firms with pro-active behavior benefits from being the earliest to seize opportunities which is called first mover’s advantage the first to present value products and services to customers, put up the firm’s reputation, and draw and retain customers to keep on buying products and services presented by them. These companies are ready and have information from a variety of sources, to counteract any changes in the business environment.

Taking advantage of opportunities early in order to shape the environment and hence influence the trends and create demand for the new product before other banks react
(Covin & Slevin, 1989) must always follow search of new business and market opportunities and anticipation of new trends in the industry. A reactive firm responds after event or changes in the market by competitors have taken place and have no time to anticipate and prepare for such changes. Nevertheless, no firm can rely on being either totally reactive or proactive in its strategy orientation. Preferably, a firm must use both strategies to act in response effectively with minimum response rate possible. Helm and Anderson (2010) argued that leadership can act as a good representation and stimuli of proactiveness and an alternative key component of proactiveness in organizations is leadership. The leader is considered as the change agent whom will initiate behavioral change in the bank that triggers immediate action to take advantage of the prevailing industry conditions.

5.3.4 Autonomy
The next objective was to determine the extent of autonomy in Standard Chartered Bank, its contribution to entrepreneurial orientation and the eventual effects on financial performance of the bank. The results showed that autonomy had positive and significant standardized coefficient value of 0.798 and a p-value=0.000, meaning that autonomy is a statistically significant indicator of Entrepreneurial orientation. The findings showed that Standard Chartered bank has the ability and willingness to be self-directed in pursuit of opportunities. The results also revealed that Standard Chartered bank has stifling organizational constraints that limit it to take action. Hackman (1980) defined autonomy is defined as the extent to which an individual is given considerable, discretion, freedom and independence in performing out a task, such as shaping procedures to follow, determining work schedule e.t.c. Highly autonomous employees were better citizens, had better team relationships and were better at transforming those team relationships into improved performance. Mintzberg (1973) concluded that autonomy is the independent action of an individual or a team in bringing out a vision or an idea and carrying it through to achievement and that in order to increase autonomy, according to Pinchot’s (1985) findings, many large firms try to change organizational structure to flatter hierarchies and delegate authority to operating units.

As Hartog and Belschak (2012) indicated that autonomy provides the employees with the opportunity of self-determination, which permits them to have a more direct impact and influence on the results of the company performance. For example, higher levels of
autonomy of employees in sales departments will permit them to work dynamically on the opportunities which appear while solving customer’s problems and dealing with the customers, which often occurs in such dealings. It is therefore important to allow substantial autonomy to unlock the banks performance potential. The results showed that employees are neither independent, nor authorized self-reliant and are therefore not able to use all the existing resources independently without the requirement to discuss with their managers every now and then especially when dealing with exceptional situations.

It is also important to know that autonomy will help the employees become more creative and innovative, as it provides enough space for innovative behaviour which is based on experimenting, researching and testing with diverse alternatives in order to discover new and more accurate solutions. Cabrera, Collings and Salgado (2006) found that employees with greater autonomy are more disposed to sharing their knowledge. As a result, autonomy is perceived as a strong indicator of the innovative behaviour of an employee. The discovery of new and more accurate solutions will always give the bank a competitive advantage and lead to improved performance.

With 59% of employees agreeing that the firm has the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion confirms Lumpkin and Dess (1996) statement that autonomy is defined as the extent to which persons or teams are able to perform independently creating new ideas and realizing them. The bank could be using the top to bottom approach which is mostly used by companies with entrepreneurial mission to encourage and promote entrepreneurship. Here, the top executive management supports the initiatives and programs conductive to creating an entrepreneurial business climate. They support free thinking and management actions are at hand in encouraging employees to use up ten percent of their time on generating new ideas, employee given lee way to take risky projects and ventures and the support of small teams (Lumpkin, Cogliser, & Schneider, 2009)

5.3.5 Competitive aggressiveness

The last objective was to determine the extent of aggressiveness in Standard Chartered Bank, its contribution to entrepreneurial orientation and the eventual effects on financial performance of the bank. The results showed that aggressiveness had positive and significant standardized coefficient value of 0.770 and a p-value=0.000, meaning that aggressiveness is a statistically significant indicator of Entrepreneurial orientation. The
findings indicated that Standard Chartered bank does not competitively take action to undo the competitors. Findings also indicated that the bank avoid confrontation with the competitors adjust leaves them to take competitive advantage. Dess et al., (2007) concluded that successful companies are the ones that employ marketing strategies like competing on price, increasing promotion, competing for distribution channels and imitating the competitors’ actions. The results also indicate that the bank takes bold and aggressive approach when competing and that it competes intensely in the industry. This supports Lumpkin and Dess (1996) conclusion that competitive aggressiveness is characterized by a strong offensive attitude, which is directed at defeating competitors by setting ambitious market share and profitability goals and taking bold steps to achieve the targets.

As Chen (1996) indicated that motivation, awareness and capability are the three drivers of competitive behavior which are manifested as firm processes that make some firms more competitively aggressive than others; standard chartered bank should take its motivation, awareness and capability to greater levels. Two distinguishing distinctiveness of an exceedingly competitively aggressive firm on motivation are outperforming a competitor, choosing to view the challenging of the rivals’ performance and actions as suitable and essential steps in advancing their own performance and they will attribute any underperformance to the actions of a rival and lastly, serious competitively aggressive firms search for information on the performance levels of their competitors and then measure themselves up against their rivals’ performance. Findings reveal that only 55% of employees agreed that the bank takes a bold and aggressive approach when competing and 57% agreed that the bank competes intensely in the banking industry.

Smith et al, 1991 indicated that a firm’s capability to initiate and counteract competitive attacks is very crucial for a firm to be competitive. Capability includes the physical resources of a firm such as retained earnings generated by strong past performance. From figure 1, we can confirm that the bank is endowed with huge capital which can allow it to initiate and counteract competitive attacks which sometimes can be very expensive. Effective capability also means that the bank has to recognize on hand resources and prioritize them to show aggression. This would make the bank more aggressive and lead to becoming superior at creating actions with the resources at hand rather than waiting for best possible resources to become available. Only 42% of the respondents agreed that bank usually adopts a very competitive "undo-the-competitors" posture and 35% agreed
that the bank avoids confrontation with the competitors and lets them take actions. This shows a bank that is not competitively aggressive. For competitive aggressiveness, the spotlight is to attack the rival’s position.

Being competitively aggressive relates to firms looking to weakening their rivals’ position while being alert and persuasive defense of their current market position. This is done by carefully and constantly monitoring and examining their rivals, are creative in their deployment of firm resources to initiate attacks, and are motivated to advance their performance by being offensive to those firms. The most wanted outcome of the competitive attacks is sustained performance and competitive advantage that is better than that of their rivals. Chen (1996) concluded that in a competitively aggressive association between an attacker and a rival, the attacker’s aim is to capture market share from the rival or decrease the rival’s profitability returns.

Overall, the findings revealed that the bank did not perform well in the previous year in terms of sales growth, profit growth and market share growth. The findings revealed that EO has a positive influence on Standard Chartered banks performance (with unstandardized coefficient estimate equals 0.237 and being significant at 5% level). The positive relationship means if EO increases by 1, bank performance will increase by 0.237. This is supported by Covin and Miles (1999) who argued that EO is the spark and catalyst that is intended to position firms on the trajectory path of competitive dominance and it is through EO that firms are able to revitalize, redefine and reposition themselves.

5.4 Conclusion

5.4.1 Innovation.
Innovation has a positive impact on EO. As it increases, EO also increases. The bank is rating very highly and is a leader in innovation. Innovation is also the lowest statistical significance indicator of EO. This means that if equal increase was to be applied to all EO dimensions, innovation would have the least impact on EO. This could be because the bank is already above average on innovation. This has been mostly manifested in new technologies that have seen Standard Chartered bank emerging as a leader in this field.

5.4.2 Risk Taking
Risk taking has a positive impact on EO. As it increases, EO also increases. It is the second last least dimension in influencing EO meaning a lot effort would have to be put
into increasing risk taking dimension, in order to realize increase in EO which will eventually increase performance. It is also notable that the bank has introduced new products successfully in the last three years. It’s also notable that the management does not give room for new ideas that are likely to fail and that failure is nonperformance and that the term ‘risk taker’ is not considered a positive attribute by managers, hence overall, Standard Chartered bank is not viewed as a leader in risk taking in the industry

5.4.3 Proactiveness
Proactiveness has a positive impact on EO. As it increases, EO also increases. It is amongst the top dimensions that have most influence on EO. This means if the bank puts more effort in this dimension; it is likely to reap significantly higher change in EO and hence better performance. The bank is viewed as being great in anticipating customer’s future needs and trends. It is also viewed as a bank that is not always ready for competitive clashes with their competitors and that it is not usually the first to new products or services, administrative techniques or operating technologies. Despite being good in anticipating future needs, it is slow to introducing the products in the market reducing the impact of the new products to the banks EO and eventually its effect on the banks performance. These findings therefore confirm that proactiveness positively influences the EO of an organization which

5.4.3 Autonomy
Autonomy has a positive impact on EO. It is the 2nd top most dimensions most influence on EO. This means if the bank puts more effort in this dimension; it is likely to reap significantly higher change in EO and hence better performance. The bank has the ability and willingness to be self-directed in pursuit of opportunities however, it has stifling organizational constraints that limit it to take action.

5.4.3 Competitive Aggressiveness
Competitive aggressiveness has a positive impact on EO. As it increases, EO also increases. It is the top dimension that has the most influence on EO. This means if the bank puts more effort in this dimension; it is likely to reap significantly higher change in EO and hence better performance. The bank takes bold and aggressive approach when competing and that it competes intensely in the industry. However, it does not
competitively take action to undo the competitors and it avoids confrontation with the competitors and just leaves them to take competitive advantage. There is need to sometimes act to undo the competitors by adopting confrontational methods in either prices, new products, distribution, technology etc directed at defeating competitors.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Innovation
Innovation is an important EO dimension which will have positive impact on performance of the bank. Standard chartered bank is innovative and should search for more areas where it can change the status quo to gain more competitive advantage and hence improve performance.

5.5.1.2 Risk taking
With the finding that failure to new ideas and products is not accepted and that the bank does not support many small and experimental projects with the realization that some will undoubtedly fail, managers should build a culture of risk taking and putting up with risk without punishing employees whose ideas or new products fail. The bank management should also remove inflexibility, risk aversion, sluggishness and mechanistic organizational structures which hampers the development of entrepreneurial activities. All this should not be misinterpreted as betting but must be designed and planned by the managers being aware of potential risk implications.

5.5.1.3 Proactiveness
The Bank is not always ready for competitive clashes with their competitors and it is not usually the first to introduce new products or services, administrative techniques or operating technologies despite the fact that it consistently looks for new business and market opportunities, always tries to anticipate new trends in the industry before their competitors, tries to anticipate future needs of both existing and future clients and incorporates solutions to unarticulated customer needs in their products and services and continuously tries to discover additional needs of their customers that they are unaware of. The leadership should act as stimuli of proactiveness and as the change agent whom will initiate behavioral change in the bank that triggers immediate action to take
advantage of the prevailing industry conditions. Taking action immediately a unique idea is conceived gives the company competitive advantage.

5.5.1.4 Autonomy
The bank should change organizational structure to flatter hierarchies and delegate authority to lower operating units. This will give individuals and teams considerable discretion, freedom and independence in performing out a task, shaping procedures to follow bringing out a vision or an idea and carrying it through to achievement.

5.5.1.5 Competitive Aggressiveness
The bank need to adopt ‘undo the competitors’ attitude by adopting confrontational methods through prices, new products, distribution, technology etc directed at defeating competitors.

5.5.2 Recommendations for further studies
A key element of the study was that it was based on the financial institution and not on the individual staff members of the institution. This is logical as the EO concept is an organizational phenomena rather than an individual focused. Future studies could incorporate EO elements of individuals. According to Bhuian, Bulent and Bell (2005), the relationship between EO and performance in nonlinear or U-shaped meaning that EO has positive impact on performance to a certain extent, where if it continues to increase, it might result to a negative impact on performance. This then need to be investigated further. Lastly, this study used subjective data in measuring financial performance of the bank there is subjectivity of the respondents. To achieve more accurate findings, future studies could use objective data from the company’s financial and management reports thus mitigate against the subjectivity of the respondents.
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APPENDICES

Cover Letter

Dennis Kamau Ngure
United States International University - Africa,
P.O. Box 14634, 00800, Nairobi, Kenya.
August 2, 2016

Dear Respondent,

RE: Graduate Research Questionnaire.
I am a graduate student at United States International University – Africa (USIU-A), undertaking a research to examine the relationship between entrepreneurial orientation and bank’s performance, a case of Standard Chartered Bank.

This is in partial fulfillment of the degree program requirement of the Master of Business Administration (Finance and Global Social and Sustainable Enterprises) at USIU-A.

You have been randomly selected to participate in this study. It is estimated that it will take between ten to twenty minutes to complete the questionnaire. Please respond as objectively and candid as possible. Your participation will be highly appreciated and is essential for the accomplishment of this study.

I guarantee that the information provided will be handled with utmost confidentiality and will be used only for academic purposes where confidentiality is strictly emphasized. Kindly spare some time to complete the questionnaire attached.

Thank you.

Yours faithfully,

Dennis Kamau
Questionnaire

I would like to find out your assessment of the extent to which Standard Chartered Bank is entrepreneurial using entrepreneurial orientation. All responses will be kept strictly confidential. Please answer all questions

PART ONE: BACKGROUND INFORMATION

1. Name (Optional)

2. Gender: (please tick) ☐ Male  ☐ Female

3. What is your Departments category?
   ☐ RM Sales/Marketing  ☐ Customer Service
   ☐ Operations  ☐ Product Development

4. Number of years of service in the organization
   ☐ 0-4 yrs  ☐ 5-9 yrs
   ☐ 10-19 yrs  ☐ 20+ yrs

5. What is your position in the organization?
   ☐ Director  ☐ Senior Manager
   ☐ Middle Level Manager  ☐ Graduate Clerk  ☐ Contract

6. Your highest educational background (please tick)
   ☐ High School  ☐ Master’s Degree  ☐ Diploma
   ☐ Degree  ☐ Other (specify)
**PART TWO: ENTREPRENUERIAL ORIENTATION**

**A: Innovation**

In this section we are testing the innovation orientation of the bank. In the best of your knowledge please select the option that reflects your opinion.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN1</td>
<td>We highly value new products</td>
<td>〇</td>
<td>〇</td>
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<tr>
<td>IN2</td>
<td>In problem solving, we value creative new solutions more than solutions that rely on conventional wisdom.</td>
<td>〇</td>
<td>〇</td>
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<tr>
<td>IN3</td>
<td>Our bank is often at the forefront in marketing new products and services</td>
<td>〇</td>
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<tr>
<td>IN4</td>
<td>We believe we are an innovative bank</td>
<td>〇</td>
<td>〇</td>
<td>〇</td>
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<tr>
<td>IN5</td>
<td>Competitors recognize us as leaders in innovation</td>
<td>〇</td>
<td>〇</td>
<td>〇</td>
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<tr>
<td>IN6</td>
<td>Our bank has a tendency to try radically new methods and experiments</td>
<td>〇</td>
<td>〇</td>
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<tr>
<td>IN7</td>
<td>Our bank has achieved a number of successful new products, services and processes over the last 5 years</td>
<td>〇</td>
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<tr>
<td>IN8</td>
<td>Our bank has adjusted the focus of product and process development activity significantly over the last 5 years</td>
<td>〇</td>
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<tr>
<td>IN9</td>
<td>My bank has good coordination among R&amp;D, product development and marketing</td>
<td>〇</td>
<td>〇</td>
<td>〇</td>
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<tr>
<td>IN10</td>
<td>Almost all of the newly launched products, service, processes and technologies have been successful in the last 3 years</td>
<td>〇</td>
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<tr>
<td>IN11</td>
<td>There is significant investment in developing proprietary technologies.</td>
<td>〇</td>
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</tr>
</tbody>
</table>

80
**B: Risk taking**

In this section we are testing the risk taking orientation of the bank. In the best of your knowledge please select the option that reflects your opinion.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT1</td>
<td>We encourage people in our company to take risks with new ideas</td>
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<tr>
<td>RT2</td>
<td>We value new strategies/plans even if we are not certain that they will always work</td>
<td></td>
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<tr>
<td>RT3</td>
<td>To make effective changes to our offering, we are willing to accept at least a moderate level of risk of significant losses</td>
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<tr>
<td>RT4</td>
<td>We engage in risky investments (e.g. new employees, facilities, debt, and stock options) to stimulate future growth.</td>
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<td>RT5</td>
<td>Failure of new ideas e.g. products to succeed is accepted</td>
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<tr>
<td>RT6</td>
<td>We are eager to exploit new products, processes, opportunities and methods</td>
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<tr>
<td>RT7</td>
<td>We commit a large part of our resources to projects, products and processes where the outcome might be groundbreaking, however, the probability of success is low</td>
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<tr>
<td>RT8</td>
<td>The top managers of our bank favor a strong emphasis on R&amp;D, technological leadership, and innovations rather than on the marketing of tried and true products or Services.</td>
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<td>RT9</td>
<td>Changes in product and service in my bank have been majorly drastic in nature in the past three years and not merely minor changes or</td>
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<tr>
<td>improvements</td>
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<tr>
<td>RT10 My bank has marketed at least two new lines of product(s) or service(s) in the past three years.</td>
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<tr>
<td>RT11 My bank has introduced at least two new processes or technologies in the past three years.</td>
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<tr>
<td>RT12 The term ‘risk taker’ is considered a positive people attribute by managers</td>
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<tr>
<td>RT13 The bank supports many small and experimental projects realizing that some will undoubtedly fail</td>
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<tr>
<td>RT14 People are often encouraged to take calculated risks with new ideas in the bank</td>
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</table>

**C: Proactiveness**

In this section we are testing the proactiveness orientation of the bank. In the best of your knowledge please select the option that reflects your opinion.

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<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>PA1 We over and over again search for new business opportunities</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
</tr>
<tr>
<td>PA2 Our marketing efforts try to lead customers, rather than respond to them</td>
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<td>PA3 We endeavor to find new markets and businesses to target</td>
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<td>PA4 We integrate solutions to unarticulated customer needs in our services and products</td>
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<td>PA5 We continuously try to discover additional needs of our customers of which they are unaware</td>
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<td>PA6</td>
<td>Our bank has a strong tendency to ‘follow leader’ in introducing new products</td>
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<tr>
<td>PA7</td>
<td>We try to anticipate future needs of both existing and future clients</td>
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<tr>
<td>PA8</td>
<td>We align our research, product and process development efforts according to these needs</td>
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<tr>
<td>PA9</td>
<td>We try to anticipate new trends in the industry before our competitors</td>
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<tr>
<td>PA10</td>
<td>We are always ready to have competitive clashes, and not preferring a “live-and-let-live” posture with our competitors.</td>
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<tr>
<td>PA11</td>
<td>Our bank is generally the first to introduce new services, products, operating technologies and administrative techniques</td>
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<tr>
<td>PA12</td>
<td>My bank is usually proactive in search of new markets</td>
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</table>

### D: Autonomy

In this section we are testing the autonomy orientation of the bank. In the best of your knowledge please select the option that reflects your opinion.

<table>
<thead>
<tr>
<th>AU1</th>
<th>My bank encourages independent action of individuals and teams in generation of ideas or vision and carrying it through to completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>AU2</td>
<td>My bank has the willingness and ability to be self-directed in search of opportunities</td>
</tr>
<tr>
<td>AU3</td>
<td>My bank takes action without stifling organizational constrictions</td>
</tr>
</tbody>
</table>

### E: Competitive Aggressiveness
In this section we are testing the competitive aggressiveness orientation of the bank. In the best of your knowledge please the option that reflects your opinion.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA1</td>
<td>My bank typically adopts a very competitive “undo-the-competitors” stance</td>
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<tr>
<td>CA2</td>
<td>My bank is intensely competitive and aggressive</td>
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<tr>
<td>CA3</td>
<td>Our bank has a strong affinity to ‘follow leader’ in launching of new products</td>
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<tr>
<td>CA4</td>
<td>This bank shuns confrontation with the competitors and lets them take actions</td>
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<tr>
<td>CA5</td>
<td>Generally, our bank takes aggressive and bold approach when competing</td>
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<tr>
<td>CA6</td>
<td>Our bank competes strongly in the banking industry</td>
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</tbody>
</table>

**D: Performance**

In this section we are testing the performance of the bank. In the best of your knowledge please select the option that reflects your opinion.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Much Worse</th>
<th>Worse</th>
<th>Neutral</th>
<th>Better</th>
<th>Much Better</th>
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<tbody>
<tr>
<td>PM1</td>
<td>Last year the bank achieved a higher sales growth than our direct or indirect competitors</td>
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<td>PM2</td>
<td>Last year the bank achieved a higher growth on number of employees than our direct or indirect competitors</td>
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<td>PM3</td>
<td>Last year the bank achieved a higher profit growth than our direct or indirect competitors</td>
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<td>PM4</td>
<td>Last year the bank achieved a higher market share growth than our direct or indirect competitors</td>
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<td>PM5</td>
<td>My bank is typically satisfied with return on sales</td>
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<td></td>
<td>My bank is generally satisfied with net profit margins</td>
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<td>PM6</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>My bank is by and large satisfied with gross profit margins</th>
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<tbody>
<tr>
<td>PM7</td>
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</table>

Thank you for your feedback.